Evaluation of Regeneration Activities Funded under the Single Regeneration Budget Bidding Round

The Evaluation Framework

Discussion Paper 83

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PREFACE

The Single Regeneration Budget Evaluation Unit

The Department of Land Economy's long-standing interest and expertise in the evaluation of urban and regional policy was underpinned in 1995 by the decision by the Department of the Environment to award to the Department its major research project for the evaluation of regeneration activities funded under the Single Regeneration Budget. The research represents a programme of work which runs to 2003. It is led by Peter Tyler (University lecturer) and John Rhodes (Senior Research Fellow in urban regeneration) assisted by Angela Brennan (full-time Research Officer). The core team is further complemented by Howard Glennerster, Mark Kleinman and Christine Whitehead from the London School of Economics and Mark Speed, Mike Everett and Bobby Duffy from MORI.
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1. INTRODUCTION

1.1. The Single Regeneration Budget (SRB) was introduced in April 1994. It combines twenty previously separate programmes and its main purpose is to be a catalyst for local regeneration. It compliments or attracts other resources - private, public or voluntary and helps to improve local areas and enhance the quality of life of local people by tackling need, stimulating wealth creation and enhancing competitiveness. The activities it supports are intended to make a real and lasting impact and to encourage partners to come together in a joint approach to meeting local needs and priorities. The SRB regime has undertaken to honour on-going commitments and in 1994/95 this amounted to all of SRB spend in that year of £1.4 billion. In 1995/96 following a competitive bidding round administered by the Government Offices in the Regions around £1 billion of new money has been committed to regeneration schemes, some of which will last for seven years. It is with the achievements of these schemes, financed under the SRB Challenge Fund, that the evaluation approach described in this paper is concerned.

1.2. The overall objectives of the SRB evaluation are;

a) To design a methodology with which to evaluate both the process by which economic, social and physical regeneration is achieved through the SRB and also the impact and cost effectiveness of the regeneration activities which have been funded through the first two rounds of the SRB bidding round.

b) To undertake an evaluation of the first phase and second phase of the partnerships and groups of regeneration activities funded under the SRB. This evaluation process should provide a coherent baseline, undertake an interim evaluation of the process of promoting and funding regeneration embracing the design, implementation and effectiveness of this process and also conduct a final evaluation.

c) To select a small sample of unsuccessful bids from the 1995/96 round and undertake an analysis of the characteristics of these bids particularly with respect to partnership creation and the durability of the relations established.

1.3. In order to achieve these research objectives it has been decided to employ a methodology which has five basic elements;

- the selection of a sample of twenty case study partnerships receiving funding from the Challenge Fund;
- baseline data collection in the case study sample;
- an interim evaluation of the case study sample;
- a final evaluation or post hoc evaluation of the case study sample;
- an analysis of unsuccessful partnership bids.
1.4. The twenty case studies are to be selected on the basis of a number of criteria. These are the type of partnership (as described according to LA's/TEC/private sector etc), the type of area (as described by the location of the partnership according to Government Region), the type and mix of outputs provided by the partnership, the scale of partnership activity and the duration of the regeneration effects envisaged.

1.5. The evaluation is a challenging assignment in many ways and this has been recognised in the team that has been assembled to undertake the research required. The core team is made up of economists in the Department of Land Economy, University of Cambridge and social scientists from the London school of Economics. The team also includes economists from Cambridge Policy Consultants and experts in social services from MORI. Lead contractor is the Department of Land Economy, in the University of Cambridge.

1.6. The timescale of the evaluation work extends from December 1995 to 2003. During this time a full evaluation framework will be designed and used to provide interim and final evaluations on the basis of the key sample twenty partnerships. Analysis will also be undertaken of the features of unsuccessful bids and the lessons which can be learned for the development of best practice in bid design and submission.

1.7. This document is structured in the following way. Chapter two begins by referring to aspects of the SRB programme that make this an especially difficult assignment and to which specific attention will be given in the evaluation. Chapter 3 then describes the main factors that have been considered in the devising evaluation framework. Chapter 4 then presents the main features of the research methodology and the paper concludes by providing the broad plan of research designed to unfold over the next eight years.

2. EVALUATING THE EFFECTS OF THE SRB PROGRAMME

2.1. Evaluation of government programmes is not an exact science and there are many problems of both a conceptual and measurement kind. As will be described in the next chapter HM Treasury have sought to provide some guidance as to the best way forward when it comes to evaluating the effects of central government policies with regeneration objectives.
2.2. There is no such thing as a straight forward evaluation and certainly there will always be some difference of opinion as to how the various costs and benefits associated with a policy should be considered and what performance indicators are the most appropriate in assessing the achievements of a programme. Some programmes are more difficult than others to evaluate however, and when it comes to embracing the potential range of difficulties provoked it would seem fair to suggest that SRB is near the top of the list!

2.3. Before outlining the conceptual framework we propose to adopt, and the factors which have influenced this, it is perhaps helpful to point to some of the more difficult problems which present themselves and which make an evaluation of SRB especially demanding.

2.4. One particularly difficult area relates to the sheer breadth of benefits which the SRB programme is capable of providing. Bidding Guidance (April 1995) indicates that there are seven different broad objectives associated with SRB. These cover the enhancement of employment prospects of local people through training, improvements to the underlying competitiveness of local businesses both new and existing, improving the physical infrastructure and the state of the local environment, improving the housing conditions of disadvantaged groups in the local area, improving access for ethnic minorities, tackling crime and community safety and last, but no doubt not least, enhancing the quality of life for local people including their health and cultural and sports opportunities.

2.5. There are thus multiple benefits associated with SRB of an economic, social and physical kind. Some of the benefits will arise directly from SRB funding but others will arise indirectly from the bending of main programmes or other resources into target areas as a result of the SRB initiatives. Not only are there relatively poor measures of some of the benefits which may arise, particularly when it comes to social benefits, but there are also many interesting issues provoked when it comes to bringing the benefits together into a common basket to try to obtain an idea of what they all add up to. It is not immediately clear what, if any, weighting systems are the most appropriate in such circumstances. However, if we do not attempt to bring the benefits of the programme together in a coherent manner it is difficult to summarise what the impacts of the programme as a whole are.
2.6. A further issue relates to how the national economic impacts of SRB should be measured. Clearly, the SRB programme is designed to provide economic, social and environmental benefits at the local level and the framework presented in this document is mainly concerned with this. However, it is also important to recognize that there will also be national effects. On grounds of equity if the programme helps those who are more disadvantaged in society then this can be considered as a national gain. In direct economic terms there may also be benefits in terms of extra GDP. For the nation as a whole Treasury guidelines indicate that after taking into account wider displacement and macro-economic crowding out effects the only national gains that could arise would be if the programme brought about genuine supply side improvements which led to additional GDP in the medium and longer term. The evaluation of SRB will need to consider the mechanisms by which such supply side improvements could come about and how significant they might be.

2.7. The evaluation of SRB will also have to face up to the need to identify, analyze and quantify the specific contribution of the partnership approach to the regeneration of relatively small areas. Whilst much has been written about the advantages of the partnership approach to local area regeneration there would seem little by way of any serious attempt to incorporate measurement of the achievements of partnership into formal evaluation. Much of what has been attempted has been concerned mainly with describing the process by which partnership may come about which is necessary but not sufficient for a comprehensive evaluation.

3. AN EVALUATION FRAMEWORK FOR SRB

3.1. Introduction

3.1.1. One feature of a good evaluation framework is that it should enable the outputs or benefits of a policy or programme to be compared with the inputs or costs. It is only with information of this kind that an assessment of value for money can be made. The standard approach as contained in the EGRUP guidelines (HM 1995) has evolved over a number of years and it is to establish a cost benefit account for the regeneration measure concerned and under certain conditions performance measures can be derived which allow one measure to be compared with others.
However, evaluation is not just concerned with the question of value for money. It is also necessary to consider how well the benefits derived are helping to alleviate the problem to which they were addressed (ie the effectiveness of the measure) and there is now wide recognition that this should incorporate not only an assessment of the direct economic and social effects but also of the ability of the programme to improve the workings of the market, the delivery of mainstream public services and the functioning of the local community and voluntary sectors over the longer term so that true regeneration of the area concerned can be achieved. The evaluation framework must also be capable of assessing whether the underlying rationale for the measure was well founded.

The SRB gives equal weight to economic, social and physical regeneration. This is not simply an administrative consequence of bringing together what were previously 20 separate programmes within a single operational structure. Underpinning the SRB is a particular view about the causes both of urban decline and of urban regeneration, which stresses the importance of positive and negative externalities linking economic, social and environmental factors. While mainstream public sector programmes necessarily focus on funding and/or providing a specific service (such as housing, education, policing), the ethos of the SRB is that a multi-sector approach, concentrated in specific geographical areas will produce more than just the sum of its parts.

Because of this, it is crucial that the evaluation methodology allows for these links between social, economic and environmental factors to be explored. In order to carry out the evaluation, it is important to specify separately a range of social, economic and environmental factors. However, these separate specifications should not be taken to indicate a rigid separation between these categories, nor should they preclude consideration of the crucial links between these factors.

