Final Report of the Evaluation

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Executive Summary

Introduction

In 2013, the Economic and Social Research Council (ESRC) commissioned a team from Leeds Metropolitan University’s Carnegie Faculty (LMU) to conduct a multi-centre impact evaluation of:

- The ESRC Centre for the Microeconomic Analysis of Public Policy (CPP).
- The ESRC Centre for Competitive Advantage in the Economy (CAGE).
- The ESRC Spatial Economics Research Centre (SERC).

The evaluation centred on non-academic impact including the outcomes from research and research-related activities. This included: **instrumental impacts** influencing the development and delivery of policy or practice; **conceptual impacts** contributing to the understanding of policy issues; and **capacity building** including contributions to technical and personal skill development among external stakeholders.

Conducted over six months, the evaluation combined ‘tracking back’ and ‘tracking forward’ approaches to assessing such impacts from each of these Centres. It has drawn on a range of evidence from monitoring and documentation, academic staff of the Centres and contributions from a range of non-academic stakeholders and users. A series of impact case studies have also been developed and are drawn on as illustrations throughout the report.

The Context of the ESRC Economic Centres

The Centres were funded through different award arrangements, with different start times and durations and all but CAGE were cross-institutional. CPP was the longest established, and secured the most substantial level of ESRC funding amounting to an average of £1.4 million a year in its most recent funding period, CAGE received about half this level and SERC much less. SERC core funding ended in 2013.

Centre funding levels reflected ESRC’s investment but not their overall research resources, and CPP’s ‘synergy’ funding model, in particular, generated substantial additional resources to support research and knowledge exchange activity. SERC’s ‘co-investment’ approach secured funding agreements from two government departments and one of the devolved assemblies, which also generated significant additional resources.

Each Centre had stable leadership and management arrangements in place during their period of funding, notably in the continuity of Centre direction. Each employed different research resourcing strategies but with all providing a degree of flexibility in the ability of external stakeholders to access expertise. Governance and advisory structures also varied and in CPP played a contributory role in supporting external engagement and impact generation.

Centre objectives and impact expectations

Centre activities, and impact potential, were closely aligned to their overall objectives and specifically:

- **CPP** focused on informed microeconomic analytical research and analysis across major public policy issues, underpinning the core research of the Institute for Fiscal Studies (IFS) and with a particular focus on modelling the behavior of individuals, households and firms to better understand public policy options and implementation.

- **SERC** aimed to provide high quality independent research to better understand disparities between cities and communities and to influence and improve policy decision-making at the national and local levels.
CAGE emphasised the interactions between markets, institutions and public policies, how these create and sustain competitive advantage in a changing global economy, and the influences on growth, deprivation and well-being in the short and long run.

None of the three Centres had specifically focused on ‘practice’ impacts and each had different philosophies in terms of responsiveness to current and emerging public policy issues. Expectations of policy impacts and responsiveness were most strongly embedded in CPP which aimed at: ‘... providing a capacity to respond promptly and authoritatively to policy developments as they happen’. This reflected a long established emphasis (of the IFS) for its research to be conspicuously applied and policy relevant. CPP stressed influencing policy through rigorous and non-aligned (independent) research which resonated with contemporary policy debates. This was supported by raising its profile with public policy bodies and the media, and activity to sustain its reputation for independence and rigour among these and other external audiences.

SERC and CAGE concentrated mostly on longer-term projects. In different ways both had expected their research impacts would come from progressive external influence, contributing to gradual shifts in public policy. For SERC, these were expected to be driven by co-investment with government departments, and at CAGE more by developing personal (researcher) networks with policy intermediaries and prospective users. Each Centre consequently recognised the importance of impact goals, but in each, senior managers remained cautious about how impact could be measured effectively or attributed to their research or related inputs.

Impact of CPP, SERC and CAGE

The three Centres achieved impacts in, at least, eight central government departments and non-departmental public bodies (NDPBs). Some Whitehall departments, such as HM Treasury, have experienced added value from all three Centres. CPP (and to a lesser extent SERC) have also achieved policy impacts with some of the UK’s devolved administrations, and for SERC also with local government, notably through its work on the Manchester Independent Economic Review. These have involved a range of instrumental and conceptual policy impacts, and some capacity building impacts for government or other external stakeholders.

To achieve these, each Centre operated largely independently and, beyond natural academic working relationships, there have been no substantial operational relationships between these three Centres. More specifically, the evidence shows:

- Policy impacts almost wholly centred on public policy influence both from analysis and interpretation of ‘new’ research (funded directly from the ESRC core investments in Centres) but in particular from harnessing past research. Across the three Centres, this emphasised both instrumental and conceptual impacts for central government policy (UK and England).

- New research has been most characteristic of CPP’s added value to policy makers including, for example, independent CPP studies of pension reform, the single tier pension, and of the pupil premium. This has been reinforced through established and often deeply embedded working relationships within the public policy arena.

- In SERC and CAGE most value for policy makers so far has been achieved by building on an often long legacy from past (pre-Centre) research including, for example, research on city and city-region development disparities and its influence on the ‘City Deal’ Initiative (from SERC) and alternative measures to Gross Domestic Product (GDP) and the subsequent National Well-being Programme (from CAGE).

- For all three Centres, a range of ‘research-related’ activities supporting non-academic knowledge transfer and exchange have been of particular importance to securing instrumental policy impacts. This has emphasised individual Centre staff working closely with policy makers as knowledge brokers and independent analysts, translating research (current and past) into implications for current and emerging policy. In CPP this was a broad based
capability involving a wide cross-section of research staff. For SERC and CAGE it emphasised a smaller cadre of senior and ‘policy sensitive’ academic staff.

- In all Centres, the ESRC funding played a vital role in providing resources to underpin knowledge transfer and wider engagement with government departments and agencies. This was central to each Centre’s ability not only to conduct and disseminate research but also to identify, create, and respond to potential opportunities for informing or influencing public policy. However, only in CPP did this seem to have significantly contributed to building the impact capabilities or evolving experience of early career researchers.

- Although operating in different ways, external funding (i.e. additional to that provided by the ‘core’ ESRC grant to Centres) has been especially important to securing policy impacts in CPP and SERC but of less significance to CAGE. In CPP, this centred on increasing capacity to resource a range of independent near-to-policy research and analysis across diverse public policy issues. In SERC, it emphasised co-investment by selected government departments (and devolved administrations) to help shape their research agenda and to forge working relationships and knowledge transfer inside government departments.

- Direct government funding for specific research projects was not a common feature of Centre research funding or impact generation. This was partly accounted for by a preference for independent and non-aligned funding sources (such as foundations and trusts) but also by shrinking budgets in central government for research and consultancy and constraints resulting from departmental interpretation of public procurement rules.

- Most public policy effects from CPP, SERC and CAGE came later in the policy formation process, although often drawing on established academic research such as the CPP’s research legacy on pensions financing and reform, CAGE’s contribution to the Future of Manufacturing review and SERC’s housing and price signals research on the National Planning Policy Framework.

- In none of the evaluation case studies, or from other evaluation evidence, could a specific policy idea or initiative be said to stem exclusively or largely from Centre research. Where contributions were made by Centres, and their impact recognized by stakeholders, they were often inter-woven with numerous other external influences often from non-academic sources and stakeholders.

- Centre impacts most commonly came ‘downstream’ and often through scoping of existing policy ideas, although not within a partisan context. This included contributions such as CPP’s work on the Single Tier pension and Pupil Premium, among others, and also technical advice such as work within CAGE on government’s use of National Well-being Measures and statistics. Analysis of options or policy viability was also important, and valued for its robustness, expertise and independence, notably from CPP but including the SERC work on price signals, planning and development control regimes. Tracking back evidence suggested most ‘new’ policy ideas came from aligned think tanks or other political sources or initiatives.

- Policy impacts outside the UK were emerging as a significant feature for CPP in Europe and North America but were not yet prominent for SERC. ESRC funding was supporting developing CAGE relationships with cross-governmental and international agencies. However, impacts here were thought to require longer investments in time and relationship building and in harnessing wider networks of international influence.

It is important to emphasise that impact on policy evolution and implementation took place in a multi-faceted arena of influence on policy makers. The identified impacts were important to policy makers but not unique in helping to shape policy direction. In addition, ‘influence’ and ‘impact’ need to be considered separately. Reviews of policy options and the general support provided by Centre staff were certainly valued by central and sub-regional government ‘users’. However, Centre engagement did not always shape policy thinking even where the analysis of researchers and any proposed policy pathways were clearly evidence-based.
In addition to the impacts generated, the evaluation also examined end-user experiences and whether, from their perspective, the Centres had positively affected impact generation. The following were identified as particularly important factors in contributing to securing influence and successful impact:

- A combination of Centre (and individual) commitment to independent evidence-based research, combined with pro-actively seeking and supporting non-academic knowledge transfer (and exchange) among potential users in the public policy community. The independence and authority of such analyses were as important to policy makers as the robustness of the analysis (which were often taken as read).

- Foresight, timeliness and currency of the research investments (and research selection and prioritisation arrangements in Centres) which emphasised the relevance and impact potential of chosen research themes. Timeliness of research focus and investments needed to be accompanied by responsive research and analysis strategies which could accommodate the timelines of policy making and policymakers.

- Investment in non-academic working relationships including embedded and recurrent joint activities with external stakeholders and user-organisations to help identify and resource impact opportunities and also to build user trust and confidence (of individual researchers).

- Prioritisation and active support for building and sustaining external working relationships and also appropriate and timely dissemination opportunities including working through mediators. This required responsive and flexible ‘staff release’ resourcing models within Centres.

- Effective and proactive Centre-level communication strategies, combined with researchers skilled in working with non-research communities in government departments and agencies, other stakeholders, including the media. A parallel and important skill was the willingness, and ability, of senior researchers to translate often complex research findings and implications to user audiences especially through policy-related and knowledge exchange events. Centres with a broad-base of staff skilled in these areas were better placed to take advantage of communication opportunities to promote research findings and their policy implications.

- Proximity of Centres and their staff to key stakeholder and user communities, in particular emphasising an expertise base and knowledge exchange facilities within central London.

Put together, the evidence shows that impact does not flow naturally from ‘excellent’ economic research, but is enabled principally by the reputation, pro-activity, engagement orientation and skills of individual researchers, and also by proximity to principal users and user organisations.

Implications for impact assessment

This ambitious methodology successfully combined tracking back with tracking forward methods, and shows the value of quasi comparative and multi-centre evaluation in understanding impact generation and its determinants. Applying the methodology has been challenging and has shown the crucial role in systematic impact assessment of ‘primary’ evidence collection in overcoming the limitations of available documentation and Centre monitoring information.

The evaluation concludes that much more should be required of Centres and other research investment, in terms of systematic and embedded approaches to impact monitoring. Moreover, the practicality and value of impact assessment should be inculcated among Centre staff. Creating a climate that is more informed and responsive to impact as an achievable and identifiable outcome of ESRC Centres will also better support future Council evaluation of its investments by providing for more formative, cost-effective and comprehensive impact assessment.

Substantial difficulties were experienced in applying tracking back approaches to collecting user evidence of specific Centre impacts. This was mainly because of the pace of change in central government, limitations of official documentary sources, staff churn and the practical constraints of staff recall. The evaluation suggests that there is scope for working with such constraints through
building a real-time approach to assessing emerging impacts. Although, the evaluation shows that recording anticipated or achieved impacts remains challenging for researchers, this may be better addressed by adopting a more progressive approach to recording. An approach is proposed for progressive tracking of impacts for selected research investments. This might usefully be supported, and reviewed for wider application, by ESRC through establishing funded trials which develop and implement appropriate monitoring and compliance approaches to progressively track impact-related activities and consequences.

**Recommendations**

For these Centres, and other similar ESRC research investments, the evaluation proposes:

a) Greater flexibility in Centre and programme funding to support ‘reactive’ research, knowledge translation and transfer activities which build and sustain priority external relationships.

b) Developing strategic frameworks for cross-Centre, and cross-ESRC investment to build synergies to better mobilise and support multi (and intra) disciplinary collaborations.

c) Deepening the opportunities for direct engagement within ESRC Centres/major investments of early and mid-career researchers with external stakeholders and in particular within policy (and practice) user communities, and systematically developing relevant skills.

d) Requiring Centres/large investments to provide for systematic collection and monitoring of external engagement and impact-related activities underpinned by an enhanced requirement to report impact assessment annually to advisory groups (and for ‘Troika’ review).

e) Requiring funded ESRC Centres to produce in their first year an underpinning Impact Delivery Framework, with appropriately resourced direction, support and monitoring.

f) Ensuring support for impact is a distinctive focus in the development and constitution of ESRC Centres’ governance structures, including for oversight of Centres’ generation of impact opportunities.

More generally we also propose:

h) Reviewing the need, and cost-effective scope, for providing a cross-Centre ESRC facility to provide for shared or common seminar, workshop and knowledge exchange facilities in central London accessible to Whitehall departments and other central London-based government agencies, and for smaller parallel facilities in Belfast, Cardiff and Edinburgh.

i) Commissioning a broadly-based and user-focused review across central and devolved government of the necessary user staff skills, capabilities, structures, working relationships (and constraints) that support effective engagement within departments and agencies with the impact potential of ESRC investments.

Despite evident successes in informing many public policy decisions by these Centres, the evaluators have also been conscious of a mixed enthusiasm for securing external non-academic impact from research and more widely for impact assessment among contributing academic staff. Measures taken to build academic staff commitment to securing policy and practice effects may be more effective, if ESRC seeks to further clarify its expectations of measuring impact to emphasise the identification and exploitation of ‘impact opportunities’ for informing or influencing policy (and practice).

The experience of these Centres shows that they, and at least some of their staff, have the ability to generate influencing opportunities, but in a multi-lateral policy development process they have little or no leverage on the outcomes of that influence. We believe this reflects the evidence of the impact generation process from this evaluation, and such action would be well aligned with ESRC’s expectations of being able to provide for measurement of returns from its investments.
Section 1 Introduction

1.1 The evaluation

In August 2013, the Economic and Social Research Council (ESRC) commissioned a team from Leeds Metropolitan University’s Carnegie Faculty (LMU) to conduct an impact evaluation across three of its economics Centres. Over six months this has drawn on a wide range of evidence from documentation, staff of the Centres and a range of non-academic users. This draft final report looks at the focus, background and context of the three Centres, the evaluation findings and implications.

1.2 Aim and objectives

The evaluation focused on non-academic impacts from three very different economics investments:

- The ESRC Centre for the Microeconomic Analysis of Public Policy (CPP).
- The ESRC Centre for Competitive Advantage in the Economy (CAGE).
- The ESRC Spatial Economics Research Centre (SERC).

This builds on past work by the ESRC Evaluation Committee into policy and practice impacts from research investments, including impact evaluation techniques which have highlighted ‘tracking-forward’ assessments\(^1\), and more focused (but as yet less commonly applied) in-depth ‘tracking-back’ case studies\(^2\). This is the first review for ESRC to combine both of these methods. It aimed to:

- Identify ways in which Centre research has been utilised and applied by non-academic users.
- Assess the degree to which the Centres’ research (and related activities) have contributed to, or influenced, policy or practice.
- Evaluate the processes, and determinants, of impact generation.
- Identify and analyse the effects of any cross-Centre synergies on impact generation.
- Identify good practice and lessons learned, to support the development of impact generation.
- Reflect on the impact evaluation methodology to inform future impact evaluation studies.

The focus of the evaluation has been on non-academic impacts including the contributions from research and research-related activities to generate: instrumental impacts, helping to shape or influence the development and delivery of policy or practice; conceptual impacts, contributing to the understanding of policy issues and/or reframing policy-related debates; and capacity building through contributions to technical and personal skill development among non-academic stakeholders.

The scope of the evaluation was limited to such impacts generated or supported during the funded period of each of the three Centres\(^3\). These timeframes were very different for each of the Centres, with implications for the depth and breadth of impact likely to have been secured. Although focusing on non-academic impacts in the UK, the evaluation has also taken into account international effects.

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\(^1\) Typically using a mixture of primary and secondary evidence to review the evolving impact experiences of researcher and engaged users.

\(^2\) Focused on specific outcomes such as policy changes put in place, new policy measures or practices implemented so as to identify and review distinctive social science inputs to impact processes and achieved effects.

\(^3\) This has also included any extension or transition funding – notably for SERC.
1.3 Evaluation scope and approach

The evaluation has built an approach combining a formative and summative focus and through a five-stage evaluation methodology\(^4\). This is described further in Annex A and focuses on:

| Stage 1: | Inception design and steering of the evaluation including agreement on the evaluation tools. |
| Stage 2: | Review of ESRC/centres documentation/MI and centres experience (Centre Directors, key staff/advisory) experience, and semi-structured interviews with 19 staff (see Annex B). |
| Stage 3: | Identification of non-academic users and interviews with 17 staff in 10 ‘principal user’ organisations (Annex C) supplemented with 11 further user telephone interviews. |
| Stage 4: | Selection and conduct (and verification) of nine impact case studies, involving a mixture of in-depth ‘tracking-back’ (Annex D) and ‘tracking forward’ (Annex E) approaches. |
| Stage 5: | Collation, team review and analysis, and staged reporting including the October interim report and this final report. |

The evaluation progressed to plan, with minor adaptations, with extensive support and co-operation from within the three Centres and broad (but variable) co-operation from a diverse range of users, including senior staff across seven government departments, non-departmental agencies and also a smaller number of private sector and non-governmental agencies.

1.4 The report

This final report provides a condensed assessment of the evaluation and is supported with a separate report bringing together the impact case studies (see summary in Annex F). Following this introduction, it looks at:

- The operating context of the evaluated Centres (section 2).
- The objectives and impact expectations of the three Centres (section 3)
- The findings on the achieved impact of CPP, SERC and CAGE, including how and where research has been utilised, cross-Centre synergies and transferable experience (section 4)
- The wider implications for impact assessment of ESRC investments (section 5).
- Conclusions and recommendations (section 6).

The report is supplemented by six annexes providing supporting details for: The methodology and its effectiveness (Annex A); Interview schedules for the academic interviews (Annex B), principal users (Annex C); tracking back case studies (Annex D) and tracking forward case studies (Annex E). Annex F also provides the nine impact case studies, validated with users, and with separate summaries also provided to ESRC for wider dissemination.

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\(^4\) The methodological detail was set out in the Framework Plan\(^4\) for the evaluation in September 2013.
Section 2  The Context of the ESRC Economic Centres

2.1  Introduction

The three Centres share the common feature of a focus on economics-centred research, of being designated an ESRC Centre, and securing core funds from the Council. Beyond that they have little in common and this section looks briefly at their characteristics for:

- Their origins, set up and overall funding.
- Centre organisation, direction and staffing resources.
- Centre governance and steering.

This overview is complemented by Section 3 which outlines the research focus, programme and priorities and impact aspirations of the centres.

2.2  Origins, set up and funding

The Centres were funded through different award processes with different start times (Figure 2.1) and all but CAGE were cross-institutional. CPP is the longest established, and secured the most substantial level of ESRC funding. Its origins go back to 1991 (though CPP was an integral part of IFS which has a longer history) and current funding extends to 2015. CAGE is the most recently funded also with a large research investment but a shorter funding duration from 2010 to 2015. SERC was a smaller investment for its funding period of 2008 to 2013 and has concluded its funding as an ESRC Centre.

Figure 2.1  Centre start-up, duration and funding

<table>
<thead>
<tr>
<th>ESRC Centre for the Microeconomic Analysis of Public Policy (CPP)</th>
<th>ESRC Centre for Competitive Advantage in the Global Economy (CAGE)</th>
<th>ESRC Spatial Economics Research Centre (SERC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead institution(s)</td>
<td>University of Warwick</td>
<td>London School of Economics and Political Science (LSE); University of Swansea; University of Newcastle</td>
</tr>
<tr>
<td>ESRC budget</td>
<td>2010 – 2015</td>
<td>£913,268.79</td>
</tr>
<tr>
<td></td>
<td>£2005 – 2010: £5,339,981.05</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010 – 2015: £7,048,718.80</td>
<td></td>
</tr>
<tr>
<td></td>
<td>£3,668,821</td>
<td></td>
</tr>
</tbody>
</table>

Source: ESRC grant offer; annual report(s)

These funding levels reflect ESRC's investment but not their overall research resources. CPP’s ‘synergy’ funding model, for example, sees ESRC funding as providing the core resources for capacity and core support of research formulation, and providing leverage to securing additional

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5 At the time of writing CAGE’s planned second phase funding was the subject of an ESRC ‘re-bid’ process, with a reshaped research programme building on ‘Phase 1’. ESRC’s decision was not available at the time of writing.
project specific funds mainly from foundations, trusts, specific project and initiative funds also from ESRC, and other sources vital to implementing studies.

SERC, by contrast, had a co-investment funding model with formal core-funding agreements with selected public bodies with shared interests. Through this, the Department of Communities and Local Government (DCLG) from 2008-2011, and Business Innovation and Skills (BIS) 2008-2011 and 2011-2013, and the devolved administration in Wales, added substantially to core resources, and also influenced SERC research strategy.

2.3 Centre organisation, direction and staffing

Figure 2.2 below summarises the position for Centre direction and staffing. Each was led by a Centre Director drawn from the permanent academic staff of the lead institution and supported by co-investigators including from partner institutions. The Centre direction was stable in each of these Centres during the period being evaluated\(^6\).

