

What Works Centre for Local Economic Growth

26 October 2016

www.whatworksgrowth.org

[@whatworksgrowth](https://twitter.com/whatworksgrowth)

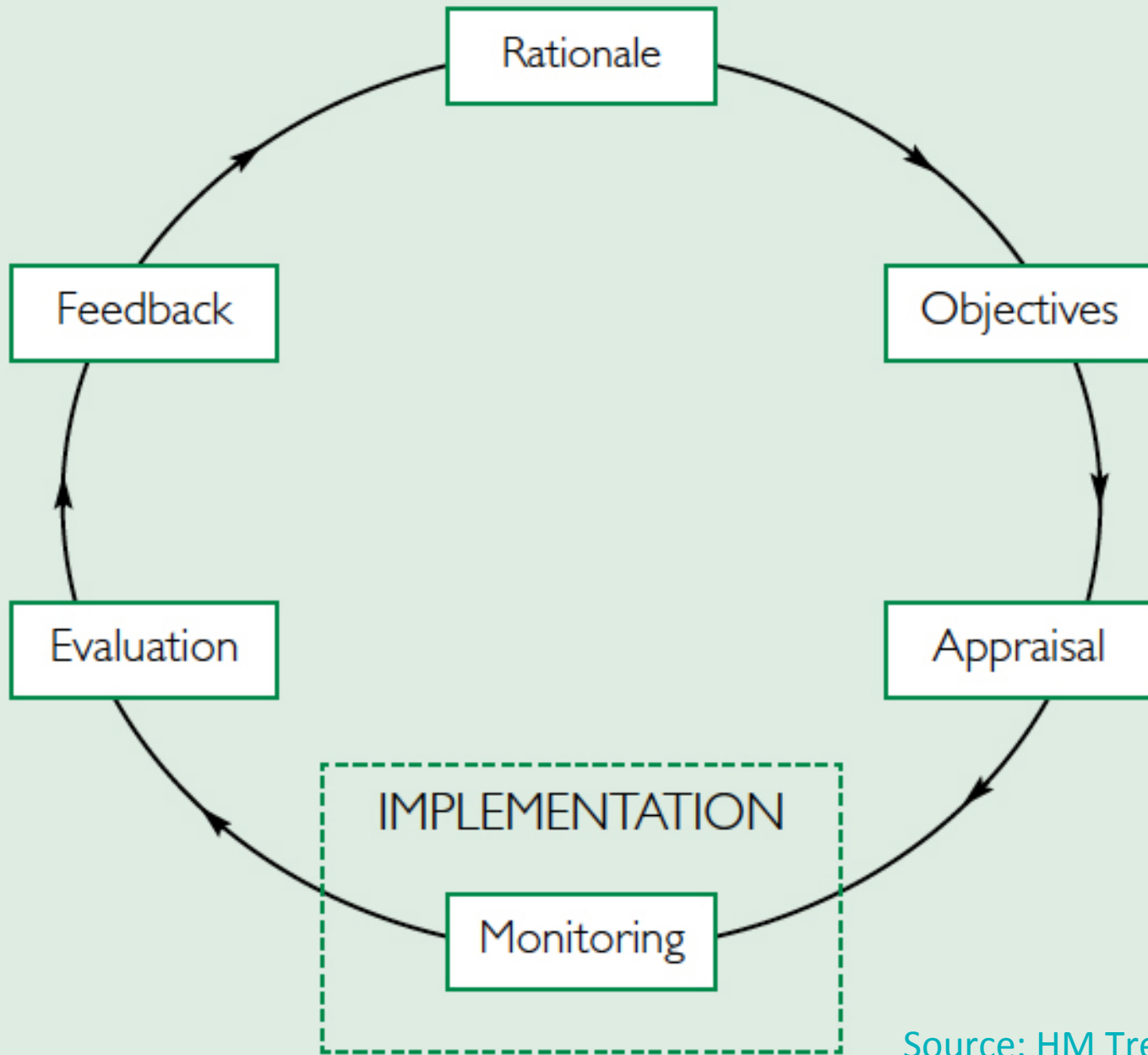


what works centre for
local economic growth

What I'm going to talk about

- Two problems
- The What Works approach
- What Works Centre for Local Economic Growth
- Headline findings so far
- Challenges and opportunities (those two problems again)

Two problems



Source: HM Treasury 2011



OMNISHAMBLES

a situation that has been comprehensively mismanaged, characterised by a string of blunders and miscalculations

