New thinking in appraisal and evaluation

4th October 2022

Cabinet Office | HM Treasury

What's new in government evaluation

The Evaluation Task Force

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Head of Social Research Cabinet Office, HM Treasury and No.10

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Evaluation Lead
Evaluation Task Force

The use of evidence in UK policy making is nothing new…

Evidenced-based policy making

What Works

“Thoroughly evaluating the impacts of all policies”

…but we still have a long way to go

Only 8% of £432 billion Government Major Projects had plans for robust impact evaluation in palace

Prime Minister's Implementation Unit, 2019

"…government **cannot have confidence its spending in many policy areas is making a difference**"

National Audit Office, 2021

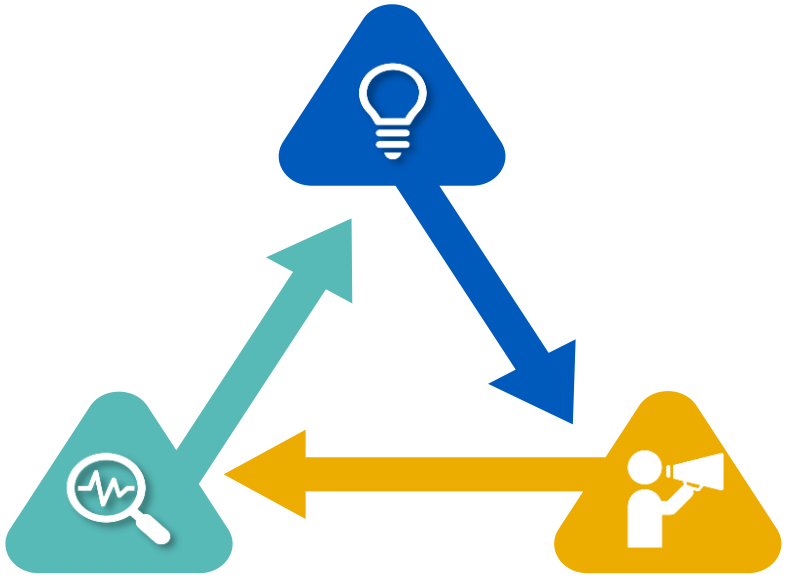
The Evaluation Task Force is trying to change this

To put robust evaluation evidence at the heart of government decisions

… so HM Government can have confidence the money it spends is delivering better outcomes for the public, and delivers value for money.

How will we achieve change?

Embedding evaluation into decision-making processes



Supporting the delivery of priority evaluations

Promoting the importance of evaluation across HM Government

What do we want to see?

1. Useful evaluation – embedded in the policy cycle

ROAMEF Cycle

Evaluation should be used **before, during and after** implementation

- ✓ Designing policies with good evidence
- ✓ Building evaluation into implementation
- ✓ Sharing learnings afterwards

Learning: what works? what doesn't?

Accountability: is it value for money?

What do we want to see?

2. Robust evaluation – built into implementation

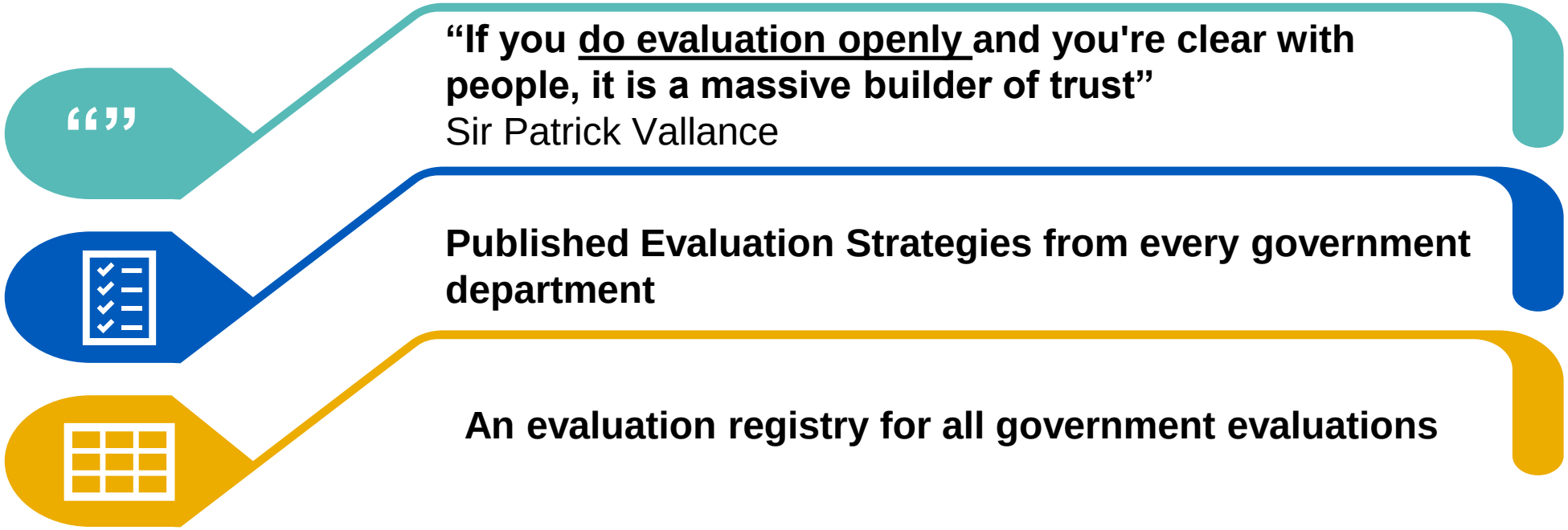
How will you **evidence the impacts** i.e. using a control group or counterfactual?

Can you **test/pilot** the policy before you begin delivering at scale?

Could you **test variations** to understand the most effective approach?

What do we want to see?