**Figure 2.2 Summarised the ESRC’s Centres resourcing at September 2013**

<table>
<thead>
<tr>
<th>Centre Director</th>
<th>ESRC Centre for the Microeconomic Analysis of Public Policy (CPP)</th>
<th>ESRC Centre for Competitive Advantage in the Global Economy (CAGE)</th>
<th>ESRC Spatial Economics Research Centre (SERC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre Director</td>
<td>Professor Richard Blundell, UCL and IFS</td>
<td>Professor Nicholas Crafts, University of Warwick</td>
<td>Professor Henry Overman, LSE</td>
</tr>
<tr>
<td>Co-investigators</td>
<td>Professor Orazio Attanasio, UCL</td>
<td>Professor Sascha Becker, University of Warwick</td>
<td>Dr Steve Gibbons, LSE</td>
</tr>
<tr>
<td></td>
<td>Professor James Banks, University of Manchester and IFS</td>
<td>Professor Stephen Broadberry, LSE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Professor Rachel Griffith, UCL and IFS</td>
<td>Dr Anandi Mani, University of Warwick</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dr Imran Rasul, UCL</td>
<td>Professor Sharun Mukand, University of Warwick</td>
<td></td>
</tr>
<tr>
<td>Research staff</td>
<td>41 full-time researchers of IFS.</td>
<td>27 Internal Research Associates – mostly from the Department of Economics at Warwick with some other UK and overseas academics.</td>
<td>21 research staff (mostly at the LSE).</td>
</tr>
<tr>
<td></td>
<td>CPP/IFS Research Fellows from other institutions (typically engaged 1-2 days a week).</td>
<td>3 post-doctoral fellows.</td>
<td></td>
</tr>
<tr>
<td>Other resourcing</td>
<td>IFS Research Associates may also contribute to CPP projects.</td>
<td>44 External Research Associates (mostly overseas)</td>
<td>30 research affiliates from UK and overseas institutions.</td>
</tr>
</tbody>
</table>

**Source:** ESRC grant offer; annual report(s)

\(^6\) From October 2013 Dr Gibbons undertook the role of Director at SERC, with Professor Overman taking on the Direction of the then recently established ‘What Works’ Centre for Local Economic Growth at the LSE.
Resourcing models varied across the three Centres, although both SERC and CAGE focused on ‘buy-out’ models of (mainly) existing academic staff at the host institution(s). This involved a mixture of early/mid-career and senior faculty staff. At CPP, research resources centred almost wholly on the full-time IFS research staff that were recruited predominantly as early career researchers and who were the mainstay of their research and analytical capacity. All Centres also had dedicated support staff providing financial, administrative and communications support, and some aspects of Centre management.

2.4 Governance and steering

Reflecting wider ESRC guidance, the governance arrangements at each Centre shared many similarities. Each had an Advisory Board at CPP constituting nine high-level UK and overseas academics and high-level external stakeholders such as the Deputy Governor of the Bank of England. The group had some cross-membership with the IFS Advisory Board which also included senior representation from government departments and this helps ensure a high-degree of integration. SERC and CAGE had more loosely constituted advisory and reference groups, with the CAGE advisory group also including senior media representation.

Steering arrangements were varied with each Centre and with programme structures. At CPP, the IFS Director and Deputy Director were also directly engaged in Centre steering and also CPP strategy and delivery.

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7 Although SERC and CAGE had slightly different models, buy-out typically involved agreed protocols with host/other institutions to fund specific staff release to work with the Centre on the basis of a proportion of their time being bought out from the Centre funding.
8 From the University of California, Berkeley; University of Tilburg; Toulouse School of Economics; and in the UK the London School of Economics; University of St Andrew's.
9 For example, the IFS Deputy Director heads the CPP Direct Tax Group.
Section 3 Centre objectives and impact expectations

3.1 Introduction

The antecedents of each Centre, their objectives and expected impacts in relation to ESRC funding were summarised here for:

- The general research objectives for each of the Centres.
- An overview of programme and project priorities.
- An overview of Centre aims or knowledge exchange and external engagement.
- A review of the impact expectations of the Centres.

The evidence is drawn from grant (commissioning) letters and other ESRC documentation, Centre websites, and discussions with Centre Directors and other senior academic staff.

3.2 The Centres’ research objectives

CPP’s goal was to carry out core analytical research that would allow informed microeconomic analysis across major public policy issues. Its focus was on the careful modelling of individual, household and firm behavior, combining leading-edge empirical analysis with detailed understanding of policy options and implementation. In this, CPP underpins the IFS core research with its analytical teams and facilities inter-woven and effectively indistinguishable, and providing a capacity to respond promptly and authoritatively to policy developments as they happen.

SERC aimed to provide high quality independent research to aid understanding of why some regions, cities and communities prosper, whilst others do not, exploring disparities, effects and potential remedies at all spatial levels. The Centre also aimed to influence and improve policy decision-making at the national and local levels, connecting UK policy makers with international expertise, research and good practice in diagnosing and tackling such differences.

The research programme at CAGE examined the ways in which markets, institutions and public policies interact to create and sustain competitive advantage in a changing global economy, how such advantage evolves over time and how it influences growth deprivation and well-being in the short and long-term. The unifying focal point was managing change with regard to sustaining growth and supporting well-being, examining success factors (on average and in particular country settings) and how to cost-effectively realise benefits.

3.3 Overview of programme and project delivery

CPP had a thematic focus seeking to make significant advances in understanding across a range of policy relevant areas, including: wages, human capital and education; labour supply, health and retirement; savings, housing and consumer behavior; firms and corporate behavior. Its specific work programme was forged through regular (six-weekly) reviews of funding and priorities and from ongoing and often informal discussions and debate on emerging issues among CPP/IFS teams.

SERC and CAGE had a more specific programme focus. At SERC this focused on five programmes: (i) The scale and nature of UK spatial disparities; (ii) The causes of spatial disparities; (iii) Housing and land markets; (iv) The structure and evolution of the spatial economy; (iv) Spatial economic policy and governance. Core funding for SERC from ESRC has now concluded, following transition funding between 2011 and 2013, although its activities continue including through the important focus of the What Works Centre directed by Professor Henry Overman, the former SERC Director.
CAGE research to date was organised around three research questions: (i) What explains catching up, forging ahead or falling behind in economic growth over the long run? (ii) What permits countries to adjust successfully to new opportunities presented to global economic development? (iii) When does succeeding in the global economy translate into reduced deprivation and enhanced general well-being? Its ‘Phase 2’ programme was subject to confirmation of award for funding to 2015 from its Autumn 2014 ‘re-bid’ to ESRC.

3.4 Knowledge exchange and external engagement

The approach to engagement emphasised by CPP encompasses pro-active links with policy makers through fixed and themed events (notably conferences and seminars), the development of personal networks, and measured and timely communication with the media. Engagement rests on relevant and robust research outputs by researchers familiar with the academic and policy worlds. SERC’s approach to engagement relied heavily on early departmental co-investments (DCLG, BIS and Welsh Government) to build policy networks, but as with CPP had a strong commitment to widening influence by promoting its work in the media. Engagement was generally seen as ad hoc, with the aim of gradually shifting the approaches adopted by policy makers through a portfolio of quality research responsive to the policy world.

CAGE highlighted the importance of improving its profile through a set of communication strategies which would, in turn, created opportunities for impact. These involved producing outputs, such as research reports, the 2013 policy report and policy briefings, as well as conferences, and seminars including collaboration with Chatham House, and through embedded use of social media.

3.5 Impact expectations of the Centres

CPP (IFS) had a strong underpinning philosophy emphasising its research being responsive and current, and conspicuously policy relevant. This reflected a long established applied focus for IFS, and for CPP an explicit and prominent concern to influence policy by undertaking rigorous research and analysis resonating with contemporary policy debates and emerging public policy issues. In this, the high public (media) profile of the IFS, and its reputation for rigour and relevance underpin its expectations for impact as policy makers and politicians take note of their analyses.

SERC’s expectation was that its financial model enabled a concentration on longer-term projects which were seen as a way of maintaining its independence, as well as rigour, and which it anticipated would strengthen its claim to influence. This anticipated impact from its activities coming from mainly gradual shifts in policy and supported by co-investment with government departments.

At CAGE, impact expectations rested largely on maintaining excellence in particular research areas, pro-activity in communicating findings and in developing personal (researcher) networks. Its impact emphasis was on broad dissemination (including targeted use of social networks and other technological enablers) and gaining influence and shaping public discourse. This included knowledge exchange collaboration with Chatham House and (now) others, a visiting programme of six Policy Fellows with the Government Economic Service and Social Market Foundation. CAGE also planned a similar knowledge exchange collaboration to that with Chatham house in ‘Phase 2’ funding.

Centres consequently interpreted policy-related impacts in different ways, with different underpinning philosophies of responsiveness. None specifically centered on ‘practice’ impacts. Although each recognised the importance of impact goals, the evaluation suggested they remained cautious about how impact could be effectively measured or attributed to Centre inputs. One Centre Director characterised this as the ‘patent problem’ in: ‘... unpicking just who owns what outcomes and from what’.

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10 CPP/IFS researchers often share their time between the IFS and, notably, UCL with whom they share proximity and some common staffing.
Section 4: Impact of CPP, SERC and CAGE

4.1 Introduction

A picture of the impacts across the Centres is brought together here to show:

- How research has been utilised and applied by research users.
- The extent of impact on policy and practice.
- Why and how impact has been generated – the impact enablers and determinants.
- Synergies between the Centres on impact generation.
- Issues arising for the transferability of the experience of these three Centres.

This draws on the discussions with academic staff, principal and other users, and from conducting the nine case studies (set out individually in Annex F) to identify, diagnose and illustrate some of the outcomes from these ESRC investments.

4.2 How research/research activities have been utilised and applied

The evaluation shows a mixture of short-term impacts often from new research and analysis, and longer-term knowledge transfer outcomes often drawing on much earlier research. Across both, ‘research-related’ activities were of particular importance to enabling impacts, typically with Centre staff acting as knowledge brokers, translating past and current research into implications for particular policy proposals, initiatives and development. In SERC and CAGE especially, the research drawn on often had a long legacy, often conducted before Centre formation. Illustrations of this included the contribution made to the reform of the planning system and planning guidance within DCLG (Case study E). This drew on research into the importance of price signals in the planning process by Professor Cheshire and others, with some contributions dating back to the late 1970s.

### SERC and the National Planning Policy Framework (and Guidance)

- **SERC’s track record in related research has made a significant contribution to DCLG in developing its reforms to planning policy.**
- **Individual SERC staff contributed research on the use of price signals and identifying policy options for planning practice and guidance.**
- **The DCLG Analytical Directorate especially has valued the evidence and policy-facing focus to guidance issues.**

The 2012 National Planning Policy Framework (NPPF) sets out planning policies for England and how these are to be applied by local authorities in their plan making process and in dealing with planning applications. The NPPF has brought with it a number of changes to the way the planning system is structured and functions including the introduction of the concept of using market signals, such as land values and houses prices, in the planning process.

SERC’s established research on planning and housing policy issues was acknowledged and valued by DCLG policy analysts and policy makers, including much earlier work carried out largely by Professor Paul Cheshire. DCLG recognises that this has made an active and positive contribution to research and policy development particularly through challenging existing policy and stimulating debate on the economic impacts of policy interventions. This has been used to underpin the work of the DCLG Analytical Directorate, informing the understanding of market signals and embedding these in NPPG.

The continuity and consistency of SERC research, its policy orientation, clarity and constancy of policy messages has been crucial to its contribution on market signals in the Framework and guidance. Without SERC’s contribution the policy and the policy guidance outcomes would have been less credible and robust.

**Further information:** See Case Study E; Annex F
Another illustration in SERC was the contribution in particular to the ‘City Deal’ Initiative (Case study F) and the subsequent inclusion of ‘fast growing cities’ in wave 2 of the multi-departmental initiative led by the Cabinet Office. Although ‘City Deal’ was a new area for policy, the contribution drew directly on a long legacy of research by Professor Overman into the nature of contemporary urban economic development and growth.

SERC’s impact on the Government’s ‘City Deal’ Initiative

- SERC’s impact has stemmed from the use of research-based evidence (and knowledge transfer) to help policy makers conceptualise the initiative.
- SERC has also made timely contributions to helping to operationalise City Deal and crucially to defining the targeting and reach of the initiative as it was being rolled-out in Wave 2.
- Impacts have resulted from sustained engagement with policy makers, and a broad approach to SERC dissemination and communication of policy implications.

‘City Deals’ have evolved since 2010 and the Initiative has been developed to provide for bespoke sets of decentralised powers and budgets to targeted large city authorities (or wider areas) outside London. These aimed to stimulate locally responsive growth and job creation. Developed over two waves, the first eight City Deals (with England’s largest cities) were announced in September 2012 and expected to create 175,000 new jobs. Wave 2 development is now underway for a further 20 cities. Many different expert communities have influenced City Deal, but SERC’s contribution through Professor Overman has been described as especially broad and significant, including conceptualising City Deals as set out in the ‘Unlocking Growth’ White Paper.

A particular influence was from pre-SERC research and its first ‘policy paper’ on city regeneration and regional economic development which was widely credited as providing an evidence base from which the initiative subsequently developed. There were also contributions to operationalising the concept especially through defining the targeting and reach of the initiative for wave 1 and especially wave 2, together with some wider impacts on the focus for specific City Deals. SERC was also said to have influenced the framework for evaluating the effectiveness of City Deals.

The effectiveness of this engagement has drawn on the evidence base developed and disseminated at SERC, and where ESRC’s co-funding and designation was seen as underpinning capacity. This was aided substantially by the quality of overall communications from SERC, notably its policy briefs, timely and influential blogs, briefing events, and from the knowledge exchange and dialogue stemming from the co-investment by DCLG and others which came at a critical time in the conceptualisation of City Deal. SERC has also been able to draw on a ‘winning mix’ of robust and timely evidence with trusted, credible and effective communicators able to work at various levels of policy influencing. SERC was also valued for its wider knowledge of city situations and initiatives, and its broad networks.

Further information: See Case Study F; Annex F

Long-established research and scholarly contributions by key academics in CAGE have also made important contributions to policy development and its implementation. In particular, the 16 years of work by Professor Oswald on alternative GDP measures and well-being (including with the Stiglitz Commission), and his later (2011-2014) contribution while at CAGE with the UKs National Well-being Programme of the Office for National Statistics, and the later multi-departmental Cabinet Office led initiative to roll-out well-being indicators and analysis (Case study G).
In CAGE also, the equally long-established research and reputation of its Director Professor Crafts on industrial strategy and economic development, and his substantial contribution to the 2010 and 2013 cross-departmental review of the Future of Manufacturing for the Office of Science (Case study H).

CAGE and the National Well-being Programme, National Well-being Measures (NWBMs)

- Expert input to the Stiglitz Commission as ‘a game changer’ in making a compelling case for developing and implementing NWBMs.
- Contribution to informing the national debate to help build credibility and understanding of the viability of well-being measures through expert advice to high-level fora, publications and engaging with national media.
- Continuing role in technical advice to government departments in how best to use, and interpret, data from NWBM for policy use.

Professor Oswald’s research into well-being and the limitations of economic indicators started in the late 1990s, and has been a crucial part of a very long process of influence on the subsequent National Well-being Programme, and later National Well-being Measures in the UK. His early publications influenced the 2002 Government Report on Life Satisfaction (UK Cabinet Office Strategy Unit) and were an important contribution to kick starting a wider debate in the UK and elsewhere, and also in 2007 the European Commission’s ‘Beyond GDP’ project. A year later he was one of three UK experts invited to join the Stiglitz Commission on The Measurement of Economic Performance and Social Progress set up by President Sarkozy of France, and alongside the OECD’s Better Life Initiative and Work (set up a year later) this was a watershed in the developing of the National Well-being Measures (NWBMs).

The UK’s Office for National Statistics (ONS) started an internal review in 2009-10, with the National Well-being Programme launched by the Prime Minister in 2010 with Professor Oswald joining its High-level Advisory Forum. Here he made a distinctive contribution to the Programme and Forum, with further publications making important contributions to informing opinion including numerous and highly valued media contributions on behalf of ONS and the Programme. Later in 2011 ONS implemented the UK’s first National Well-being Measures.

His influence continues through working with the Cabinet Office and ONS and other departments to harness the NWBM potential. This has included active contributions at CAGE through the Government Economic Service (GES), seminars in HM Treasury and the Department for Communities and Local Government (DCLG) and working directly with the each department to provide technical guidance on the use and manipulation of the new data for policy purposes.

Further information: See Case Study G; Annex F

CAGE Impact on the UK’s Future of Manufacturing Review

- Contributory impact on the formation of the Review, its working arrangements and focus.
- Impacts stemming especially from relating his underpinning specialist knowledge to the ‘foresight’ policy environment.
Between early 2012 and late 2013, Professor Nick Crafts of CAGE made an extensive and high-profile contribution to the UK Government Office for Science foresight review of the long term drivers of change facing the UK manufacturing sector, and implications for policy makers. The review involved an Industry High-level Stakeholder Group chaired by the Secretary of State for Business Innovation and Skills (BIS) and a Lead Expert Group of eight academic and industry experts chaired by Sir Richard Lapthorne with Professor Crafts as one of its nine members. Working with other expert leads, Professor Crafts made had a substantial impact on the review, and its conclusions, which has been widely welcomed by industry.

Professor Crafts was an early contributor to scoping the work, and to formulating its conceptual framework, and had a continuing engagement through the whole review process, contributing directly to 12 meetings of the Lead Expert Group, evidence collection and high-level assessment. He also provided guidance on commissioning expert authors and reviewers of the 37 evidence papers, co-authoring one of these, acting as moderator for 10 of these papers and also contributed through informal dialogue and support to the cross-departmental technical project team. He was a co-author of the final report, helping to draw together the implications for the shape and focus of future policy.

Central to his impact has been his long standing knowledge of industrial strategy and public policy responses, with his expert input described as ‘highly responsive and an always accessible contribution’. He is credited as having a substantial impact on the ‘systemic’ analysis of the overall review and in particular on the novel proposals for a systems approach to industrial policy and a framework for policy levers based on the concept of ‘global manufacturing value change’. He continues to work with BIS and other officials in the process of embedding the final findings.

Further information: See Case Study H; Annex F

Also within CAGE, the contribution of Professor Scharf in providing evidence-based commentary to question the proposed reform of tax treatment of Gift Aid, drew on pre-CAGE research with colleagues at the University of Bristol (Case study I). Professor Scharf’s engagement with these proposals was widely credited within the sector with helping to reverse HM Treasury and HMRC proposals from the 2011 Autumn Statement and is reviewed later in this section.

At CPP, the focus on often ‘near-to-policy’ research has seen a closer association between impact and ESRC funded research, with CPP described by its senior staff as:

‘… applied and at the hard edge of (research into) tax and pension policies’.

Here, the ‘applied’ focus successively balanced relevance and currency (to current or emerging policy agendas) with academic potential, although at times drawing on a long ‘back catalogue of CPP/IFS research on specific public policy issues such as pensions policy drawing on a 22 year legacy of IFS research’

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11 For example since their substantial research contributions to working groups and the final reporting of Carnegie Inquiry into the Third Age in 1991.
For CPP/IFS achieving this balance was central to the on-going selection of projects for its research agenda\(^\text{12}\). This was achieved by seeking a balance between academic ‘innovation’ (defined as the potential to secure refereed journal publications) and policy relevance (where currency is indicated by the potential to secure additional and external research funds to take forward the proposed theme).

Impact examples have included substantial contributions from 2010 to 2012 in influencing the design and roll out of the Department for Education (DfE) Pupil Premium (Case study B), and research towards reducing the fiscal and other effects of the proposed single-tier pension.

\(^{12}\) CPP selection and research prioritisation processes seek a balance between academic ‘innovation’ (defined as the potential to secure refereed journal publications) and policy relevance (where currency is indicated by the potential to secure additional and external research funds to take forward the proposed theme).
informing the Patent Box Initiative (Case study C) of HM Treasury and HMRC. In these and other examples, the relationship between the research funding, its foundations and provenance, and subsequent impact is multi-faceted. For SERC and CAGE this involved very long lead-times, and from research not always seen as ‘near policy’ when started. Here, a critical contribution of the Centres (and ESRC’s funding of them) has been providing resources for individuals to identify and engage with subsequent impact opportunities which have the potential for influencing policy. Funding, and funding sources, have been important in other respects. SERC’s co-investment from both DCLG (2008-2011) and from DIUS/DBRR/BIS (2008-2011; 2011-2013), among others helped shape its research agenda and supported research (and dissemination\textsuperscript{13}) for policy intelligence.

elsewhere direct funding from departments was uncommonly a feature of shaping Centre research, although more apparent (for CPP) with the devolved administrations. CAGE and SERC were especially keen that their research agendas, and reputations for independence, should not been disrupted by short-term contract funded research work with, for example, departmental policy teams.

\textsuperscript{13} For example, specific activities and liaison through departmental policy and analytical teams, and regular knowledge exchange events through departmental workshops and events and ‘policy picnic’ seminars.
Where these Centres secured departmental funds, these tended to be low-cost\textsuperscript{14} or in kind contributions\textsuperscript{15} for non-research activities. Although these relationships were not always clear\textsuperscript{16}, neither Centre actively sought to embellish their core-research funds through short-term research.