Problem 1: policy cycles vs reality

- Hallsworth et al (2011): **“Virtually every interviewee dismissed policy cycles ... as being divorced from reality”**
 - Policymaking does not take place in distinct stages
 - Policies need to be designed, not just evaluated
 - Policymaking is often event-driven
 - The effects of policies are often indirect, diffuse, take time to appear
- Policy cycles ‘abolished’ by UK Cabinet Office in 1999

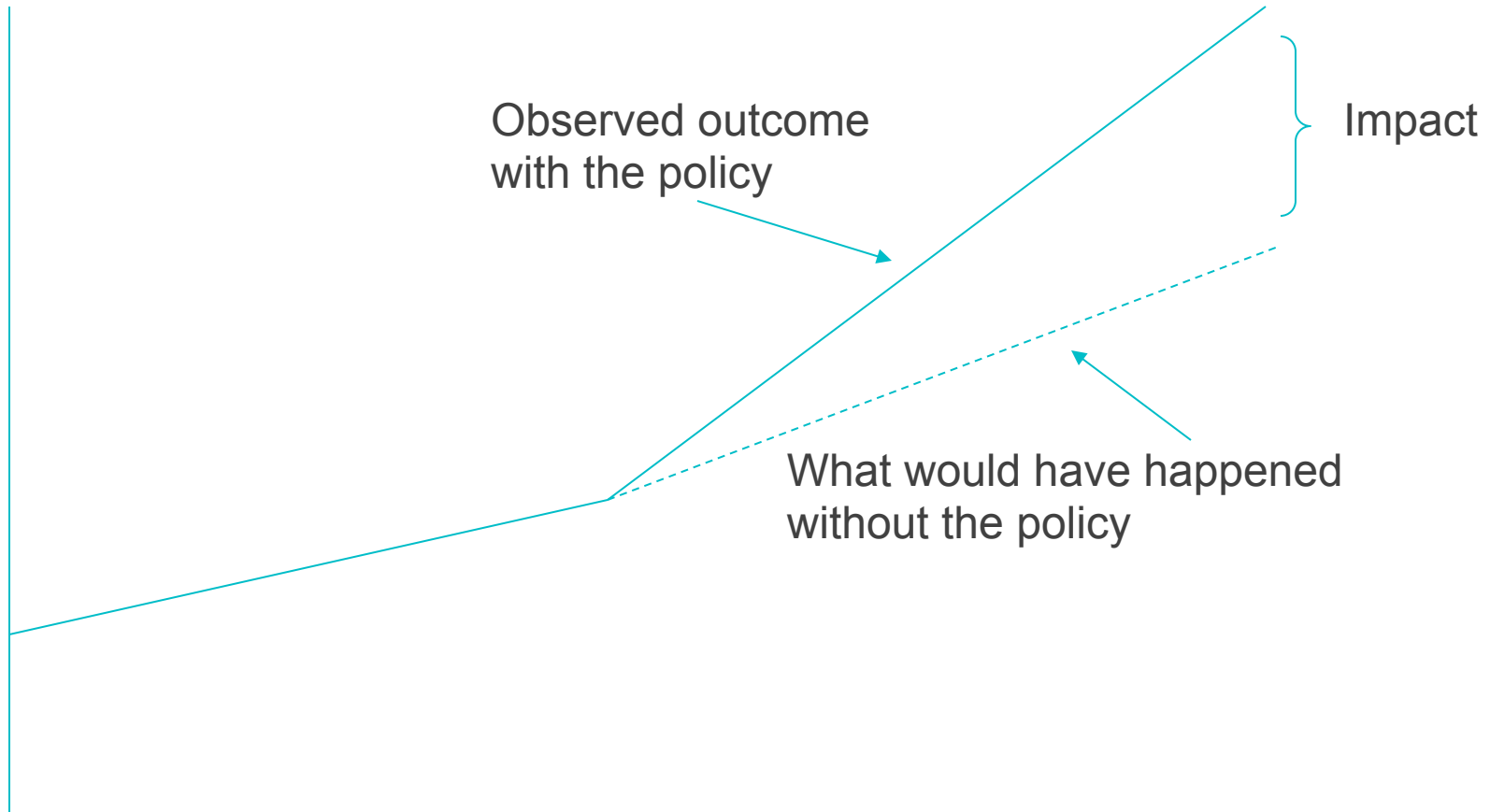
Problem 2: bad evaluation

- **Count ‘jobs created’, ‘businesses created’?**
- Important for monitoring
- But jobs may be diverted from nearby (‘displacement’) ...
- ... Or might have been created anyway (‘deadweight’)

- **Do user surveys, or compare outcomes for participants vs. non-participants?**
- Useful for understanding process
- But participants may differ from non-participants, including in ways that are hard to see (‘selection’)

What do we want to know?