3. Transparent evaluation – maximising what is learned



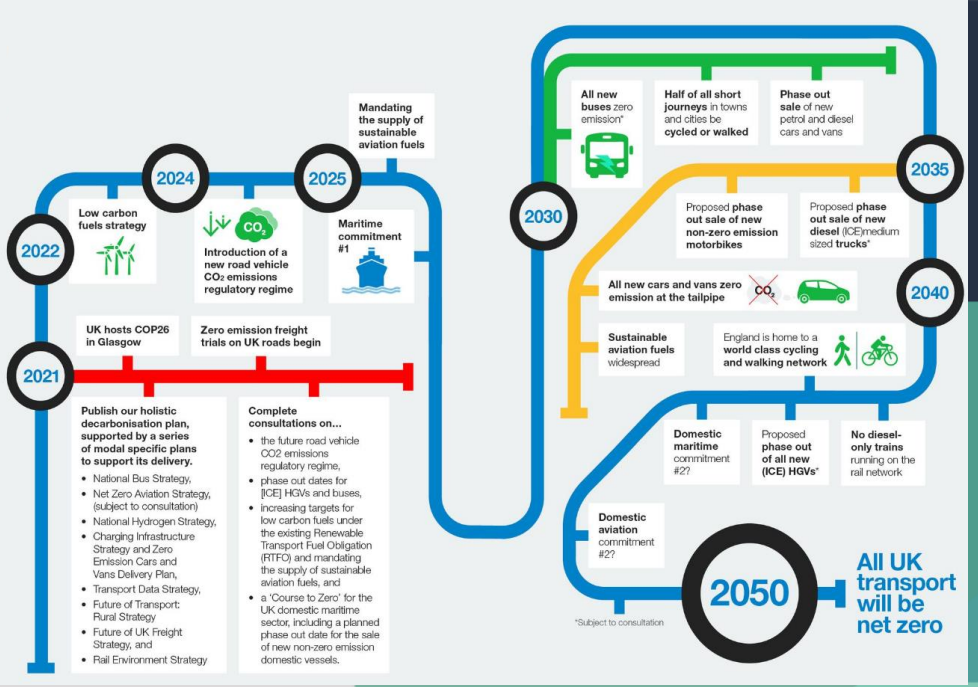
Cabinet Office | HM Treasury

Get in touch for further information!

www.gov.uk/government/organisations/evaluation-task-force

etf@cabinetoffice.gov.uk

Department for Transport



From appraisal to evaluation and back:

Squaring the circle in DfT

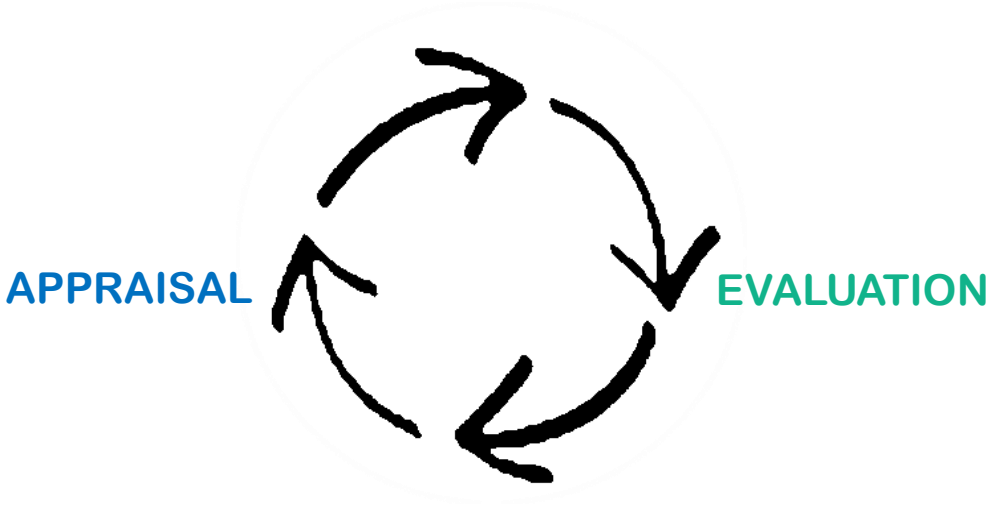
Dr Florentina Taylor

Head of Evaluation Development, Evaluation Centre of Excellence, Department for Transport

4 October 2022

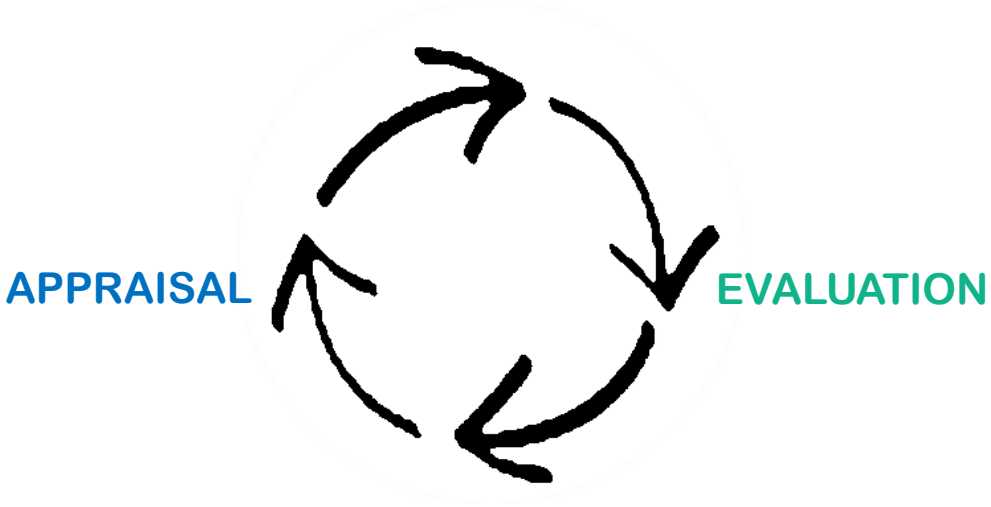
Appraisal and evaluation in public policy