We can identify three levels of outcomes which can be evaluated from SRB projects. These levels cut across the distinction between social, economic and environmental goals.

The first level can be termed Delivery. What are the direct outputs from the activities funded by the SRB in each case? These correspond to what are termed 'Output Measures' in the Bidding Guidance. They are essentially quantitative estimates of what each project delivers in terms of new dwellings, crime prevention measures,
training places, etc. As well as the number of outputs, we will be concerned also with who participates in the various programmes, whether activities funded by the SRB reach their intended beneficiaries and with, where possible, estimates of the monetary value of such outputs.

3.1.7. Under this heading, we are however concerned not just with outputs, but also with process. Which organisations have been involved in setting, monitoring and perhaps changing these targets? Are partners equally involved or merely 'represented'? As well as quantitative analysis of output measures, some qualitative analysis in the form of stakeholder assessments is required also.

3.1.8. The second level can be termed Impact. Here we are concerned not just with what is delivered, i.e. the direct outcomes of each project, but with their effects in terms of alleviating or at least reducing the problem to which they are addressed. Hence, for example, 'number of youth crime prevention initiatives' is an output measure under the 'Delivery' heading, while the number of recorded crimes by juveniles might (or might not) be a suitable measure of the impact of such initiatives. It is also under this heading that we would want to consider issues such as private sector leverage and cost effectiveness.

3.1.9. Here, we note that partnerships are required to collect key indicators of performance - a broader category than the output measures referred to above. We note also however, that there will be no single, centrally-determined set of key indicators, but rather that the selection of key indicators will be specific to, and appropriate for, each partnership. While this is entirely correct given the diverse activities and aims of individual partnerships, it does present problems of comparability and the likelihood of data gaps. In order to meet these gaps, we will need to use other secondary source data, as well as to carry out resident and user surveys in some or possibly all areas.

3.1.10. The third level is sustainability. The first two levels have been concerned with (i) the outputs of each partnership and the process of implementation; and (ii) the impact on social, economic and environmental variables over the life of the partnership. At the third level we are concerned with longer-term issues. What effect have the SRB measures had on the workings of the market and the delivery of public services in the area? What changes have their been to institutional capacity and in particular improvements in community involvement, supply-side response and
networks of trust and co-operation? Under this heading we will examine exit strategies of partnerships and the legacy of partnerships to local residents and local business. The answers to these questions go to the heart of the underlying rationale for area-based policy and the vexed question of the national gains from spatially targeted policy.

3.1.11. Evaluating the SRB presents difficulties both of scale and of range. The areas covered by the 20 partnerships in our sample of successful bids range from major metropolitan areas to individual estates. Some partnerships have a broad range of social, economic and environmental targets, while others concentrate on specific areas.

3.1.12. While traditional cost-effectiveness analysis is a key component of our approach, evaluation of the benefits of SRB will need to be much broader than this, and in particular, to go beyond a narrowly economic focus. The scope of the SRB is much wider than previous urban and regional policy mechanisms, and so we are concerned with measuring more than just cost per job. We are seeking to find out if there are genuine area effects from delivering services, concentrating resources and stimulating partnerships in this way. We are thereby concerned with totals as well as with margins. To take one example: we need to do more than count how many training places, who has obtained them and what the value of the qualifications gained are in terms of jobs gained or increased individual earnings. We need to consider also the effects on unemployment rates in the partnership area, the cultural change manifested in higher staying-on rates, the attitudinal change by young people and by employers, and the permanence or otherwise of such changes. What has the overall effect of the SRB spend been in integrating the area into the mainstream of social and economic life, in terms of the willingness of firms and households to move to, or stay within the partnership area? The Single Regeneration Budget has very broad goals and an integrationist approach, and its evaluation needs to reflect this.

3.1.13. The evaluation of SRB will also need to compare the VFM of different activities or approaches to regeneration at the local level and their comparative cost effectiveness in bringing about self-sustaining regeneration. In a similar vein the evaluation will wish to compare the VFM of the SRB Challenge Fund approach with earlier local area regeneration programmes.
This chapter is structured such that section 3.2 concentrates on those components of the framework relating to direct economic effects. Section 3.3 then moves to consider the social effects and section 3.4 concentrates on partnership and other wider cross cutting achievements which are of central importance the attainment of longer term regeneration.

3.2. Economic Effects

Identifying the appropriate stream of benefits

3.2.1. Table 3.1 presents an illustrative cost benefit account which allows us to focus on the key conceptual issues that are relevant for an evaluation of the economic impacts of the Single Regeneration Budget (SRB). Figure 3.1 provides a broad overview of the evaluation framework. The framework will clearly develop as the research progresses during the first year. The activities which come about as a result of the SRB support produce a number of outputs. The Single Regeneration Budget Monitoring and Periodic Review (Guidance Note number 1, April 1995) identifies a number of measures of both direct activities and outputs. (For convenience they are all referred to in the Guidance Note by the generic name of output measure). Thus, by way of an example, the provision of small workspace (measure 2B) partly funded by SRB support may allow a number of jobs to be created (measure 1A). These output measures seek to capture the principal benefits of the programme and form the basis of the credit entries in the cost benefit account given in table 3.1. In a similar fashion we can refer to other categories of benefits and beneficiaries and table 3.1 contains number of training weeks provided (measure 1E) as a further type of economic benefit. It also includes an indicator of environmental benefit (number of buildings improved and brought back into use 6C) and social benefit (number of local people given access to new community facilities and number of new facilities 7A). We will need to add others.
### Table 3.1: An illustrative cost benefit account with which to evaluate regeneration measures

<table>
<thead>
<tr>
<th>Net Additional Costs</th>
<th>£m</th>
<th>Net Additional Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Partnership</td>
<td></td>
<td>Direct jobs created in Partnership</td>
</tr>
<tr>
<td>Other public sector project expenditure</td>
<td></td>
<td>Indirect jobs created from non-wage project expenditure in Partnership areas as a whole</td>
</tr>
<tr>
<td>Expenditure on Partnership projects</td>
<td></td>
<td>Number of training places provided (1 year duration)</td>
</tr>
<tr>
<td>by the private sector (including voluntary sector)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net additional costs</td>
<td></td>
<td>Number of enterprises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of sites subject to environmental improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of residents receiving direct community/benefits from the Partnership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>..........etc</td>
</tr>
</tbody>
</table>

**Wider achievements:**
- targeting of policy to disadvantaged groups
- innovation and demonstration effects
- involvement of the private sector
- capacity building
- sensitising the public sector to the needs of the area

**Partnership achievements**
- Co-ordination
  - avoidance duplication
  - indivisibilities
  - competitive advantage
- Clustering
  - demonstration effects
  - scale economies
  - critical mass
- Synergy
- Leverage
Figure 3.1 An evaluation framework with which to evaluate SRB Partnerships

**ECONOMIC BENEFITS**
- Inward investment
- Enhanced business performance amongst indigenous companies

**HOUSING BENEFITS**
- Improved housing quality
- Quality management

**SOCIAL BENEFITS**
- Community Schemes
- Leisure and Recreation Facilities
- Retailing

**ENVIRONMENTAL BENEFITS**
- Visual improvement
- Removal of Eyesores and Pollution
- Image enhancement

**COMMUNITY BENEFITS**
- Strengthening institutional capacity
- Volunteering & community activity

**KEY EVALUATION ISSUES**

<table>
<thead>
<tr>
<th>OVERCOMING MARKET FAILURE IN THE PROPERTY LAND/LABOUR AND OTHER MARKETS</th>
<th>ADDITIONALITY OF CHANGES IN BEHAVIOUR AND PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MULTIPLIER DISPLACEMENT LINKAGES EFFECTS</td>
</tr>
<tr>
<td>NET IMPACTS; EMPLOYMENT COST PER JOB</td>
<td></td>
</tr>
</tbody>
</table>

**RATIONALE**

**EFFICIENCY, EFFECTIVENESS, AND LEVERAGE**
3.2.2. The principal economic benefits considered are clearly jobs, training places and enterprises and these have the advantage that their number provides a ready measure, although there may be substantial differences in the quality of them and this needs to be recognised within the evaluation. There may also be economic benefits arising from enhanced community activity like increased volunteering and such benefits require careful measurement where this is possible. A further important consideration is also the length of time which the benefits will exist, itself a measure of quality. It is desirable for this reason to express jobs and training places in terms of job/training place years. A further complication arises, however, when the streams of benefits are likely to unfold over a considerable period of time. EGRUP guidelines (HM 1995) suggest that the outputs of programmes with employment effects are best measured over the medium term (typically between 2 and 5 years), but in the context of the SRB evaluation there are job streams arising over seven/eight years and there is an important issue as to how to treat such outputs in these circumstance. A further complication, which has arisen in recent evaluations of programmes with long time horizons, is whether the streams of jobs should be discounted, and at what rate, to reflect that a job created tomorrow is worth less than a job today. EGRUP recommends always presenting undiscounted and discounted streams.