Outcome



Time

So how should we evaluate?

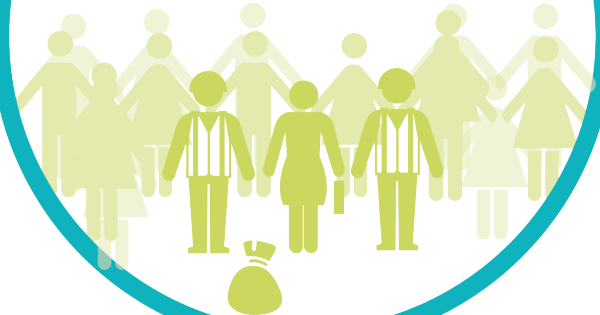
Evaluating impact

Change in
outcome for those
in the programme



VS

Change in
outcome for those
not in the programme



Not many evaluations actually do this

Policy	# Studies	SMS3	Jobs effect	Positive
Access to Finance	1450	27	11	6
Apprenticeships	1250	27	9	7
Broadband	1000	16	10	5
Business Advice	700	23	17	8
Employment training	1000	71	65	33
Estate renewal	1050	21	5	1
Innovation	1700	63	10	6
Public realm	1140	0	0	0
Sports and culture	550	36	16	4
Transport	2300	29	6	2
ABIs (EZs and similar)	1300	30	27	15
EU Structural Funds	1300	18	11 (GDP)	5

The What Works approach

The sectoral What Works centres will have distinct themes and a clear focus



Cabinet Office

Centres will:

Present and disseminate findings in a simple form that can be understood, interpreted and acted on

Undertake systematic assessment of relevant evidence and production of actionable synthesis

Develop a common currency for comparing the effectiveness of interventions

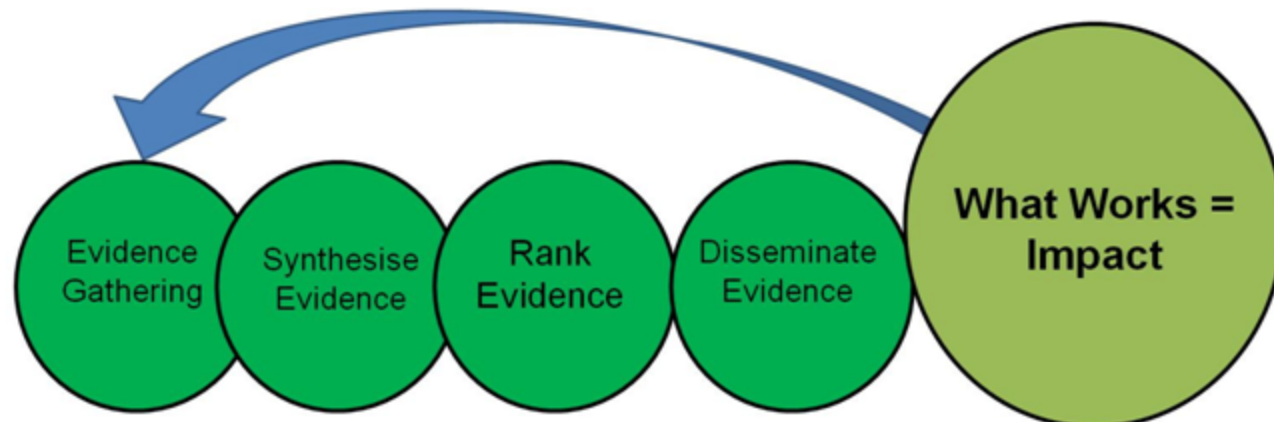
Advise interventions and projects to ensure they can be evaluated effectively

Kite-mark and recommend interventions

Identify research and capability gaps and work with partners to fill them

Centres will not primarily be expected to:

- Generate the evidence base
- Provide professional development
- Link directly into spending controls



The What Works Network

- National Institute for Clinical Excellence (established 1999)
- Education Endowment Foundation (est. 2011)
- What Works Centre for Crime Reduction (est. 2013)
- WWC for Local Economic Growth (est. 2013)
- Centre for Ageing Better (est. 2014)
- Early Intervention Foundation (designated 2014)
- What Works in Tackling Poverty (est. 2014)
- What Works Scotland (est. 2014)
- What Works Wellbeing (est. 2014)

Local Economic Growth: the setup

Evidence gathering
& evaluation

ARUP



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Leading

Evidence gathering
& evaluation

Ensuring work is
accessible & useful

Ensuring work is
accessible & useful

centreforcities



Delivering capacity-
building workshops

new
economy[®]

Our aims

Significantly improve the use of evidence in the design and delivery of policies for local economic growth and employment
– **leading to more effective policies and policymaking.**

Our **main audiences** are local government,
and the parts of central government that interact
with them.

