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Monitoring and Evaluation Strategy for the 2014-2020 Scottish Operational Programmes

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1. INTRODUCTION

This document is the evaluation plan for the Scottish Government, in its role as Managing Authority (MA) of the European Regional Development Fund (ERDF) and European Social Fund (ESF). It has been prepared with respect to various European Commission-produced guidance including, Guidance documents on Evaluation Plans for ESF and ERDF building-upon Scotland's prior experience of evaluating European Structural and Investment fund (ESIF) programmes.

2. THE ROLE OF ESF AND ERDF IN SCOTLAND

The European Structural and Investment Funds provide European Union Member States with financial assistance to deliver the EU2020 strategy of Smart, Sustainable and Inclusive Growth, increasing economic activity and employment across the EU.

The EU2020 strategy focuses on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy. The Scottish Government Economic Strategy highlights the same areas for growth and development. The main objective is therefore to focus on how Scotland can best align the investments which have the greatest impact on long-term sustainable growth. The programmes focus in particular on:

- SME competitiveness through innovation, digital take-up and business models, export and globalisation, investment, and leadership development
- Digital roll out and take up in hard-to-reach areas and remote communities
- Encouraging and supporting low carbon investment and innovation, including low carbon transport solutions
- Resource efficiency in business and industry
- Increasing employability for individuals facing multiple barriers to participation
- Social innovation and social inclusion
- Increasing mid and higher-level skills focused on vocational skills and STEM subjects in particular, and aligned to regional skills plans to ensure business and employment opportunities for those developing these skills

Scotland's justifications for the selection of thematic objectives and investment priorities are set out in more detail in the ERDF and ESF Operational Programmes.

3. THE PURPOSE OF MONITORING AND EVALUATION

Robust monitoring and evaluation of programmes is essential for effective programme and project management, and the 2014-2020 programmes' emphasis on demonstrating outcomes underlines the importance of these functions.

This plan has been informed in part by how well the methodology of the monitoring and evaluation plan from the previous 2007-2013 programme performed in terms of contributing to the achievement of objectives. In particular:

- the monitoring and reporting focused to a greater extent on financial performance, with less attention on results and significant over or under-performance in relation to specific indicators; and

- the evaluations were not sufficiently robustly shaped and scoped to inform programme changes, and in some cases not well enough researched to inform the 2014 programme.

The lessons learned from previous evaluations have provided the platform to design, develop and reshape the 2014-2020 programme to meet the EU2020 targets. These are grounded in robust assessment of needs, and designed to encourage and achieve specific results in those areas.

Building on this, Monitoring and Evaluation for ERDF and ESF in Scotland will serve two distinct and complementary purposes:

- Regular monitoring will inform programme management and progress towards targets, in particular seeking to assess whether targets remain achievable, and whether the funding is being spent on activity which is likely to deliver against those targets. This will inform formal reporting to the European Commission, internal monitoring and reports to the Programme Monitoring Committee.
- Evaluation will support a longer-term view, with an emphasis on assessing the significant changes to the way in which European Structural and Investment Funds are managed in Scotland (partnership, strategic interventions, a focus on fewer areas of activity); and support decisions on future programmes and their design as well as monitor spend by sector.

3.1 Evaluation

Programme evaluations will be driven by two major factors: regulatory requirements and the needs identified by the Managing Authority (MA), as outlined in Part 6 (Evaluation Focus and Timetable).

The relevant regulations are:

- 1303/2013: Articles 54 (General Provisions), 55 (Ex-ante evaluation), 56 (Evaluation during the programming period), 57 (Ex-post evaluation) and 114 (Evaluation).
- 1304/2013: Article 19 (6) (Monitoring and evaluation, Youth Employment Initiative)

The evaluations outlined in Part 6 will be carried out in line with the following overarching principles:

- **Proportionate** - the scale of monitoring and evaluation activity on different parts of the programme need to be appropriate to the size of the different elements within the programme
- **Diverse** - different techniques will need to be deployed for monitoring and evaluating various aspects of the programme. Therefore a one-size-fits all approach will not be appropriate
- **Timely** - ensure the monitoring and evaluation activity is undertaken at the right time in order to inform programme managers/Ministers/stakeholders of the impact and effectiveness of the programme
- **Targeted** - linked in with the need for the monitoring and evaluation activity to be proportionate. It is also essential that the information collected allows us to

determine whether the programme is delivering on the policy priorities. The more clearly defined the strategic objectives of the programme are, the easier it will be to focus on whether these objectives are being achieved