This situation seemed well aligned with the evolving circumstances for users especially in central government. Outside of the co-investment of SERC by DCLG and BIS, users commonly expected to work with staff at these Centres on an essentially un-funded basis through policy seminars, departmental conferences, working groups, and even technical support to analytical and policy teams\textsuperscript{17}. For users this provided flexible and responsive inputs without resort to rigid procurement processes\textsuperscript{18} which involved formal notification processes, time-delays, and demands on (diminishing) budget heads. In general, staff from the Centres were willing and able to work on this basis.

CPP operated differently, to long established principles, and networks, to secure ‘external’ funding from ESRC, foundations and trusts\textsuperscript{19}. This gave them complete control over methodology, enabling robustness and also ensuring the resulting analysis was seen as independent and free of any partisan influence. For CPP, gearing project support to the need to secure external funding for part-costs of the research also re-enforced its ability to focus on relevant and near-to-policy research.

4.3 Impact on policy and practice

The evaluation shows that a distinction needs to be made here between identifying contributions to informing (and improving) policy and being able to measure the scale or nature of any such impacts.

Consequently, one departmental official who had experience of working with one of the Centres in no less than three central government departments observed:

“These people are valuable, and valued … (they) are far and away ahead of where we are at, and they make a difference … I just cannot say how much”.

The focus here is consequently on identifying impact contributions, and also looking at the success factors that underpin impact generation, and not on precise attribution and measurement. In this, the evidence shows most policy impacts from CPP, SERC and CAGE came later in the policy formation process.

Few direct contributions were associated with the initiation of specific policy issues or initiatives, and where they were the contribution of Centres or the individuals in them was unclear and often interwoven with numerous other influences. Consequently, Professor Oswald’s contribution to the debate on alternative GDP measures and well-being was acknowledged and long standing, including his contribution to the watershed Stiglitz Commission\textsuperscript{20}. However, his impact on policy ideas (and measures) was less distinct – with other high-profile academics in the UK and internationally having important voices both within UK fora and with international (OECD and European Commission) expert groupings influencing UK developments. Even within the UK’s National Well-being Programme (Case

\textsuperscript{14} For example, Professor Crafts long engagement with the Future of Manufacturing Lead Expert Group was ‘per diem’ funded by the Governments Office for Science.

\textsuperscript{15} Departmental budgets funded the CAGE ‘Policy Fellows’ and visit programme.

\textsuperscript{16} Confusion could arise where the academic staff of Centres were part-released (and part funded by) host institutions and departments, working on in-Centre and departmental projects, and where it was not clear (to the evaluators) how externally funded or co-funded projects were attributed to Centre or departmental budget heads.

\textsuperscript{17} Specifically, the costs of staff/release and incidental costs were expected to be met by each of these Centres or their associated institutions. For some departments, since 2011 reductions and further pressure on departmental research and consultancy budgets meant this was the only basis on which they could engage with such staff.

\textsuperscript{18} Departmental procurement (above low levels) required open tendering/framework sourcing, and/or high-level departmental sign off, which compromised access to specific expert individuals in these Centres (or elsewhere).

\textsuperscript{19} CPP had a track record of securing research funds for ‘near to policy’ research from, for example, the Joseph Rowntree Foundation; Sutton Trust, and Esme Fairburn Trust.

\textsuperscript{20} The Commission on the Measurement of Economic Performance and Social Progress (Stiglitz-Sen-Fitoussi Commission), founded by President Sarkozy in 2008-9 and including Professors Oswald, Stern and Atkinson from the UK as expert members.
Study G) Professor Oswald was one of 25 expert members having a collective influence on the subsequent ONS indicators and National Well-being Measures (NWBM).

In none of the other eight case studies, or from other evaluation evidence, could a specific policy idea or initiative be said to stem exclusively or largely from Centre research or staff. Tracking back suggested most came from political initiatives and any non-governmental influence on early formation of policy ideas was more likely to come from aligned think tanks or representative bodies than from social scientists in these or other research Centres.

Some of the activities of the Centres were associated with scoping of initiatives or their viability (e.g. funding implications or market assessment) although not within a partisan context. Consequently, CPP/IFS staff made an acknowledged contribution to shaping the direction of the Pupil Premium (Case study B), as a result of CPP recognized early its likely significance to the (then) forthcoming 2010 parliamentary elections, leading to a policy issues paper and pre-election mini conference.

**CPP/IFS contribution to shaping the Pupil Premium**

- In the run-up to the 2010 general election and with two parties looking at a Pupil Premium, CPP/IFS analysed the major issues in a policy paper.
- The IFS was involved at most stages of the later policy development starting with a response to the consultation and later informal meetings with DfE staff mostly on technical aspects of data analysis for policy roll-out.
- As an independent commentator with no agenda of its own to promote, CPP/IFS was valued for the credibility of its analytical critique of the policy.

Between 2010 and 2013 the CPP/IFS was involved in the evolution and implementation of the Pupil Premium. In the 2010 Spending Review it was announced that funding through the DSG would be set at flat cash per pupil to the end of the spending review in 2014-15 and with a Pupil Premium also introduced targeted at the more disadvantaged pupils. The intention was to recognize additional needs by providing extra funding through a specific grant with additional money following the pupils who, on average, had lower levels of educational attainment and therefore needed extra support.

The CPP/IFS has a long track record of research and commentary on school funding generally and recently also on targeted funding including a report on the high level of redistribution within the school funding system. In the run-up to the 2010 general election it set out the major issues in a paper, backed up by a pre-election mini-conference that attracted a wide range of participants and later dissemination events. Following the new coalition Government’s launch of a consultation on the Pupil Premium in July 2010, the CPP/IFS played an active part in informing DfE on policy shape and roll-out. The policy was announced in the 2011 Autumn Statement and the Pupil Premium took effect from April 2011.

The CPP/IFS analysis was acknowledged as valuable and relevant by DfE staff as part of a wider consultation, with a recognition of the role of the CPP/IFS in providing the quantitative underpinnings for the policy development, and influencing the final shape of the pupil premium. It may not have altered the fundamentals of the eventual policy, but it helped confirm that the Department was taking the most appropriate approach within the wider policy context. The track record of the CPP/IFS in understanding and unpicking the complex subject of school funding, meant it was in the unique position of being able to critically assess the initiative as soon as it became a manifesto pledge of one of the political parties.

**Further information:** See Case Study B; Annex F

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21 This may also reflect Centre focus on independence and a reluctance to be drawn into direct political commentary and ideas building which might be linked to a specific interest group, think-tank or political partisan position.
Centres mostly contributed instrumental or conceptual impacts when a prospective policy was evolving. In this, a common focus was on harnessing evidence to independently scope or review policy options. CPP’s impact on the Single Tier Pension (Case study A) in particular stressed research and technical advice (to HMT and DWP) on the major policy routes identified by Government in its early Green Paper. They later gave evidence to the Parliamentary Work and Pensions Select Committee (at the request of the Select Committee) in February 2013 before publishing a research report in July 2013 simulating the effects of the proposed single-tier pension on the various recipient groups.

Another reported point of leverage was that Centre research can have a particular influence on policy at the point at which departments put together business cases for policy changes and developments. Similar impacts could be attributed to CPP’s work on the Patent Box (Case study C), although this was ultimately not to influence the direction of the subsequent policy initiative in the UK, although with some early impact internationally. More substantial impacts were evident from SERC’s loose engagement with the ‘City Deal’ Initiative and especially on the Tier 2 focus for the policy (Case study F), and from the CAGE contributions to the Future of Manufacturing Review (Case study G).

In each of these examples, officials and other users involved in these case studies acknowledged the substance of the contributions made by Centre staff, although often as part of wider influences. In some cases these influences were seen as vital, and Professor Crafts work for the Office of Science and the Project lead Experts Group on The Future of Manufacturing foresight review was described as:

‘A vital player in the conceptual framework… he (along with Professor Hughes) was instrumental in helping to shape the ‘systemic’ areas and the options for this to evolve’.

These examples are drawn from central government policy interactions and influence, but other illustrations can be drawn from outside including SERC’s contributions to, and impacts on, options formation and review in the Manchester Independent Economic Review (Case study D).

SERC’s impact on the Manchester Independent Economic Review (MIER)

- SERC had a substantial impact on the process and outcome of the MIER at both a general level of policy impact and implementation through the way the MIER developed over time.
- SERC’s longer term legacy to MIER came from combining robust research-based evidence with identifying the policy messages that ‘spoke’ to the local policy making community.
- Further added value of SERC’s work on the MIER was its ability to ‘transfer’ to the policy making community, linking evidence and options to subsequent changes in policy practice.

In 2008 Manchester’s New Economy commissioned seven organisations to work on seven strands of analysis which provide a deep and cutting-edge analysis of the economics of the Manchester City Region: the way businesses and people interact in terms of trade and skills; the causes and impact of innovation; how investment comes about and the effect it has; and why, despite all this economic activity and growth, stubborn pockets of deprivation still persist.

22 Although not available to this evaluation, users in BIS, DCLG, DfE, DWP and HMT reported that such research influence was cited in some business case rationales as put forward to ministers internally. In contrast, while (some) business case statements were said to cite specific research contributions, policy statements, Green and White Papers were likely to make little or no specific mention of specific contributions.

23 Professor Overman’s contribution to the Manchester Independent Economic Review was described in similar terms.
Influence and impact, however, need to be separated. Options review and support may have been valued by central and sub-regional government ‘users’, but these were not always instrumental or proceeded with. Although one senior departmental official went so far to say of CPP influence, for example: ‘IFS is king – if they tell us it’s silly then we stop’, this was not always evidence in practice. Consequently, CPP’s analysis for the government’s Patent Box development (Case study C), while welcomed by Her Majesties Treasury and Her Majesties Revenue and Customs, this was ultimately rejected in implementation of the policy.

Consequently, evidence-based option reviews were often carried over into further technical advice and support to users. This was a feature, for example, of CPP’s work with the Single Tier Pension (Case study A), SERC’s work on informing the focus for ‘City Deal’ (Case study F) and, CAGE contributions through Professor Crafts on-going work on the Future of Manufacturing review (Case study G). There were no recent examples from these Centres of public policy impacts direct from pilot activity, policy implementation review or post-hoc evaluation, although this had been a feature of CPP work in the past.

Most of the policy impacts related to UK or England based effects. However, CPP (and to a lesser extent SERC) have also shown distinct policy impacts for some of the devolved administrations. CPP has consequently seen policy outcomes from its modelling tax and benefit policy for the Welsh Government and Northern Ireland Assembly Government, and prospectively for its work on competitiveness and the corporate tax rate for Northern Ireland as well as on pension policy for the Scottish Government. Its work in Northern Ireland is assuming particular significance to policy makers in an environment of very different ‘national’ data structures and where CPP has developed significant modeling expertise.

One other area of impact is worth drawing attention to. In the 2011 Autumn Statement a reform of unrestricted tax reliefs to the charitable sector was proposed followed by a period of disagreement between the Treasury and the sector on its likely consequences. Drawing on her research on behaviour of donors and Gift Aid26, Professor Scharf at CAGE was very active through blogs and

Further Information: See Case Study D; Annex F

SERC, under the leadership of Professor Henry Overman, played a key role in the development and delivery of the review. In particular the participation and input of SERC staff was significant to developing the case for agglomeration economies in the Manchester City Region. SERC input was also seen as providing a crucial role in drawing together and providing a synthesis of the key elements and outcomes of the MIER process. Further added value of the input of SERC’s work on the MIER was its ability to ‘transfer’ to the policy making community. This policy transfer was crucial in (for a policy audience) understanding the nature of the economic challenges and opportunities identified by the MIER and also the options for action that have subsequently led to changes in policy practice.

Overall, Manchester New Economy sees real policy benefits for the Manchester City Region as a result of SERC’s work on the MIER. Central to this has been SERC ability to apply the conceptual to the practical combined with the translation of empirical evidence into robust policy recommendations. Facilitating this was a shared belief in the conceptual approach underpinning the research for the MIER by both SERC and Manchester New Economy, and a relationship between Manchester New Economy and SERC that allowed the development of clear policy messages to emerge from the review process.

Further Information: See Case Study D; Annex F

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24 Earlier evaluation work by CPP may have provided such examples (e.g. for the Education Maintenance Allowance in 2008) but could not be evidenced from this evaluation due to a loss of key departmental staff and a reluctance to engage among others). In addition, CAGE research on international development/competitiveness themes had a highly applied and arguably piloting emphasis.

25 A practical constraint here is departmental funding for such activity would be subject to open tendering and procurement rules or commissioned within existing ‘preferred supplier’ Frameworks.

26 With Professor Sarah Smith at the University of Bristol.
social media in drawing attention to the evidence base for the sector’s argument of harmful effects in charitable resources. This was acknowledged by representatives of the sector in this evaluation as: ‘… central and persuasive’ to the proposal not being implemented. Informal evidence from academic staff in the Centre suggested there may have been other effects on policies being withdrawn and on otherwise ill-advised policy implementation, but it has not been possible to secure substantiation of these effects from users.

CAGE impacts on proposed Taxation Reforms and the Charitable Sector

- Stakeholders suggest the impact stemmed from the timeliness of Professor Scharf’s critical assessment, its research-based credibility, and her use of the blogs and tweets.
- Professor Scharf’s impact also drew on deep understanding of the sector, evidence of donor behaviour and the effects of taxation on attitudes to giving focus and the public policy context.
- Ministers were responding to many influences in reversing this aspect of the policy, but the ‘common’ evidence foundation provided by Professor Scharf significantly added to charities’ weight of evidence challenging the policy.

Professor Scharf has been a regular contributor on the economics of the charitable sector and before joining CAGE, she and Professor Sarah Smith (Bristol) completed a study of Gift Aid reform, one of two pieces of evidence about UK price elasticity’s of giving relating to public policy. CAGE actively promoted this work, disseminating four working papers on charitable giving, and co-funding (with the ESRC-funded Centre for Market and Public Organisation) a summer school on ‘National and International Perspectives on Generosity and Well-being’ (spring 2011), attended by economists from HM Treasury and HMRC, and others.

In 2012 the Coalition Government announced in the Budget that from April 2013 it would introduce a cap on some income tax reliefs to avoid large donors using certain unlimited relief for tax avoidance. This raised immediate and extensive concerns in the non-profit sector. At the time, many charities and voluntary organisations felt that across the £6 billion per year donated to the sector; this would undermine the incentives for those on higher incomes to make charitable donations. In an early response, Professor Scharf challenged the lack of an evidence base for the proposal, drawing on her own and Sarah Smith’s research. In a widely quoted blog she suggested the un-targeted nature of the cap had doubtful economic credential and lacked evidence about its effectiveness on tax avoidance through deductions from tax and/or relief for capital gains. She also questioned the lack of an administrative plan for implementing the policy.

This drew immediate comment and interest from the non-profit sector including the influential Charities Aid Foundation (CAF). Specific charities including the Red Cross also acknowledged Professor Scharf’s critique through their own blogs and tweets and their formal response to the tax cap proposal, bringing this to the attention of the Cabinet Office. In July 2012 a formal consultation on the cap was launched and in December 2012 the Government confirmed that it would proceed with this reform but with the charitable donation exclusion, and provisions were made for that in the Finance Act 2013. Professor Scharf’s contribution was seen by many in the sector as a crucial influence, although Ministers were responding to many other influences in reversing this aspect of the policy.

Further information: See Case Study I; Annex F

Practice impacts have not been a feature of the evidence gathered from this evaluation. This is not to say that practice or practitioner related engagements did not exist, although they were less commonly a feature of the focus of these Centres. CPP for example, with IFS, was periodically engaged with...
groups of tax lawyers and accountants, and CAGE researchers had co-funding for international development projects including corporate sponsors although no specific impacts were (yet) defined for these. There were practice effects in one specialised area for both CPP and SERC - improving the methods for evaluation of policy within government departments. SERC, for example, informed the evaluation framework for the Regional Growth Fund, the 'City Deal' process and the new Local Growth Deals, and CPP had used its acknowledged expertise in impact evaluation with HMT and others.

Impacts outside the UK have grown in significance for CPP and have been illustrated by the impact of its Patent Box analysis (Case study C) outside the UK. This also included specific commissioned studies to inform policy in parts of Europe, including the review of Norwegian Social Insurance and Lifetime Protection (for the Norwegian Government and Research Council), and the Gates Foundation funded study of the effectiveness of micro-finance in Malawi. An increasingly significant contribution has come from the 2010 Mirrlees Review funded by ESRC and the Nuffield Foundation to identify the characteristics of a good tax system for any open developed economy in the 21st century. Although the focus was on the extent to which the UK tax system conforms to these ideals, the review has seen significant conceptual impact in Spain, Italy and has provided a framework for the European Commission’s recent review of Tax Policy for Growth.

As yet, CAGE and SERC have had mainly UK-based policy impacts. However, this may be a changing picture with all three Centres reporting that building international impacts was a slow and long drawn out process of building relationships and trusts in a range of national and cross-national bodies. SERC was developing links with the New Zealand government, and CAGE reported a rising presence with international bodies (e.g. the World Bank and OECD for CPP) and there was optimism that these might result in future impacts as by-products of their core UK-based activities.

4.4 Why and how impact has been generated

The evaluation provided ‘end-user’ experience on why, and how, these Centres had contributed to policy formation, development and implementation. Recurrent threads included:

- Timeliness and currency of the selection of research investments.
- A commitment to independent and evidence-based research and wider knowledge exchange.
- Embedded and recurrent joint activities with external stakeholders and user-organisations.
- Prioritisation and support for building and sustaining external relationships.
- Proactive and effective Centre-level communication strategies and individual practice
- Capabilities in working with the media.
- Effective approaches to translating research findings for user audiences.
- Proximity to key stakeholders and user communities.

Timeliness and currency of the research: ‘Timeliness’ related to emerging policy issues and themes, and together with relevance and currency were commonly cited by users as driving links with staff in the Centres. This was often underpinned by the ‘foresight’ ability of some Centre staff in anticipating emerging evidence needs for policy makers. For CPP, in particular, this was supported by a widely recognised ability to select emerging themes and issues for analysis before they became immediate policy issues for policy makers, such as CPPs pupil premium modelling studies (Case study B) before and after the 2010 election. This ability was supported by a flexible research agenda and a commitment to undertaking work that was both policy relevant and academically credible, and seen to be independent. For SERC and CAGE, the reputations for currency and

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28 This related to large scale project work by senior academic staff at the University of Warwick who were contributing to CAGE research with time bought out from mainstream activities. It was unclear at the time of writing if the corporate sponsored work (for example in Bangladesh) was funded through the University of Warwick Department for Economics, or through CAGE.

29 This had been valued by the Treasury although CPP/IFS expertise in large data set econometrics and specialized area of tax or expenditure impact modelling had a higher profile and was more likely to be cited as a distinctive contribution.

30 Published (by Oxford University Press) in two parts, Dimensions of Tax Design (Volume 1) and Tax by Design (Volume 2).
relevance among users focused more on specific individuals more than the Centres themselves. This emphasised knowledge exchange drawing on previous research more than new initiatives and ‘new’ Centre-funded projects.

**A commitment to evidence-based research and knowledge exchange:** The working relationships of user-organisations with Centres mostly emphasised links with individual researchers and commonly drew attention to the value they placed on individual’s expertise and relevance to public policy issues. In this, ‘expertise’ was solidly linked to the evidence base on which individual researchers drew and their ability to interpret and relate to policy issues relating to the research. Here the evidence base was commonly reported by users to be critical in creating confidence among policy makers that any advice, technical support, or policy options analysis were rooted in reliable evidence. For the ‘City Deal’ Initiative for example, earlier research from SERC (and others) was said to have given Ministers confidence that their policy aspiration: ‘...was not just a good idea, it had a basis in fact’. For ‘City Deal’ and other areas of policy impact, the commitment of individual researchers to evidence-based and independent research combined with knowledge exchange and translation of evidence were seen as central to securing impact from all three Centres.

**Joint user-Centre engagement:** Although they assumed different emphases in each, all three Centres had developed embedded and recurrent joint activities with users aimed at knowledge transfer and exchange. For two this extended to directly influencing Centre research priorities and agendas. This went beyond ad hoc and project specific relationships and included: senior level user membership of Centre Advisory Boards (e.g. CPP, SERC); routine strategy dialogue between Centre Directors and high-level departmental-agency personnel (SERC, CPP); pilot programme for staff exchange and knowledge sharing (CAGE; CPP); running policy seminars and dissemination events (CPP; SERC). CPP found that the engagement of government economists at the highest level from user-departments in their advisory structures informed forthcoming research agendas and also provided a focus for building links with specific departmental teams when those issues were investigated. In SERC these relationships had been supported through co-investment (DCLG and BIS) with DCLG analysts later commenting that: ‘...our influence (on the SERC research agenda) seems to have slipped when we stopped co-funding’.

**Building external relationships:** Users commonly observed that the staff in the Centres with whom they had more robust links were ‘accessible’; ‘...always ready to talk’; ‘reliable and responsive’. Underpinning this seems to have been a commitment among Centre Directors and other senior staff to build and sustain external non-academic relationships which went beyond Centre funding or governance. User feedback suggested that Centre effectiveness here included:

- Energetic and informed outward looking focus for senior researchers and a willingness to put time into formal and informal activities supporting external stakeholders. This was uncommonly driven by research funding needs. It typically reflected an active stance and progressive approach among some staff to building and sustaining individual working relationships to identify and support impact opportunities as well as for wider dissemination.