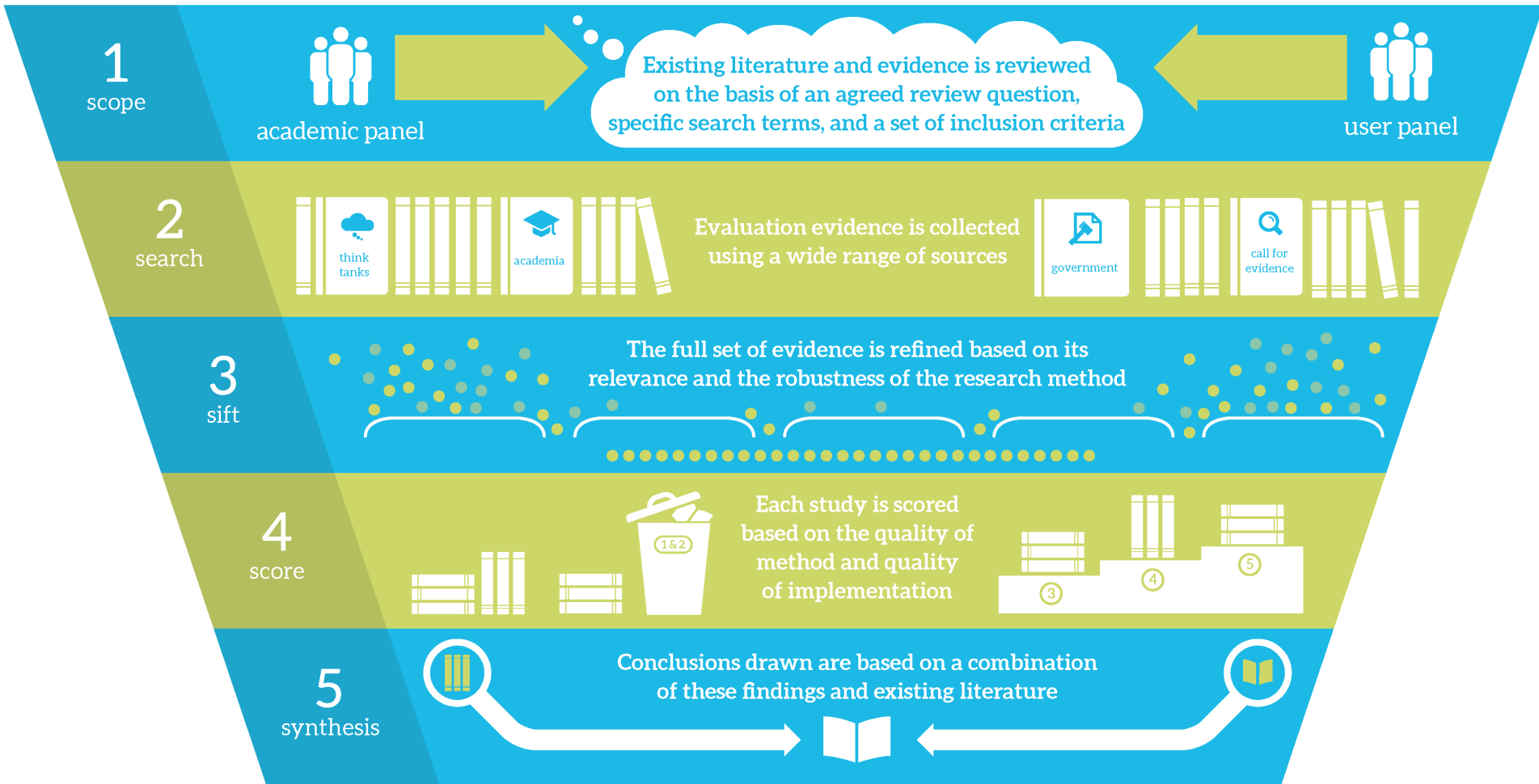
What we're doing

Evidence reviews and toolkits

- Employment training
- Business advice and mentoring
- Sports & cultural events & facilities
- Access to Finance
- Estate Renewal
- Broadband
- Transport (by mode)
- R&D (grants; tax credits)
- Apprenticeships
- Area Based Growth Initiatives and EU cohesion policy
- Training
- Business support
- Transport
- Major economic shocks
- *Apprenticeships*
- *Broadband*
- *Accelerators and incubators*
- *More to come*