To ensure that these evaluations result in findings which the MA can act upon to strengthen the effectiveness of the programmes, monitoring and evaluation may include aspects such as:

- Performance – whether projects are individually and collectively delivering the outcomes and results sought, and whether this is proportionate to the amount of funding being awarded and spent. This type of assessment will significantly inform and underpin any changes in programming or project selection
- Studies into the effectiveness of approaches to delivering the same outcomes – this would enable projects to be reshaped as well as inform future projects, to deliver better outcomes and results
- externalities – assessing whether factors out of the control of the ESIF programmes (e.g. macro-economic or funding landscape) are having an impact on their ability to deliver. If the planned outcomes are positively affected, then ESIF is effectively being displaced
- counterfactuals – To assess whether the outcomes might have been delivered anyway or by some other means than ESIF, which may suggest that a change in programme direction is required.

In the event that programmes are not fulfilling expectations, the MA will undertake corrective measures. However, if programmes are progressing better than planned, the MA will have the opportunity to re-evaluate and potentially re-assess support required to enhance programme outcomes.

An essential element of Scotland's approach to evaluation is the desire to continually develop and enhance our monitoring processes.

3.2 Monitoring

The MA is responsible for the monitoring and reporting against approved targets in the Operational Programme. This is informed by the regulatory requirements, internal reporting and agreement with the Programme Monitoring Committee

The relevant regulations are:

- 1303/2013: Articles 22 (Performance Framework), 47-49 and 110 (Monitoring Committee), 50 and 111 (Implementation Reports), 51 (Annual Review Meeting), 52 (Partnership Agreement Progress Report) and 112 (Transmission of financial data).

Data for this will be based on data submitted through EUMIS and collated through the EUMIS Report Manager. In addition to this ERDF result progress will be complemented by national statistics, using the latest published statistics in line with the Operational Programme.

4. GOVERNANCE AND RESOURCES

In accordance with the Common Provision Regulation Article 54 (3) evaluations shall be

carried out by experts or bodies (internal or external) that are functionally independent of the implementing, certifying or audit authorities. The roles are set out in section 4.3 of this document. This section focuses on explaining the Scottish Government's approach to evaluation, outlining the structure of the evaluation elements in the MA.

Scottish Government, as the MA, will draw on internal expertise where possible, in particular using the wider expertise of policy and analytical divisions across the organisation. To maintain impartiality, however, the MA will also determine whether internal or external resources are most appropriate for an evaluation, and consider whether there is any need for separation alongside value for money and quality of output.

4.1 Managing Authority

Monitoring and Evaluation functions in the Scottish Government European Structural Funds Division (ESFD) are carried out by the Stakeholder Engagement, Communication and Governance Team (SECG). The SECG Team is responsible for designing and maintaining the monitoring system for the Operational Programmes (OPs). The team is also responsible for co-ordinating and producing reports, including the Annual Implementation Reports (AIRs), various reports for the Programming Monitoring Committee (PMC) and data for external briefings and requests.

The team works closely with the three Growth teams built around the themes Smart, Sustainable and Inclusive, with these providing the necessary specific project information, contacts and expertise. The Growth teams will ensure that routine monitoring data is collected from supported operations, and that this data is available on the management information system EUMIS. This data is then used to inform the PMC and to underpin long-term quantitative evaluations and suggest areas for qualitative evaluation.

The team provides advice and guidance to Lead Partners and project sponsors in relation to their own project-level evaluations and on complying with monitoring obligations. The guidance prepared will include indicator definitions, monitoring data requirements and technical support on evaluation.

The team is also involved in both the DG Employ ESF Partnership meetings and the DG Regio Evaluation Network, which are useful for sharing good practice and forging links with other regions, alongside looking at synergies between all European Instruments (including Horizon 2020 and the European Territorial Co-operation Programmes).

4.2 Office of the Chief Economic Adviser

The Office of the Chief Economic Adviser (OCEA), provides high-quality analytical support for Ministers and colleagues across government on all aspects of the Scottish economy, the public finances and the economics of constitutional change and provides analytical support to Directorates across Scottish Government.

OCEA has five key aims:

- To provide economic analysis, statistics and research which are insightful, accurate and timely.
- To produce high-quality analysis and statistics which are underpinned by

robust models and data, and draw on external expertise as appropriate.