- Centre funding, and staff capabilities, which meant that such personnel were able to balance the demands of outworking with managing existing research programmes and a commitment to academic publications.

- Formalised approaches to relationship management were not a feature of Centres’ external relationship capabilities. However, both CPP and CAGE harnessed a high-level ‘research aggregator’ in identifying and building specific project-based links with stakeholders aimed at knowledge exchange. In both cases, these were individuals already employed at institution level and partly within wider ‘stakeholder engagement’ roles, with a facility and external networks to help identify impact opportunities.

- External relationship building also reinforced a commitment to what might be called ‘structured opportunism’ of (some) individual researchers. Impact opportunities for all three Centres were helped by the ability of these individuals to variously tap early engagement

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31 DCLG co-funded SERC from 2008 to 2011. A decision to renew this investment from 2011 to 2013 was suppsed by analysts and a business case for funding was developed but was said to have been rejected by ministers as a measure to reduce departmental expenditure.
opportunities and exploit ‘chance’ encounters through networks and routine knowledge exchange to influence policy and practice. Consequently, in CAGE this external focus and opportunism underpinned the rapid reaction of Professor Scharf to the government’s proposals in 2011 for a cap on unlimited income tax relief and a critical appraisal drawing on earlier research of the effects on charitable giving (Case study I). In SERC and CAGE this centred on senior staff but seemed to go deeper into research staff and teams in CPP.

- Outworking at all three Centres was also supported by a demonstrated ability (and knowledge) and enthusiasm among some staff to engage with the machinery of central government and others. This included: informal technical advice; advisory roles with policy teams/units; membership of ministerial, departmental and cross-departmental working groups; etc.). Buy out of senior staff time, and greater flexibility in staff time allocations, underpinned Centre abilities for staff to engage in this way. For the users, the key feature here was the practical orientation and aptitude of particular individuals and their understanding of the development context. One described a particular Centre Director who recently concluding a role on an advisory group as: ‘… very approachable, hands on ... a voice of reason in a group where there were all sorts of ideas flying around. He ... had a good grasp of the policy area’.

- Putting time and energy into building and sustaining trusting relationships often involved multiple individuals in government departments. For some senior staff in CAGE, and more widely in CPP, this was a regular feature of informal relationships with users and prospective users, facilitated here by the close proximity of most CPP researchers to Whitehall departments. At SERC and CAGE this also emphasised links through non-governmental ‘brokers’ who might have influence through other channels of communications.

Proactive and effective communications: As anticipated by Centre goals, the quality of external communications was crucially important to realising impact opportunities. This seemed to be a mixture of strategic drive with direct support at Centre-level combined with the communications style and practice of individual researchers. CPP, for example, was highly valued for its regular topical policy seminars, and larger conferences, linked either to cross-research themes or the publication of particular CPP/IFS reports and papers. SERC’s seminars, often run in-department, were also commended for their accessibility and relevance. CAGE also had a profile for its wider communications (including Warwick-based conferences32) and was complimented for its efforts to build a visiting programme with the Government Economics Service33. CAGE had also worked with wider institutional resources34 to fund a series of policy-based Brussels conferences to raise awareness of CAGE activity. CAGE in particular was complimented by users for the value of its technology-based communications including VOX-EU and staff blogs.

Blogs were also noted as highly valuable ways of promoting key messages and specifically for raising awareness of research (see Case study I) or its implications to departmental analysts or economists who could then bring relevant material to the attention of policy teams. In this way, one of SERC’s researchers had had significant influence on a policy team’s discussions without that individual being aware of that influence. Social media, and especially staff Blogs, seem to have a vital role in drawing attention of departmental information brokers (such as analysts) to hard-copy and other publications.

Capabilities in working with the media: A particular feature of communications capabilities was the value of a structured and skilled approach to working with diverse parts of the media to translate (and promote) ‘relevant’ research. CPP staff, and senior staff in SERC, were noted for this with one senior departmental economist noting (of SERC): ‘... even when you are not working with them ... the media makes sure their names are kept in the frame.’ In some cases, Centre staff helped promote initiatives, for example, Professor Oswald media support through CAGE for the National Well-being Programme: ‘... we’d get requests to put people up ... Andrew was always keen to help and was

32 On the evidence available these had a higher profile than the joint ‘policy’ events held with Chatham House among central government departmental teams. The National Well-being conference held at Warwick in April 2011, and co-funded by CAGE was seen in ONS and the Cabinet Office as one of the most successful events in drawing together academic contributors and stakeholders within the was part of the National Well-being Programme.
33 This was a jointly organised and supported event with the University of Warwick.
34 This was a jointly organised and supported event with the University of Warwick.
media savvy’. This capability seemed limited to specific individuals in CAGE and SERC with wide media experience and: ‘…able to get over complex issues and findings quickly and in a simple way’.

In CPP, media capabilities went deeper than a small number of ‘media savvy’ senior staff on whom the visual and audio media regularly called for expert commentary. Here Centre priorities were to a wide range of those research staff to support requests from the visual and (usually) voice media. This meant that the news media in particular were able to draw on CPP contributors who were embedded in the relevant research and policy issues, and authoritative on the precise subject matter on which they were commenting. Recognising this need, and the broad capability needed, CPP trained all recruited early career researchers in media handling and communications.

Evidence translation: A parallel and valued skill seems to have been the willingness, and ability, of specific Centre researchers to translate often complex research findings and implications to user audiences. This aptitude related to all written and aural forms of communication of findings, and more specifically of their implications, but was highly valued where senior researchers addressed policy makers and others at events. Such individuals were in demand among users for knowledge exchange within public bodies including through internal seminars (e.g. in HM Treasury, DCLG, and BIS) as well as other department sponsored events and conferences. The Centre Directors at CAGE and SERC were prominent in such activities, and (among some others) highly valued for their ‘translation’ abilities to support knowledge exchange to diverse users. One departmental analyst noted:

‘… for policy teams we need to put up people who know the evidence but cut through the jargon … and this gets more important the higher you go up the pay-scale’.

Location and proximity to user-organisations: The issue of proximity to key stakeholders and to stakeholder communities emerges as important in enabling ready access for users to Centre researchers, and to Centre dissemination events. CPP recognised this as an important ingredient in maintaining relationships with, and responsiveness to, policy audiences. In this, they felt they were more accessible, and better able to support frequent and responsive liaison especially with Whitehall-based users.

In much of the non-devolved UK policy arena this seems to impose a Westminster and Whitehall centrality to these relationships being built and sustained. The evaluation suggests these supported the impact potential arising from the essentially London-based CPP and SERC rather better than from CAGE. CAGE conferences held at Warwick were well attended, but this locational issue had been an influence on seeking a better located partner for knowledge exchange in Chatham House. Whitehall-based policy and related teams endorsed the problems of justifying engaging in knowledge exchange activity outside central London, with one Treasury official noting (of CPP/IFS):

‘My days are very, very full … to take a couple of hours out to go around the corner to QE2 (Queen Elizabeth Conference Centre) or get to them off Gower Street is a whole lot easier’.

Users rarely drew attention to constraints to securing impact specific to these Centres, and their relationships with departments and NDPBs were widely seen as constructive, responsive and valuable. Where constraints emerged they often related to internal rigidities. One departmental analyst suggested that they would be able to harness the Centre’s (in this case SERC’s) expertise more readily if they could have greater flexibility in procurement rules. An NDPB with diverse links with CAGE (and CPP) felt that:

‘… we cannot ask too much of particular individuals … you feel guilty they are giving their time and are not getting much in return’.

Another felt that different ministers, and the policy team supporting them, had different receptivity to evidence-based contributions. Finally, a senior departmental economist also cautioned that:

‘… relationships are forged between people … [our] organisational change and staff churn probably doesn’t help much with that’.

Several departmental users acknowledge that ‘staff churn’ in departments complicated the process of relationship building with Centres, and that this may have reduced impact generation.
4.5 Synergies between the Centres and impact generation

Beyond normal networking of individual academics and inter-relationships, the evaluation has identified no active collaborations between the Centres. In two cases some collaboration was proposed (CPP and CAGE) but this did not take place due to other priorities.

Some of the individual staff had extensive links with others in other ESRC Centres\textsuperscript{35}. These relationships seem largely with individuals, often based on early and mid-career forged relationships with (former) colleagues at other institutions, and are predominantly bi-lateral and opportunistic rather than strategic. In essence, and for the purposes of this evaluation, these remain individual Centres with few inter-relationships and with no clear agenda for exploring impact, or impact generating, synergies through cross-Centre collaborations.

4.6 Transferable experience and impact generation

The evaluation shows significant contributions to public policy development arising from each of the Centres, and in very different areas for research (and related) investments. The practice impacts, are at best, marginal in these Centres and any transferable messages for other ESRC Centres relate only to generating public policy impacts and predominantly in the UK, in Whitehall-based departments and agencies.

Looking across the available evidence, it is clear there have been direct contributions to policy development and review, and some operational influence in implementing policies and initiatives. As such instrumental and perhaps conceptual influences especially in emerging areas of policy development or reform may be the most appropriate impact focus for other ESRC investments. Non-academic capacity building impacts including substantive transfers of staff to or from academic roles have been less common (to date) for SERC and CAGE, but are a feature of CPP/IFS career development for researchers. Here, the close engagement of early career researchers with policy bodies and users provides for better access to analytical and policy roles in government.

The breadth of impacts achieved has been broad for these Centres. At least eight Whitehall government departments/agencies (and almost certainly others) and in all three devolved administrations. Each Centre has variously contributed to these effects, and with some departments such as HM Treasury identifying added value from all three of these Centres. This may suggest the scope for greater ambition in securing policy impacts and for pro-activity by Centres in engaging with a broad range of departmental and NDPB potential ‘users’.

The different areas of impact did not fall conveniently into a distinction between fundamental or non-fundamental research, or applied vs. theoretically-focused research. However, there was a contrast between research geared at ‘early’ impact potential and others where impacts were expected to be further even: ‘… decades away … drip feeding influences and playing for the long game’. The evidence suggests that other ESRC investments are likely to have scope to exploit added value for policy-making from both orientations. However, on the experience of all three of these Centres, this is likely to be most effective in informing and influencing areas where policy ideas have already been forged.

The most important message for generating impact from other social science research investments is that policy impact does not flow from ‘excellent’ research or from conventional dissemination, but is enabled. In this, the enabling process appears to be driven by a combination of the reputation, authority (from independent expertise), pro-activity and engagement orientation (and skills) of specific researchers, and most commonly (for SERC and CAGE) the principal investigator. These Centres have secured positive impacts for policy and policy makers, but this enabling capacity did not always run deep in all of these Centres. It was often focused on small numbers of high profile and ‘impact active’ individuals who were often regularly engaged in seeking and supporting opportunities to inform and influence policy. On this evidence, and with the notable exception of CPP, the Centres may be securing policy impacts but doing little to deepen these capabilities especially among early and mid-career researchers.

\textsuperscript{35} One senior CAGE researcher was able to demonstrate active research links and co-publications with staff in seven ESRC funded Centres.
Section 5  Implications for impact assessment

5.1  Introduction

An important part of the evaluation was to assess the implications (for ESRC) from the design and conduct on this review for:

- The effectiveness of the impact evaluation approach.
- Wider implications for research methods and approaches to impact assessment.
- Potential areas for ESRC developments aimed at enhancing impact assessment.

These observations draw on a detailed review of the methodology (in Annex A), which includes wider reflections on the use and utility of the methodology as applied.

5.2  Review of impact evaluation approach

This evaluation’s experimental approach combining tracking back and tracking forward approaches has been effective. Put together, the evidence provides an accurate reflection of the state of play, and circumstances surrounding impact achievements (so far) of these three Centres. Although not strictly a comparative evaluation, the (ESRC) decision to provide for a multi-centre evaluation has provided for deeper understanding of the conditions influencing impact generation, and for a richness of analysis to better support ESRC’s specific information needs. There were no known evidence gaps, although limitations of both engagement and impact monitoring evidence may mean there were gaps of which we were not aware.

If the evaluation has little to report on practice impacts, engagement outside central government (predominantly in England) and NDPBs, or among international stakeholders, this reflects the research focus and external relationships of the three Centres (and their selection by ESRC). While this did not impair this evaluation, it was a constraint on the value of the evaluation for any wider appreciation of the impacts for other ESRC investment.

5.3  Implications for research methods and approach for impact assessment

This evaluation has shown the current limitations of ‘secondary’ evidence for mapping impacts achieved from research investments and knowledge exchange. In particular, it points to the limitations of ‘generic’ documentary information (e.g. annual reports), in-Centre and institutional (e.g. REF case studies), and Centre/institutional management information for reliable and systematic impact assessment. Only one of the three Centres (CAGE) was attempting to collate and synthesise impact evidence in a systematic way, although content (at present) and coverage (by staff and activity) was at present limited with content geared more generally to monitoring of centre KPIs. Their initiative was based on staff self-assessment and is worth further attention, and replication.

CPP had had recently reviewed selective user experience among government departments to secure endorsements of added value from stakeholders, predominantly government departments, and was now: ‘... looking at doing something more systematic’. The informality of much of this evidence contrasted with the vigorous and structured activity at CPP/IFS, for monitoring media coverage.

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36 The only exception may be the lack of earlier impact evidence for investment in CPP between 2005 and 2009, and where the evaluation has been constrained by the effects of organisational change and staff erosion.
37 REF timing meant there was a reluctance to share impact cases with evaluators or even details of what effects were being demonstrated and for whom.
38 This initiative sought to periodically and progressively map external activities, engagement and outcomes through a cross-Centre survey of staff (Spring 2013) developed to support monitoring for their ESRC performance indicators. In this impacts were a self-reporting variable, with the initial survey responded to by around a half of staff, although not all were able to provide impact evidence.
The less than robust and reliable documentary evidence and management information means that systematic (and comprehensive) impact assessment has placed a premium in this evaluation on direct engagement of individual academic staff. Documentary evidence among users was also of limited value in tracking specific social science contributions. In particular, front-line evidence such as from notes/minutes of advisory groups, ministerial working groups or direct meeting, was rarely available. Such circumstances are likely to affect other impact assessment contexts, and risk compromising cost-effectiveness of approaches, their intensity, and increasing ‘disturbance’ to users and centres. They also risk impairing evaluation quality by emphasising retrospective review.

Effective assessment of impacts starts with the effectiveness of information on (non-academic) engagement and of the outcomes achieved from non-academic knowledge exchange activities. In this respect, this evaluation suggests different strengths and weaknesses from the two main primary sources of evidence – academic contributors and non-academic users. Academic staff proven more effective at (self) assessing engagement. They are not consistently effective on the impacts secured, with some of this weakness stemming from persisting confusion between academic ‘outputs’ and ‘outcomes’, and the lead-times to securing impact evidence. Even where academic staff are confident of outcomes, this may misrepresent the scale and nature of what has been achieved (for users) within often multi-lateral processes involved in policy determination. In contrast, user-organisations and those close to sourcing, harnessing, and balancing influences on specific policy (or practice) contributions, are better placed to identify outcomes, but find it difficult to accurately map engagement.

This evaluation has been successful in engaging user-organisations to review specific (targeted) engagements and impacts secured. However, it has been constrained by the effects of organisational change, staff changes and attrition, and staff (retrospective) recall. In addition, users have rarely been able to comment on whole-centre engagement, sometimes not recognising the Centre ‘branding’ or academic staff affiliations (beyond university designation). Collectively, this reduced the clarity of impact evidence and the range of impacts reviewed. Users have also been reluctant to contribute to some areas of impact review such as ‘dropped’ policy measures where academic inputs may have helped reverse ‘inappropriate’ policy directions.

A final issue was the difficulty in attributing distinctive impacts within policy or practice formation, development or implementation for individual social science research or researcher contributions. This evaluation, with others, has shown that tracking individual impacts may involve multiple mediators of academic inputs perhaps in different user organisations, and where influence on policy or practice is likely to be characterised by multi-lateral relationships with different influences (and influencers). This emphasises the need for broadly based and in-depth primary research to map (and review) impacts being achieved, but also a realistic expectation from those seeking impact evidence that users will find it difficult to clearly differentiate distinct impacts from research or researcher contributions.

39 Published documentation (e.g. departmental consultation reports, select committee reports, House of Commons library briefings, White and Green Papers) did not generally acknowledge contributions of researchers or cited literature. Paradoxically, it seems internal documents within departments such as Business Case statements for ministers were the more likely to cite published sources where these underpinned policy directions, but these also were not available to evaluators.

40 For example, self-assessed evidence is held back by often long lead-times between academic contributions and impacts secured, often discontinuous engagement with users, and a lack of transparency (from users) on outcomes being achieved (and their attribution).

41 For example, user-organisations rarely have centralised evidence or structured process for relationship building with ESRC Centres (or HEI more generally) unless they are direct co-investors. For large user-organisations (e.g. departments and NDPBs), Centre and academic staff engagement evidence has consequently been less than comprehensive and typically highly fragmented.

42 Notably as a result of the ‘cull of the quangos’ in 2011-12 which has seen user-organisations involved in policy shaping no longer in existence to provide evidence.

43 Similarly, there has been a reluctance following a government change to engage with looking at past impacts on redundant policies where changed priorities or new measures have seen policy substantially modified or dropped.
5.4 Potential areas for ESRC methodological development

The combination of tracking back and tracking forward in this evaluation has seen both methods affected by limitations of evidence availability (and collation). This highlights constraints to the regular use of tracking back approaches in assessing impacts of specific academic(s) within ESRC investments. Tracking back in this context asked for a highly focused, intense and micro-level approach which raises challenges both for securing access to users and the quality of their recall. This has been constrained by staff churn and attrition, lost contacts, and organisational change, with some potentially valuable areas for tracking back impact assessment consequently ‘lost’ to the evaluation. These limitations may be inflated by changes in government in the last three years but are set to affect other similarly-focused ‘tracking back’ approaches.

Even where key user staff were available, and willing to contribute, many find recall of specific contribution and effects challenging, especially where there is a significant time lag between inputs and impacts. Tracking back, in this context, calls for a higher level of ‘proof’ in differentiating contributions of individuals/Centres for which users often cannot provide. Indeed, this may be an unrealistic expectation against a background of what are usually a plethora of external influences (including from other academics) on policy formation and expression. We conclude that tracking back approaches, used in an organisation or investment specific context, present significant difficulties in identifying distinctive influences (and processes). Tracking forward is affected by some of these challenges but seems better placed to work with some of the evidence limitations and flaws.

A hybrid approach may be possible which adopts a more dynamic, although probably selective approach. This might employ a progressive tracking approach where evidence of impacts would start to be tracked as (or shortly after) engagement with users occurs. This process would call for a systematic and committed approach to monitoring activity related to impact potential and to engaging with ‘user’ and potential user communities during and post-research. The approach would be formative, action-orientated and longitudinal, building up an impact profile over time. It would probably call for an embedded approach within ESRC investment (although possibly selectively) but would overcome many of the evidence limitations outlined here while providing the in-depth focus offered by the principle of tracking back. ESRC might wish to look to trial approaches to establish appropriate methods based on recent or on-going investments.
Section 6  Conclusions and recommendations

6.1  Introduction

This evaluation aimed to assess the non-academic impacts generated by three of ESRC’s major investments in economic research. The findings (Sections 4 and 5) are drawn together here for:

- The extent and nature of impact achievements for CPP, SERC and CAGE.
- The process and features which underpin impact generation from economic research.
- The effectiveness of the evaluation methodology.

This section also reflects on wider lessons for ESRC with some specific recommendations to the Evaluation Committee.

6.2  Extent and nature of impact achievements

The evaluation shows that impacts on public policy are typically multi-lateral, and draw on a cocktail of different sources and contributions. Inputs from academic economic research, or related activities, will be (at best) only a part of that process. For the three Centres (and others), any effort to establish a direct association between research and specific policy developments consequently face acute ‘challenges of proof’ in demonstrating distinctive impacts from research investments.

A distinction can usefully be drawn between research-based impacts which lead directly to improved policy development or implementation and those where there has been some (usually unmeasurable) contribution to the policy change. Demonstrating contributions to impacts presents fewer challenges to the burden of proof. Looked at in this way, stakeholders in the non-academic community clearly acknowledge the added value of current and past research from these Centres in contributing to shaping and implementing policy.

Tangible illustrations of how contributions to policy impact come about from the different Centre activities, in diverse policy contexts, and for different central government departments/agencies are provided in Section 4.2 and 4.3 and are further illustrated by the case study evidence (Annex F). These demonstrate that:

- The range of policy contributions and influences from the three Centres has been substantial, adding value to at least eight government departments/agencies (and almost certainly others) and each of the devolved administrations in the UK. Each Centre has variously contributed, with some departments such as HM Treasury seeing added value from all three (Section 4.2; 5.3).

- Impacts focus on a range of public policy developments and with the evidence emphasising those in the last three to four years. Problems of organisational and staff churn, individual recall, and policy redundancy after government change hold back a deeper retrospective assessment, although for CPP it is probable impacts go back much further (Sections 4.3; 4.6).

- Different Centres (and individuals within them) have contributed in widely different ways, but the impact on policy has generally been instrumental and/or conceptual, and made most commonly after policy ideas have been forged by others. This has seen effects on influencing policy constructs, principles, priorities, and delivery mechanisms. Evidence-based impact is a common feature although often drawing on ‘legacy’ research from the researchers in these Centres, and with the exception of CPP, less commonly on very recent research and analysis. Evidence was valued by users for its reliability and independence, but was most likely to generate impact where this supported existing policy prescriptions or helped to refine the focus of established policy measures (Section 4.3).
There was less impact for non-academic capacity building although with contributions to specific analytical abilities from two Centres and from another two in shaping policy evaluation methods (which may also constitute the only example of impacts on practice in the evaluation (Sections 4.3; 4.6).