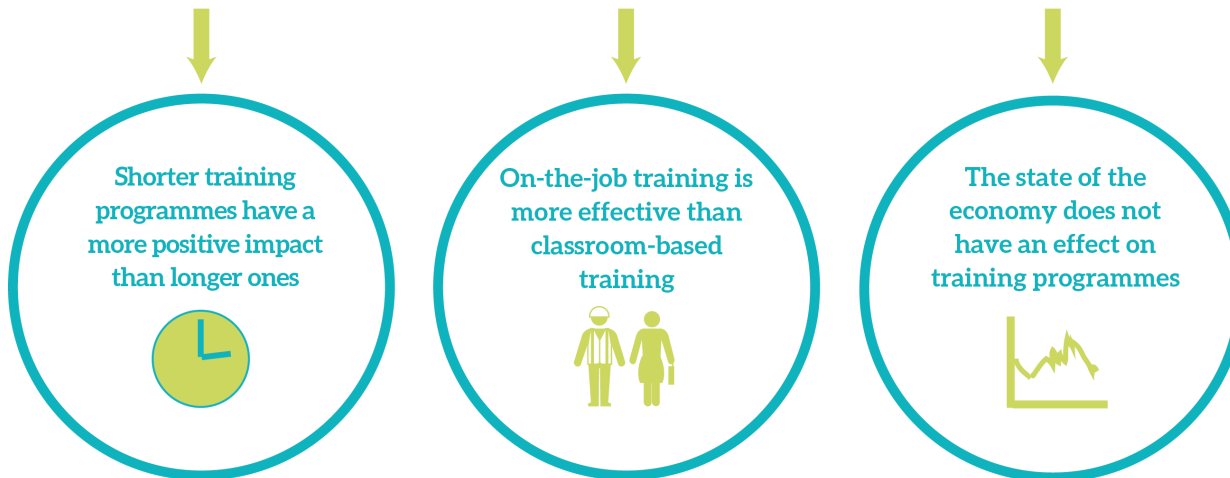
Review and toolkit methodology

To identify what works, each evidence review sifts and assesses the evidence to find evaluations which are robust and clearly identify policy impact. We do this using a 5 stage process.



Example: Employment Training review

Employment training programmes for adults tend to have a positive, although modest, impact on earnings and employment



There is a dearth of useful analysis about value for money



Example: employment training toolkit

Policy Design Tool	What does it aim to do?	How secure is the evidence?	How much does it cost?	How effective is it?
Careers Counselling helps individuals choose appropriate training	Improve take-up and completion of training		££££	
Financial incentives are payments offered before, during or after training	Improve take-up and completion of training		££££	
Pre-qualification courses are a pathway to further education or training	Improve performance and completion of training		££££	
Reminders provide people with information about their training by text or email	Improve attendance to training programmes		££££	

Outreach: events

297 attending workshops

Delivered in partnership with New Economy Manchester, these workshops are introducing LEPs and Local Authorities to using evidence in policymaking.

392 attending roundtables

Our roundtables present the findings of our evidence reviews for discussion with the practitioners who are most likely to use them.

288 attending our other events

Occasional other events provide an update on the Centre's progress to a wider audience.

18,150

pageviews of our findings

Online outreach

Our most popular review was on Sport and Culture (downloaded 1,034 times), followed by Business Advice (981), and Employment Training (822).

Outreach: online

1,000

on our
mailing list

Newsletter

32% of emails are opened (industry average is 23%).

1,304

contacts on
our database

Contacts

We've made contact with over 95 LEP representatives, over 150 local authority representatives and over 80 civil servants.

1,800

followers on
twitter

Twitter

78% of our followers are from the UK. 35% are based in Greater London. Next three regions are North West, Yorkshire & Humber, and South East.

45,903

visitors to the
website

Website

Users spent an average of two and a half minutes on the site, longer than the industry average of two minutes. We launched a new website in June.

Events and Contacts

Government

20 departments, agencies, and networks

Private sector

49 companies

Councils

95 authorities, plus LGA, Core Cities, County Councils Network

Think tanks & civil society

46 organisations

LEPs

38 out of 39, plus LEP Network and LEP Chairs

Academics

20 Universities



The Centre has had personal contact (which we define one-to-one briefings, presentations to groups, or attendance at one of our events) with over 300 professionals representing our target audience: Local Authorities, LEPs, government, academics, and those who advise them.

