



EAST MIDLANDS 2007- 13 ERDF PROGRAMME MONITORING AND EVALUATION STRATEGY

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SECTION 1: INTRODUCTION

1.1 Overview and Context

The East Midlands 2007-13 ERDF Competitiveness Programme's Monitoring and Evaluation Strategy has been drawn up in line with European Commission (EC) Regulation 1083/2006; Working Document No.5 Indicative Guidelines on Evaluation Methods: Evaluation During the Programming Period; the East Midlands Operational Programme Implementing Provisions; and builds on best practice from the 2000-2006 East Midlands Objective 2 ERDF Programme.

This Strategy will provide the overall framework for the ongoing monitoring and evaluation activities to be undertaken during the life of the Programme. It will be used, along with the findings from scheduled activities, to report the Programme's performance to a range of audiences including Programme partners, wider regional and national stakeholders, central Government Departments, the European Commission, and the wider evaluation and policy community.

This Monitoring and Evaluation Strategy will be important for the Programme Monitoring Committee (PMC) in order to assess the overall impact of the funding and to ensure that delivery of the Programme is supporting the overall aims of improving the performance of the region as a whole and addressing intra-regional disparities.

The subjects of monitoring and evaluation will be addressed separately, although given the strategic links between these two exercises they will be covered within the same Strategy.

This Strategy will be a living document kept under review. It will be continually developed to ensure it remains fit for purpose and will be published on the East Midlands ERDF website (www.eastmidlandserdf.org.uk).

SECTION 2: GOVERNANCE ARRANGEMENTS

2.1 *emda*

As European Programme Secretariat (EPS) and on behalf of the PMC, *emda* will take the lead in developing, implementing, and managing this Strategy. The EPS will also be responsible for the coordination and production of annual progress reports to be presented to the PMC for endorsement, and thereafter sent to the European Commission. *emda* will periodically monitor and review implementation of this Strategy.

The Programme monitoring arrangements will be implemented and managed by the EPS in collaboration with *emda*'s Shared Resource Centre and Finance Teams.

The Programme evaluation schedule will be implemented and managed by the ERDF Programme Secretariat in collaboration with *emda*'s Evaluation Team.

2.2 Programme Monitoring Committee (PMC)

It is the responsibility of the PMC to ensure and satisfy itself as to the effectiveness and quality of the implementation of the East Midlands Operational Programme (OP). The PMC will be responsible, therefore, for approving this Strategy and ensuring it is delivered in line with the Regulations as set out in the Implementing Provisions of the OP.

It will be essential to ensure that the necessary programme management information is reported to the PMC to enable it to effectively execute its programme monitoring responsibilities. Periodic progress reports, which include the Programme's Annual Implementation Report (AIR), will be sent to the PMC for its consideration along with any proposed remedial action to mitigate or address performance related issues.

The PMC will be responsible for reviewing the results of all evaluation activity and for initiating evaluation exercises where monitoring of the Programme reveals a significant departure from the goals initially set, or when major revisions to the OP are proposed.

SECTION 3: MONITORING

3.1 Aims and Objectives

The overall aim of monitoring is:

To ensure that the Operational Programme is being implemented and delivered effectively to achieve the overarching Strategic Programme Objective, *"to become a region of highly productive, innovative and sustainable businesses and support the most disadvantaged of our communities to realise their economic potential."*

More specifically, monitoring will help to:

- Identify the Programme's physical progress against specific outputs, results and impacts defined in the Operational Programme;
- Identify the Programme's financial progress towards the achievement annual spend targets (N+2) from 2009 onwards; and
- Monitor the Programme's activity in terms of the Cross-Cutting Themes (CCTs) of equality and environmental sustainability, in addition to spatial cohesion.