Impact and impact potential has not been evenly distributed through the Centres. CPP/IFS probably showed the broadest range of contributions from staff, reflecting different research selection, resourcing and a long established pedigree and focus for external engagement. SERC and CAGE influence seems to have clustered around the Centre Directors and a much smaller group of senior individuals demonstrating a strong ‘outward’ orientation in engaging with policy. In both Centres the depth of impact capabilities was narrower than for CPP/IFS (Sections 4.3; 4.4).

Impact is clearest at the level of individual key staff and where common attributes focus on their commitment to external engagement, pro-activity within diverse non-academic ‘user’ audiences, and recognised capabilities to translate often complex research findings into clear and credible implications for stakeholders (Section 4.4).

Location may also be having a direct effect on impacts – notably for CPP and SERC where their location near government departments was especially welcomed by users in Westminster both for knowledge exchange events (in central London) and also for the readiness of Centre staff to engage informally with analysts and technical teams (Section 4.4).

Centre influence was able to draw on a combination of past (pre-Centre/earlier ESRC investments) research in all three, and near-to-policy current research (mainly in CPP). ESRC investments contributed directly to impact effects in both cases, predominantly through development and exchange of evidence-based knowledge with the policy community (Sections 4.2; 4.3).

Influence was typically brokered through others engaged in the policy-making process, often through government economists and analysts working with policy teams or units and versed in analytical methods and economic concepts. This may be indirectly through the Centres’ wider communications (increasingly through Centre/staff blogs) and more directly through Centre engagement with technical support, advice and analytical support, and expert working groups. Influence also comes through third party use and translation of evidence with policy teams (Sections 4.3; 4.4).

Social media and ‘bite-sized’ dissemination were playing an active role in raising awareness of the Centres. Centre communications strategies which placed an emphasis on this have been welcomed by users who felt this helped to ensure the currency of advice to policy teams (Section 4.4).

Beyond compound approaches (which aggregated the impacts of individuals), assessing influence on policy at Centre-level was complicated by centre branding and identity challenges facing users – and where the usual focus was on individual academics (and not centre-wide) relationships. The lack of comprehensive and reliable cross-Centre monitoring evidence of both external engagement and impacts added to these difficulties (Sections 4.3; 4.5; 5.3).

While the evaluation shows tangible added value to shaping policy, it also calls into question the nature of the impact that was being assessed. The clearest outcomes from research and related activities at these Centres has been informing or influencing parts of the policy formation process. Success in these terms may be better seen in terms of securing impact opportunities, and in effective engagement with these, to provide research or researcher-based influence. This was within the Centres’ reach. In contrast, impacts achieved direct and distinct changes to policies from those opportunities are less tangible, and beyond the direct control of Centres. The contrast is subtle but seems to go to the heart of how impact needs to be perceived by economic (and other social science) researchers, and those investing in them.
6.3 Impact generation from economic research

The potential for impact generation seems to owe much to the Centres’ impact expectations. Here different Centres (and different staff within them) appeared to have contrasting views about the application of research, and its primary audience. A distinction emerges between applied ‘short-chain’ (close to policy) and ‘long-chain’ impact expectations, influenced by the programme infrastructure (and priorities) of Centres but also by individual views on the nature of the impact focus. Contrasts in the value of extra-mural engagement with potential user audiences seems to be at the heart of these differences, and in building the maturity of user and broker relationships which underpin generating impact opportunities.

Short-chain impact expectations stemmed from a strongly applied emphasis for research or knowledge exchange activity, and a user focus directed at, or substantially influenced by, current or impending needs of policy makers (or practitioners). Project-cycles and engagement activities were typically more intensive and ‘action-orientated’ but do not lack theoretical underpinnings or opportunities. All three Centres show examples of ‘short chain’ impact work, but this was most characteristic of the research and related activities of CPP. Here, it was embedded in a distinctive approach to Centre (and project) resourcing, recruitment, and support of engagement with public bodies largely due to its integral situation within the IFS. ESRC core funding was vital to sustaining those capabilities with the Centre and extending its impact reach by a commitment to securing additional (non-core) funding as the basis for research selection and activity. For CPP, emphasising non-governmental and non-partisan additional funding sources also re-enforced the independence of the research.

For CPP senior managers, this approach provides for: ‘… research (to be) grounded in fact … it cannot be associated with any political persuasion’. This helps ensure the research outputs will be trusted and of greater potential value to policy makers. This combination of application and academic credibility may be reflected in choices in other Centres relating to ‘near policy’ (or practice) research, although through less structured criteria. In both CAGE and SERC the research focus, and impact potential, seemed to have been largely pre-determined at the ESRC bidding stage, and where impact expectations are more often longer term.

Long-chain impact expectations better characterise both SERC and CAGE, although they have also been evident in some recurrent areas of investigation by CPP (e.g. pension policy). SERC and CAGE researchers acknowledge that their research choices were not driven by policy leverage and anticipate long lead-times before any policy (or practice effects) are apparent. CAGE recognised this needs a long sequence of engaged relationships and research brokerage to build user trust in researchers as well as in findings and implications. SERC characterised this as: ‘… working with senior policy officials over time and slowly, slowly shifting approaches to policy at the margins’. Consequently, for SERC and CAGE much of the present use and utilisation identified by stakeholders focused on ‘influence’ and intelligence from past research.

Both short and long-chain impact approaches produced value for policy makers and influence. However, short-chain investments were more amenable to evaluating outcomes especially where Centre funding cycles were shorter than the lead-times (of one or two decades) anticipated by some researchers for generating long-chain impacts. Recognising the different expectations also needed to be reflected in the leadership, governance, staff resourcing models, and balance of activities underpinning impact potential at funded Centres. The successes of the Centres may be compromised without attention to the different Centre management implications of different impact aspirations.

6.4 Effectiveness of the evaluation methodology

This was an ambitious methodology in seeking to combine tracking back with tracking forward methods, and in its intensity. It has been successful in both respects and also shows the value of quasi comparative and multi-centre evaluation to provide for deeper understanding of impact generation and its determinants. Although the evaluation had little to report on for practice impacts, engagement outside central government (predominantly in England) and NDPBs, this largely reflects the research focus and external relationships of these three Centres.
Applying the methodology, however, was not without its challenges. This shows the limitations of mapping engagement and isolating impact effects from documentation and available monitoring information. Very real difficulties were also experienced in applying tracking back approaches to collecting user evidence notably because of the pace of change in central government organisational structures, limitations of official documentary sources, staff churn and the practical constraints on staff recall. The evaluation suggested scope for working with such constraints through emphasising a real-time approach of ‘progressive’ tracking of impacts for selected research investments. A starting point for this would be to establish selective trials of appropriate monitoring and compliance systems.

The evaluation also concludes that much more could be done for the quality of impact assessment by requiring more of Centres monitoring arrangements. Here, CAGE’s embryonic initiative to tackle the need for systematic evidence was to be commended and deserves further development, but elsewhere responses to impact monitoring challenges have not been impressive. More systematic and embedded approaches to impact monitoring (for all research investments) was urgently needed to enable ESRC to institutionalise the value for impact evaluation, to provide more formative evidence, increase the cost-effectiveness of methodologies (and their intensity), and minimize ‘disturbance’ to the Centres (and their staff) involved.

6.5 Recommendations to the Evaluation Committee

Drawing on these findings, the evaluation proposes for these Centres, and other similar ESRC research investments:

a) Allowing within the planned commitments of Centre budgets and ‘project’ funding sufficient flexibility for ‘reactive’ research and engagement activities (e.g. with external users) to help develop and sustain external relationships and build future impact potential. CPP’s effectiveness, in particular, in this area suggests that this is likely to be better achieved through a substantial ‘flexing’ element within Centre budgets and/or through a discretionary fund held centrally by ESRC.

b) Building a framework (post bidding and pre-contracting) for clear and realistic goals for any cross-Centre, and cross-ESRC investment, establishing prospective synergies (where likely), a strategic focus (e.g. memorandum of agreement) and prospective targets for achieving/managing these. This should aim to provide an impetus to multi (and intra) disciplinary collaborations within existing research investments, and to formalize what currently remain largely informal and personalised cross-Centre collaborations.

c) Ensuring appropriate action by individual ESRC Centres/major investments to build the skills base among early and mid-career researchers to help them engage with, and translate and transfer evidence-based findings to, policy (and practice) user communities. This is likely to emphasise the need to build a foundation of broader and deeper skills and experience across research teams, and at an early stage in research careers through direct inter-face with external stakeholders and user-organisations. A subsidiary aim would be for this to help researchers engage with identifying and exploiting impact opportunities from research, and to start to build career-wide user networks.

d) Requiring funded Centres and other large investments to establish plans for systematic collection and monitoring of external engagement and impact-related activities and outcomes covering all in-Centre activities (and academic personnel). This will underpin an enhanced requirement to report management information annually to advisory groups (and for ‘Troika’ style review), as well as to build in self-assessed formative impact assessments at interim, end-of-phase or mid-term reporting stages.

e) Requiring funded Centres to produce in their first year an underpinning Impact Delivery Framework, with appropriately resourced direction and support (including embedded monitoring), to build capacities for, and embed in, impact generation opportunities and engagement within Centre culture and working practices. This may call for a harder edge to
formalising ‘upstream’ impact goals based on viable expectations and supported by an impact framework plan of systems, support and anticipated impact identification (and engagement) outcomes for specific investments.

f) Ensuring a need for (more) support of impact to be taken into account in the development and constitution of Centre governance structures, including for high-level oversight of how the Centres are supporting the monitoring and development of impact opportunities. This has particular implications for the membership of advisory structures and the engagement of senior representatives of key user-organisations, as well as for sustaining relationships with, and the added value of, those members.

More generally, we also propose:

g) ESRC may also wish to develop illustrative evidence from other Centre activities for d) and f), and ‘model’ frameworks (and guidance on options and effective practice) to guide Centre developments in b), c), d), e) and f).

h) Reviewing the scope for developing a cost-effective pan-ESRC facility in central London to provide for shared or common seminar, workshop and knowledge exchange facilities accessible to Whitehall-based central government departments and agencies, and which could reduce costs and risks and address the relative remoteness of some Centres (outside London) to public policy makers and other non-academic users. The review might look in parallel at similar arrangements for Belfast, Cardiff and Edinburgh.

i) Commissioning a review across central government of the necessary staff skills, capabilities, structures and working relationships (and constraints) that support effective engagement with the impact potential of ESRC investments, and to identify user good practice. The review would be UK-focused, but would need to include experience drawn from central-government departments (in Whitehall), NDPB’s (which were more likely to be located outside central London) and from each of the devolved administrations. This will aim to provide a broad user-centred perspective on what works in receptivity to and harnessing research-based knowledge in public policy environments, and an understanding of common success factors.

The evaluators have also been conscious of a mixed enthusiasm among staff at these Centres for generation of (non-academic) impact and its assessment. Any measures taken to build commitment, and underpinning practice may be more effective if ESRC seeks to further clarify its needs and expectations of impact. This might emphasise achieving ‘impact opportunities’ for informing or influencing parts of the policy formation process, over securing defined and specific contributions to policy development, change or implementation. We believe this reflects the evidence on the impact generation process from this evaluation, and would be well-aligned with ESRC’s expectations of returns from its investments.

The evaluators have valued the contributions from participants to this review and the constructive approach taken in each of the Centres to reviewing their successes and lessons learned in generating impact. We commend this assessment to the Council.
Annex A: Impact evaluation methodology and reflections

Introduction

This impact evaluation was commissioned in August 2013 and was undertaken over a five and a half month period to provide cross-Centres evaluation of:

- The Centre for the Microeconomic Analysis of Public Policy (CPP) based at the Institute for Fiscal Studies (IFS).
- The Centre for Competitive Advantage in the Economy (CAGE) based at the University of Warwick.
- The Spatial Economics Research Centre (SERC) based at the London School of Economics.

Its focus was on assessing policy and practice impacts from the research, knowledge exchange and related activities of the three Centres relating to the UK, taking account of any wider international impacts. Its scope involved (different) funding periods for each of the Centres (including any extension or transition funding) and specifically since: 2005 for CPP; 2008 for SERC and 2010 for CAGE. The objectives of the evaluation have been common across the three Centres looking to:

a) Identify the ways in which the research conducted at the Centres utilised and applied by policy makers and practitioners, and other research users.
b) Assess and describe the degree to which the Centres’ research and related activities have contributed to, or influenced the development of policy or practice, or have prevented unattractive policies from being implemented or expanded.
c) Evaluating the processes through which impacts have been generated.
d) Identify and analyse the determinants of the impacts (i.e. why and how impact was generated).
e) Identify and analyse the effects of any synergies between the Centres on impact generation.
f) Identify good practice and lessons learned, to support the development of impact generation.

In addition, the evaluation has also reflected on the approach adopted in combining tracking forward and tracking back techniques so as to inform the further development of methodology for future impact evaluation studies in this area.

Evaluation approach

The methodology for the evaluation had not been developed in isolation. In particular, it built on past efforts by the ESRC Evaluation Committee seeking to understand the policy and practice impacts secured from investments. Past methodological developments have tended to emphasise ‘tracking forward’ assessments, typically using a combination of primary and secondary evidence to review the experiences and reflections of researcher and users and tracked forward from the point of undertaking specific research or activities. ‘Tracking back’ approaches have been used much less commonly, were more in-depth and focus on specific outcomes to review distinctive social science contributions, tracking back ‘effects’ to better understand processes, determinants and impacts. This was the first review for ESRC to combine both tracking forwards and tracking back methods.

The LMU methodology developed to reflect the relatively intensive timeframe for the evaluation and to minimise demands (from evidence collection and review) from user-organisations. It does so through a five-stage methodology harnessing essentially qualitative research methods to provide for a parallel evaluation within, and across, the three Centres through:
Stage 1: Inception, design and steering of the evaluation.

Stage 2: Review of ESRC/Centre documentation/MI and Centre (key staff/Advisory) experience.

Stage 3: Identification of principal and other non-academic users and cross-sectional interviews.

Stage 4: Selection and conduct (and verification) of in-depth ‘tracking back’ case studies.

Stage 5: Collation, team review and analysis, and staged reporting

**Stage 1 - Inception, design and steering:** The review started with a full ESRC briefing, integrated with an inception meeting to inform the development (and subsequent approval of) of a Framework Plan for the evaluation. This also enabled the team to follow-up on the initial ESRC notification of each of the Centre Directors, securing their commitment to participate. Steering and progress review have been embedded in the project management arrangements and have included monthly progress statements to ESRC to review state of play (against Key Input Milestone's in the workplan), issues arising for progress, and (as necessary) a modified risk assessment and contingencies.

**Stage 2 - Documentation and academic quality review:** A crucial feature of the impact evaluation – at all stages – had been making best use of available documentation so as to minimise disturbance to the respective Centres and users. This involved initial collation (by ESRC), and early systematic review by LMU-Carnegie of ‘core’ ESRC reporting, and subsequent in-centre collation of other related documentation from Centre Director’s. This included:

- Current ‘generic’ ESRC documentation including wider evidence through the ‘Business Impacts’ report to ESRC, individual impact case studies relating to the Centres and related documentation.
- Contractual documentation including Centre remit and supplementary ‘priorities’ agreements (with ESRC), schedules for forward activity, end of phase report(s) and interim reviews – as available.
- Required steering and management documentation produced for ESRC including the Forward Plan(s) for Centres.
- Minutes or Notes of Meetings of Advisory Boards (where held by ESRC), selected working papers, and minutes from any specific relevant Troika meetings for each Centre.

To this added a review of the Centre websites and any related social media and also a range of project related documentation to help identify external engagement and users. This ‘secondary’ evidence provided a starting point for centre-specific reviews and interviews including:

- Initial briefing and interviews with the Centre Directors, and other senior staff, to outline the specific scope of the evaluation and to customise the evidence collection to centre activities, external engagement and focus. This also identified sources of external non-academic engagement and impact potential, discussed relationships with principal users, and arranged briefing (and targeting) of other research (principal) and other academic staff and also selected members of the Advisory Boards of each centre.
- Interviews with selected key research staff at each of the Centres, focussing on project/programme/theme directors and principal investigators for applied aspects of research programmes. A total of 19 academic staff across the Centres were engaged in these discussions with the distribution emphasising senior staff and reflecting the scale and diversity of applied investments.

All interviews harnessed ‘tracking forward’ aspects of the methodology, guided by a semi-structured interview schedule to provide for continuity and comparative assessment. Content focussed on:

- Review of the past and prospective policy and practice impact of research and other activities of the Centre, against wider external relationships and capacity building.
- Exploring co-operation and any synergies between the three Centres and the contribution to achieved impacts.
• Identifying the range of impacts achieved and specific mechanisms in which research, researchers (and knowledge exchange) at the Centres were harnessed by policy makers and practitioners, and other non-academic research users.

• Identifying also any existing ‘exemplar’ evidence of impacts achieved including internal or REF case studies of impacts.

• Reviewing their experience of synergies between the Centres and with other ESRC funded investments that have positively affected impact on policy and practice.

• Assessing specific highlighted examples in which the Centres’ research and related activities have contributed to, or influenced, decision-making and development of policy and practice.

• Reviewing their experience of engagement and in particular how impacts have been influenced, and enablers and constraints to achieving impact (determinants).

• Identifying specific examples of impact better practice, the focus and key individuals concerned – and scope as case studies.

• Reviewing from this the transferable experience of impact generation from ESRC funded research and related investments.

These discussions enabled the evaluation team to identify supplementary centre-level MI and engagement documentation which also contributed to identifying external users, engagement and impact evidence, and including available and relevant REF case studies.  

Stage 3 – External user review and evidence collection and review: A systematic review of user and external stakeholder impact experiences was conducted through:

- personal interviews with lead contacts in ‘principal’ users; and

- semi-structured telephone interviews with a cross-section of other users identified from the Stage 2 documentary sources and discussions.

Stage 3a - Interviews with ‘principal’ users: A number of ‘principal’ user-organisations were identified through the tracking forward analysis (Stage 2) – principally among government departments, non-departmental public bodies (NDPBs), and among a smaller number of private sector bodies, NGOs and others. These shared the characteristic of having repeat and extensive engagement across Centre programmes, often involving multiple contacts through technical support, advisory, knowledge exchange and/or research commissioning or co-investment relationships. An early complication for the evaluation was that seven of these organisational relationships crossed more than one Centre (and two crossed all three Centres). These relationships across Centres involved usually different policy and analytical teams in different parts of the departments (and often different locations) and on different these and issues. Plans to conduct ‘lead’ interviews with 10-12 senior staff to provide overviews for each organisation were consequently modified (and extended) to focus instead on:

- Multi-Centre review of engagement through the Government Economic Service (GES) and with detailed feedback arranged through the Head of GES from seven senior economists variously in BIS, DWP, DCLG, HM Treasury, HMRC.

- Follow-up personal interviews with 19 users from 10 principal user-organisations (Bank of England, BIS, Child Poverty Action Group, DfE, DCLG, DfID, DWP, HMT, HMRC, New Economy).

Interviews were conducted by three senior members of the evaluation team linked to each of the Centres to provide for continuity of analysis within each. Content for the semi-structured interview schedule which guided these interviews was influenced by the Stage 2 analysis and discussions and agreed with ESRC. This focused on a situational review to:

- Assess initial awareness of Centre(s)/Centre researchers and how this was developed.

- Establish relationships (past, current and prospective) with the Centre(s) including any formal links through governance and co-funding.

- Map collaborative activities in research and knowledge exchange, organisational synergies (e.g. specific policy and practice drivers) and any specific outputs and their roots.

\[44\] We assumed these could be made available from September 2013 although in practice institutional arrangements made timely access difficult in two of the three Centres.
• Review other ‘evidence’ sourcing and alternative strategies and relative significance of the Centre(s)’ contributions against these/others.
• Review also their experience of any synergies between the Centres and with other ESRC funded investments, that had positively affected impact on policy and practice.
• Assess experience of use and utility of centre outputs (specific and more generally) set against wider external relationships and capacity building.
• Identify the range of impacts achieved, and processes through which research, researchers (and knowledge exchange) at the Centre(s) had been harnessed.
• Review their experience of impact enablers and constraints to achieving impact (determinants).
• Assess added value of Centre(s)’ contributions to decision-making processes relating to those impacts (for policy makers and practitioners) – and distinctive inputs.
• Review from this any lessons (from transferable experience) of impact generation from ESRC funded research and related investments.

Discussions were also held to identify existing ‘exemplar’ evidence of impacts and their suitability as possible case studies. Interviews were held at different levels and variously included analysts in departmental teams, policy and other team leaders (usually at ‘Principal’ Grade or above), economists and senior economists, and others where they had been directly engaged with identified centres.

A feature of these interviews was that as a result of job changes and departmental re-organisation, nearly one half were conducted with individuals in different roles and departments/NDPBs from where the interaction with the Centres had initially taken place. However, in a number of cases key staff who had been engaged closely with the Centres, were inaccessible (having left government service altogether), reluctant to engage with the evaluation due to changed commitments or priorities, or otherwise unavailable. Staff losses, departmental restructuring and changed departmental priorities for research and analytical support over the last three years had (probably) intensified these access challenges for the evaluation. The quality of the interviews conducted was generally high, although with problems of recall and retrospective assessment especially where relationships with the Centres were more dated or no longer on-going.