- To continuously improve and expand analytical expertise.
- Ensure work is communicated in a clear and accessible manner which maximises its impact.
- Work collaboratively with policy, communication and Special Adviser colleagues to embed analysis in the wider policy development process.

In addition to the five key aims, OCEA also provide advice on the use of national statistics and provide other, ad hoc statistics as required.

The Office of the Chief Economic Adviser also acts as the office for the Chief Professional Officer for all economists in the Scottish Government, with responsibility for recruitment, training and development, and maintaining links with the UK Government Economic Service.

OCEA statistics and analysis are independent of Scottish Government policy teams and Ministerial decisions and form an impartial basis for government decisions.

The SECG team works alongside multiple teams in OCEA to assist the evaluation process.

4.3 Programme Monitoring Committee (PMC)

Scotland has established a PMC for two ESIF Funding programmes; European Social Fund (ESF) and European Regional Development Fund (ERDF). The PMC shall periodically review and examine the quality and the results of implementation of the OPs and, in particular, progress made towards achieving targets linked to the financial and physical indicators of the OP's. The PMC will meet at least twice a year, generally in spring and autumn where members will be updated on delivery against the OP and will discuss potential solutions or mitigating circumstances regarding performance. Analysis and discussion of progress and routine monitoring reports at the PMC should be one of the key drivers of evaluation, for example in selecting evaluations in addition to those mandated by regulations focusing on particular aspects of Scottish programming which appear to be performing particularly well or particularly poorly.

The PMC and other governance committees have provided input into this plan, which has led to extensive improvements; and further suggestions around evaluation of the impact of the Funds in particular regions, such as the Highlands and Islands or deprived urban settings.

The PMC should also be actively involved in analysis of the evaluation results and recommendations, as well as using them effectively as a contribution to decision-making, particularly where it appears programmes need adjustment in order to deliver against the agreed objectives and targets. The MA will report findings from stakeholder engagement to the PMC.

4.4 External Expertise

External independent evaluations will play a key role in ensuring appropriate lessons are learnt from the current programmes. The team will ensure that single contracts for specific evaluations are carried out in accordance with the regulatory requirements, in

line with this evaluation plan.

Scottish Government will ensure we get the best available consultants for each specific evaluation, potentially drawing upon the skills and knowledge of multiple evaluators.

4.5 Good Practice Mechanisms within the UK

Scotland remains committed to continued cooperation with the other MAs in the UK.

ESFD plays an active role in the UK Partnership Agreement (PA), regularly updating Department for Business, Energy and Industrial Strategy (BEIS) who are the UK co-ordinating body for the PA. In addition to this, the ESFD contributes to the Progress Report and the Annual Review Meeting.

Within this group, there is scope to convene smaller working groups to address specific issues. This would allow Scotland to hone in on best evaluation practice.

5. MONITORING AND EVALUATION FRAMEWORK

Beginning with the ex-ante evaluation, carried out externally, this evaluation assists the MA in developing core indicators which, in turn, feeds into the preparation of the OP. The monitoring data is collected, scrutinised and approved for payment. The information provided allows the MA and our internal evaluators to prepare the annual implementation reports (AIRs).

All of the data collected will feed into the final evaluation and assist the ex-post evaluation to determine all aspects, and gauge the legacy of 2014-2020 ESIF Funds in Scotland. Both the final and ex-post evaluation will be carried out by SG and external evaluators.

5.1 Annual Reporting and Review

A regular update against the progress towards the strategy will be produced and submitted bi-annually to the PMC for discussion and approval. The agreed AIR is then the subject of discussion between the Scottish Government and the European Commission, feeding into Commission produced reports. The conclusions drawn assist in potential amendments to the programme, if deemed necessary.

5.2 Budget

Technical Assistance (TA) in the 2014-2020 Programme period will be used to fund a range of management and administrative costs required for effective delivery of the OPs, including monitoring and evaluation. The total TA budget agreed in the 2014- 2020 OPs is as follows:

Fund	Area	Allocation
ERDF	Transition	€2,147,725.00
ERDF	More Developed	€6,267,254.00
ESF	Transition	€1,925,062.00

ESF	More Developed	€6,294,641.00
		TOTAL: €16,634,682.00

This covers staffing costs for the Managing and Audit Authorities, Communications and other functions to improve the management of the programmes, and the evaluation budget is likely to be between 5 and 10% of the total TA budget. The budget allows for the use of external contractors where this adds value.