3.2 Programme Level Outputs and Results

Outputs expected from the Operational Programme:

Output	Target
No of businesses assisted to improve performance*	9,300
No of businesses engaged in new collaborations with	2,300

the UK knowledge base	
Public and private investment leveraged (€)	216,000,000
Sq metres of new or upgraded floorspace (internal premises)	36,100
No of people assisted start a business	2,700
Brownfield land reclaimed or redeveloped (ha)	17

* It is anticipated that approximately 20% of these businesses will receive support related to energy and resource efficiency.

Results expected from the Operational Programme:

Result	Target
No of jobs created	8,600
No of businesses improving performance	7,200
GVA resulting from businesses improving performance (€)	263,000,000
No of graduates placed in SMEs	4,000
No of new businesses created and new businesses attracted to the region	2,000

3.3 Monitoring Arrangements

Monitoring arrangements to ensure the quality of implementation¹ at the Project level, and at the Programme level as a whole, will be carried out by *emda* as an Article 59 (2) body.²

The majority of monitoring activity will be based on financial data and those indicators referenced in the East Midlands Operational Programme, particularly in relation to the Programme's Priority Axes. Quantitative data against the following categories will be monitored and used to identify the physical progress of the Programme:

- Achievement of outputs and results;
- Financial information including commitment levels, forecast information and achievement of spend against N+2 targets;
- Number of projects, project location and sector breakdown;
- Breakdown of the use of funds (including Lisbon categorisation); and
- CCTs using demographic data on beneficiaries and Strategic Environmental Assessment (SEA) indicators.

In addition the results of any Audit Authority exercises, Article 13 and 16 project level monitoring visits and inspections, will be used to inform a qualitative assessment of the Programme's performance within the Programme's Annual Implementation Report in relation to:

¹ As required by Article 66 of EC regulation 1083/06.

² RDAs have been designated by the Secretary of State as Member State to carry out specified Managing Authority functions under EC Regulation 1083/06 Article 59 (2).

- Compliance with National rules and Community law;
- Implementation of a robust management and control system to effectively administer and deliver the Programme; and
- Verification of Programme expenditure.

3.3.1 Data Collection

General

Data on implementation in relation to financial management, monitoring, verifications, audits and evaluation will be collected to ensure that the necessary Programme management information is available to enable the PMC to effectively execute its programme monitoring responsibilities.

The primary means of collating quantitative data will be through the submission of quarterly claims from projects. The Programme's Management Information System has been specifically designed to capture all required quantitative data to facilitate monitoring the Programme's overall performance.

Cross-Cutting Themes (CCTs)

Demographic data on beneficiaries will be collated and recorded on the Programme's Management Information System and used to report the Programme's impact on equalities. Beneficiaries will be broken down by group (gender/ethnicity/age/disability) and for the purposes of this monitoring, ethnic groups will be based on those used in the 2001 Census of Population. In addition the size of business supported will be monitored as well as the location of ERDF beneficiaries to monitor and assess the spatial distribution and impact of the funding.

With regards to environmental sustainability, the Programme was subject to a Strategic Environmental Assessment as required under Directive 2001/42/EC. Following this assessment a selection of tracking indicators were suggested in the Environmental Report that may be used to monitor the Programme's environmental performance. These include:

- Total emissions of principal air pollutants (NO_x, PM10 and SO₂);
- CO₂ emissions by end user;
- Proportion of river length of 'good' or 'fair' chemical and biological quality; and
- Waste generated per unit of GVA.

Data to monitor performance against these SEA indicators will be collated by the Office for National Statistics regional officers (co-located within *emda*) and reported to the EPS by 31 March each year, with the first report in 2009. The EPS will review the information provided and prepare an SEA progress report as an Annex to the Programme's Annual Implementation Report for endorsement by the PMC, and thereafter, by the European Commission.

In addition, project specific data will be collated (where applicable) to monitor the Programme's performance in relation to:

- Achieving 'BREEAM' standards for all ERDF projects involving construction ('Excellent' rating for new builds/'Very good' rating for refurbishments);
- The number of businesses assisted to improve performance through support related to energy and resource efficiency; and
- Other relevant environmental indicators proposed by individual projects.