**Stage 3b - Telephone interviews with other users:** To widen the range of users engaged, and to provide alternative access to others, we planned a series of semi-structured telephone interviews with a cross-section of other users (also identified from the Stage 2 documentary sources and discussions). The scale of these interviews was condensed – partly to accommodate the additional resource demands on the evaluation of the larger than expected numbers of ‘principal user’ face to face interviews (as above) but also to reflect the fact that the Stage 2 discussions had shown external relationships of the Centres were focused mainly on a small range of public bodies. Few outside central government and NDPBs were engaged (e.g. from local government, NGOs, voluntary sector) and very few from the private sector, professional bodies or sectoral bodies.

In the event, 20 individuals were identified, many from the same departments and NDPBs engaged in the principal user interviews (but on different issues/relationships). Conversion of these was weak and required substantial persistence from the evaluation team, with 10 eventually interviewed. Of the others, four refused to be involved (citing pressures of work, changed priorities or having marginal engagement with the Centres), one cancelled an arranged interview three times, and five failed to respond to repeated email and telephone requests following an initial emailed briefing. Interviews that were completed followed a shortened interview schedule (also agreed with ESRC) focused on ‘open’ questioning to establish contexts, processes and outcomes from relationships with the Centres.

**Stage 4 - Development and production of impact case studies:** Stages 2 and 3 provided a range of evidence across the three Centres on impact expectations, and achievements, and the nature and distribution of these achievements. Based on the ‘tracking forward’ inputs from researchers (and users), they also provided perspectives on practices and influences on generating impacts. To extend this analysis to better understand the contribution of the centres’ activities to specific policy and practice changes (i.e. set against other influences), and the distinctive social science research and related contribution to decision-making in different impact settings, Stage 4 anticipated conducting in-depth and impact-specific case studies.

The intention had been to conduct nine ‘tracking back’ case studies but following consideration of possible cases, this was modified to involve a mixture of tracking back (7) and tracking forward (2)
case studies. The combination allowed the evaluation to include some fruitful areas of achieved or emerging impact which would not have been suited to tracking back methods. Following an interim ‘review’ meeting with ESRC, a long list of 13 cases was drawn together with a rationale for selection, and 11 were agreed as viable with ESRC. Departmental contacts for one tracking back case felt they were not yet sufficiently evolved in chronicling the process to engage at this point of the relationship with a centre, and another was reluctant to engage because of political sensitivities – both from departmental contacts. Follow up discussions have been held with CPP, SERC and CAGE to confirm the suitability of these selections (all were confirmed). Figure A1 confirms the selections.

**Figure A1: Case studies for ESRC 3 Centres Impact Evaluation**

<table>
<thead>
<tr>
<th>Case study ‘target’ impact</th>
<th>Centre</th>
<th>Impacted ‘target’ organisation</th>
<th>Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of a Patent Box</td>
<td>CPP</td>
<td>HM Treasury; HM Revenue and Customs</td>
<td>Tracking back</td>
</tr>
<tr>
<td>The Pupil Premium</td>
<td>CPP</td>
<td>Department. for Education</td>
<td>Tracking back</td>
</tr>
<tr>
<td>Introduction of a single-tier pension</td>
<td>CPP</td>
<td>HM Treasury; Dept. for Work and Pensions</td>
<td>Tracking back</td>
</tr>
<tr>
<td>Manchester Independent Economic Review</td>
<td>SERC</td>
<td>New Economy (Greater Manchester consortium)</td>
<td>Tracking back</td>
</tr>
<tr>
<td>Research on the importance of price signals in the planning process</td>
<td>SERC</td>
<td>Dept. of Business Innovation and Skills; Dept. of Communities and local Government</td>
<td>Tracking back</td>
</tr>
<tr>
<td>‘City Deal’ Initiative</td>
<td>SERC</td>
<td>Dept. of Business Innovation and Skills; Cabinet Office; Dept. of Communities and local Government</td>
<td>Tracking back</td>
</tr>
<tr>
<td>Well-being and measuring growth</td>
<td>CAGE</td>
<td>HM Treasury; Cabinet Office; Dept. of Communities and local Government; Office of National Statistics</td>
<td>Tracking forward</td>
</tr>
<tr>
<td>Future of Manufacturing</td>
<td>CAGE</td>
<td>Government Office for Science; Dept. of Business Innovation and Skills</td>
<td>Tracking forward</td>
</tr>
<tr>
<td>Price elasticity’s of charitable giving and Gift Aid</td>
<td>CAGE</td>
<td>Charity Aid Foundation; Just Giving; RNIB</td>
<td>Tracking back</td>
</tr>
</tbody>
</table>

The selection criteria emphasised a mixture of experience across centre activities, with a focus on the quality of the case studies in terms of:

- Clarity and distinctiveness of achieved impact.
- Intensity or significance of impact for user organisation.
- Assessment potential – in particular for key contacts in the user contexts being retained in post (or the same organisation) and with appropriate sources of tracking back evidence.
- Potential for transferability of practice - for resonance with other ESRC investments.

As shown above, the process required in some cases interviews within single departments/NDPBs – although often with multiple individuals, and sometimes with multiple bodies each engaged with
different aspects or at different times of the process for the policy development or other impact. Interviews often evolved a cascade process, with early interviewees identifying others to be involved over a six week schedule of face-to-face and telephone dialogue, supplemented by appropriate documentary review. Multiple interviews meant the evaluation was able to use triangulation of different sources and perspectives on policy and practice-impact and its influences. Conduct was customised to the particular context of the target impacts and effects and involved:

a) Supplementary liaison with engaged centre staff as needed (e.g. lead investigators, project management or nominating staff) and review of supplementary documentation.

b) Semi-structured interviews with the ‘cascade’ chain of user interviewees in each user organisation to establish the engagement, distinctive centre/key staff contributions, influence progression, and specific effects (e.g. formation of benefits and processes, practice partnerships/engagement, etc.) as well as impact enablers, observed/addressed impact constraints, and transferability of experience and success factors to inform conclusion and recommendation to ESRC of effective practices. This also looked at (successful) underpinning processes, attribution of impacts and additionality, and the likely future realised ‘down-stream’ associated improvements and effectiveness.

c) While content was similar, different interview schedules were designed, and approved with ESRC, for the tracking back and tracking forward interviews to reflect the different coverage and sequencing of questioning.

The outputs were similarly structured but stand-alone case studies, validated with the lead stakeholder contacts.

**Stage 5 - Collation and reporting:** The evaluation provided for each of the required outputs for ESRC and the Evaluation Committee, as set out below.

**Deliverables**

The outputs of the evaluation were summarised in Figure D2 below. There was an agreed delay of the Interim Report to allow for a late start to the SERC academic interviews (due to changes in Centre leadership post ESRC funding, and staff availability issues) and to accommodate the larger number than expected of principal user interviews.

**Figure D2: Schedule of deliverables**

<table>
<thead>
<tr>
<th>Deliverable(s)</th>
<th>Description</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework Plan</td>
<td>Workplan and schedule for the evaluation, including KIMs.</td>
<td>14 August</td>
</tr>
<tr>
<td>Interim Report</td>
<td>Early findings with implications for the case study selection and focus.</td>
<td>Deferred to 30 October (from 1 October 2013)</td>
</tr>
<tr>
<td>Draft Evaluation Report</td>
<td>Draft of final impact evaluation report with summaries of individual case studies</td>
<td>3 February 2014</td>
</tr>
<tr>
<td>Final Evaluation Report</td>
<td>Revision to draft following ESRC comments as received on 28 February. Inclusion of full, cleared impact case studies in final report</td>
<td>7 March 2014</td>
</tr>
<tr>
<td>Executive summary</td>
<td>Incorporated in draft/final evaluation report(s) as a stand-alone summary of findings</td>
<td>7 March 2014</td>
</tr>
<tr>
<td>Summary impact case studies</td>
<td>Summary case studies redrafted to meet ESRC’s case study template</td>
<td>10 March 2014</td>
</tr>
</tbody>
</table>

All other deliverables were provided to schedule.
Reflections on the methodology

In addition to the design, evidence gathering and reporting, an important part of the evaluation was feedback to ESRC on the effectiveness of the methodology and lessons learned for impact evaluation. Section 5 drew together some of the specific implications of lessons learned but this section provides for a wider assessment of the use and utility of the methodology as applied.

Overall, the approach had been effective and the evidence provided was put forward as robust and reflecting the effects and effectiveness of a Centre’s external relationships. The decision to provide for a multi-centre evaluation also provided for a deeper understanding, not only from the greater breadth of experience assessed, but also from the ability to compare and contrast experiences arising from different organisational cultures and practices in each of these Centres. We believe this provided for a richness of analysis to support the conclusions (and implications) sought by ESRC and presented in the final two sections of the report.

We also believe that the depth and quality of evidence gained had been sufficient to meet ESRC’s information needs, although emphasising public policy impacts rather than practice effects, which do not emerge as a feature of the user relationships forged by staff in these Centres. The impact evidence was, however, almost wholly focused on UK experience. This reflects ESRC’s priorities, but also shows some of the practical constraints on time and resources in the evaluation, and from more fragmentary relationships, in assessing international impacts especially among cross-national agencies.

Other reflections on the use and utility of the methodology were set out below for:

- impact evidence, and evidence collection, from the Centres themselves; and
- user experience and attributions of impacts.

Evidence from the Centres: This evaluation required a fast start which was achieved, but with some disturbance to Centre Directors who were required to engage with the initial evaluation briefing and to review arrangements at very short notice, so placing a premium on their flexibility and availability. The need for a fast start also limited the time between those discussions and the start of engagement with individual academic staff, many of who held senior posts with diverse commitments including foreign travel. The evaluation was able to accommodate this only by deferring the submission of the Interim Report.

The early engagement with Centre Directors was vital, not only in helping to develop the context within which the evaluation findings needed to be applied and scene setting, but also providing initial access to available centre-level monitoring information and documentation. In this the Directors were, crucially, gatekeepers to senior staff. This latter contribution proved essential to securing the commitment of senior staff to engage with the evaluation. In some cases it also provided a back-path where evaluators’ initial contacts to brief and seek interviews with individual staff did not secure a timely response from those concerned.

The evaluation anticipated a combination of secondary and primary evidence gathering and review. In the event much of the secondary evidence had been of minimal value for two of the Centres. In this, the main report commented on the limitations of generic documentation to identifying and understanding impacts (e.g. with limited scope to profile impacts – and less to track them – across Centre annual reports; impacts being confused with outputs in those and other reports; etc.). There have also been access challenges to some relevant internal documentation and specifically to REF impact case studies in the same two centres, with a (perhaps understandable) reluctance to identify or share even draft documentation in advance of the REF submission and reviews. In the event, just one of the academic staff member concerned across the two centres was able to do so.

The main report also noted the constraints of centre-level monitoring of impacts. Only one of the three Centres had processes attempting to collate and synthesise impact evidence in a systematic way, and here the process was experimental, with content unmediated and coverage limited across the academic staff asked to contribute. One other centre had active measures for monitoring press and media coverage but had yet to apply similar methods to assessing engagement or impacts arising from these with stakeholders, although it was proposing to do so.
Overall collated impact evidence, even at high-level, was unavailable or less than comprehensive and this raised early difficulties in identifying, accounting for and tracking user contacts. This meant the most reliable source for ‘likely’ impacts was the discussions with individual academics. This necessitated a wider coverage of individuals (than expected) who were likely to have been engaged with users. This proved to be a very time consuming (and costly) process and one which was also not compatible with the required intensity of analysis and low disturbance principles. With a focus on individual academic staff, there was also a risk that some achieved Centre impacts were missed in this evaluation.

**User evidence:** The methodological challenges have been greater than expected on the user side. An early complication was that identified principal user relationships crossed more than one Centre, and with two user-organisations having relationships with all three Centres. While this may have been a distinctive effect of the macro and micro-economics focus of the Centres, it meant that Centre relationships were more extended (and potentially more fragmented) than had been expected, typically involving a diverse range of policy and analytical teams in different parts of different departments (and often different locations).

In addition, even among smaller user-organisations in the public sector there appeared to be rarely any focus on, or oversight of, academic relationships more generally and rarely for Centre engagement. Where this did exist (BIS and DCLG) this was because formal liaison arrangements had been set up with link-staff as a result of departmental co-funding of a centre (specifically SERC). Where there were no formal funding relationships (as with CPP and CAGE, and SERC with DCLG after 2011), there was no central organisational knowledge of relationships within individual departments.

The associated challenges were compounded by the cross-Centre nature of this evaluation, but the evidence of fragmented use/users even within individual user-organisations was likely to be reflected in other impact evaluations of single centres. The methodology was consequently adjusted to build in an initial discussion and cross-departmental review within the Government Economic Service, a process aided by the access to, and commitment of, the head of the service. This provided for some early, though not comprehensive insights within departments and which were instrumental in guiding a change of focus (and numbers) of the principal user discussions to reflect this fragment across different identified user-organisations. However, the fragmentation may have an (uncertain) effect on the breadth and quality of the impact evidence being secured and places a premium on the accuracy of the departmental collective feedback and each Centres' own information on individual users. Other impact reviews may also not have such a centrally placed ‘gatekeeper’ as the Government Economic Service.

The subsequent face-to-face and related interviews with principal users have been effective although more protracted than expected, reflecting the need to accommodate more interviews, the subsequent cascade process for identifying other interviewees and demands on the time of (mainly) civil servants and advisors. However, the telephone interviews, which aimed to extend the breadth of these user discussions, proved less effective with limited conversion from initial liaison with identified users as a result, for example, of a combination of staff moving on and reluctance to engage among some. Any future reliance in impact evaluations on telephone interview surveys as the sole or predominant method (perhaps for intensity, cost effectiveness or to minimise disturbance) would seem to be misguided.

The evaluation also engaged with a narrower range of user-organisations than expected and these were almost wholly focused on central government and related public sector users, although this seems to be a reflection of the engagement and relationships, and expertise, of the evaluated Centres. It does mean, however, that the evaluation, as a quasi-experimental approach, had not had the benefit of being tested on a wider range of users and with virtually no ‘practice’ impact experience in the private sector, or among broker agencies such as professional bodies and sectoral agencies. This was not to state that these Centres had no private sector engagement, but these contacts were much less prominent than for central government and NDPBs, and on the evidence available less substantive in terms of specific policy or practice outcomes.
In terms of the mechanics of assessing impacts and determinants among users, the methodology worked effectively within its constraints of scope and timing but provided some cautionary experience for further evaluations:

- Impact evidence was drawn almost wholly from interviews with individuals engaged in the 'target' area where impact was secured. Documentary evidence tracking or even acknowledging specific academic inputs was of marginal value, and key documents such as White Papers and Green Papers seldom cited knowledge contributions or sources and where they did, this was not always a meaningful illustration of influence on policy directions. The dependence on individual evidence had particular consequences for selecting possible case studies, for example, contact with, and availability of, the relevant staff.

- Users were better at identifying impacts and relationships with individual academics (and occasionally specifics teams) than more generally with the Centres. Both the tracking back and tracking forward interviews showed users (at least in and around central government) had variable and often weak awareness of the Centres' wider activities or engagement. For most interviewees the relationship was defined at the level of individual academics with awareness of the institutional affinity, but commonly without even knowledge of that individual's role or location within the ESRC Centre. Consequently there was also confusion between the identity of the Centres and their host institutions. For example, the CPP was not really known among users, although the IFS was high profile, and there was confusion about if staff were being engaged through CPP, IFS or even UCL. This placed an emphasis was on isolating impacts and affected diagnosing and exploring relationships between user-organisations and key personalities in the Centres, a process which may have lost evidence relating to other (and less high profile) individuals members of these Centres.

- Impacts may take some time to secure from social science research or social scientists’ knowledge and interventions. The consequent time lags between exploring (after the event) securing impacts and tracking these back to research and researchers contributions, was a recurrent issue and more acute for tracking back than tracking forward interviews. Here the problems were associated mainly with loss of user contacts (staff moving, retiring, etc.), but also related to influences from organisational restructuring. As the evidence of how individuals/centres had engaged in particular policy areas was mostly drawn from personal recall (rather than documentary attribution), the loss or inaccessibility of such individuals effectively eroded user-organisations’ memories of such influences and effects. One related feature for this evaluation had been the consequences of the so called ‘cull of quangos’ in 2011-2012, where the loss of organisations through which two of these Centres had built influence meant that possible case studies of impact could not be explored.

- To the problems of organisational change and individual staff movement and losses could be added the effects of simple memory erosion among key staff as time passes. In impact areas which may have involved complex and/or protracted processes of review or consultation, or where multiple advisors or influences were engaged, or even where there were informal bilateral discussions, it was often difficult for key individuals among users to recall more than generally the precise nature or effects of contributions of specific academics. In many cases this limited the contribution of some key staff to giving generalised observations on the relative significance of contributions and determinants. The most accurate and detailed recall, unsurprisingly, was where inputs were recent or where there was a documentary track of process or debate (which applied to only a few cases). This may question the value of impact evaluations relying wholly on post-hoc and retrospective assessment from users sometime after impacts were secured, a particular constraint to using tracking back analyses in this situation.

- Impacts in policy and practice can occur in many contexts, shaping ideas that were subsequently realised as implemented policies and initiatives, informing choices on sustained policy direction or implementation, and acting to provide constructively critical assessment which may see inadvisable policy developments stopped. Tracking back approaches may have application in all these contexts, but with some practical limitations. In particular, policies that were implemented were more likely to be open to investigation and this evaluation shown a reluctance (among users) to contribute to evaluation of impacts on policy areas which were not taken forward or have since been closed as a result of changing government
priorities (i.e. policy redundancy). Although one case study shown some such effects, it proven very difficult to secure engagement of key user staff in policy areas where the impact was realised, in effect, on stopping 'bad' policy ideas from further development. There is informal evidence that at least two of the Centres have had such effects but securing process evidence to confirm this from users encountered resistance among key staff in departments and NDPBs. Others have seen positive influences on policy development in previous governments, but where there was no policy continuity there was a reluctance among civil servants to engage with policy impacts not invented within the current administration.

These reflections suggest that tracking back and tracking forward approaches can be combined in hybrid approaches to impact evaluation in these and similar contexts. Although falling short of causal analysis, combined they can provide valuable, if not comprehensive, evidence of influencing processes and illustrations of effects. Tracking forward approaches have some limitations on securing the necessary depth and progression of evidence (especially for longer term impacts) but on this evidence seem to have much wider application to different impact assessment contexts. The value of tracking back approaches, used in specific 'input' contexts (such as here for individual ESRC Centres, research initiatives or individuals) was yet to be proven.

In particular, the intensity of this micro-level focus on more individualised inputs raised clear challenges for the evidence gathering for the seven tracking back case studies. This was principally about identifying, securing access to, and quality of recall from, key user staff engaged often sometime in the past (many of who had moved on). Tracking back had also been challenged by the need to differentiate contributions of individuals/Centres from what was often a plethora of external influences (including from other academics) on specific impacts for policy formation and expression. It seems likely that similar challenges would arise for tracking back impacts on practice effects. We conclude that tracking back approaches, used in this way and context, present significant difficulties in identifying distinctive influences (and processes) in a situation where impact on policy (and perhaps practice as well), and influencing relationships, will be fragmented and multi-lateral. Tracking back may be more appropriate in areas where the Centre inputs have regularly been close to policy and policy makers, but elsewhere seem to present significant evidence challenges.

Tracking forward seems better placed to cope with these complications, but perhaps the ideal approach was to move away from summative approaches to harness a progressive tracking approach to assess impacts before during and after they take place. In this situation, evidence of impacts could be tracked as they occur through an action-orientated process engaging both those from whom impacts were secured, and those among user-organisations and influencing bodies. This process would be inherently longitudinal, building up an impact profile over time, and appropriately embedded in stronger monitoring and review of impacts at Centre level with independent review. We acknowledge this would have wider implications for investing organisations such as ESRC. However, even used selectively, it could provide a broader and even stronger evidence base and understanding of how impacts were secured and which behavior and practice by social scientists were instrumental in achieving these.
Annex B: Composite interview schedule for academic interviews

ESRC Three-Centre Impact Evaluation
(CPP, CAGE, SERC)

Senior Academic interview checklist (Draft: V1)

Objectives: This checklist is the focus for the internal aspects of the impact evaluation for ESRC and aims to provide for the perspectives of selected individuals on the non-academic impacts secured from the ESRC’s investment in the Centre(s), and in particular:

- The extent to which the Centre(s)’ research has been utilised and applied by policy makers and practitioners, and other research users.
- Specific examples of how research/related activities have contributed to /influenced the development of policy or practice (or prevented unattractive policies).
- The determinants of the impacts identified (i.e. why and how impact has been generated).
- Effects of any synergies between the Centres on impact generation.
- Possible case studies of good practice and lessons learned, which might be suitable for ‘tracking back’ review of the processes and development of impact generation.

The review will be limited to the funded period of each of the three Centres, including any extension or transition funding (CPP - since 2005; CAGE – since 2010; SERC – since 2008).