3.2.3. A key feature of the evaluation framework is the distinction made between gross and net outputs or benefits. The starting point for all evaluation must be to seek to identify the gross effects but then to reduce these to the extent that they would have occurred anyway in the absence of the programme concerned. True deadweight in its simplest form is where the programme did not produce any additional benefits at all in the sense that the economic agents concerned would have done exactly what they actually did if the programme support had not existed. It has been recognised in recent years however, that it is also important to assess whether the programme might have enhanced the quality of the benefits provided, as is frequently the case with respect to the provision of training, or actually have brought forward the benefit in time. We would propose using the broader measure of additionality in the context of the SRB evaluation since the nature of many of the projects supported is such that pronounced quality and time shortening effects are quite probable.
evaluation framework

3.2.4. Once an adjustment has been made to the streams of benefits to allow for the element of deadweight the next adjustment is to allow for displacement. This is the degree to which the extra benefits created in the local area of relevance to the SRB support have been at the expense of other economic agents in the area concerned or elsewhere. Diversion of economic activity between areas can occur in a number of ways but a common form would be through product market displacement. Clearly the displacement effects of a policy are of particular concern for the policy maker because whilst some degree of displacement may be inevitable and acceptable it is also desirable that on grounds of equity that displacement is from the less needy to more needy areas. In practice, measuring displacement is a very difficult exercise, but the need to establish broad estimates and to discount gross additional effects to reflect this is clear.

3.2.5. A particular form of displacement with respect to training and the labour market is that of substitution. Again, this could take a number of forms. A simple example would be where a worker who acquires a job as a result of an SRB project does so at the expense of some other worker in the local labour market. Such effects can be quite profound, particularly where the level of skill involved in the substitution is relatively low.

3.2.6. Whilst recognising that it is important to pay particular attention to displacement effects arising from SRB support it is less easy to decide what should be the relevant geographical building blocks with which to calculate displacement. EGRUP gives some guidance. It argues that evaluation should always provide estimates on displacement at a local and national level. The evaluation should also provide estimates for 'policy priority areas' which could include urban priority areas, Assisted Areas, and areas designated for Structural Fund interventions (ie Objective 1,2,and 5b).

3.2.7. EGRUP also recognises that whilst it would be desirable to have consistent definitions as to what is meant by local areas across programmes this will not always be possible because the scale and size of displacement depends on the economic and physical nature of the areas considered. There is a suggestion that in the main one should seek to aim for Travel To Work Areas in order to measure local labour market effects and this is probably the best way forward for the SRB programme.
Whilst we shall be using Travel to Work Areas in order to consider issues like displacement, we will not wish to lose sight of the need to consider such factors as to whether it is local people in deprived areas who secure job benefits arising from programme activity.

3.2.8. The implications from the EGRUP guidelines, recent evaluation experience by the consultants elsewhere and some preliminary analysis of the nature of the successful round one and two SRB bids is that the SRB evaluation should seek to measure displacement at the level of the local area, although whether a travel to work definition is appropriate will have to be considered on a case by case basis. Equally, it is not clear whether there is a need to have an even smaller geographical unit within the local area as is the case with predominately area based policies like UDGs and Enterprise Zones. It will clearly vary on a partnership by partnership basis. That recognition be given where possible to displacement by category of policy assistance would seem to be desirable. It is not clear what the advantages are of measuring displacement at the level of Standard Regions.

3.2.9. In line with EGRUP guidelines, and following evaluation work of other local area programmes, it will also be necessary to estimate what the displacement effects are at the national level. Measuring displacement provokes a range of conceptual and measurement problems. The degree to which programmes targeted at principally local labour, property and labour markets can increase the level of national output and income depends on whether genuine supply side improvements can be sustained at the national level. Other benefits, particularly if they are secured by increasing the overall level of demand, will be subject to crowding out mechanisms either as a consequence of the additional taxes needed to finance the programme or through exchange rate and labour market mechanisms. The view from the Treasury would seem to be that unless genuine supply side gains can be secured, it is likely that job creation and any other effects will be subject to total displacement and crowding-out.

**gross to net; local linkage and multiplier effects**

3.2.10. Once the overall gross benefits arising from the SRB partnerships have been adjusted to allow for deadweight and displacement we will then be in a position to calculate the net benefits associated with the SRB programme. One further adjustment is required however, and this is to allow for extra benefits that might arise to a local area from increased linkage activity between local businesses as a result of the
programme and also additional local income generated by increased local demand for goods and services. The evaluation framework must therefore include these effects to ensure that the overall estimates of net additional benefits associated with the SRB programme are robust. In practice, a body of empirical work has been undertaken to produce such multipliers by category of local area and these will be drawn on in the evaluation.

the cost side of the account

3.2.11. The cost benefit account also needs to include the cost of the SRB partnerships in terms of government expenditure incurred and government revenue foregone. The cost side of the account should ideally bring together all such effects associated with SRB, that is direct SRB support together with any other public expenditures which are necessary to bring about the benefits. (i.e. identify explicitly the other main programmes resources levered by SRB). As with the benefits side of the account we are interested in the additional public expenditure which is incurred. Our initial starting point will be to consider the whole of the SRB expenditure as being additional, but to recognize that some of the other public sector support might have been incurred anyway in the absence of the SRB initiative and the possibility of this needs to be considered within the evaluation framework. In general the position with the cost side of the SRB evaluation is somewhat easier than with initiatives which contain grants, subsidies and tax relief. We shall also wish to consider the possibility that some SRB expenditure itself may be replacing pre-existing, but no longer funded provision. The only sources of evidence we will have to go on here is an assessment of what formerly happened by way of regeneration expenditure in the area and the judgement of officers in the spending organisations. A further issue is to disentangle the impact of SRB funding from new sources of funding such as ERDF, EP and Millennium Funding.

3.2.12. A further aspect of the cost side of the account relates to discounting. In recent evaluations of government regeneration initiatives which produce effects which unfold over many years there has been much discussion as to whether the public costs incurred throughout the life of a programme should be discounted back to a base-year when the programme actually began. To give a practical example for the SRB programme this would mean that for a partnership of seven years duration that all of the expenditure incurred in each individual year of the partnership would be discounted back to the beginning of the seven year period. There is always the
question as to the appropriate real discount to be used. The current preference as recommended by HM Treasury is 6%.

3.2.13. There has also been debate in some recent evaluations as to how to treat any revenue receipts that may arise during a course of a project, or in this case partnership. Such receipts might arise through the sale of land owned by the public sector and whose value may have been increased during the course of the activities of the partnership. In this sense the receipts are a form of negative cost and help to reduce the original public expenditure. The best way of incorporating these effects into evaluations is still relatively uncertain. Treasury guidance as reflected in the EGRUP guidelines at the present time is that any such negative expenditure should be treated as a windfall gain and not used to reduce the public expenditure. The argument for this is that increased asset values for the partnership area will probably reflect decreased asset values of land or property elsewhere in and around the area concerned and thus there may be elements of zero sum gain, although in practice the calculation is never likely to be made. The outcome of these deliberations for the present SRB framework is that we should seek to record any such receipts but not use them to reduce the public sector costs of SRB.

*Performance measures in the evaluation framework*

3.2.14. Deriving costs and benefits for incorporation into the cost benefit account requires considerable judgement and presents difficult problems in terms of research methodology which we discuss in chapter 4. Nevertheless, once the cost benefit account has been constructed it enables a range of performance measures to be produced. Perhaps the most commonly referred to is that of cost effectiveness where the cost per job or cost per unit of some other benefit is derived. The cost per job can be made using both direct and indirect additional public expenditure associated with the SRB programme. The estimates are often shown both gross and net, where the difference reflects judgements as to how much of the government expenditure identified would have been incurred anyway in the absence of SRB partnerships.

3.2.15. A more complicated position arises however, when we wish to try to add together all of the benefits of the SRB initiative and express this per unit of the public costs incurred. There are a number of difficulties. One is that we are frequently faced with trying to attribute benefits between different programmes all of which involve public
expenditure in the area concerned. It is frequently difficult to disentangle individual contributions.

3.2.16. Another difficulty relates to whether we can add together the often quite disparate outputs which are produced by the SRB programme. One option which was adopted in the evaluation of the Task Force Initiative was to present the benefits that are provided by a unit of public expenditure in a "basket" i.e. how many jobs, training places, enterprises assisted etc are obtained per million pounds of expenditure. Another, as yet relatively untested approach, is to place values on the benefits and thus be able to weight them together.

3.2.17. We have in mind for SRB that we will seek to provide measures using both approaches. Many problems will, however, need to be tackled. One is to identify what should be the relevant benefits in the basket. It is not sufficient, for example, to limit the measurement of economic benefits to jobs safeguarded or created. We should make some attempt to assess those benefits which might come through in the form of increased efficiency and productivity gains, particularly since one of the objectives of the SRB initiative is to improve the competitiveness of local economies. Projects concerned with training should also increase the productivity of those being trained and simply measuring the number of those trained is not reflecting this at all. There is some suggestion here that we might also consider the increase in earnings which may result.