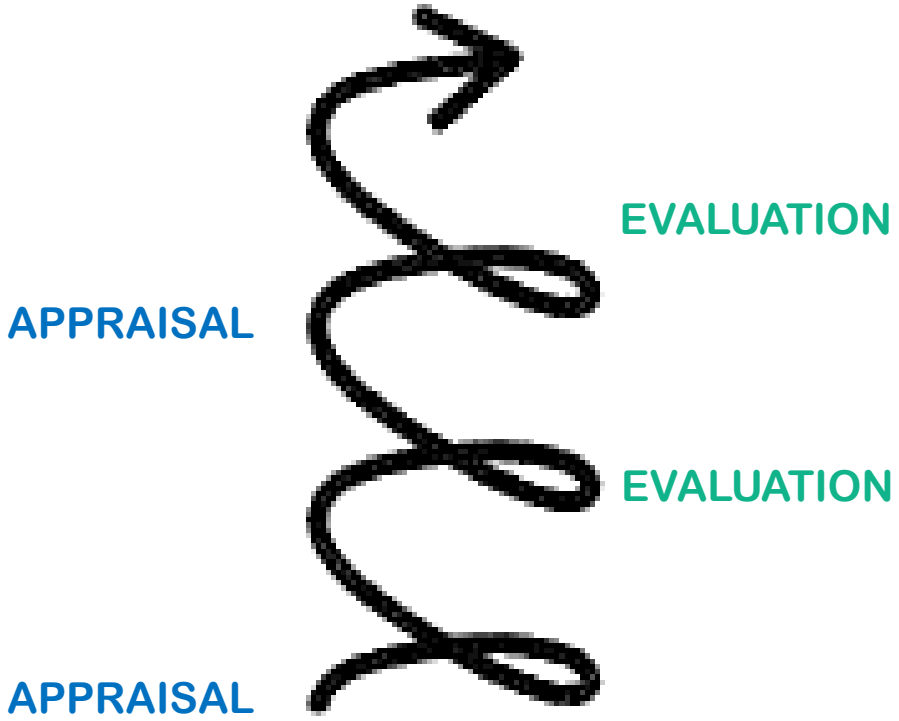
Theory vs practice



Appraisal and evaluation in public policy

Theory vs practice





Why?

Typically:

- Different teams
- Completed years apart
- Evaluation planned too late (‘add-on’)

DfT solutions

1. Evaluation training for all analysts
2. ‘Policy School’ with significant evaluation component
3. Transport Analysis Guidance: Evaluation unit

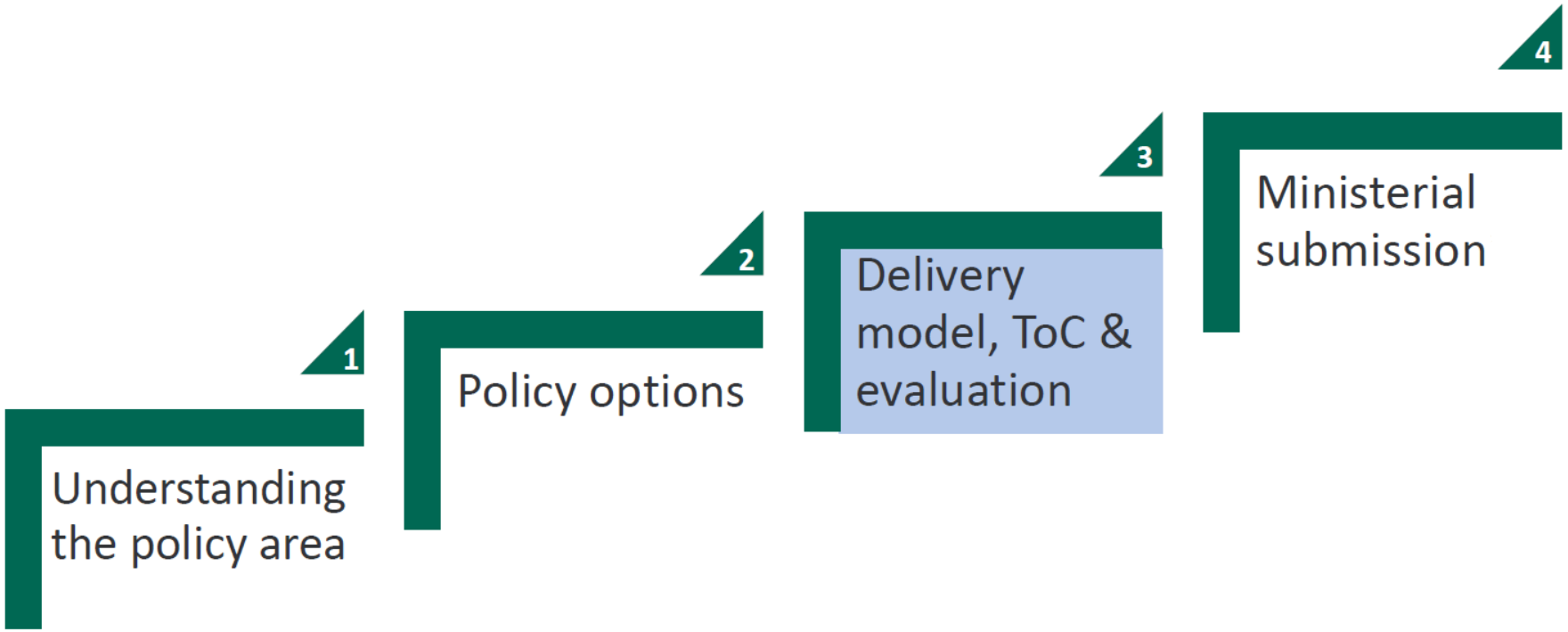
Evaluation training for all DfT analysts

Nine-week course:

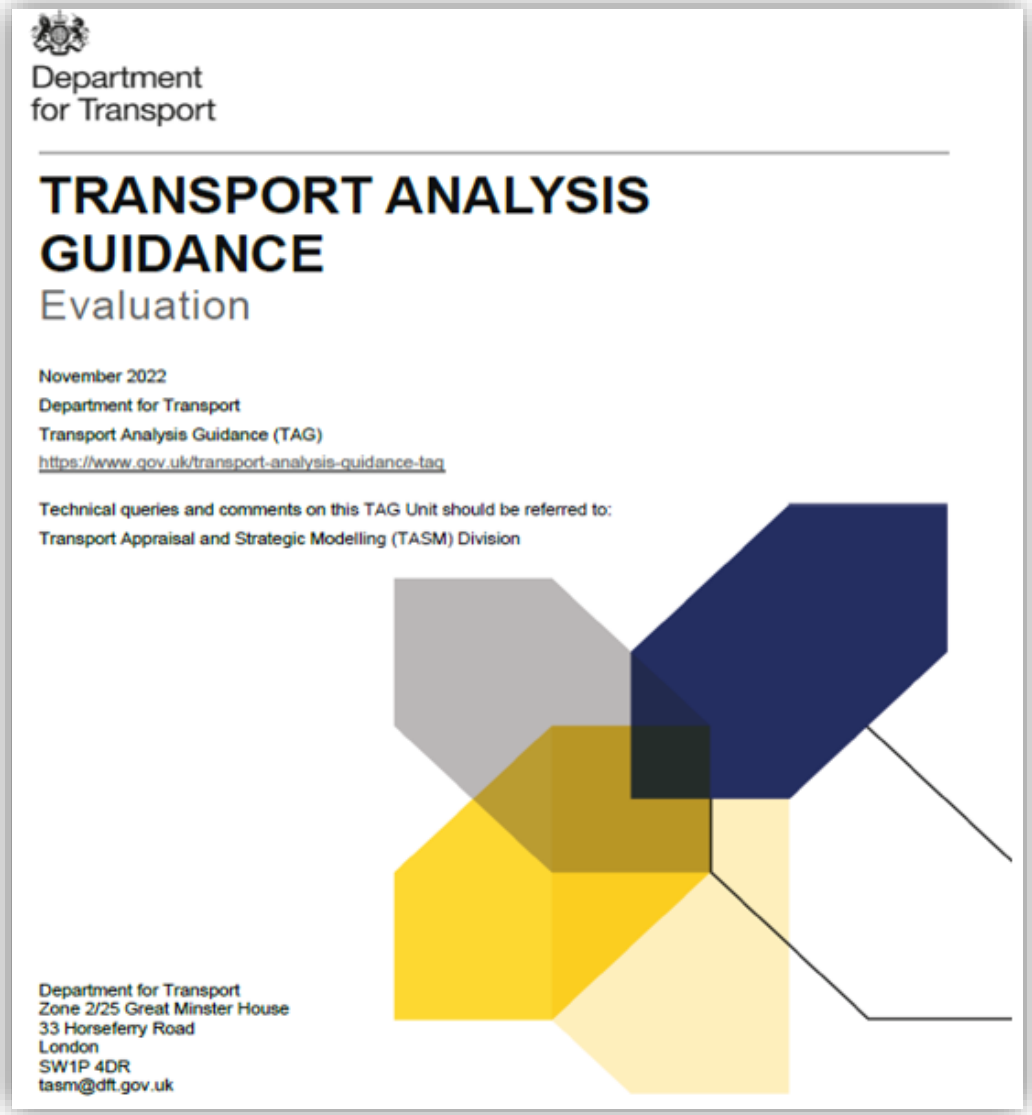
1. Introduction to evaluation
2. Scoping an evaluation
3. Theory of change and evaluation frameworks
4. Impact evaluation (I)
5. Impact evaluation (II)
6. Process evaluation
7. Spatial econometric analysis
8. Linking appraisal and evaluation
9. Specifying, commissioning and managing an evaluation

Full-cycle policy development course

Three-day ‘Policy School’:



New TAG Evaluation unit (www.gov.uk)



Department
for Transport

TRANSPORT ANALYSIS GUIDANCE

Evaluation

November 2022

Department for Transport

Transport Analysis Guidance (TAG)

https://www.gov.uk/transport-analysis-guidance-tag

Technical queries and comments on this TAG Unit should be referred to:

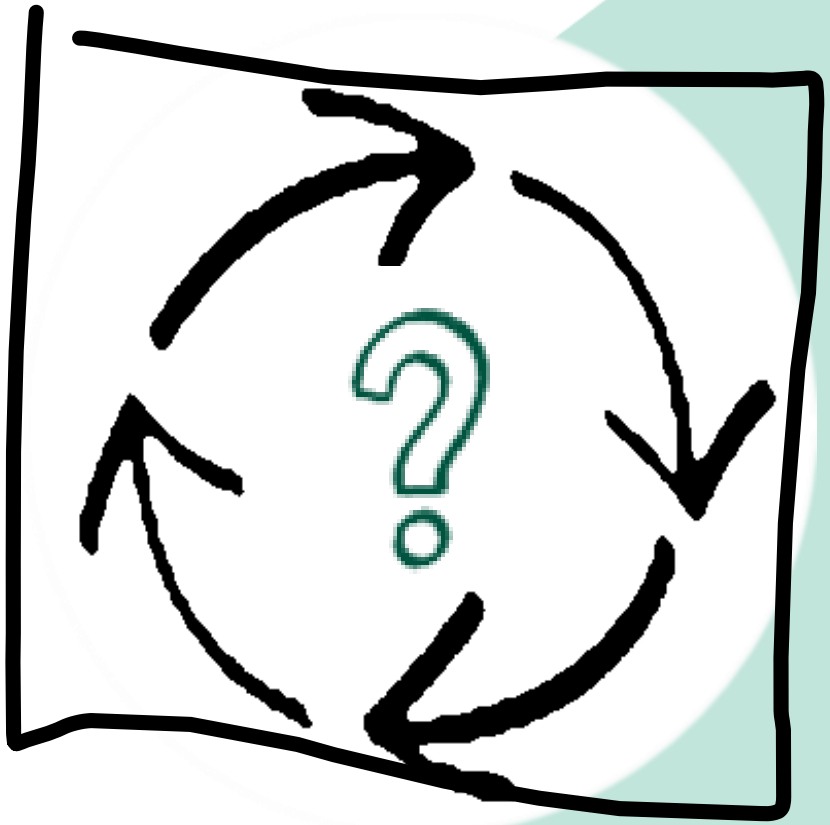
Transport Appraisal and Strategic Modelling (TASM) Division

Department for Transport
Zone 2/25 Great Minster House
33 Horseferry Road
London
SW1P 4DR
tasm@dft.gov.uk

New TAG Evaluation unit (www.gov.uk)

To be published in Nov 2022

1. The role of monitoring and evaluation
2. Evaluation planning
3. Understanding the intervention
4. Evaluation design
5. The counterfactual
6. Measures of evaluation quality
7. Data requirements
8. Reporting and dissemination
9. Further resources



Frontier Economics - New thinking in appraisal and evaluation

Introduction to the Culture and Heritage Capital (CHC) Framework

Harman Sagger - Head Economist for Arts, Heritage and Tourism
Department for Digital, Culture, Media and Sport

Department for Digital, Culture, Media & Sport
Funded by Historic England
ARTS COUNCIL ENGLAND
UKRI Arts and Humanities Research Council