Capacity-building: guidance for evaluators

- Study scoring guide: <http://bit.ly/1ZW2BXL>
- Scientific Maryland Scale: <http://bit.ly/1Qveamo/>
- How to use the evidence reviews: <http://bit.ly/1IXdQBP>
- How to evaluate: <http://bit.ly/1IXdX0d>

Capacity-building: How to evaluate kit



START EARLY

Evaluation is cheaper and more effective if it is intergrated into project design



DEFINE SUCCESS

Employment and productivity are good measures of local economic growth



WHAT TO EVALUATE?

Do you want to focus on overall effects or on what works better



FIND A CONTROL GROUP

Demonstrate your project's impact by comparing participants with similar groups that have not been involved



COLLECT DATA

Keep track of who participates and what happened to them before and after participating



HOW LONG?

Short evaluations won't capture all the effects, but longer ones are more expensive



PLAGIARISE!

Use previous evaluations as templates



GET EVERYONE ONBOARD

Give delivery partners clear instructions about what type of evaluation is acceptable

Capacity building: workshops, user groups, demonstrator projects

- **Free workshops** in partnership with New Economy Manchester, hosted at your place. Sample material from the workshops is here: <http://bit.ly/1SlBvsF>
- We're running a series of **demonstrator projects** with local government partners – showcasing good evaluation
- We are growing **user communities of interest** – starting with a LEP working group on local transport evaluation

Findings so far

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People-based policies

- **Active labour market programmes (ALMP)**
- Shorter (<6 months): best for less formal training
- Longer programmes: should be skill-intensive
- In firm > on the job. Co-design programmes with employers

- **Apprenticeships**
- Higher-level apprenticeships deliver the biggest gains
- More effective for employment than ALMP
- Little evidence on benefits/costs to firms

Firm-based policies

- **Business advice**
- More consistent effects on productivity than jobs
- Hands-on / face to face > light touch / online
- But we don't have decent info on value for money

- **Access to business finance**
- Impacts on productivity / wages / jobs in 50% of cases
- Effective at dealing with credit constraints
- But loan guarantees increase default risk

Firm-based policies

- **R&D grants and loans**
- Stronger impacts on reported innovation than on patents
- 7/16 studies find positive effects on wider firm performance
- Impacts stronger for SMEs, and for programmes that emphasise collaboration (e.g. FP7)

- **R&D tax credits**
- Very effective at raising R&D spend
- Little evidence on downstream economic impacts (as yet)
- Impacts stronger for SMEs

Area-based policies

- **Broadband (fixed line, not mobile)**
- Positive economic effects in 14/16 cases
- But targeted on services, skilled workers, urban places
- Important that firms combine IT with management changes

- **Transport**
- Economic gains from road and rail projects
- Productivity effects and property price gains
- Lack of good evidence on light rail, cycling, walking

Area-based policies

- **Enterprise Zones (economic ABIs)**
- Just over 50% success rate for employment, wages
- Best design – US Empowerment Zones, which have a local employment requirement
- Where we test for displacement, we generally find it

- **Sports and culture, estate renewal**
- Small / zero economic effects (except on house prices)
- But evidence of important social welfare / wellbeing gains

What have we learned?

- **Overall success rate = 50%**
- **Effect sizes aren't always very large**
- This isn't surprising when we think about what local economic growth policies are trying to do
- **Example:** active labour market programmes are often working with 'hard to help' clients
- **Example:** the majority of firms do not use state business advice programmes; they ask friends, family, colleagues and e.g. accountants for advice (CEEDR 2011)

What have we learned?

- **Success rates vary on key outcomes** like employment
- Active labour market programmes and apprenticeships are pretty good for raising employment.
- Firm-focused programmes, not so much. But firm-focused policies can help raise innovation, sales & profits
- **Why does this matter?** Many policies have multiple objectives (e.g. 'raising our game'). We need more clarity on what programmes want to achieve, and how

What have we learned?

- **Targeting matters.** For example: broadband's economic impacts are higher for SMEs; skilled workers; urban areas
- On the other hand, targeted business advice programmes do no better than generalist programmes
- **Economic vs social rationales.** Some programmes are pitched as economic wins, but actually deliver social wins (estate renewal, sports and culture). Broadband is an economic development tool – but isn't it also a public utility?