3.2.18. It is also important in considering what goes into the basket and how it is measured to distinguish between the number of jobs created and or safeguarded and the number of disadvantaged client groups placed into jobs at the expense of others (i.e. the number of jobs redistributed). In this sense jobs created have a different status to those redistributed. Placing a value on the latter sort of benefit is extremely difficult because we need to know what we are prepared to pay to reduce social exclusion of certain disadvantaged groups within society. These arguments can also be extended to a whole range of environmental and social benefits that could legitimately be placed in the basket.

3.2.19. It would also be desirable within the evaluation to derive standard performance indicators relating to the capability of the partnerships to induce leverage of private and other funds from the injection of public sector support, and we should not forget
that Partnerships may also have increased the value of non-financial support provided in an area like unpaid staff and volunteering.

3.2.20. Whilst it is clearly necessary to be able to establish the Value For Money aspects of the SRB it is also important to ascertain how well the approach embodied within the SRB Challenge Fund is able to tackle the underlying problems to which it is addressed. In this sense we want to be able to measure the scale and direction of achievement. Given the emphasis placed on encouraging sustainable economic growth and wealth creation in the areas concerned an assessment of the effectiveness of SRB in this respect needs to consider how far the actions of the partnership are able to tackle the underlying causes which gave rise to the problems in the first place, as well as build the underlying capacity of the area concerned to attract and retain both people and the investment that gives rise to jobs and income.

3.2.21. To measure the effectiveness of the partnership approach requires baseline estimates to be made which give some indication of the scale and nature of the problems and the underlying causes. Ideally the baseline should not concentrate only on measures of economic, social and environmental problems. It should also identify and provide at least qualitative judgement on features of institutional capacity and this includes the adequacy of the public, private and voluntary sectors to meet the challenges involved, but also how well they are able to work together to bring about desirable change. We return to these aspects in section 3.4.

3.2.22. We will also be seeking within the evaluation to identify performance measures to embrace how well the SRB partnerships have been able to tackle problems of poverty and social exclusion. This means we will wish to ascertain how well the partnership approach has identified and targeted on the needs of particular groups. We return to this in section 3.4. Again, as with so many aspects of the evaluation framework for SRB some innovation will be required.

3.2.23. A further key feature of the evaluation approach will be to seek to assess the durability of the outcomes produced by the SRB initiatives. A number of issues are relevant here, namely:

- The extent to which key players (usually companies, but also households) intend to remain and continue to invest in their present location once the programme is completed.
The degree to which the Partnership effects have been able to provoke changes in image and perceptions in the local property market such that benefits of enhanced investment and confidence flow after the end of the programme.

The extent to which the Partnership operated perhaps in conjunction with other programmes has been sufficient to achieve thresholds required in the key variables like infrastructure, access, confidence, agglomeration and local linkage such that self-sustaining growth can be achieved. This can be viewed in terms of whether key barriers or constraints to self-sustaining economic growth have been removed.

Whether sufficient physical and institutional infrastructure exists to maintain the economic momentum.

The degree to which market failure has been arrested.

Validating the rationale

3.2.24. The last aspect of the evaluation framework which we consider in this section is its ability to test the underlying rationale for the SRB approach encompassing economic and social aspects. The rationale would appear to embrace three main components. The first is that there is endemic and pernicious market failure in one or all of labour, land/property, capital and housing markets. The second relates to the failure of mainstream programmes to address the breadth, depth and interactive nature of the problems. The third relates to the failure of the institutional capability in the area concerned to be able to tackle the problems in such a fashion as to be able to break the vicious circle whereby the problems of one generation are passed onto the next. In considering how the vicious circle comes about we should recognize the interrelated components of the problem embracing economic, environmental and social factors and a general lack of social cohesion in and across the areas concerned. If this interpretation of the underlying rationale for SRB is correct then it is important that the evaluation framework be sufficiently well developed to identify both the failure concerned and the degree to which the SRB approach is able to overcome it.

3.3. Social effects

3.3.1. Of the seven objectives of the SRB, two might be defined as primarily economic - enhancing the employment prospects, education and skills of local people; and encouraging sustainable economic growth and wealth creation - while five are primarily social or environmental - protecting and improving the environment and infrastructure and promoting good design; improving housing conditions; promoting initiatives of benefit to ethnic minorities; tackling crime and improving community
safety; enhancing the quality of life for local people. In practice, each of these embraces both social and economic goals. The promotion of equality of opportunity is specifically mentioned under the employment heading, and more generally reduced unemployment and increased economic activity will have major consequences for social cohesion. Housing construction and improvement generate jobs, while lower crime rates, a more attractive environment and better infrastructure will attract more investment or at least reduce disinvestment in the area.

3.3.2. Nevertheless, we can identify specific social effects of expenditure under these headings. We can perhaps clarify this point by saying that, at the extreme, even if there were no change in economic activity or employment, the quality of life for local residents will be improved if crime is lower, housing is upgraded, the environment is cleaned up, people are healthier, and sports and cultural facilities are provided.

3.3.3. The SRB has very broad social goals, encompassing the fields of education and training, housing, crime and community safety, the physical environment, quality of life and access for ethnic minorities. Until now, evaluation studies have generally been confined to one of these fields, and usually a defined area within each field. Hence, there are distinct literatures on policy outcomes in areas such as:

- educational performance
- housing improvement and estate regeneration
- housing needs and homelessness
- tenant participation and resident satisfaction
- crime, victimisation and community safety
- training initiatives and active labour market measures
- equal opportunities and equal access
- racial harassment and community relations
- environmental improvement
- health promotion and health education
- physical regeneration and property development
- community involvement

3.3.4. While the scope and scale of the multi-focus evaluation in this project exceed by an order of magnitude any previous work, there is a range of recent and current work which is of particular relevance in terms of attempts to link outcomes and impacts in several related areas. These include: the Glennerster and Turner evaluation of estate-based housing management (1993); evaluation of City Challenge programmes; research funded by the Joseph Rowntree Foundation; and evaluation of the social costs of poor housing currently funded by the RICS.
3.3.5. The evaluation of estate-based housing management by Glennerster and Turner (1993) used a small-scale, intensive methodology in which two estates with a neighbourhood base for housing management were matched with two control estates with similar economic and social profiles but without estate-based management. A range of data were collected. There were surveys of tenants in the base year and after three years of the experiment. Statistics were kept on performance of the landlord function: lettings, repairs, rent collection etc. There were regular semi-structured interviews with officers.

3.3.6. The most innovative aspect was an environmental survey to measure quality of life on the estates. Tenants were asked for their views on which factors contributed to, or detracted from, the quality of life on the estate. Researchers then devised quantitative scales for measuring the presence or absence of these factors, such as the extent of rubbish, vandalism and physical damage, graffiti and litter. These quantitative environmental surveys were repeated at three-month intervals through the duration of the research project, and from this evidence, researchers were able to derive an 'incivilities score'. This quantitative evidence was supplemented by photographic records.

3.3.7. The most immediate precursor of the SRB Challenge Fund is of course the City Challenge programme. Although its scope was not as broad, City Challenge shares with the SRB Challenge Fund the emphasis on partnerships, competitive bidding for resources, multiple objectives and a multi-sector approach to regeneration. In addition, the principle of evaluation - local as well as national - has been built into the programme. There is therefore a considerable amount to be learned from the experience of both local and national evaluation of City Challenge.

3.3.8. The Joseph Rowntree Foundation has funded a number of housing studies with an area focus. For example, in 'Swimming against the Tide' (Power and Tunstall 1995) researchers examined 'progress and polarisation' on 20 estates which formed part of the original Priority Estates Project in the late 1970s/early 1980s. Researchers carried out survey of tenants and housing staff in 1981, 1987 and 1994 and used Census data on population and economic activity for 1981 and 1991. In addition for 1994 they were able to use school-based data on examination performance and absence from school. The Foundation is currently funding a programme of research on housing and urban regeneration.
3.3.9. The Royal Institution of Chartered Surveyors is currently funding work by Peter Ambrose and James Barlow on the costs of poor housing. This work specifically includes attempts to measure negative externalities, i.e. spillover social costs, in terms of effects on health, crime, privacy and physical environment.

Housing

3.3.10. The recent study by the Chartered Institute of Housing/House Builders Federation on 'Housing and the SRB Challenge Fund' (February 1996), based on the first bid round only, found considerable regional variation in the extent and type of housing involvement in SRB bids. In the South, outside London, the provision of new or improved housing was not seen as a priority. In the older urban areas of the North and the West Midlands, there is still a perceived need for modernisation and new housing provision. In some London boroughs, tenure diversification is the main aim "as a way of tackling high densities and the economic and social problems inherent in having near 100 per cent council housing."