Gilber Franco, Unsplash

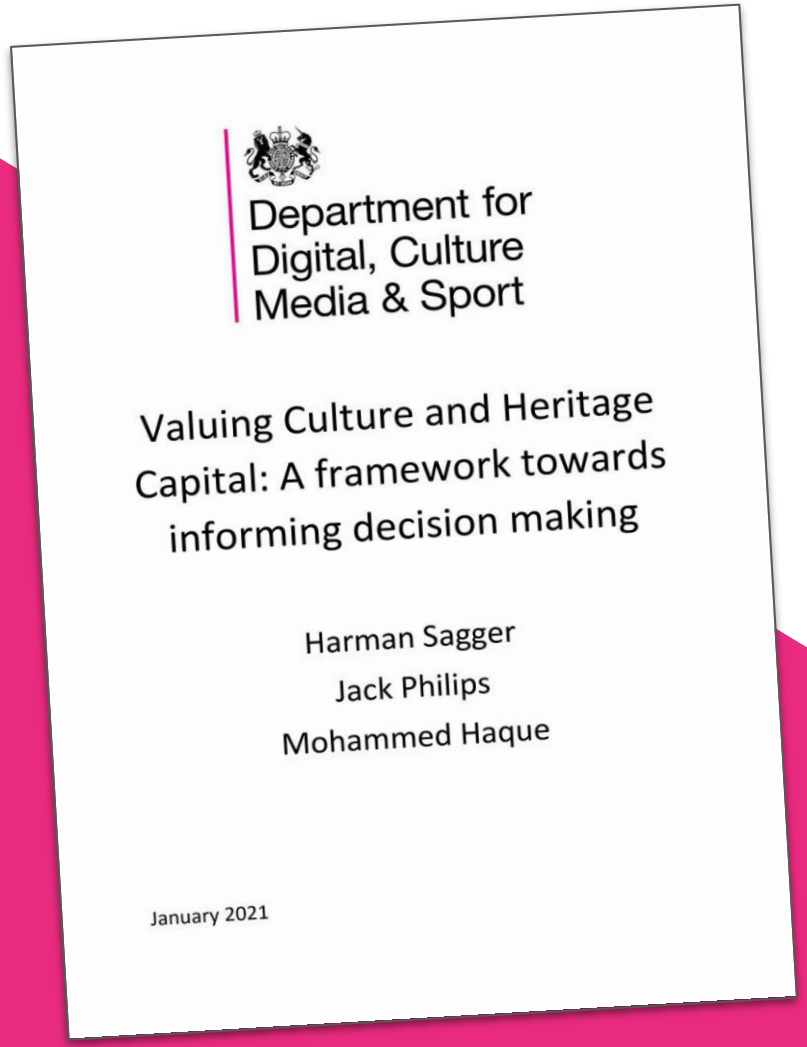
Our objectives

- Develop a **formal approach** to valuing the cost and benefits of culture and heritage to society. **Using a systems based approach** similar to the successful Natural Capital Approach
- Built on the foundations of **HMT's Green and Magenta Books**
- Develop a **multidisciplinary approach** combining: Economics; Heritage Science; and Arts and Humanities.
- **Inform decisions of other sectors** e.g. cross-cutting government programmes like LUF or transport projects.

Why do we need a Culture and Heritage Capital Approach?

- There is currently **no consistent approach** to measure the benefits of culture and heritage to society.
- Without a consistent approach, our sectors are **undervalued.**
- Furthermore, **we are unable to fully measure the VfM in appraisals and evaluations.**
- Sector specific **guidance is already available for other sectors** so it is critical we are on a level-playing field.

The Culture and Heritage Capital Framework

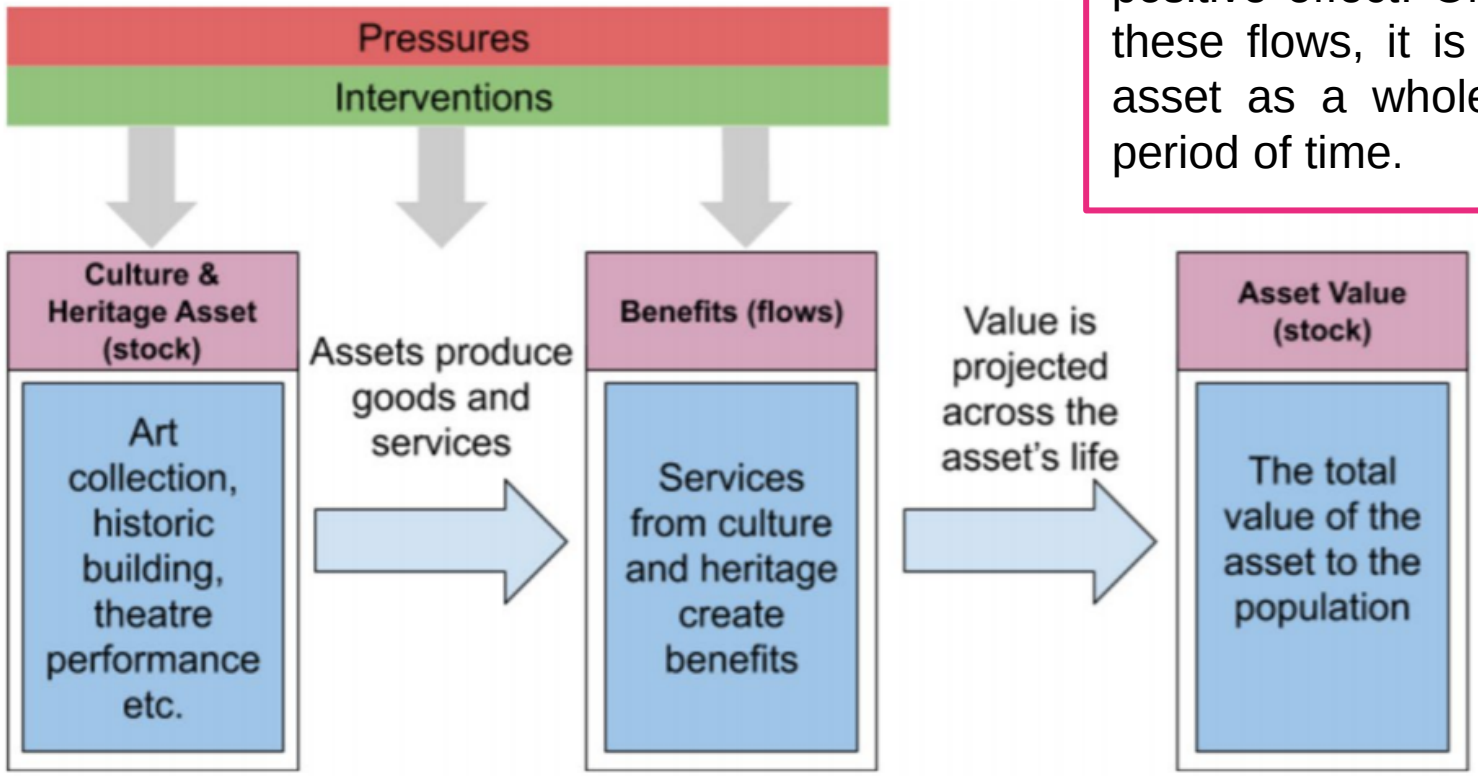


- The first iteration was published in January 2021
- Sets out the ambitions and approach of the programme

The Framework Model

The published framework set out high level concepts.