Additional regional CCT indicators, specific to the East Midlands Operational Programme, may be developed and agreed by the PMC as part of its ongoing review of this Strategy to ensure it remains fit for purpose.

3.3.2 Programme Performance Management Reports

Quantitative data and narrative assessments will be used to produce reports to monitor the Programme's performance under the following categories:

- Priority Axis (PA);
- PA Indicative Actions;
- PA Strands;
- PA2 targeted districts;
- SEA indicators;
- Business assistance activities (innovation, energy efficiency, resource efficiency and enterprise) and support to a social enterprise;
- Spatial distribution of the funds for sub-regional projects (according to Urban, Coastal, and Peripheral); and
- Individual projects (where required).

For example, annual reports will set out the outputs generated by each Priority Axis in each year of the Programme.

Monitoring reports will be presented to the PMC on a regular basis to consider the Programme's progress, particularly towards achieving financial and physical targets, and where necessary to consider and approve suitable remedial actions.

The main method of reporting the Programme's performance will be through the completion of an Annual Implementation Report, which must be considered and endorsed by the PMC prior to submission to the European Commission, by 30 June each year. The AIR will provide the PMC with a clear overview of the implementation of the Programme for each year of delivery and will include quantitative data and narrative assessments derived from the above-mentioned monitoring activities.

As part of the collation of data for completion of the AIR, an annual review of the Programme's performance against SEA indicators (at section 3.3.1), a report on demographic data of beneficiaries assisted and an updated rankings table for the PA2 targeted districts will all be produced by 31 March each year for 1 January to 31 December of the preceding year.

The final AIR for each year will be made available on the East Midlands ERDF website (www.eastmidlandserdf.org.uk) to ensure that it is visible and disseminated to a wide audience.

In addition and as required, the PMC will receive informal updates on the progress of implementation of the OP.

3.3.3 Project Performance Management Reports

The Programme's Project Monitoring Strategy (or Article 13 Strategy) has been drawn up to satisfy the requirements of Article 13 of EC Regulation 1828/2006. The Strategy articulates a robust system for monitoring each individual operation supported by the Programme to verify: project expenditure; project delivery in accordance with the Funding Agreement; that all project claims are correct; and that the project's activity and expenditure complies with community and national rules.

The Article 13 Strategy sets out the following project monitoring arrangements: project appraisal; Project Engagement Visits (PEV); claims verification; and monitoring as part of the ongoing contract management of a project.

A performance management report on the application of the Article 13 Strategy will be provided to the PMC on an annual basis via the AIR and will detail performance against: the number of visits undertaken; common issues identified and action taken; non attributable information on good or bad practice; publicity or promotional work carried out; and any major irregularities (i.e. those with a value in excess of €10,000).

3.3.4 Article 59 (2) body as ERDF Beneficiary

emda will provide updates on the progress of the OP in meeting its targets in order to assist the PMC to discharge the tasks set out in Article 65, in particular to ensure the quality of the implementation of the Programme.

Within this update, the progress of projects where *emda* is a beneficiary will be specifically identified. The monitoring of operations where *emda* is a beneficiary will be sample checked and verified by the National Audit Office to be undertaken as part of its annual external financial audit.

SECTION 4: EVALUATION

4.1 Aims and Objectives

The overall aim of evaluation is:

To understand the effectiveness and impact of the Operational Programme in delivering the overarching Strategic Programme Objective, *“to become a region of highly productive, innovative and sustainable businesses and support the most disadvantaged of our communities to realise their economic potential.”*

More specifically, evaluation will help to:

- Review the Programme's performance and impact;
- Improve the quality and effectiveness of OP implementation;
- Account for expenditure, assess strategic added value and value for money and inform decisions on future spend;
- Provide an evidence base for strategic OP revisions; and
- Identify lessons that improve the design and delivery of future Programmes.