5.3 Communicating Evaluation Findings

The Scottish Government (MA) is responsible for communicating the findings of evaluations carried out on the European Structural and Investment Funds 2014-2020 programmes, ensuring all relevant governance documents are widely available and publicised among stakeholders. The successful delivery of the ESIF 2014-2020 programmes depends on positive and constructive relationships between the Scottish Government and its stakeholders. It is therefore important that evaluation and research activity is communicated consistently and effectively. Where evaluation information shows that areas of the programme are not performing well, this should be communicated in a manner which helps address and resolves the issues. In contrast, where information demonstrates that targets are being met and benefits delivered, communications actively should proactively promote this.

Communication tools take various forms depending on the audience ensuring all stakeholders, including PMC and Lead Partners, continue to be updated within Scottish Government and website updates when required to provide updates publicly.

6. EVALUATION FOCUS AND TIMETABLE

This final section outlines the timetable of planned evaluations and provides the subject, rationale and methodology for evaluations of the European Structural and Investment Funds. This evaluation plan is not restrictive, and further evaluations will be scheduled if the progress of the programmes shows this is necessary.

Evaluation proposed	When	What questions will be answered	Proposed method	Resources (SG/external) and reasoning
Article 55 CPR – Ex ante Evaluation				
Ex-Ante	Completed	Is programming and financial planning consistent with analysis of needs; and likely to achieve stated objectives and targets?	Internal baseline review conducted independently of MA External review of methodology, intervention logic and proposed objectives, activities and results.	SG Analytical Services carried out extensive baseline. External contractors acted as a check and balance on MA and SG policy decisions informed by that baseline and ensured logic and coherence within programmes.
Article 19(6) ESF – YEI Evaluation				
Youth Employment Initiative 1	Completed – January 2016	It has been difficult to establish successful actions under YEI in Scotland – what are the reasons for this? <ul style="list-style-type: none"> • Policy overlap • Client groups • Macro-economic changes 	SG issued a survey as part of the evaluation to key stakeholders and Lead Partners in November 2015 to gather views on a range of issues connected with the YEI, including whether the long term outcomes (sustainable employment, apprenticeships, traineeships, continued education, etc.) are realistic. Views around the ineligibility of the unit cost model for YEI have been sought and a number of relevant questions associated	The Territorial Committee monitors impact of YEI and recommends improvements, specifically in relation to significant changes to the underlying labour market. SG draws on these resources to extract relevant information on policy developments and implementation issues.

			<p>with match funding and the current policy focus have been raised. Analysis of the results will be detailed in the YEI Evaluation report due by end of December 2015.</p> <p>This will be incorporated into a wider lessons learned exercise capturing the views of policy and operational colleagues within Scottish Government alongside the views of stakeholders.</p>	
Youth Employment Initiative 2	Completed – December 2018	<p>What types of skills training are being delivered to 16-24 year olds (ESF)?</p> <p>How many 16-24 years olds have achieved sustainable employment, education or training (ESF)?</p> <p>Has youth unemployment among 16-24 year olds reduced as a result of Structural Funds intervention, or other factors?</p>	<p>Desktop Data review.</p> <p>Participant survey.</p> <p>Comparison of Counterfactual Impact Evaluation (CIE) evidence on impact of different projects / schemes.</p>	<p>The MEG will be instrumental in the planning and development of the 2nd YEI evaluation.</p> <p>The MEG/ working groups will also help decide whether CIE is the best methodology to adopt.</p>
Article 56 CPR – Evaluation during the programming period				