Scope: The interview checklist is generic and will cover inputs to be sought from Directors; and selected senior and other academic staff in CPP, CAGE and SERC. Q2 is specific to Directors or their deputies. Not all content will be relevant to all interviewees and will need to be customised to the role/context of interviewees. Interviews to be summarised against the main headings in a composite ‘academic interviews’ report for each Centre (LMU use only).

NB1. Check prior to each interview: The interviewee has received a pre-interview briefing on this part of the evaluation; understood this interview is confidential (academic staff except Co-Directors whose contribution is on-the-record); recognises the interview is part of the impact evaluation funded by ESRC but that no attributed evidence or quotations will be used in the forthcoming evaluation report without their prior consent. Interviewee’s have the right to decline to participate or decline to contribute to any specific questions.

NB2. Along with standard ESRC practice, the evaluation report (mid October 2013) will not be published by ESRC, but will be shared with the respective Directors (who will be invited to comment on content). A summary report will be available for public access around Easter 2014.

Interviewee:

Institution/School/Dept:

Interviewer:

Date:
1. **Background and context**

   a) Position and affiliations to the Research Centres, sub-programmes or Groups

   b) Origins of interviewee(s) involvement with Centre in funding period and subsequent personal involvement, role(s) in Centre (e.g. as principal investigators).

   c) Engagement or relationships – if any – with:
      - Other of CPP, CAGE and SERC (as relevant)
      - Other ESRC funded research Centres or major investments

   **NB.** For each test nature/level of engagement and views on synergies with own research/Centre.

   d) Engagement in Centre projects/programme – brief mapping of own involvement in funding timeframe.

2. **Documentation and sources of evidence**

   **NB.** Director and/or deputies only … provide brief to Director on evaluation process, timing and sources of existing evidence to be used (i.e. Wider ESRC documentation including ESRC’s ‘Business Impacts’ report; Centre contractual documentation; annual reports and forward plans; end of phase/mid-term reviews; etc.).

   a) What MI, records or recording of impact do they have in the Centre – if any. **PROBE for coverage and scope.**

   b) What other sources of impact evidence (including any ESRC we may not have been told about). **PROBE for how we access these.**

   c) Any existing ‘exemplar’ evidence of impacts achieved including internal or REF case studies of impacts.

   d) Which academic staff directly engaged in the Centres ESRC funded programme, are likely to have the most direct experience of securing (non-academic) impact on policy or practice? **PROBE for specific individuals, their impact/user focus, and any constraints to engaging them (e.g. sabbaticals, external commitments, etc.** **PROBE also for any apparently key staff – from documentation – not cited here.**

   e) Is there any preliminary briefing of those staff which the Director needs to put in place before we are able to contact them? If so, what and when will this be done? **NB. We may need to emphasize the urgency of this as all academic interviews will need to be completed by LMU by no later than 17 October.**

   f) How would they characterise the key users of the Centre's research or associated activities (e.g. specific organisations)? **NB. If appropriate this Q may run onto the specific ‘impact’ questioning in 3a-d below.**

3. **Achieved Centre impact(s)**

   **NB. We are interested in ‘tracking forward’ evidence-based non-academic outcomes and impacts – past and prospective, and the users involved. This will be specific to the ESRC Centres – but may relate to direct use of the ESRC funds and/or to commissioned or contacted activity that is a specific part of the Centres programme or priorities.**

   a) What is their overall experience of achieved non-academic impacts from research and other activities of the Centre, set against the Centre’s research priorities/sub-programmes. **PROBE**
for any areas of greater impact achievement within the Centre programme, or within wider external relationships and capacity building.

b) How do they characterise the range of past non-academic impacts achieved and with whom (users), and what is their source evidence for attributed impacts. **NB. We need their overview of the impacts achieved and users. PROBE for the users and also the specific mechanisms, in which research, researchers (and knowledge exchange) at the Centre have been harnessed by policy makers and practitioners, and other non-academic research users.**

c) Do they have any specific examples in which the Centres’ research and related activities have contributed to, or influenced the decision makers, decision-making and development of policy and practice. **NB We need details on what impact, what user organisation, lead contact (user) and contact details. PROBE specifically for any known impacts on stopping ‘inappropriate’ policy/practice being implemented.**

d) Are they aware of any prospective or emerging impacts? **PROBE for what and the users and if there are specific constraints holding back these impacts for policy makers and practitioners, or other non-academic research users.**

e) In their experience, has co-operation or other synergies between the three-Centres contributed to achieving any of these impacts. **PROBE for what/how and for specific staff in CPP/CAGE/SERC involved.**

### 4. Impact determinants and lessons

a) In their experience, what are the common success factors or enablers which support achieving non-academic impacts?

b) Do they have specific illustrations of how these determinants have positively affected the achievement of impact from the Centre? **PROBE for what; if not identified in Q3 seek contact/contact point in user.**

c) In their experience, what are the main barriers or constraints holding back achieving non-academic impacts?

d) What lessons and transferable experience of impact generation do they draw from their experience of generating impacts from ESRC funded research and related investments?

### 5. Other comments

*Thank the interviewee for their contribution. Remind them that the impact evaluation report will be provided to ESRC in the February, and will also be provided by ESRC to the Centre Director for comment.*
Annex C: Composite interview schedule for principal user interviews

ESRC 3-Centre Impact Evaluation

External principal user
interview checklist  (Draft: V2)

Objectives: This checklist is the focus for the principal user review of the evaluation and in particular:

- Extent and nature of ‘external’ engagement – what needs and expectations were being addressed among prospective users, and how relationships were built.
- Quality of external (non-academic) engagement, activities, and highlighted successes and their determinants.
- Extent and quality of external impacts of activities/successes and how utilised/applied by policy makers/practitioners.
- Added value of engagement with CPP/CAGE/SERC, and any issues arising for wider HE research-based – external user engagement and impact achievement.
- Identified specific examples of high impact and potential for tracking-back case studies.

Scope: The interview checklist is generic and will cover inputs relating to all Centres in each of principal user contacts – and to contrast their experiences with the senior and other academic staff. Not all content will be relevant to all interviewees and will need to be customised to the role/context of the lead contacts for each (or delegated interviewees). Interviews to be summarised against the main headings in a composite stakeholder review for each Centre (LMU use only).

NB1. Check prior to each interview: The interviewee has received a pre-interview briefing on this part of the evaluation (email from DP etc.); understood this interview will not be attributed to the individual but that it will identify the organisation; recognises the interview is part of the external impact evaluation funded by ESRC but that no attributed evidence or quotations will be used in the forthcoming evaluation report without their prior consent.

Interviewees have the right to decline to participate or decline to contribute to any specific questions. A summary report will be available for public access in the New Year (2014).

Interviewee:

Organisation:

Interviewer:

Date:
1. **Background and context**

   a) Context for organisation and for individual interviewee (post/role; change since CPP/CAGE/SERC engagement; etc.)

   b) Initial awareness of Centre (test organisation/individual understanding of scope/context/potential and expectations of synergies/value) for:

   - CPP (IFS/UCL etc.)
   - CAGE (Warwick)
   - SERC (LSE etc.)

   c) Have they been actively involved in engagement with other ESRC Research Investments, and have any of these also involved CPP/CAGE/SERC in any collaboration? *NB. PROBE for any distinctive CPP/CAGE/SERC inputs.*

2. **CPP/CAGE/SERC engagement and relationships**

   *NB. Users may have engaged with and be aware of the work of individual researchers, but may not remember their connections with particular Research Centres. It may be necessary to prompt respondents by using the relevant researchers’ names+inst/dept.*

   a) How have they recently been involved with CPP/CAGE/SERC – test for each for the ESRC funded ‘scope’ period, mapping institutional/own involvement with CPP/CAGE/SERC – when, what how? *NB. This should cover any engagement – research-based, co-funding, governance, advisory, etc.:

   - CPP (IFS/UCL etc.)
   - CAGE (Warwick)
   - SERC (LSE etc.)

   b) What has been the importance/organisational fit/context of this activity/engagement – why important to them? *PROBE direct synergies and expected added value.*

   c) What experience or use have they made of other CPP/CAGE/SERC outputs (specific and more generally) set against wider external relationships and capacity building.

   d) What has been the overall quality of CPP/CAGE/SERC contributions to/in 2a)? *NB Explore any reported variance – strengths for some activities vs weaknesses in others, and determinants.*

   e) How has CPP/CAGE/SERC delivered against expectations? Do any specific deliverables/achievements stand out for them – what and why?

   f) Are they aware of the value and use of CPP/CAGE/SERC outputs to other non-academic stakeholders. *PROBE for: a) Others are same organisation; AND b) Others in other non-academic users/stakeholders – if known.*

3. **Non-academic engagement and impacts**

   *NB. We need to establish all relevant impacts achieved AND prospective, but this can start with prompting on an identified example(s) as mentioned by researchers in connection with this user, and follow up with any others mentioned by the user in the course of the interview.*

   a) What have been the **achieved** impacts for this organisation (or part of it) from CPP/CAGE/SERC engagement – for each achieved impact explore:

   - Initial engagement (who in user+Centre); and how?
- Why – e.g. stimulus/synergies with needs/issues in user organisation?
- How relationship developed over time - enablers (constraints)?
- What was the impact secured – what outcome and what was the ‘net’ contribution of the Centre input to that achievement? NB Probe for source for that evidence.
- What were the mechanisms through which impact occurred – what made a difference/facilitated change?

b) Have there been any prospective (on-going) impacts for this organisation from CPP/CAGE/SERC engagement? Explore for issues as above.

c) How has impact achieved from CPP/CAGE/SERC been utilised/applied by:
- Policy makers/influencers etc.
- Practitioners.
- Other non-academic research users and business.

d) What has been the distinctive and/or relative added value/contribution of CPP/CAGE/SERC in achieved impact(s) set against other contributions?

e) Have there been any common drivers for engaging CPP/CAGE/SERC in areas where impact has subsequently been secured? PROBE for:
- Success factors for achieving impacts (e.g. type/form of CPP/CAGE/SERC contributions and/or their own engagement/use processes)?
- Constraints that have/will hold back impacts from CPP/CAGE/SERC?

f) What transferable lessons, if any, do they draw for enhanced impact generation from ESRC-funded research and related investments.

4. CPP/CAGE/SERC impact case studies

a) Are there any ‘better practice’ illustrations of attributed impact (who, what and when), and what is the potential to use these as tracking-back impact case studies. NB. Secure a lead contact for possible case studies.

5. Other comments

Thank interviewee for their contribution. Explain the evaluation report will be provided to ESRC early in the New Year, preceded with case studies.
Annex D: Composite interview schedule for tracking back case studies

ESRC 3-Centre Impact Evaluation

Tracking Back Case Study
Interview schedule (Draft: V1)

Objectives: This checklist is the focus for the critical ‘tracking back’ case studies of the target policy/initiative(s) within the evaluation and in particular for the:

- Establishing the context of the development of the target policy/initiative; and the Centre relationships with this.
- Exploring the extent and nature of Centre/staff engagement, how this came about and how it was combined with (any) other external contributions.
- Establishing the processes and sequencing of the contribution made by the Centre, and its distinctive contribution (viz others) in how external inputs were utilised/applied by policy makers/practitioners.
- Reviewing the quality of the Centre contribution, and its legacy for the policy/initiative, including relative strengths and weaknesses of the inputs (and their determinants).
- Identifying any supplementary sources (individuals and documentation) to be consulted.

Scope: The interview schedule is user-centred and designed to be used as a focus for open discussion to track back process and effects and not as a specific interview checklist. It is generic and will cover inputs relating to all target policy/initiative(s), and all Centres. Not all content will be relevant to all interviewees and will need to be customised to the role/context of the interviewees. Interviews to be drawn together as stand-alone, attributable case studies set out against the main headings in a composite cross-interviewee review for target policy/initiative. Each to be verified with lead contacts as previously agreed.

NB1. Check prior to each interview: The interviewee has received a pre-interview briefing on this part of the evaluation (email from DP etc.); understood this interview will not be attributed to individual but will form a part of a composite and attributable case study – to be verified by the organisation. Check also the interviewee recognises the interview is part of the external impact evaluation funded by ESRC but that no attributed evidence or quotations will be used in the forthcoming evaluation report without their prior consent.

Interviewees have the right to decline to participate or decline to contribute to any specific questions. A summary report will be available for public access in the New Year (2014).

Case study:
Interviewee:
Organisation:
Interviewer:
Date:
1. **Context**

*Discussion to explore individual interviewee and their role, evolution of policy/initiative and other sources to be consulted in case study*

a) Establish knowledge/engagement with the target policy issue/impact area (i.e. individuals role then and now; changed role/engagement; and current relevant activity; etc.

b) Evolution of target policy/initiative (i.e. explore with interviewee known background to target policy initiative/development, and when they were first involved with it (i.e. entry point), etc.

c) Are there others in (department/agency/etc.) who can provide additional insights to evolution etc.

d) Did any external bodies or stakeholders have a significant role to play in shaping the policy/initiative; if so who should we speak to about it?

e) Where is the policy/initiative ‘at’ now – the current state of play on implementation/roll out/review, etc.

2. **Centre engagement**

*Open discussion with interviewee(s) to tracking back the engagement and role of the centre/key staff in the policy/initiative*

a) What was the most recent involvement of staff in the Centre with this policy/initiative? *PROBE for designated staff and also for Centre Director.*

b) What earlier involvement did these or other staff or other key Centre staff have with either:

- Foundation and/or initiation of the target policy issue/initiative/development
- Scoping the initiative and its viability (e.g. market assessment)
- Review of policy options
- Development/implementation (including any pilot or review activity)
- Post implementation review (e.g. roll-out; implementation)
- Other

c) How and when did they/the dept/agency first become aware of the potential staff contribution/and/or their knowledge or expertise (i.e. previous relationship; referral from other(s); … how did this awareness reach them/colleagues)?

d) How and when did their engagement directly involve yourself or others (establish who and if likely to be available for comment/discussion). *NB Sequentially track back the engagement from recent to first.*

e) Were any ‘significant others’ in CPP/SERC/CAGE involved at any stage in other activity related to this policy/ initiative? *NB Establish any/who and their role in relation to the ‘designated’ staff.*

f) Did the CPP/SERC/CAGE engagement involve collaborations with other social scientists/Centres – if so who and how; how did this add value to their involvement?
3. Contribution

This part of the interview should discuss the quality of the nature of the conceptual, instrumental and capacity building contribution to the policy/initiative, including interviewee’s assessment in retrospect of the distinctive and relative contribution made.

a) How would they describe the distinctive contribution(s) made by CPP/SERC/CAGE in the policy/initiative? PROBE for:

- Recognition of the nature/existence of the problem?
- Understanding the significance of the problem?
- Identifying or informing options for action?
- Contributing or influencing changes in policy/practice (incl. design and parameters)?
- Understanding policy/initiative effectiveness and/or efficiency?
- Other (explore)

b) How did this contribution evolve over time? PROBE for sequenced activity; stop/start (and why); and if (and why) different staff involved at different times.

c) With the benefit of hindsight how would they now assess legacy of this contribution by CPP/SERC/CAGE to the policy/initiative? PROBE for the nature, distinctiveness and attributed scale of the contribution this input(s) made to the policy/initiative?

d) What did this contribution provide to the policy/initiative that would not otherwise have been available? PROBE for what the organisation would have done to meet any specific needs filled by them if this input/knowledge had not been available

e) Were there other important contributions to the initiative from outside CPP/SERC/CAGE? PROBE for who/what and when; and if any were related to the CPP/SERC/CAGE contributions … e.g. referrals.

4. Retrospective Review of Effectiveness of engagement

Discussion to isolate effectiveness of the contribution made to the target policy/initiative, and how it might have been improved?

a) With the benefit of hindsight, how do they feel the contribution(s) by CPP/SERC/CAGE benefited the policy/initiative?

b) Do they feel this impact on the policy/initiative been acknowledged by the organisation or other stakeholders? PROBE for where and when; if no why not.

c) Looking back across the contribution made by CPP/SERC/CAGE what do they feel worked especially well in contributing to the policy/initiative, and why was this effective? PROBE as necessary for the ‘success factors’.

d) Looking back, what worked less well (or could have worked better) in the CPP/SERC/CAGE contribution to the policy/initiative? PROBE for what and why, and any consequences for the policy/initiative of this being less effective.

e) In retrospect what – if anything - could have been done (and by whom/when) to have been improved the effectiveness of the contribution, and how would the policy/initiative have benefited from this?

f) What would have been the consequence for the policy/initiative if this CPP/SERC/CAGE had not been made/available? PROBE for if other inputs/areas of expertise would have compensated (who and how).
5. **Other**

   a) Do they have any other comment(s) to make about the CPP/SERC/CAGE impact on the policy/initiative?

   b) Is there anyone else they would recommend we speak with in order to understand things in a little more depth?

   c) Are there any key references or other documentation they would recommend we read/review?
Annex E: Composite interview checklist for tracking forward case studies

ESRC 3-Centre Impact Evaluation

Tracking Forward Case Study:
Case study interview checklist

Objectives: This checklist is to guide the interviews needed for the ‘tracking forward’ impact case studies (those not being conducted as tracking back cases – covered by the separate interview schedule). Its focus will be on in particular:

- The nature and context of the underpinning activities relating to the ‘high impact’ target example(s) selected for the case study.
- Tracking forward from CPP/SERC/CAGE inputs the realised benefits and how these are characterised as impact – for policy and/or practice, and any longer-term effects.
- The quality of the achieved impact, including added value, additionality and the determinants (enablers and constraints) for how Centre activity was utilised and applied by policy makers/practitioners.
- Assessment of transferability of the experience/practice to other user contexts, and its overall sustainability.

Scope: The interview checklist is generic and will cover inputs to be drawn from any relevant existing academic/stakeholder interviews and added interview content from ‘project-leads and user representatives/partners.

Not all content will be relevant to all interviewees and will need to be customised to the role/context of interviewees - but with all parts covered across the selected provider partners. All interviews to be integrated in the composite ‘case study report’ – structured according to the checklist major headings (1-5) and which will need to be cleared with lead external contacts (users).

NB. Check prior to each interview: The interviewee has: agreed to take part; received a pre-interview briefing on the role of the case study in the evaluation; understood this interview is on the record and will be subject to clearance. Establish with the user interviewee(s) who will be responsible for clearance and the rough timelines.

Case Study:

Interviewee:

Organisation:

Interviewer:

Date:
1. **Background and context**
   a) Organisation, role and scope
   b) Origins of interviewee(s) personal involvement/role(s) with:
      - CPP/SERC/CAGE generally (how and when were they first aware of them).
      - CPP/SERC/CAGE related activity that is the focus of the case study

2. **CPP/SERC/CAGE engagement**
   *NB. The ‘target activity’ relates to the activity on which the case study is based.*
   a) Organisational fit/relationship with target activity to any specific relevant development/change/needs in external stakeholder agency? *(i.e. establish broad context/fit).*
   b) What was the reason for engagement and what was the expected impact to be achieved – if any - from the target input from CPP/SERC/CAGE?
   c) How was this - what engagement/activity did CPP/SERC/CAGE undertake to meet those needs? *NB Track forward the input/activity and how actual engagement/activity related to ‘needs’. This will need to provide/supplement a description of the activity undertaken and outputs.*

3. **Impact and added value of target input**
   a) What was the direct impact and effects of the focus activity – track forward inputs to clarify achieved impact against expectations (what and for who)? *NB Review evidence for the impact and/or how this has been ‘measured’.*
   b) Has there been any direct contribution for:
      - Recognition of the nature/existence of policy/practice issues/problem?
      - Understanding the significance of the issue/problem?
      - Identifying or informing options for action?
      - Contributing or influencing changes in policy/practice (incl. design and parameters)?
      - Understanding policy/initiative effectiveness and/or efficiency?
      - Other (explore)
   c) Have others in social science research contributed to this impact, and if so what was the relative contribution by CPP/SERC/CAGE?
   d) Were there any indirect realised benefits or impacts? *PROBE for what, when and how these came about.*
   e) Are there any likely future longer term or ‘down-stream’ associated impacts? *PROBE for what and when/how these are expected to come about.*
   f) How would they attribute the achieved impacts to the targeted CPP/SERC/CAGE activity and in particular the added value from the knowledge exchange/expertise? *PROBE for what CPP/SERC/CAGE activity(s) had the most contribution/effect – and how/why.*
   g) How they characterise the additionality of the impacts achieved – would they otherwise have happened?
   h) Do they feel this impact on the policy/initiative been acknowledged by the organisation or other stakeholders? *PROBE for where and when; if no why not.*
4. **Impact enablers and constraints**

   a) What do they see as the ‘success factors’ underpinning the achieved impacts (enablers), and how did the target CPP/SERC/CAGE inputs/partnership contribute?

   b) What do they see as having held back any aspects of the achieved impacts (constraints) – if any?

   c) What wider lessons – if any – do they draw from their experiences of working with CPP/SERC/CAGE for raising impact of social science research for policy makers/practitioners?

5. **Any other comments**

*ESRC 3 Centres-Tracking Forward Checklist-V1*
Annex F: Impact case studies
1. Context

This case study focuses on the work of the Centre for the Microeconomic Analysis of Public Policy at the Institute for Fiscal Studies (CPP/IFS) in the arena of pensions and more specifically the introduction of a single-tier pension. It is a tracking-back case study drawing on the work of the CPP/IFS, government publications and a small number of interviews with those involved with development and implementation of the single-tier pension.