Cultural and heritage assets can be thought of as the **"stock",** while the services that create benefits to society are regarded as **"flows"**. Background **pressures** such as environmental damage or unsustainable use can negatively affect the services provided by an asset and the demand for those services. Effective management **interventions/policies** and additional inputs can have a positive effect. Once monetary values are estimated for these flows, it is possible to estimate the value of the asset as a whole by forecasting these values over a period of time.



By defining these stocks and flows we can better understand what we need to value and measure consistently across the sectors.

For example, for museums we will need to define the typology of services, stocks and flows

Asset (example)

Building a consistent definition of services benefits and costs

Features	Services	Benefits	Value
Cafe Gardens Building Collection	and networking services Conservation services Education services Audience services Environmental	Health and wellbeing Productivity Research and Development Education, skills and learning	Total economic value
	Environmental		

Using economic valuation techniques to value benefits

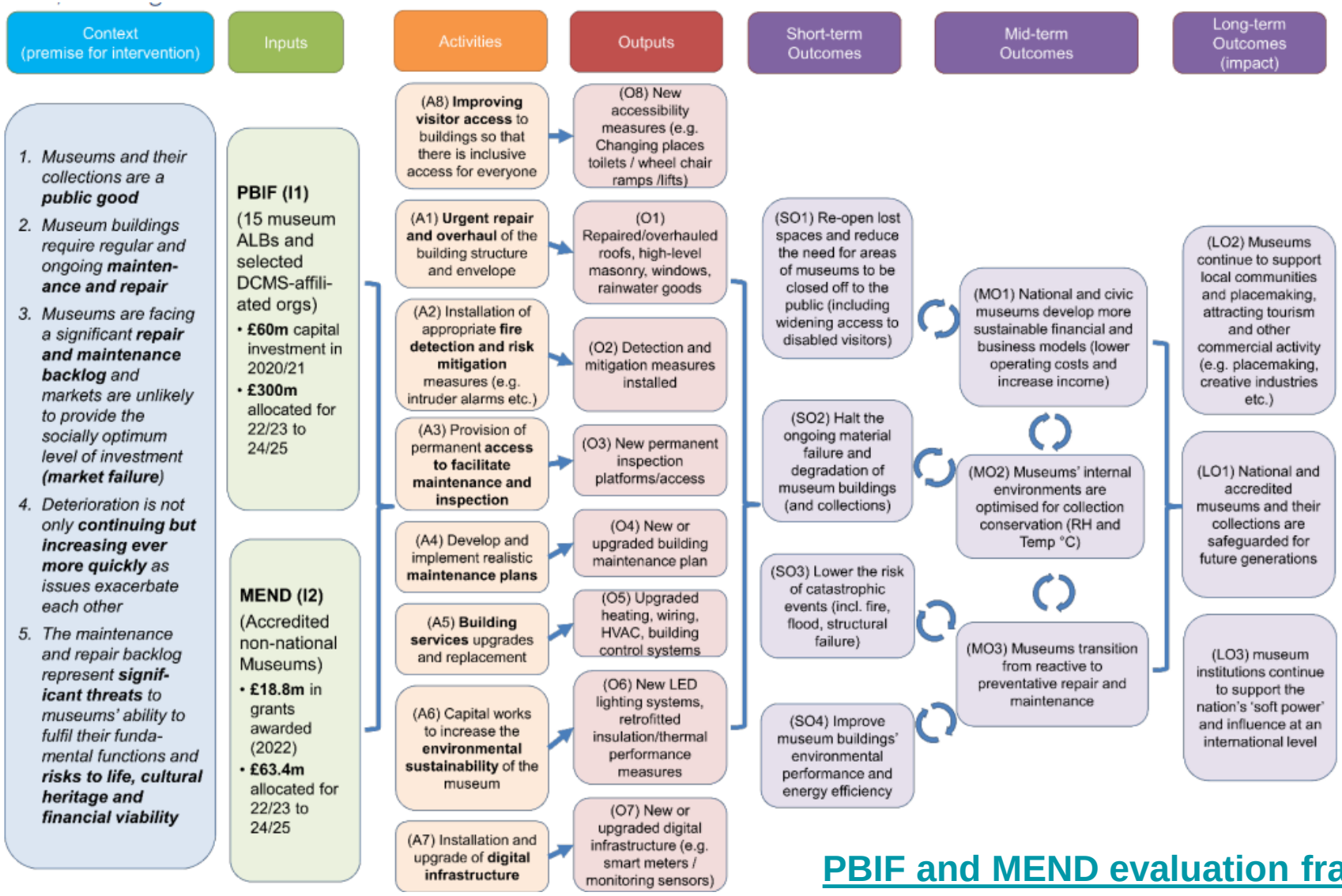
- The Culture and Heritage Capital Programme aims to quantify these wider benefits
- Enables comparison in monetary terms and understanding of value for money
- Commonly used economic valuation techniques:
  - Contingent valuation
  - Choice modelling
  - Hedonic pricing
  - Travel cost
  - Wellbeing valuation