Challenges and opportunities

Big issues: institutional setting

- **Not all What Works Centres are the same.** Substantive differences
 - Resources, timeframes
 - Number and types of users
 - User resources and capacity
 - Power relation to users
 - Available bodies of evidence and quality of these
 - Hierarchical delivery system and/or statutory function, *versus*
 - Diffuse system, few or no direct levers of influence
-

Big issues: bodies of economic evidence

- Complex nature of cities and spatial economies
- ‘Local economic growth’ is at the intersection of disciplines
- Researchers work with diverse techniques, analytical frames
- **Not possible to do formal meta-analysis => rather, structured synthesis and interpretation**

Big issues: from evidence to decisions

- **RCTs are the gold standard:** but can't always be used for local economic growth evaluation
- Not appropriate for capital spend: rail, roads, airports, estates
- **Even if we have knowledge of causal effects, this is not sufficient for good policymaking**
- External validity and local context
- Evidence reviews are inputs into policymaking: not the policy

Big issues: political economy of evaluation

- **Interests of policymakers and evaluators aren't identical.** Not everyone wants to know if a policy works
- **Quality / relevance tradeoff** – academic evaluators use robust techniques, but often ignore relevant policy detail. Commissioned evaluations 'work to the policy', but may use less robust techniques
- We focus on **measures of economic welfare**. Real-world policy decisions aren't always made on this basis
- We often **strip away specious economic arguments** for policy X

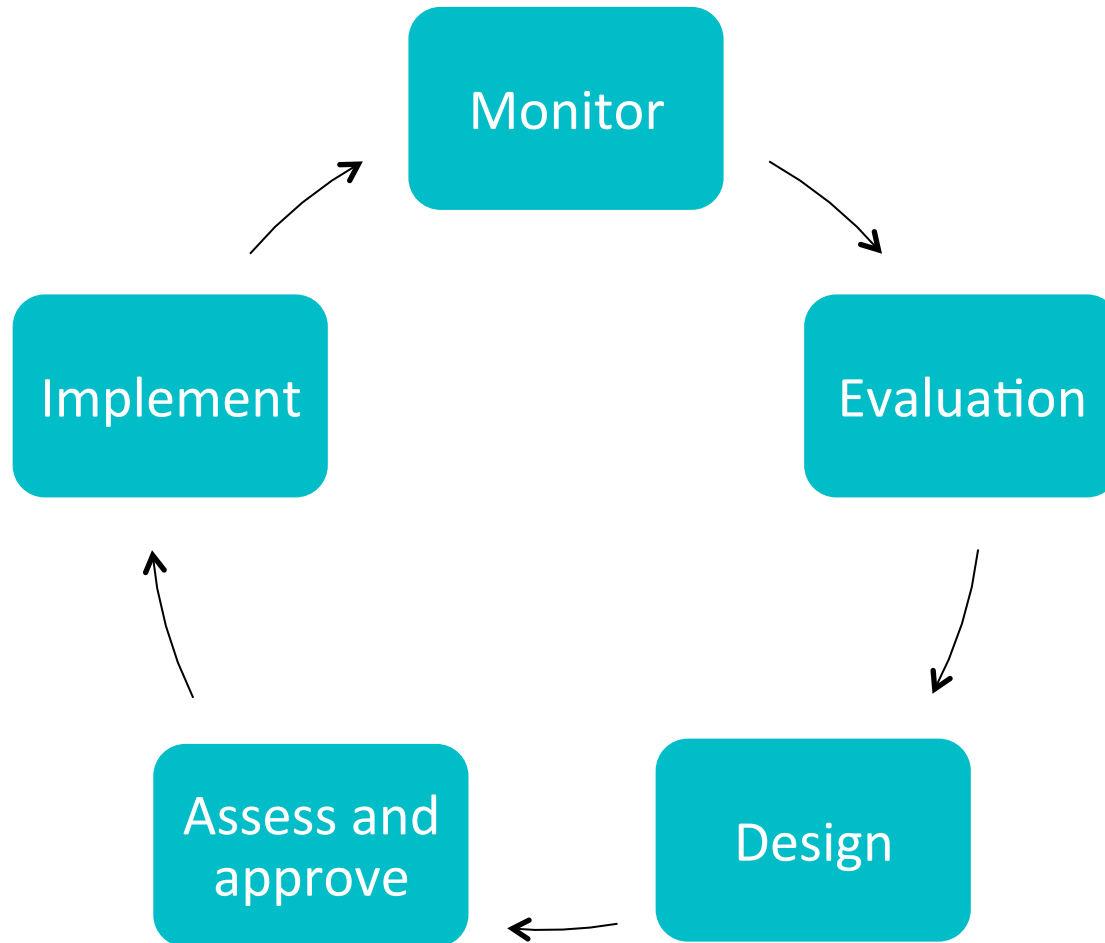
Good evaluation *is* possible ...