3.3.11. Data to be collected on housing fall into one of three categories. First, data on the physical aspects of housing: housing condition, new building and improvements, demolitions and major repairs. Secondly, data on housing management issues: voids, arrears and bad debts; allocations and lettings; repairs and maintenance. Thirdly, surveys of tenant and resident satisfaction, evaluation of tenant participation and consultation, as well as evidence on transfer of housing tenure particularly where the transfer has been from a local authority to a new landlord (Housing Association). Some of these data will be available from partnerships; other data may be available directly from the local authority (although perhaps not at the appropriate spatial level); while still other data will need to be collected through surveys, particularly where recent changes in housing tenure have occurred.

Crime and Community Safety

3.3.12. In the past criminological research and research on urban deprivation tended to have relatively little contact with each other. In recent years this has changed considerably and there is now an extensive literature in which the causes, incidence and effects of crime are related to social, economic and physical factors. These connections are being made at different levels. At one level, the spatial incidence and frequency of property and street crime is related to physical characteristics of the environment:
poor lighting, multiple entry and exit points from blocks, lack of surveillance, etc. At another level, crime is linked to deeper, structural factors such as unemployment, family breakdown, educational failure.

3.3.13. Priorities about crime and community safety are likely to differ among the groups represented in partnerships. For example, many surveys confirm that residents are often strongly in favour of increased beat policing, while professional opinion may see this as a relatively inefficient use of scarce resources in terms of reducing offences or increasing clear-up rates. Hence decisions about which data to collect inevitably will reflect views about what the goals of SRB-funded activities are.

3.3.14. Nevertheless, it seems likely that we would require data on crime rates, by type of crime (burglary, property crime, street crime, racial attacks, etc.); about victimisation; about resident and visitor perceptions.

**Physical environment and infrastructure**

3.3.15. Perceptions about physical and environmental quality and amenity can be assessed through resident and visitor surveys. Direct, quantitative surveys of environmental characteristics can also be undertaken directly by researchers, following the methodology of Glennerster and Turner (1993) in which scores were derived from direct observation. These are however, relatively time-consuming and costly. In addition, one could also evaluate the perceptions of non-local residents and firms as to the environmental amenity and general accessibility of the partnership area. That is, one would attempt to measure the effectiveness of SRB-led regeneration and social integration in terms of the changing 'mental maps' held by households and firms.

**Quality of Life**

3.3.16. Evaluating success in this area opens up a potentially huge field of research. Challenge Fund Quantified Outputs in this area do not go beyond enumerating the numbers of new health, sports and cultural facilities, and the numbers of local people given access to them. Clearly, we can use survey data to measure changing perceptions among residents about the quantity and quality of local facilities. However, in order to evaluate Impact and Sustainability as well as Delivery, we need
to go further than this. In terms of health, it may be possible to use direct health indicators (mortality, morbidity) at the appropriate spatial level. However, there will be time issues to consider as well, i.e. whether such indicators can reasonably be expected to respond during the lifetime of an SRB partnership. In principle, one could quantify such evidence, using perhaps a simplified version of QUALYs.

3.3.17. Similarly with regard to sports and cultural facilities, one could in principle use actual or estimated revenue generated by the facilities, as well as additional leveraged private spending. However, they may well be practical difficulties.

*Ethnic minority issues*

3.3.18. The SRB objective here is "to promote initiatives of benefit to ethnic minorities". Evaluating this might imply action on three levels. First, the degree to which ethnic minorities are benefitting from activities funded by SRB. This implies regular ethnic monitoring of usage to provide data on access to services and the use of secondary or primary data on unemployment, victimisation, health etc. Secondly, the degree to which ethnic minority communities are involved as partners in drawing up bids and running partnerships. Thirdly, and more controversially, whether or not ethnic segregation or polarisation has been reduced through SRB-funded activity. This is controversial as it is not clear whether reduced spatial segregation is or should be a goal of government policy.

*Training and Education*

3.3.19. This is a key aspect of SRB funding, and perhaps more than any other area, includes both economic and social dimensions. Evaluation will need to consider not just how many training places or training weeks have been generated, or how many pupils have taken part in specific programmes, but crucially what the impacts of these activities have been. This strongly suggests a combination of cross-sectional and longitudinal analysis would be helpful.

3.3.20. In terms of cross-sectional data, this means information on school performance (GCSE, National Curriculum SATs), staying on rates; on unemployment rates by groups (young people, men/women, ethnic minorities) and on perceptions by local
and non-local firms; and on attitudes of local young people towards education, training and employment.

3.3.21. Cross-sectional data can be usefully supplemented by longitudinal (cohort) studies. If SRB-funded activities are more than palliative, then one needs to show long-run and sustainable impacts. This suggests following through pupils and trainees benefitting from particular programmes to track subsequent progress both in terms of education, employment and earnings, and also in terms of attitudes and perceptions.

3.3.22. In evaluating the social effects of SRB spend, we need to develop a clear idea of what the targets are. Our first thoughts are that these should be guided by the principle that, fundamentally, regeneration implies social integration. SRB spending should lead to some absolute improvement in economic and social conditions. This means that SRB success should be visible in terms of the movement of social indicators in the direction of parity with (or at least reduced disparity from) national averages. It should also be visible in evidence of greater willingness of both firms and households to move to or remain in the area.

Community

3.3.23. Assessing the extent to which SRB funds have been able to build the capacity of community groups is a further factor that needs to be considered in the research. Some very helpful guidance to the ways in which community involvement can be assessed and measured has been provided by the Community Development Foundation (Guidelines to the community involvement aspect of the SRB Challenge Fund - 1996 edition). The research will seek to incorporate relevant indicators of community effects as appropriate within the constraints of available information and resources.

3.4. Partnership effects

3.4.1. In this section we define the scope of what are termed partnership effects, identify the main components of partnership effects and outline the conceptual bases for expecting the partnership approach to generate additional benefits or reduced costs in developing regeneration programmes. How it is proposed to go on to measure partnership effects in the Challenge Fund evaluation is set out in section 4.3 below.
3.4.2. The hypothesis to be tested is whether the partnership approach is better than a single partner/single action/single programme approach in designing, implementing and achieving local economic regeneration. If the partnership approach itself enhances regeneration outcomes, we also need to know which are the important partnership mechanisms generating additional benefits and how large are the extra benefits. A third aim of the evaluation is to be able to distinguish between more effective and less effective partnerships.

3.4.3. The local area partnership approach is not unique to the SRB Challenge Fund. It was a strong feature of City Challenge and is also embodied in EU Structural Funds regeneration programmes. Such evaluation evidence as has so far emerged from those programmes is largely qualitative but is consistent with the view that partnership effects are significantly positive. But the belief in the value of the partnership approach arises more from conceptual/considerations than from any robust empirical analysis. These are that local partnership coming together have the following advantages:

- expertise from different backgrounds and experience in understanding the variety and depth of the economic, social, environmental, housing and community problems of the local area and how they interact with each other;
- the ability, as a consequence of expertise and knowledge of a wide range of policy instruments, programmes and projects, to design an integrated package of regeneration measures which systematically addresses the full range of needs of the area and is custom built specifically to do so;
- the opportunity to fashion an integrated local programme of regeneration measures to best meet the range of local needs leads to improved targeting of measures on the most disadvantaged client groups within local communities and providing a good atmosphere for developing innovative and catalytic initiatives which are not governed by administrative ceilings, controls and constraints which are perceived to be a feature of some single programme measures;
- the ability of the partnership approach to enhance the overall resources available for regeneration by drawing in a proportion of funding from some or all of the partners, including the private sector.
- the opportunity to achieve economies of scale in clustering regeneration projects/programmes within a local area and thereby securing economies in project management financial planning and control, recruitment, purchasing, etc;
- synergy effects whereby partners modify their own activities to bring them more into line with the objectives of the partnership as a whole and provide supporting activities to enhance partnership achievement;
- co-ordination effects which may enable the avoidance of duplication of activity, permit large scale indivisible projects to go ahead and allow partners to specialise in areas of expertise/projects in which they have comparative advantage;
• externality effects whereby the integrated partnership approach leads to a clustering of regeneration activities which achieve a critical mass, improve the image of the area and attract new activity both to itself and to surrounding areas.

3.4.4. The evaluation will assess the validity of these perceived advantages of the partnerships approach and establish which have been quantitatively significant.

3.4.5. The scope of the evaluation of partnership effects also includes the process and procedures of promoting and funding local regeneration through the Challenge Fund arrangements. It will focus on key aspects of the Challenge Fund process including:

• the bidding process itself: the origins of the bid, how the bid developed and how partners were brought together, how their role and contribution was determined, how the lead partner was established, how the experience of partners compared with their original expectations and assurances given and partners’ perceptions of the degree of coherence and consensus in the partnership and clarity in its operating arrangements;

• the quality of the partnerships: whether there was genuine involvement rather than "superficial representations" in the partnership, and the breadth of the partnership in relation to the number of partners potentially available;

• the effectiveness of lead partners: how the quality of the partnership was influenced by the activities of the lead partner and whether different types of lead partner were more or less successful in securing effective partnership;

• the delivery plan, monitoring and appraisal procedures: how the operational side and implementation of delivery plans is progressing, how robust are monitoring and appraisal procedures and how delays and difficulties are being identified and dealt with;

• choice of regeneration schemes and priorities: the role of partners in the original design of schemes, and how appropriate was the choice of schemes in relation to needs and resources available;

• partnership funding packages: are funding arrangements being implemented smoothly and without delays and has the partnership approach achieved leverage of main programme funding to support the objectives and achievement of the partnership;

• relationships between partnerships, public sector agencies and non governmental bodies/groups, notably voluntary bodies and community groups;

• partnerships and GORs: the role played by Government offices for the Regions and relationships between government offices and partnerships including guidance issued, application procedures, appraisal procedures, and assistance to build the capacity and expertise of partnerships, and the adequacy of Challenge Fund resources made available to support the partnership bids.