Fountains Abbey by Tom Blackwell via Creative Commons

Discrete Choice Modelling Research

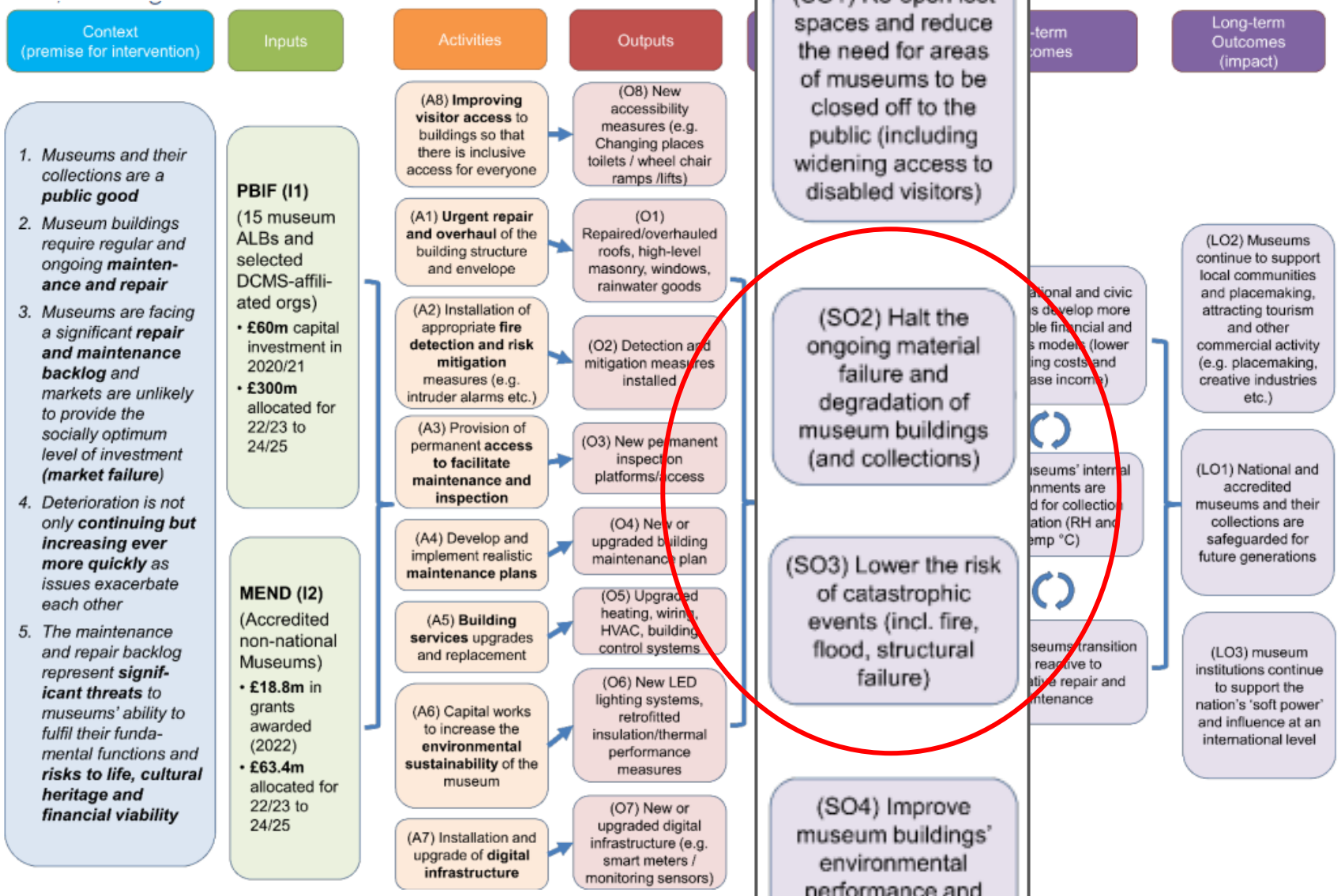
- DCMS CHC Programme has provided a **range of point estimates on use and non-use values**. However, on their own these can't be used for marginal analysis.
- DCMS commissioned Ipsos to:
    1. Explore the use of **discrete choice modelling** (DCM) to estimate **marginal changes to use and non-use value** to inform VfM analysis.
    2. If DCM could be combined with central bank of use and non-values for specific assets types; and
    3. If (1) and (2) could offer a **cheaper alternative** to organisations undertaking expensive one-off bespoke contingent valuation studies.
- Early results are encouraging, analysis shows that **public were able to rank and score around 8 attributes** of the new offer at the National Railway Museum and this could be combined with an existing use values.
- However, there are still issues around the inclusion of non-use values.

Evaluating museum maintenance



[PBIF and MEND evaluation framework report]

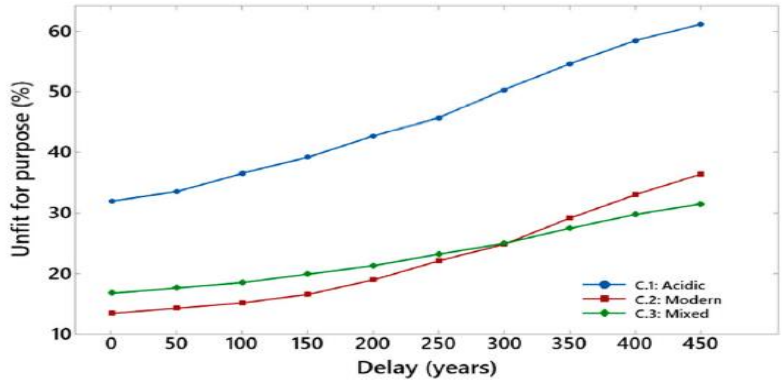
Evaluating museum maintenance



Valuing change to buildings and collections?

- Assets are subject to **change** that can cause irrecoverable loss, so it is essential to fully assess the **costs and benefits of any damage or degradation to assets.**
- The concept of irrecoverable loss can be examined through the lens of **Heritage and Building Science** and potentially combined with economic valuation techniques

Damage Functions for paper collections



Source: Duran-Casablancas C., Strlič M., Beentjes G., de Bruin G., van der Burg J., & Grau-Bové J. (2021) A Comparison of Preservation Management Strategies for Paper Collections, Studies in Conservation

V&A by Francesca Grima

How do we value changes to building and collections?