- Randomisation and RCTs: especially ‘what works better’
- Look for sharp breaks in who gets the policy: boundaries; timing of rollout; firm size
- Look for things correlated with participation but uncorrelated with outcome, e.g. rule changes
- Before and after, for participants and non-participants
- **Policymakers already do a lot of this:** pilots, testing

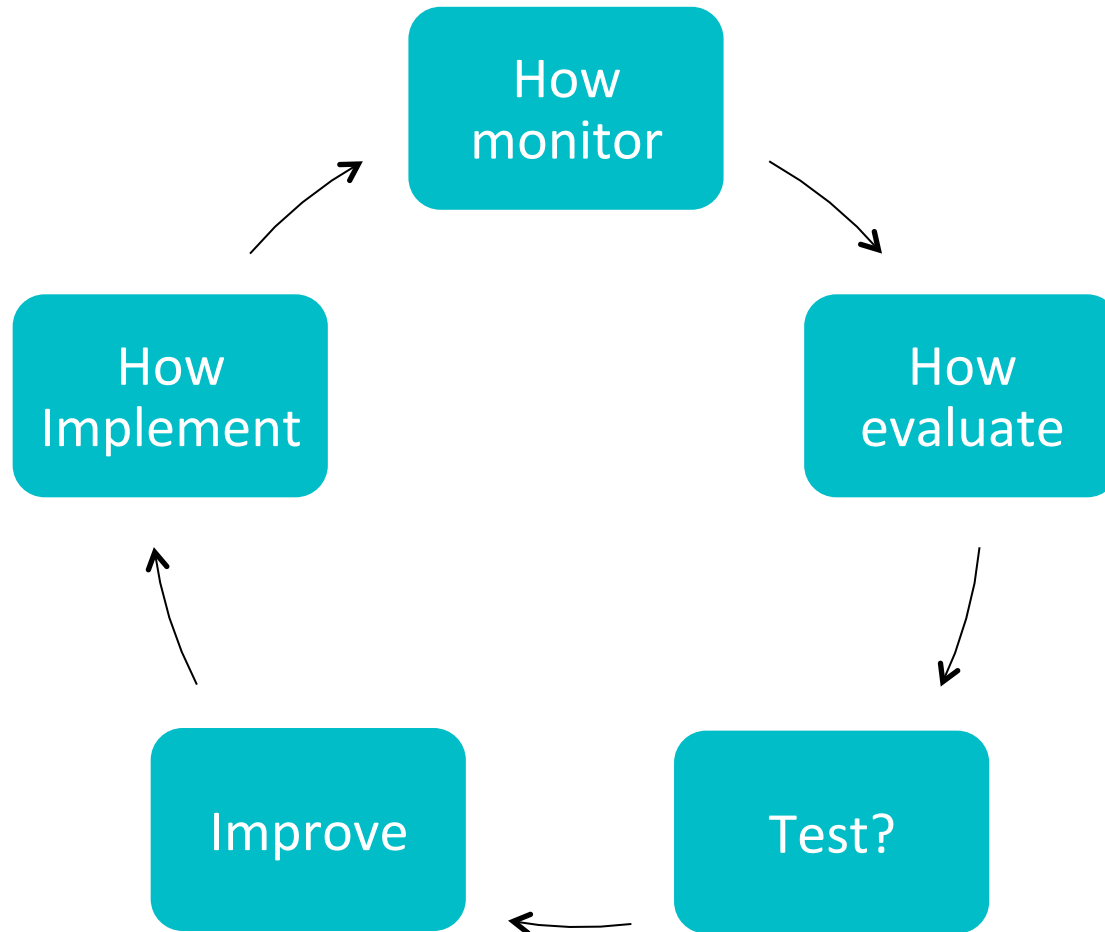
Good evaluation *is* possible but ...

- Requires evaluation to be embedded in design
- Very hard to reverse engineer once policy already in place (which explains why so many bad evaluations out there)
- Needs short term win for decision makers – *and* allow for medium to long time horizon
- Needn't be costly if good monitoring data and policy details made freely available ('open data and evaluation')
- Be wary about low quality techniques (e.g. self-reporting)
- May be better to think about effective (and cheaper) monitoring

We need to move from the policy cycle ...



... to an evaluation cycle



Thanks!

www.whatworksgrowth.org

[@whatworksgrowth](#)

m.nathan@bham.ac.uk

[@iammaxnathan](#)



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