3.4.6. These process and partnership issues will be explored, for each of 20 successful case study bids, on two occasions during the course of the evaluation. The first occasion
will be during the course of interim evaluations which will be carried out in 1997. A further assessment of these effects will then be included in the final evaluations which will be undertaken between 1998 and 2003. Evidence relating to process/partnership issues will, however, not be confined to the 20 case studies which are to be evaluated in depth. There will be an additional examination of 10 bids which were rejected and interviews with Government offices will also explore how the procedures are working more generally and how far the lessons learned from round 1 bids were used to improve procedures for round 2.

3.4.7. The process evaluation will investigate all aspects of the voluntary sector and community group participation in the SRB Challenge Fund bids including the part played by community based voluntary organisations which have the dual role of enhancing community participation and delivering local services. These organisations can play a vital role in accessing disadvantaged and socially excluded target client groups. The assessment will also need to consider:

- the degree of involvement of the community and voluntary sector in the partnerships, at all stages;
- how far the capacity of community groups and voluntary sector is strengthened during the Challenge Fund scheme in order to ensure continuing sustained local economic development after the scheme has ended.

3.4.8. The analysis will also focus on relationships between the Challenge Fund activities and the activities of main spending programmes in the local area and in particular with respect to education, transport, housing and other local government services, mainstream training programmes through Training and Enterprise Councils, the Employment Service, the Benefits Agency and the National Health Service. Whilst the geographical distribution of funding for these main programmes is often based on a local needs assessment, they are also subject to nationally determined eligibility and other criteria constraints and targets which can work against the most disadvantaged groups being assisted and these 'excluded' groups are concentrated in some Challenge Fund bid areas. Challenge Fund bids are unlikely to bring permanent local area regeneration solutions unless they can alleviate both failures in private sector markets and failures in the delivery of main programme services or in the failure of main programmes to concentrate sufficient resources on areas of greatest need.

3.4.9. Methods of assessment and measurement indicators for judging the significance of the wide variety of process and partnership effects are set out in section 4.4 below.
4. THE RESEARCH METHOD

4.1. Introduction

4.1.1. This chapter spells out the research method that will be used to gain the substantial amount of information that is needed to produce a robust evaluation of SRB. The research method has reflected a number of features of SRB. The first is that there are a very large number of partnerships and they vary considerably in size, scope, coverage and the partners involved. In recognition of the fact that there are over 400 successful partnership bids in the first two rounds alone it has been necessary to adopt a sampling approach to the evaluation.

4.1.2. A second feature relates to the duration of some of the partnerships which means that it will be up to eight years before the last one finishes. This fact has led to a timetable to the evaluation which extends for eight years.

4.1.3. Thirdly, the breadth of the SRB objectives and thus the range of beneficiaries involved means that the research methodology has to be capable of capturing the effects of the SRB on a large number of disparate categories of benefit streams ranging from economic, social through to the environmental.

4.1.4. Fourthly, the emphasis on capturing the institutional aspects associated with partnership effects necessitates a large scale interviewing programme with a large number of parties.

4.1.5. In the following sections we describe the salient features of the research method.

4.2. Main features of research method; economic issues

4.2.1. To derive a cost benefit account with which to evaluate the direct economic SRB Challenge Fund requires a robust research methodology which will produce results which are consistent with Treasury evaluation guidelines and good practice. Section 3 has described the conceptual issues which underpin the evaluation framework. The research methodology has to be able to assemble information relating to a wide range of gross and net economic, social and environmental benefits, disentangle the
impact of other policies and programmes and establish the alternative position so that we can establish what has been the additionality associated with the SRB partnership approach. The methodology will need to establish estimates of displacement, linkage and income multiplier effects. Once the overall net additional achievements of the programme have been established for the different geographical areas described in section 3 we will then be in a position to produce various indicators of performance and to assess the overall impact of the programme.

4.2.2. A number of factors have influenced the nature of the research methodology. Establishing what would of otherwise of happened in the absence of SRB is very complex given the large variety of influences operating on the economy of the areas concerned. Moreover, the effects of the programme will unfold over a considerable period of time and the mechanisms by which economic regeneration may occur are many, and often quite diffuse. One approach frequently used in evaluation work is to identify a range of economic indicators that might be expected to be affected by the programme and then establish a baseline of information for these variables. Subsequent changes in the values of the indicators concerned in the policy active period can then be compared and contrasted with the indicators at the baseline before the policy began, or more likely with the value of the indicators in a period before the policy began to allow some indication of the broad pattern of change before assistance.

4.2.3. There are good arguments for establishing a baseline from which to evaluate the achievements of the SRB and this is a feature of the research approach adopted. The advantages with respect to establishing the achievements of social and partnership effects may be significant. There are also advantages with respect to the economic effects because a coherent baseline allows an assessment of the nature and the scale of the problem from which we start and if we can establish programme achievement we are then able to identify the true effectiveness of the programme.

4.2.4. The baseline information which we propose to establish will relate to a range of economic, social and physical variables. Some information of relevance is already contained in the SRB output indicators and monitoring system which partnerships are required to establish and where possible use will be made of this information. Other information will be established from a range of published and unpublished sources, perhaps including evidence on property related variables. A further source of baseline information will be derived from surveys of businesses and households.
which will be undertaken by MORI. These surveys will concentrate heavily on social factors on which data from other published and unpublished sources is relatively scarce at the level of the geographical resolution required. (We return to these in section 4.3). Attention will also be given to establishing baseline evidence on levels and types of community organisation and involvement.

4.2.5. Information for the baseline will also be provided by making use of information provided by specific studies undertaken in the areas concerned. Some of these provide information on economic variables. We also propose to bring together information from a range of government published and unpublished sources for the baseline. We believe that it is possible to extend existing measures in a relatively innovative way.

4.2.6. Whilst the derivation of comprehensive baselines is an important part of our methodology it can only be one component of it. The calculation of additionality and displacement will require the use of carefully constructed questionnaires and interviewing techniques applied to a very large number of people and organisations. It is only in this way that the information required for a thorough evaluation can be gained. There really does not appear to be any alternative given the intricate and involved nature of the policy and non-policy interactions concerned.

4.2.7. We propose to undertake a large body of surveying during the course of the evaluation. The key interviewing work will be undertaken with all programme partners, project officers and project partners at both an interim and final evaluation stage for each of the twenty case study partnerships. In addition we will be surveying some of the final beneficiaries of the partnership funds and this will include some local businesses and those who have received training. Some interviews with final beneficiaries will be necessary in order to estimate key additionality and displacement parameters, as well as to be able to address issues relating to the durability of outcomes and the extent to which the partnership outcomes have helped to overcome market failures, reduce alienation and social exclusion and thus increase integration. All of the interviews will involve the use of carefully structured questionnaires designed to establish additionality, displacement and other important evaluation parameters.

4.2.8. A further feature of the research methodology is that because of the very large number of partnerships which are receiving support from the Challenge Fund we are
forced to adopt a sampling approach and concentrate on a case study type approach. In fact it is our intention to draw upon the SRB monitoring information to provide an indication of the overall scale of activity provoked by the SRB initiative. However, the estimation of parameters like additionality will have to be confined to the case study partnerships. The research approach is to select twenty case studies. These case studies have been selected on the basis of a number of criteria and an attempt made to ensure statistical representation according to these criteria for the population as a whole. The criteria chosen are the size, duration, type of partnership (LA’s/TEC/private sector led), geographical area and the type and mix of outputs provided by the partnership.

4.2.9. Clearly, because we are relying on a sampling approach to the in-depth studies of the partnerships we will wish to gross-up from the sample results to the population as a whole. The desire to be able to gross-up in this way has been reflected in the effort which has gone into selecting the twenty case studies.

4.2.10. There is one other component to the research methodology and this is an analysis of unsuccessful partnership bids. We propose to select ten unsuccessful partnership bids and undertake a number of interviews with key actors in each of the study bid areas. Somewhere in the region of 100 interviews will be required involving the use of carefully designed questionnaires which will seek to identify a number of aspects of the bids and why they did not succeed.

4.3. **Main features of research method: social issues**

4.3.1. Evaluating specific social effects poses its own difficulties. In general, we do not think it is possible to quantify all social effects in terms of the type of cost benefit analysis set out in section 3.2. However, some social effects no doubt could be estimated in this way - e.g. the value of housing improvements could in principle be quantified in terms of (actual or notional) changes in capital values or rents pre- and post-improvement, while part of the benefit of reduced crime rates might be quantified in terms of changes in insurance premia.