Mid-Term	Reported to PMC in May 2017	<p>How programmes are performing relative to their stated aims and overarching objectives.</p> <p>Whether resources are being used in the most efficient and effective manner (i.e. could funding be used more successfully in different allocation?).</p> <p>What the scale of European Structural fund investment is relative to other contributing factors.</p> <p>What the most effective types of projects and schemes are, e.g. are some projects better at helping people into work than others?</p> <p>Whether across projects and schemes there is sufficient coverage of the objectives of the Programmes and is the balance of interventions appropriate?</p> <p>Whether the Programmes are on track to meet the performance reserve targets.</p> <p>Whether the implementation processes put in place by the MA's are effective for managing the Programmes?</p>	<p>Qualitative research with project / scheme and MA staff and programme stakeholders (e.g. PMC).</p> <p>Review of programme and project/ scheme documents</p> <p>Analysis of macro-economic/external issues affecting successful implementation of the Programmes.</p> <p>Questions asked in 'omnibus' surveys of the general public to test awareness of the Programmes.</p> <p>Qualitative research with project / scheme and MA staff and programme stakeholders (e.g. PMC).</p> <p>Qualitative assessment of the outcomes achieved, e.g. the types of jobs, levels and types of skills, types of businesses targeted; and whether these continue to match SG and EU policy priorities.</p>	<p>Extensive update of ex-ante baseline will be carried out by SG Analytical Services.</p> <p>External contractors will need to cover two aspects: whether the policy direction continues to be correct to contribute towards EU 2020; and whether the clustering of operations within Strategic Interventions is showing enough early signs of successful impacts and improved controls to continue, or whether stopping such interventions would be disruptive to long-term policy aims (e.g. where something new is being tried).</p>
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<p>Delivery Structures and Partnership Working within ESF and ERDF Programmes</p>	<p>Final report due in January 2022</p>	<p>Delivery of programmes in 2014-20 is dependent on organisations working closely together to achieve ‘more than the sum of their parts’. What factors make a successful partnership in this context, and can be replicated across the programme and into the future?</p> <p>Has the Lead Partner model adopted in the 2014-20 programme been successful in achieving outcomes?</p> <p>Whether the Lead Partner model would be one to continue into future funding programmes.</p> <p>Has the Lead Partner model helped maintain a consistent level of delivery?</p> <p>Has the Lead Partner model been flexible enough to allow adaptations mid-programme?</p> <p>Is the Lead Partner model sufficiently transparent?</p>	<p>Lead Partner, delivery agents and stakeholder interviews.</p>	<p>A contractor will be procured to deliver the work, Lead Partner groups will have an input role in designing the scope.</p>
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<p>The effect of funding in H&I Region</p>	<p>Final report due in February 2022</p>	<p>What impact funding has in the H&I region where economic and remote geographic conditions are unique, as recognised by its status as a Transition region.</p> <p>Whether there are types of projects where funding is particularly effective in these type of regions.</p> <p>Whether there are types of projects where funding is notably less effective in these types of regions.</p>	<p>Quantitative and qualitative assessment of impact in H&I communities.</p> <p>Assessment of projects in those areas – effectiveness in terms of results; effectiveness in term of prevention of negative impacts.</p>	<p>A contractor will be procured to deliver the work, HITC and Lead Partners in the Highlands and Islands will have a significant input role in designing the scope.</p>
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<p>Low Carbon thematic evaluation</p>	<p>Scheduled to commence in March 2022</p>	<p>Low carbon has seen a significant expansion of activity under the 2014 programmes. Is it delivering benefits?</p> <p>More benefits/impacts than in areas which are 'tried and tested' – Why?</p> <p>Has the 2014-2020 programme contributed towards Scotland's approach to Low Carbon.</p> <p>How has the level of investment through ESIF to benefits delivered compared to specific Low Carbon projects.</p> <p>Has there been sufficient flexibility to allow focus of funding to switch towards Low Carbon projects when needed?</p>	<p>Participant and beneficiary survey.</p> <p>Detailed interviews with lead partners.</p> <p>Desk based performance assessment from EUMIS and macro-economic updates.</p>	<p>A contractor will be procured to deliver the work, Lead Partner groups will have an input role in designing the scope.</p> <p>Participant and beneficiary survey to be undertaken, including capturing the additional amount of other investment levered in.</p> <p>Establish and review any evaluations already carried out within SG's specific low carbon policy areas.</p>
<p>Smart Growth and/or Inclusive Growth evaluation</p>	<p>Scheduled to commence in March 2022</p>	<p>Scope to be considered and developed during 2020. Potential topics may include:</p> <ul style="list-style-type: none"> • What impact has ESIF funding had on SME's? • More benefits/impacts on improving long-term unemployment than through funding available by other means. 	<p>Beneficiary survey</p> <p>Lead partner input</p>	<p>A contractor will be procured to deliver the work, Lead Partner groups will have an input role in designing the scope.</p> <p>Identify other areas of funding to improve long-term unemployment and review any evaluations carried out.</p>

Article 57 CPR - Ex post evaluation				
Ex-Post	2023/2024	Whether there are any over-arching achievements of the Programmes that can be summarised?	<p>Questions asked in 'omnibus' surveys of the general public to test awareness of the Programmes.</p> <p>Qualitative research with project / scheme and MA staff and programme stakeholders (e.g. PMC)</p> <p>Questions asked in participant and business surveys to test awareness of how their support was funded.</p>	