4.2 Governing Principles

EC Regulation 1083/2006 represents a shift from the concept of a fixed-point, mid-term evaluation driven by regulatory imperatives towards a more flexible, demand-driven approach to evaluation during the programming period, particularly at the OP level.

The evaluation framework has been developed therefore on the basis of an ongoing evaluation process and is consistent with the four principles that govern ongoing evaluation as set out in EC Regulation 1083/2006:

- Proportionality;
- Independence;
- Partnership; and
- Transparency.

Should the monitoring of the OP reveal a significant departure from the goals initially set, or when major revisions to the OP are proposed, the EPS will initiate an evaluation if it is not already covered by the following evaluation schedule.³

4.3 Evaluation Arrangements

The EPS will initiate and oversee all Programme level evaluation. The results of any evaluation exercise will be a key input into the management of the Programme on an ongoing basis, in particular to inform future development of the OP to ensure delivery supports the overall aims of improving the performance of the region as a whole and addresses intra-regional disparities.

The EPS will procure an external and independent evaluator, in accordance with *emda's* standard procurement policy, to deliver the Programme's Evaluation Schedule as detailed at section 4.4 for the life of the Programme. This in turn will give the EPS and PMC the flexibility to respond promptly should any concerns regarding Programme delivery arise by initiating, where appropriate, an evaluation not already identified within the evaluation schedule.

This Strategy sets out evaluation activities at the regional level although there will be a range of National and European level evaluations of Operational Programmes. We will continue to work closely with the European Commission

³ This is in accordance with Article 48 (3) EC Regulation 1083/2006. 'Major' is considered to be something of financial, content-related, or implementation related nature (EC Working Document No. 5).

and the Department for Communities and Local Government (CLG) to ensure all evaluation activities are complementary and appropriate linkages are made.

4.4 Programme Level Evaluation Schedule

The following evaluation schedule has been developed and deemed appropriate to support the effective management and delivery of the East Midlands Operational Programme. In identifying the activities to take place the key evaluation issues of **relevance, consistency, effectiveness, and efficiency** were taken into consideration.

As far as possible the Programme's evaluation arrangements will align with, and in some cases form part of, a broader *emda* evaluation exercise. It is anticipated that a number of projects supported by the Programme will have Single Programme match-funding. The evaluation schedule has been developed, therefore, to ensure coherence with planned evaluation activity for *emda*'s Single Programme.

Timescales are given as an approximate guide only.

4.4.1 Interim Programme Assessment – 2010/11

The Interim Programme Assessment will assess whether the focus of the Programme continues to be relevant given potential economic or other changes within the East Midlands, and whether the delivery arrangements in place are still the most appropriate to ensure effective delivery of the Programme.

Indicative questions to assess the Programme's performance at this level may include:

- Are there any external factors (economic or other) that when considered against the Programme's ex ante report, SEA and socio-economic analysis require a review of the Programme's focus or activity?
- Are the delivery arrangements in place for the Programme appropriate when considered alongside any changes to regional and sub-regional conditions?
- Does the Programme's spatial targeting still represent the 12 most disadvantaged communities within the region?
- Are there any emerging lessons to learn/areas of best practice to consider for future delivery?

Further specific Programme, thematic, or spatial related questions will be developed as appropriate.

4.4.2 Interim Programme Performance and Impact Evaluation – 2011/12

The Programme's interim performance and impact evaluation is intended to assess the first three years of Programme delivery. Within this evaluation, questions will be addressed within the following four core categories to identify the Programme's performance and impact:

- Economic impact (e.g. what net impact has the Programme achieved to date?);
- Broader impact (e.g. how is the Programme supporting the delivery of sustainable economic development?);
- Regional impact (e.g. how effectively is the Programme/Priority Axes delivering on partner and stakeholder expectations?); and
- Lessons learned (e.g. what can be learnt from the development and delivery of the Programme/Priority Axes to date?)