4.3.2. Social effects at Level 1 - 'Delivery' - should be available from project monitoring of Challenge Fund Quantified Outputs. This will provide information on, for example, numbers of new houses completed, numbers of community safety initiatives and the
Km of roads built. These will be supplemented by qualitative data on the process of partnership.

4.3.3. Assessments at Levels 2 and 3 will require additional data collection. Some relevant data will be collected by partnerships in the form of Key Indicators. However, these will not be sufficient to enable evaluation to be made of the impacts of SRB spending and the sustainability of regeneration. In order to carry out these parts of the evaluation, we need to make use of whatever secondary source data are available, as well as carry out our own surveys to remedy data gaps.

4.3.4. It is neither possible nor desirable to measure a large number of indicators at baseline and subsequent intervals through the life of the project. In addition, the relevance of these indicators will vary considerably across partnerships. Social indicators are not by their nature susceptible to the same sort of 'bundling' as economic indicators. The social aspects of the project cannot therefore be addressed in exactly the same way as the main part of the project.

4.3.5. In our view we need to proceed initially by obtaining:
   a) a core set of common indicators to be obtained for all 20 case study partnerships;
   b) a number of additional indicators specific to each individual partnership. Table 4.1 gives an indication of these indicators although more specific detail will be given in the baseline paper.

4.3.5. The common indicators will allow us to treat the full set of case studies for which they are collected as a single data set. This in turn will allow us to test for differential impacts between different groups and projects. We expect these common indicators to address questions of social deprivation, which are fundamental to all other indicators; residents' attitudes to the areas which are equally regarded as basic to success; and quantitative based measures of the main SRB objectives.

4.3.6. **We therefore recommend that in addition to the economic type indicators, the following combination of measures be obtained for as many of the 20 case study partnerships as possible:**
### Table 4.1 Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Rate (% households below 50% median income)</td>
<td>Survey</td>
</tr>
<tr>
<td>Receipt of income support</td>
<td>DSS; Survey</td>
</tr>
<tr>
<td>Receipt of housing benefit</td>
<td>Housing Depts; Survey</td>
</tr>
<tr>
<td>Receipt of family credit</td>
<td>DSS; Survey</td>
</tr>
<tr>
<td>Households with no earner</td>
<td>1991 Census; survey</td>
</tr>
<tr>
<td>Single parent households</td>
<td>1991 Census; survey</td>
</tr>
<tr>
<td>Households with no car</td>
<td>1991 Census; survey</td>
</tr>
<tr>
<td>Children with free school meals</td>
<td>Local Education Authority; Schools</td>
</tr>
<tr>
<td>Reported crime: total</td>
<td>Crime Statistics (Police Authority)</td>
</tr>
<tr>
<td>Reported crime: burglary</td>
<td>&quot;</td>
</tr>
<tr>
<td>Reported crime: street crime</td>
<td>&quot;</td>
</tr>
<tr>
<td>Reported crime: car crime</td>
<td>&quot;</td>
</tr>
<tr>
<td>Reported crime: other(racial harassment)</td>
<td>&quot;</td>
</tr>
<tr>
<td>Insurance information</td>
<td>House price/car insurance premiums</td>
</tr>
<tr>
<td>GCSE 5 grades A-C</td>
<td>Local Education Authority; schools</td>
</tr>
<tr>
<td>GCSE 5 grades A-G</td>
<td>&quot;</td>
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<tr>
<td>GCSE 1 grade A-C</td>
<td>&quot;</td>
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<tr>
<td>A-level score</td>
<td>&quot;</td>
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<tr>
<td>Vocational qualifications</td>
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</tr>
<tr>
<td>Unauthorised absence</td>
<td>&quot;</td>
</tr>
<tr>
<td>Staying-on rates</td>
<td>&quot;</td>
</tr>
<tr>
<td>Pre-natal, infant mortality, standard mortality rates</td>
<td>Regional Health Authority</td>
</tr>
<tr>
<td>Percentage permanently sick</td>
<td>&quot;</td>
</tr>
<tr>
<td>Vacant land/Derelict land</td>
<td>Local Authority Planning Dept.</td>
</tr>
<tr>
<td>Vacant retail units</td>
<td>&quot;</td>
</tr>
<tr>
<td>Damage/vandalism/graffiti</td>
<td>Survey</td>
</tr>
<tr>
<td>Traffic congestion/road safety</td>
<td>Survey</td>
</tr>
<tr>
<td>Fear of crime</td>
<td>Survey</td>
</tr>
<tr>
<td>Attitudes to education and training</td>
<td>Survey</td>
</tr>
<tr>
<td>Perception of local area</td>
<td>Survey</td>
</tr>
<tr>
<td>Perception of job opportunities</td>
<td>Survey</td>
</tr>
<tr>
<td>Perception of leisure and social facilities attendance and use of facilities</td>
<td>Survey; local authority</td>
</tr>
</tbody>
</table>
4.3.7. Some of these indicators can be obtained from existing secondary data sources; some will be collected by partnerships themselves; others will be obtained through surveys. Secondary data sources specified in the table above refer to the general availability of such data. We have not yet investigated in detail whether or not such data are available within the relevant boundaries of partnership areas, which do not of course always coincide with other administrative boundaries. We also recognise that a wide range of data may already have been collated at local level that we can draw upon to support our analysis.

4.3.8. Despite the availability of much relevant secondary source and partnership data, there is a clear need for original survey data as well. This is particularly important in providing consistent baseline and time series data for SRB partnerships in relation to the following indicators

- income and benefit receipt (where relevant)
- social deprivation (as evidenced through households with no earner, no car etc)
- attitudes and perceptions towards general quality of life in the area, and also specifics, viz.: environment/appearance; crime and fear of crime; job

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation of community groups in local decision making</td>
<td>Process interviews/Survey</td>
</tr>
<tr>
<td>Participation of community groups in community activities</td>
<td>Process interviews/Survey</td>
</tr>
<tr>
<td>Number and organisation of community group</td>
<td>Process interviews/survey</td>
</tr>
<tr>
<td>Economic value of volunteer activity</td>
<td>Process interviews/Surveys</td>
</tr>
<tr>
<td>Participation of ethnic minorities in local decision making</td>
<td>Process interviews/Survey</td>
</tr>
<tr>
<td>Participation of ethnic minorities in community activities</td>
<td>Process interviews/Survey</td>
</tr>
<tr>
<td>Ethnic minority unemployment in relation to total unemployment</td>
<td>Process interviews/Survey</td>
</tr>
<tr>
<td>Benefits of programme outputs to ethnic minorities</td>
<td>Survey; SRB output measures</td>
</tr>
<tr>
<td>Tenant satisfaction</td>
<td>Survey</td>
</tr>
<tr>
<td>Tenure Structure</td>
<td>HIP strategy statement</td>
</tr>
<tr>
<td>Unsatisfactory housing (over crowding, voids, tenants in areas, child density, social mix and tenant satisfaction)</td>
<td>HIP strategy statement</td>
</tr>
<tr>
<td>plus</td>
<td>Not yet known</td>
</tr>
<tr>
<td>a number of additional indicators specific to the partnership</td>
<td>Not yet known</td>
</tr>
</tbody>
</table>
opportunities; business opportunities; access to jobs, leisure and other facilities elsewhere in the city; attitudes to education and training;

- community involvement.

4.3.9. Ideally, we would wish to carry out surveys in all 20 case study areas, as these indicators (poverty, social exclusion, attitudes/perceptions) are basic to social change. However, this is not practically possible, but it is desirable to achieve the maximum number possible. In order to do this there is a trade-off between the size of the sample per area, the length of the questionnaire and the number of areas.

4.3.10. The survey questionnaire will be essentially the same in all areas. (Although some variation to pick up specific local indicators may occur). Thus, we are concerned not with separate surveys, but with a single survey carried out in a number of locations. This is an important point. We want to be able to treat the results to some degree as one data set, which can then be sub-divided in a number of different ways. As a consequence, the number of respondents in each location need not be very large.

4.3.11. In addition to the resident surveys there should be business surveys concentrating on employment and investment in the areas, and attitudes to the areas.

4.3.12. In order to assess the outcomes of the indicator analysis, it is also highly desirable to include some control areas. Ideally, these would be chosen to be comparable in terms of basic social indicators. Decisions will need to be taken during fieldwork design.

4.3.13. Lastly, our understanding of the processes by which the SRB may bring about changes in social conditions is also important. For this reason, it is also desirable to have a small number of process studies concentrating on social factors. These can probably be undertaken in combination with the economics and partnership process studies.

4.4. How partnership/process effects will be assessed

4.4.1. The approach to evaluating partnership/process effects is to make use of structured interviews with:

- all the partners in the 20 successful case study bids
- the partners in the 10 unsuccessful case study bids
the project managers in the 20 successful case study bids
the relevant officers in the Government offices for the Regions
representatives of local community groups/voluntary organisations who are not partners or project managers
managers of large firms in the 20 case study areas which are not involved in the partnership
public sector agencies not in the partnership but working alongside e.g. UDCs, English partnerships, TECs, Local Authorities, Rural Development Commission, English Heritage, Nature Conservancy etc.
managers of European Single Programmes (objectives 1, 2 and 5b) which coincide with the 20 case study areas.