- **Damage functions could be combined with economic valuation** such as use and non-use value to estimate irrecoverable loss (welfare loss).
- The **welfare value of preventing damage to assets** can be estimated by the value of the irrecoverable loss that can be prevented.

$$W_c = N_U (r^w - r^c)$$

Where:

W_c = Total welfare gain from avoiding irrecoverable loss.
N_U = Use and non-use value of assets (other values, e.g. GVA, would be needed to be added to fully account for the full public welfare)
r^w = rate of irrecoverable loss without an intervention (damage function)
r^c = rate of irrecoverable loss with an intervention (damage function)

Areas for further research

- Welfare weighting
- Discount rates and asset life
- Application of non-use value
- Biases in economic valuation methodologies
- Use of more sophisticated data techniques to reveal public value

Value for Money in Theory-Based Evaluation

New thinking in appraisal and evaluation

4th October 2022

Value for Money is an important tool for the accountability of public spending, focusing on the relationship between the costs and benefits of an intervention

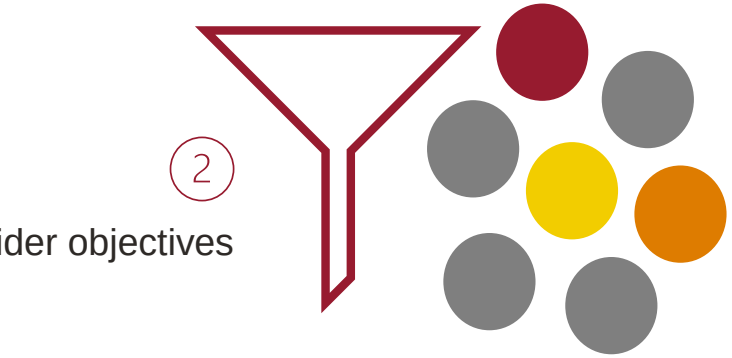
> Value for Money is a judgment about the optimal use of public resources to achieve stated objectives … based on consideration of present value to society of all social, economic and environmental benefits and present public resource costs.

Adapted from *Green Book* p.52

In appraisal, VfM is an important tool to guide decision-making between alternative approaches to achieving policy goals

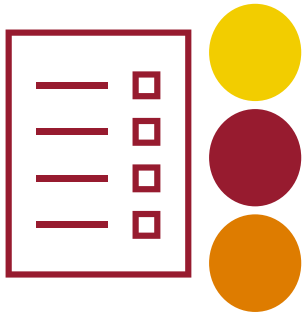
1

Longlist of potential options to achieve policy goal



2

Retain options that provide **strategic fit** with wider objectives

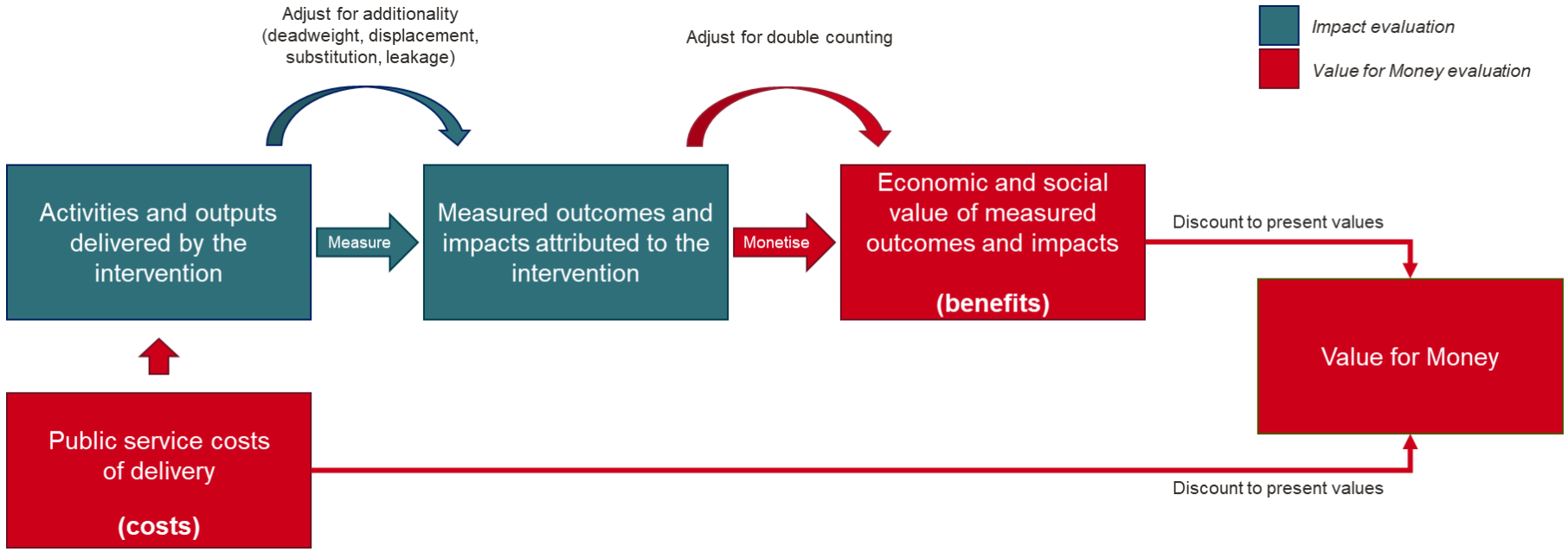


3

Rank shortlist based on potential Value for Money considering both costs and estimated benefits

Benefits assessment should consider **non-monetisable** benefits

In evaluation, we need to demonstrate that VfM has been realised based on evidence – do the social benefits outweigh the policy costs?



"

While impact evaluation demonstrates and quantifies outcomes, it cannot on its own assess whether those outcomes are justified. Value-for-money evaluation considers such issues, including whether the benefits of the policy are outweighed by the costs, and whether the intervention remains the most effective use of resources.

Magenta Book, p.15

There is growing use of **theory-based** evaluation methods, but this poses challenges for a Value for Money evaluation

Landscape for evaluation

- Complex environment
- Multiple objectives
- Long-term investments

No objective control group

- Limits robust counterfactual analysis for evaluation

Test programme theory

- Theory-based design
- Is programme logic working?

Intangible benefits

VfM evaluation may only cover a small part of an intervention in terms of monetised benefit

Lack of clear attribution

Hard to size/scale the benefits as part of a VfM evaluation

Our client work highlights key messages for conducting a VfM assessment in a theory-based evaluation

Consider VfM early in policy development

Ensure appraisal assumptions can inform evaluation: link appraisal and evaluation

Build VfM into evaluation framework design and evidence collection

Identify distinct 'benefit pathways'

Avoid the risk of double counting where there are multiple benefits

Be conservative in assumption about overlaps

Be transparent

Not everything can be monetised

Present wider evidence on non-monetised benefits

Don't neglect social benefits

Can be critical distinct benefits pathways

Environment, health, well-being …

Use scenarios and sensitivities

How large would value of benefits need to be to ensure policy costs are (at least) met?

How reasonable is this given evaluation data?

Think about geography

Evidence on regional employment / growth benefits as well as national

Evidence on leakage and substitution effects at different geographics may be needed