Further specific Programme or thematic questions will be developed as appropriate to assess, for example, whether the OP is still relevant to the East Midlands economy, or how effective mainstreaming the Cross-Cutting Themes of equality and environmental sustainability has been. Proposals for any additional evaluation activities will be discussed with the PMC as appropriate.

4.4.3 Final Programme Performance and Impact Evaluation – 2014/15

The Programme's final performance and impact evaluation will assess the overall impact of the OP against the Programme's aims and objectives, and the contribution the Programme has made to the achievement of agreed regional outcomes as set out in the Regional Economic Strategy. It will examine the extent to which resources were used, the effectiveness and efficiency of the OP and the impact on the region's economy of supported interventions.

Impacts expected from the Operational Programme:

Impact	Target
Increase in GVA (€)	221,000,000
Increase in employment	4,600
Increase in businesses	700

4.4.4 Ex Post Evaluation at Operational Programme Level – 2014/15

The European Commission has primary responsibility for the ex post evaluation in collaboration with CLG as the Managing Authority (Article 49 of EC Regulation 1083/2006). This evaluation will cover the factors that contributed to the overall success or failure of implementation at the National level, and the achievements and results, including their sustainability. The evaluation activity outlined above will feed into and inform this ex post evaluation work.

4.5 Project Level Evaluations

As a core requirement prior to the approval of funding each project must sufficiently detail an evaluation plan. In addition, an external and independent evaluation is required for all projects where the total project value exceeds £1m. Evaluation specifications are to be tailored to the individual project although must include an assessment of the project's contribution to delivering the OP and its impact on the CCTs.

At the project planning stage the following issues are to be considered and decisions summarised in the outline business plan:

- Scope of the evaluation (i.e. whether the evaluation should take place as part of a larger scheme evaluation);
- Timing/phasing of the evaluation;
- Arrangements for data collection;
- Budget allocated to the evaluation; and
- Management and commissioning arrangements.

In addition, all projects will need to complete a short self evaluation form prior to closure. This summarises the findings of evaluation activities that have taken place and identifies the key learning points.

4.6 Indicative Evaluation Budget

Evaluation activities will be eligible for assistance from the Programme's Technical Assistance budget as part of *emda*'s costs associated with managing and implementing the Programme.

The following approximate budget has been allocated for evaluation activities:

Activity	Total
Design of evaluation schedule & Contract set-up	£50,000
Ongoing evaluation activities	£350,000
Final Programme performance & impact evaluation	£250,000
Ex ante evaluation post 2013	£75,000
Total cost	£725,000

In general, the normal OP rate of intervention of 50% will apply. As *emda* will be the applicant in this instance for Technical Assistance, public match funding will be provided by *emda*.

'Design of evaluation schedule/ contract set up' is to include: a Programme overview/briefing; work to further define the evaluation schedule and proposed timetable; and identification of the specifications for each evaluation activity.

'Ongoing evaluation activities' are to include: data collation; the completion of evaluations as per the Programme schedule; and the preparation of reports on evaluation findings. This indicative allocation also facilitates the 'demand-driven' approach to evaluation; support will be available to initiate ad hoc evaluations as required (in addition to those identified within the schedule) where monitoring reveals significant departure from the goals initially set, or major revisions to the OP are proposed.

The indicative budget supports the completion of a 'Final Programme performance and impact evaluation' as detailed at section 4.4.3, and an amount based on previous costs plus inflation has been allocated to support an 'Ex ante evaluation' and Strategic Environmental Assessment in anticipation of a future 2014-2020 ERDF Programme.

All individual project evaluations must be built into individual project budgets.

4.7 Reporting

A report on the results and outcomes following each Programme evaluation activity (detailed at section 4.4) will be sent to the PMC for consideration and endorsement, and thereafter to the European Commission. Where necessary, this report will include any recommendations for amendment to the East Midlands's Operational Programme.

4.8 Dissemination

It is anticipated that evaluation reports will be made publicly available on the East Midlands ERDF website (www.eastmidlandserdf.org.uk).