4.4.2. Previous assessment of process and partnership effects for other programmes has not only been qualitative but has suffered from being descriptive, unsystematic and on occasion purely anecdotal. A qualitative assessment based only on single examples is useful, but it does not permit any conclusions to be drawn about how important the sum total of process/partnership effects might be in reducing programme costs per unit of benefit or enhancing programme benefits per unit of cost. Nor does it permit any conclusion to be drawn about which process/partnership effects are most significant in improving programme cost effectiveness and which bring only small, negligible or zero benefits.

4.4.3. Whilst the assessment of partnership/process effects in this as in all other evaluations, will contain a large qualitative dimension it is proposed to attempt a more comprehensive and systematic assessment which will also permit quantitative conclusions to be drawn about their importance in aggregate and the relative importance of individual component parts. It should also permit a judgement to be made about which partnerships have worked well and which have not. This requires a means of assessing how well the process is working and deriving a set of indicators for assessing how partnership mechanisms have generated economic benefits either by reducing programme costs per unit of benefit, enhancing programme benefits for a given cost and/or attracting increased programme funding through additional leverage.

4.4.4. The analysis of both process effects and partnership mechanisms will be based on a survey of over 200 partners, project managers and other organisations in 20 successful case study bid areas. The survey will take place during the interim evaluations in 1997 and will be repeated during the final evaluations to see if initial views about partnership/process effects are confirmed by subsequent experience.
4.4.5. The way we propose to assess the achievements of the partnership approach are set out in Tables 4.2, 4.3 and 4.4 below. The first relates to the achievement of the partnership in increasing the leverage of programme/project funding from all sources other than the SRB Challenge Fund. To estimate this we will ask those bodies contributing to the partnership financially how their contribution was affected by the partnership approach and in particular how much greater was their financial contribution compared with an alternative position of SRB not existing. The responses will be considered by the research team and an independent assessment made. In cases where SRB funding has substituted for main programme funding, other public spending in targeted areas could be lower than it would otherwise have been.

**Table 4.2 How partnership affected leverage**

<table>
<thead>
<tr>
<th></th>
<th>Total leverage expenditure by financial contribution (£ 000s)</th>
<th>Leverage expenditure attributed to partnership approach (i.e. additional levered funding) (£ 000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector contributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private sector contributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary sector/community group contributors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Leverage is a concrete indicator of the achievement of the partnership approach and perhaps most easily quantified.

4.4.6. The second relates to our approach in assessing process effects. Table 4.3 shows the key stages in the Challenge Fund regeneration process, identifies areas of questioning for the survey of partners, project managers and other bodies and suggests possible indicators for making some kind of quantitative assessment of process effects which goes beyond the anecdotal. In considering how to measure the degree of involvement of the voluntary sector and community groups in Challenge Fund Partnerships, we have been guided by the DoE/Pieda study (1995) 'Involving Communities in Urban and Rural Regeneration - A guide for practitioners'. In that study five degrees of involvement are defined:

- Information flowing to community groups
- Consultation - two way flow of information and ideas
- Taking decisions together - strategy, projects
- Working together - joint implementation
- Independent Community Initiatives
### Table 4.3  The assessment of process effects in partnerships

<table>
<thead>
<tr>
<th>Stages in the process</th>
<th>Areas of questioning in the survey</th>
<th>Possible indicators</th>
</tr>
</thead>
</table>
| 1. Formation and characteristics of the Partnership | Origins of partnership  
Composition  
Constitution/institutional arrangements  
How decisions are made | Number of partners  
Missing partners (not invited)  
Potential partners refusing to join  
Written or informal institutional arrangements  
Majority voting |
| 2. Preparation of bids                           | How local needs and priorities assessed  
How size of bid determined  
How nature and composition of scheme determined  
How projects defined and prepared | Use of partner’s expertise in preparing the bid strategy and its component sub-programmes and projects |
| 3. The Bidding Process and relationships with Government offices | Guidance from Government offices  
Application procedures  
Adequacy of SRB resources approved for the bid  
General relationship with Government offices | Frequency of meetings/other contacts with Government offices  
Man hours of assistance received from Government offices  
Partner perceptions of:-  
• quantity and quality of guidance  
• application/appraisal procedures  
• relationship with GO’s |
| 4. Implementing the delivery plan                 | Partner and project manager perceptions of:-  
a) realism of delivery plan targets & schedule  
b) adequacy of monitoring procedures  
c) action to deal with delays/difficulties  
d) programme/project control & management | Progress of sub-programmes/projects in relation to the delivery plan  
Actual against budget costs |
### Table 4.3  The assessment of process effects in partnerships  contd.

<table>
<thead>
<tr>
<th>Stages in the process</th>
<th>Areas of questioning in the survey</th>
<th>Possible indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Degree of genuine partnership involvement</td>
<td>Partners involvement in:-</td>
<td>Frequency of partnership meetings</td>
</tr>
<tr>
<td></td>
<td>• Design of strategy</td>
<td>Man days of partners contributed to the partnership</td>
</tr>
<tr>
<td></td>
<td>• Admin/monitoring/management of partnership</td>
<td>Partners’ perceptions of the use made of their expertise</td>
</tr>
<tr>
<td></td>
<td>• Design &amp; Management of projects</td>
<td>No of projects managed by partners</td>
</tr>
<tr>
<td></td>
<td>• Experience compared with original expectations</td>
<td></td>
</tr>
<tr>
<td>6. Role of lead partner</td>
<td>Effective leadership &amp; management of the partnership</td>
<td>Perceptions of partners</td>
</tr>
<tr>
<td></td>
<td>Degree of consultation with and delegation to partners</td>
<td>(1-5 scoring system)</td>
</tr>
<tr>
<td></td>
<td>Promoting the work of the partnership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relationship between the partnership and main spending programmes and the private sector</td>
<td></td>
</tr>
<tr>
<td>7. Capacity building of the voluntary sector and local community groups (both partners and non-partners)</td>
<td>Strengths of relationship between the partnership and voluntary and community bodies</td>
<td>Partnership benefits to voluntary sector and local community groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• premises/equip/facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• project management experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• staffing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• expertise</td>
</tr>
</tbody>
</table>
4.4.7. Discussions with Community Groups and Voluntary Organisations who are involved in Partnerships will explore these five key attributes of 'involvement' in order to assess how far the extent of involvement has been appropriate hitherto and how far involvement is expanding with the capacity of the local groups. (We should, perhaps, emphasise that many groups can be involved in regeneration without necessarily being involved in the specific schemes under consideration). When they can be identified discussion will be also held with groups which are not involved in the Partnerships.

4.4.8. Finally, Table 4.4 identifies eight economic mechanisms which should be associated with good practice partnership regeneration and indicates how a qualitative and quantitative assessment of the significance of these mechanisms in practice will be undertaken in the twenty case study areas. Again, the assessment is based on the judgement and experience of partners and project managers in the partnerships. Each partner/manager will be asked for his professional judgement about how each mechanism has affected costs and benefits in those parts of the overall bid for which he has responsibility. He or she will be asked for the percentage impact on costs and benefits of each mechanism selecting one of the following options:

1) zero or negligible impact
2) 1% to 2%
3) 2% to 5%
4) 5% to 10%
5) over 10% (please specify)

4.4.9. These responses will then be weighted together, using expenditure weights, in order to gauge the overall impact of the partnership approach on programme costs and programme benefits. Making use of partners/managers' judgements about these partnership effects in areas of expenditure to which they have responsibility is the most fruitful approach to systematically measuring the impact of partnership effects - although some partners and managers may decide that they genuinely don't know.
Table 4.4  Impact of partnership approach on programme/project costs and benefits

<table>
<thead>
<tr>
<th>Economic Mechanism</th>
<th>Qualitative Assessment of Impact</th>
<th>Impact on partnership costs and benefits compared with non partnership approach</th>
<th>Project/programme expenditure to which assessment relates. (SRB lifetime expenditure)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Zero or negligible  Weak Strong</td>
<td>% reduction in costs per unit of benefit  % increase in project benefits per unit of cost.</td>
<td></td>
</tr>
<tr>
<td>Coordination - closer working together of partners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Avoidance of duplication (central point for enquiries, reduced admin costs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Larger scale activities possible (indivisibility)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Partners specialising on areas of expertise in which they have comparative advantage (increased productivity of project delivery)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clustering - geographical clustering of regeneration activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Scale economies (ability to negotiate lower costs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Critical mass (build up of momentum in the area - linkage, multiplier demonstration effects)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6. Generate interest in neighbouring areas (externalities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synergy - adoption of common set of objectives by partners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Adopt common objectives within the partnership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Carrying out other initiatives to support partnership objectives or “bending” main programmes in favour of partnership objectives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>