The CPP/IFS has a long track record of research into pensions. Since the introduction of the current State Earnings Related Pension Scheme (SERPS) in 1978 it has endeavoured to unpick the operation of the scheme and how it might be made more equitable, simpler and hence effective. IFS (before formation of the CPP) was also a leading light in the independent review of pensions and finance in older age conducted as part of the Carnegie Inquiry into the Third Age in 1990-91, and has had since maintained its knowledge and expertise in this area. Underlining this interest in the broader subject of pensions, the IFS website lists over 130 publications and 13 events to do with the subject.

It is widely accepted that the whole pension subject is complex and often requires very specific expertise to understand it fully. There was no specific electoral commitment to a single-tier pension and it took the impetus from the Minister for Pensions at the Department for Work and Pensions (DWP), Steve Webb MP, who has extensive knowledge of the sector (partly gathered during time as a researcher at the IFS in the 1990s), to get behind the idea and give it purchase.

The Green Paper on state pension reform in April 2011\(^\text{45}\) covered the whole issue of pensions, including the introduction of an older state pension age. It also set out the rationale for reform based on the four guiding principles of personal responsibility, fairness, simplicity, and affordability and sustainability. It offered two main options for discussion:

- Evolve state pension into a two-tier flat-rate structure based on the current structure.
- Introduce a single-tier flat-rate pension set above the level of the Pension Credit standard minimum guarantee.

This began a consultation process led by the DWP that attracted some 1,600 written responses from individuals and 102 from organisations. From this, according to the 2013 White Paper\(^\text{46}\), around three-quarters of the organisations responding supporting the introduction of a single-tier pension and this enabled the development of a more coherent proposal to take this model forward, which was set out in the White Paper in January 2013\(^\text{47}\). The key features of the new approach for the single-tier pension are as follows:

- Set at a level of state pension above the basic level of means-tested support and retaining the current ‘triple-lock’ mechanism for updating.
- Replace the State Second Pension.


\(^{47}\) Department for Work and Pensions (January 2013) op cit.
The new single-tier flat-rate pension (current value around £145) will be brought in from 2016 and the DWP estimates that by the mid-2030s over 80 per cent of pensioners will receive the full weekly amount.

2. Centre engagement

The CPP/IFS became directly involved with the single-tier pension proposals shortly after they became public and before the 2013 White Paper was finalised by the DWP. This involved a number of activities including:

- CPP/IFS researchers meeting with Her Majesty's Treasury (HMT) officials in May 2012 at the instigation of HMT to discuss the implications of the proposed single-tier pension.
- Various meetings (six in all) between CPP/IFS researchers and DWP officials at the request of DWP during the formation period of the White Paper proposals.
- Written evidence submitted by CPP/IFS researchers to the Parliamentary Work and Pensions Select Committee on 15 February 2013.48
- Verbal evidence given to the Parliamentary Work and Pensions Select Committee (at the request of the Select Committee) on the 27th February 2013.
- CPP/IFS research report published in July 2013 (after the White Paper) simulating the effects of the proposed single-tier pension on the various recipient groups in the longer term.49

Relevant CPP/IFS research was also likely to have been used in the DWP’s impact assessment for the 2013 Pensions Bill, though there are no explicit references in the main published documents which rely more on the Department’s own Pensim2 micro-simulation model and those of the Office for Budget Responsibility (OBR) and the Government Actuary’s Department (GAD). The interviews with DWP and HMT supported the view that the IFS/CPP was likely to have been influential in the impact assessment, including informal discussions on methodology.

The main research conducted by CPP/IFS on the implications of the single-tier pension was released in July 2013 and attributed to funding through the CPP and the Joseph Rowntree Foundation (JRF).51 The CPP/IFS on occasion relies on this sort of co-financing for taking ideas forward and expanding their scope and this was a case in point. It set out to test the effects of the new pension using a unique dataset combining lifetime National Insurance contribution histories with detailed micro data from the English Longitudinal Study of Ageing, assessing who will be the main winners and losers from the change.

The CPP/IFS research found that most of the gains will be with those who have spent periods out of the labour market caring for children and those in self-employment for more than 10 years, but in broader terms the new system will be less generous to most recipients compared to the system it is replacing. In terms of the wider implications of the proposed reforms, the CPP/IFS report was broadly positive, with the likely effect of encouraging private pension saving (especially for young people) and being a more sustainable system in operation.

51 Institute for Fiscal Studies (July 2013) Op Cit.
The report was accompanied by a presentation of the findings in July 2013 held in London and hosted by the JRF and involved an audience of policy makers (including from DWP, HMT, Office for National Statistics (ONS) and GAD), private sector interests (including KPMG, AXA and Towers Watson), and third sector organisations (including Trades Union Congress (TUC) and the Strategic Society), as well as the media. The report findings and the dissemination of them were felt to have provided reassurance to government departments (principally the DWP and HMT) on the general approach adopted for the single-tier pension, while also informing how the subsequent impact assessment should be conducted.

3. **Contribution**

For a long time the CPP/IFS has been considered a source of knowledge on pensions and the extensive involvement of staff during the relatively short period between the decision to adopt the single-tier approach and its announcement and shape in the White Paper is testimony to how this expertise is recognised in government.

The 18 month period between the Green and White Papers was relatively quiet in terms of public utterances on the single-tier pension. This was because the DWP and HMT were working behind the scenes to develop the policy more coherently when the initial assessments were showing it not to be the progressive policy intended. It was during this period that the CPP/IFS informal inputs were focused, principally helping refine the simulation methods to ensure the most effective analysis of the effects of the single-tier pension.

The informal meetings between the IFS/CPP and DWP staff were regarded by those involved in the internal government review and refinement as very important to this process. They largely focused on the technicalities of modelling the effects of introduction of the single-tier pension. To the department this was an opportunity to get an external independent perspective on the ways in which the rationale for the single-tier pension could be derived and the CPP/IFS was unique in having this relationship with staff at DWP. While the Department worked closely with other organisations at the time (for example the Pensions Policy Institute (PPI) the CPP/IFS was seen as the organisation to engage with for technical, quantitative advice.

These personal contacts between staff at the DWP and CPP/IFS were considered to be responsive and highly relevant by the former, with an ability to pick up the phone and chat informally or organise a meeting at short notice. It was felt that the CPP/IFS had the flexibility to do this and this was helped by IFS/CPP staff being only a short travelling distance from those at DWP, thus aiding the speed of response and interaction.

However, while providing technical support to staff in government agencies was flagged up as an important contribution of the IFS/CPP to policy development, it was often the CPP/IFS own research that was turned to. The CPP/IFS was seen as not just offering an independent perspective, but as one interviewee put it, ‘IFS analyses the issues through a slightly different lens’. In the case of the single-tier pension, the CPP/IFS research used a complementary set of data to that in the Pensim2 analysis carried out by the DWP, specifically the lifetime National Insurance contribution histories combined with detailed micro data from the English Longitudinal Study of Ageing.

4. **Retrospective Review of Effectiveness of Engagement**

For the CPP/IFS, some of the more substantial research on the single-tier pension has been done jointly with the JRF. This was seen to be particularly significant because:

- It allowed more resources to be devoted to the research than might have been possible from relying on core CPP resources (through ESRC) alone, through co-funding and co-investigation.

- It increased the reach of the subsequent publications to include organisations not necessarily keeping a watching brief on the CPP/IFS output.
It further enhanced the external credibility of the research by more clearly expressing its funding independence (via JRF) and enhancing its demonstrated expertise from two internationally acknowledged centres of research – CPP/IFS and JRF.

These collaborative foundations are seen as especially important if the implications of a big change in policy such as the introduction of the single-tier pension have, with its impact on future pensioners and current workers.

According to one high level source in the DWP, the CPP/IFS can be seen as ‘peerless’ for coverage of the quantitative aspects of pensions, but is not sufficiently knowledgeable about the more operational intricacies of the pensions sector. Here the DWP would tend to look more to the Pensions Policy Institute which is close to the pensions industry and so has extensive experience of how the sector operates. This was especially useful, for example when setting out the scope of auto-enrolment. By the same token, the PPI would not be the natural place to turn to for conceptual advice on technical issues such as dynamic micro simulation.

However, it is important to note that while the CPP/IFS provided informal inputs to the development of the case for the single-tier pension, they still provided an objective alternative perspective. This is illustrated by the timing of the IFS paper in July 2013, after the White Paper had been issued and the basic parameters of the new pension set out. The press inevitably picked up on the more controversial findings about the fact that most people would be worse off in the long run from the single-tier pension, but conveniently missed the findings on how, in the long run, it would help control state pension spending which was widely acknowledged across the political spectrum to be in danger of ballooning to unsustainable levels. The issue of the greater transparency to savers so that they knew where they were with their pensions and so could take action to improve the situation if required, was also in the CPP/IFS report but generally not picked up by the press. IFS/CPP’s attempts to correct this narrow coverage and these impressions in subsequent feedback to the media attracted less attention, but were seen as part of their regular monitoring (and clarification where necessary) of press coverage of their own material.

This was a case where the analysis may have been badly timed from the government’s perspective, but was clearly seen by stakeholders as objective and fair and providing an important alternative viewpoint based on proven technical abilities. In effect the findings were, as one interviewee described them, ‘inconvenient for government’ and also focused on something which government departments may not be able to say.

In broad terms the IFS/CPP work on the introduction of a single-tier pension did not change the policy that eventually appeared in the Pensions Bill but it did contribute to being able to understand its effects. As such, according to one interviewee, this enabled the government to present a more realistic picture of who would be the winners and losers from the new pension arrangements.

5. Summary and Conclusion

The IFS/CPP contribution to the period of development of the single-tier pension was based on an extensive back catalogue of work on pensions. This meant that any analysis would be based on experience of using the datasets available and setting out the implications for all those affected by the pension changes. In effect the CPP inputs took two forms. First there was the reactive role whereby between the Pensions Green and White Papers, CPP/IFS staff had meetings with departmental staff at DWP to advise mostly on technical aspects of analysis. This was also the period when a CPP/IFS researcher gave evidence to the Parliamentary Select Committee. It is not clear which, if any, aspects of the subsequent single-tier pension policy these inputs made an impact on and they are more likely to have affected the quality of the analysis on the implications of the changes.

Second, there was the proactive work of the CPP/IFS issued after the White Paper which sought to clarify some of the important longer term implications arising from the policy, confirming its role as independent analysts of policy. Again there is no real evidence to demonstrate that this intervention in the debate affected the shape of policy, more it helped make the implications more transparent and so provided a valuable service to stakeholders, including government. This is a recognised key
strength of the CPP/IFS, the ability to commentate objectively on policy yet maintain the confidence of
government departments to rely on technical advice. In the case of the single-tier pension, no other
organisation offered these inputs to the policy debate.
The Pupil Premium and the Centre for the Macroeconomic Analysis of Public Policy

1. Context

This case study focuses on the work of the Centre for the Microeconomic Analysis of Public Policy at the Institute for Fiscal Studies (CPP/IFS) in the formation and implementation of the Pupil Premium. It is a tracking-back case study drawing on the work of the CPP, government publications and a small number of interviews (mostly in the Department for Education (DFE) with those involved with development and implementation of the policy).

In England the funding to local authorities comes from central government by means of the Dedicated Schools Grant (DSG). The distribution of the DSG between local authorities is based on a series of incremental changes which Ministers have acknowledged have led to unfairness. Most schools still receive their funding through local authorities and each LA has developed its own funding formula taking into account the different types of school (such as primary or secondary), their size in pupil numbers, and location (urban and rural). The process inevitably leads to some differences in funding per pupil.

However, reform of school funding has been on the agenda of the coalition government since it came into office in 2010. This includes encouraging further the conversion of existing schools into academies, independent of local authority control and the setting up of new free schools. Academies and free schools receive their funding directly from the Education Funding Agency, although the amount they receive is based on how their local authority funds its maintained schools. In the longer term it seems likely that a rising proportion of schools will be funded centrally using a single national formula and the CPP/IFS has been at the forefront of the debate on this since the middle of the last decade. This has been in both a proactive sense by examining the implications of national school funding52 and in a reactive role by responding to the government’s consultation exercise53.

One particular development from this overall review of funding to schools has been the introduction of a pupil premium. The notion of a targeted funding element was espoused by Le Grand 54 in his ‘positively discriminating voucher’ in 1989 but took a more recognisable form in the work of the Policy Exchange in 200855 which set out many of the key elements that are familiar in the current policy.

The pupil premium was announced in the 2010 Spending Review alongside a cash-flat per pupil settlement for the DSG. The pupil premium would be targeted at the more disadvantaged pupils. The idea behind this was to make the funding system more progressive with additional money following the pupils who need extra support. The mechanism for the allocation of funds was proposed as the number of pupils receiving free school meals (FSM), on the basis that this is a readily accessible and cross-indicator guide to deprivation and the assumption that pupils from such a background tend to be those more likely to face achievement challenges and at risk of underperforming. The mechanism has simplicity in how it works and a decision was made to extend eligibility to those eligible for FSM in the

previous six years in part to address the issue of those pupils eligible one year but not the next. Nationally around one in five pupils attract the pupil premium.

2. Centre engagement

The CPP/IFS has a long track record of research and commentary on school funding in general and, more recently, targeted funding such as the pupil premium. In 2008 a report from the IFS56 (published by the CfBT Educational Trust) outlined the high level of redistribution within the school funding system, which is likely to have influenced (though difficult to prove) the choices made by the political parties in the run-up to the 2010 general election. The study was principally funded by the CfBT but the capacity and resources available within the CPP/IFS was an important part of the total resources needed to launch and complete the study.

Following the announcement by the political parties57 in the run-up to the 2010 general election of their intentions to introduce a pupil premium, the IFS set out the major issues in a paper during the election phase58. The paper was intended to set out the options in a way in which the redistributive effects (which has always been the stated objective of a pupil premium) would be realised. This was released at a pre-election mini-conference (duration of 90 minutes) held at the IFS in March 2010 attended by a wide range of participants including from DFE and non-departmental and other bodies. Those interviewees (from December 2013 and January 2014) who attended this event did not have a detailed recollection over three years later of the content and debate. However, the event was regarded positively as a convenient and effective focus for evidence. Put in the context of the whole range of events mounted by IFS to launch research reports they were generally felt to me useful, well run and were reaching a wide range of stakeholders.

Dissemination of the CPP/IFS research on the pupil premium was presented to a wider audience at the New Schools Network in March 2010 and the National Fair Funding Conference in May 2010. In their support to members and provision of analysis, both groups tend to draw on the work of the CPP/IFS where relevant.

The chronology of the process of introducing the Pupil Premium involved a number of stages as follows:

- May 2010 – Coalition Government announces its intention to introduce a ‘significant premium for disadvantaged pupils from outside the schools budget by reductions in spending elsewhere’59;
- July 2010 – Consultation on the introduction of a pupil premium launched (open until October 2010);
- October 2010 – IFS response to the consultation;
- November 2010 Autumn Statement – plans for introducing the pupil premium in the next fiscal year set out;
- December 2010 – Department for Education confirms final design of the pupil premium
- April 2011 – Pupil Premium introduced.

The IFS was involved at most stages of this process starting with a formal response to the consultation60 more fully described in section 3 below.

The school funding consultation document was issued by the DFE in July 201061 and focused on the coalition government’s desire to introduce a pupil premium. It gave the sense that this was going to

56 CfBT Education Trust (2008) Level playing field? The implications of school funding (research paper) [link]
57 Both the Liberal Democrat Party and the Conservative Party mentioned a pupil premium in their manifestos.
58 Institute for Fiscal Studies (2010) The Pupil Premium: Assessing the options (IFS Commentary C113) (part funded by Esme Fairburn Foundation) [link]
60 IFS (October 2010) op cit.
happen from funding year 2011-12 and was looking for confirmation that the favoured options were the most appropriate to achieve the desired redistributive effects.

In addition to a formal response to the consultation, the CPP/IFS (and principally one member of the institute) held a number of informal meetings with DFE staff at the request of the latter. These meetings covered various issues, though most were focused on the discussion of technical aspects to do with the analysis and interpretation of the data behind the case for a pupil premium in general and more particularly how the policy should be structured. This specifically relates to two issues, whether the pupil premium should be variable or set at a flat-rate, and what is the best index of deprivation to use.

3. Contribution

The influence of the work of CPP/IFS on the funding of schools takes a variety of forms. The paper by the IFS/CPP in October 2010 in response to the government consultation on school funding arrangements was clearly acknowledged by government as an important contribution to the policy debate. In a press release dated 15th December 2010 the DFE issued a response to the news reports that the IFS study had generated. In it the Department welcomed:

‘… news that the Institute for Fiscal Studies (IFS) believe the premium is simple and transparent, and will benefit schools’.

The press release went on to set out the initial level of the pupil premium (£430 extra funding per pupil on FSM from 2011-12 with a commitment to annual increases for the subsequent four years) but gave no details of how the IFS submission had influenced its decision-making.

The IFS response to the consultation focused on two main issues:

- whether it is right to give a higher pupil premium to areas that currently receive less per pupil funding; and
- what the preferred deprivation indicator in allocating the pupil premium should be.

On the first issue the analysis and response came down firmly against one of the proposals in the consultation document that there should be a differential pupil premium with schools in areas receiving overall higher levels of funding receiving a smaller pupil premium. This was dismissed by the CPP/IFS as contributing to a widening of the difference in funding rather than the government's stated objective of a narrowing. The submission went on to state that 'providing the same per-pupil amount in all local authorities would be more in keeping with the department's stated objective' – of a simpler and more transparent system.

On the second issue of the preferred deprivation index to use, the CPP/IFS submission examined the alternatives, looking for a measure that could not be influenced or manipulated inappropriately to generate more funding. While it felt that FSM eligibility was a 'blunt measure that cannot identify multiple degrees of deprivation' it nevertheless offered the best prospect, especially when eligibility was based on a sustained period of a number of years rather than just the current year. In the event the government adopted the CPP/IFS preferred approach of a single level of payment to all schools based on the historic eligibility for FSM.

The CPP/IFS analysis was acknowledged by key staff in the Department but it is nonetheless difficult to assess the extent of the CPP/IFS influence on the final decision since it was part of a wider

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64 The methodology was changed in 2012-13 (financial year) to extend eligibility to those who had been eligible for FSM at any point in the previous six years, and a single rate to primary school pupils, second school pupils and Looked After Children continued to operate. Different rates will apply from 2014-15.
consultation process and where the influence of supporting (or contrary) views are compound. However, given the more general high recognition of all interviewees on the role of the CPP/IFS in providing the quantitative underpinnings of policy development, it is evident that the influence exerted on the final shape of the pupil premium was significant. It may not have altered the fundamentals of the eventual policy, but is helped confirm that the department was taking the most appropriate approach within the wider policy context.

The IFS/CPP is not the only organisation exerting influence on the financing of schools policy. The Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics (LSE) was mentioned as an important sounding board for the direction of policy in terms of targeting the policy and the Policy Exchange had already been mentioned as an important source of debate on the pupil premium prior to the adoption of it as policy. However, the CPP/IFS is seen as the most relevant and expert when it comes to the quantitative analysis of fiscal policy and this has been especially relevant in the case with school funding. The work done with the National Pupil database was mentioned, requiring a high level of competence in handling this complex statistical resource in a secure way. As such it complemented the department’s own work and key staff felt it could go further in the sophistication of the analysis than from departmental expertise and resources.

4. **Retrospective Review of Effectiveness of engagement**

In general there is little doubt that the contribution of the CPP/IFS, and in particular its quantitative analysis, within the pupil premium debate, was appreciated and taken note of by policy teams and others in the Department. Some of this input was at the instigation of the CPP/IFS, while some (mostly the informal meetings as the policy developed) at the request of the DFE. The value of those in the DFE having ready and responsive access to individual members of staff at the IFS/CPP was raised in interviews.

Although in the context of the pupil premium the consultation process meant that everything was out in the open, these meetings particularly helped with the technical aspects of clarifying and simulating the effects of the funding changes. Here the IFS input was said to have identified some flaws in the department’s own analysis and gave advice on how to address them. The quantitative ability of the IFS was underlined in a statement from one interviewee who stated that ‘they are the only people who understand the (school) funding system’ and so is an invaluable independent reference point for the DFE.

The IFS/CPP is seen as an independent commentator with no agenda of its own to promote, summed up in one Departmental comment as ‘IFS will not submit anything if they haven’t got something to say’ and this was particularly relevant in the consultation process on school funding and the pupil premium. There were submissions from around 2,400 educational institutions and many responses commented purely on the principles of the policy: ‘… and did not move the debate on’. Whereas the IFS/CPP contribution was seen as particularly useful because it also provided an analytical critique of the policy. It was also considered the analytically based submissions of the CPP/IFS, and a few other organisations such as CASE, had the most impact on the subsequent policy take up and implementation.

5. **Summary and Conclusion**

The IFS/CPP was not the first organisation to input to the debate on the introduction of the pupil premium, but it took the initiative on addressing the pros and cons shortly after the policy became a specific manifesto pledge of two political parties. It could do this because of the Centre’s track record in understanding and unpicking the complex subject of school funding, leading some to consider the IFS/CPP to be in a unique position in this policy arena.

The impact contribution of the CPP/IFS to the formation of the pupil premium is uncontested, though difficult to quantify. To what extent the CPP/IFS analysis and pronouncements actually changed the shape of the policy is unclear, though it is likely to have given reassurance to the policy makers that there were going in the right direction.
More generally the IFS has a high regard among policy makers in many different situations, and in the course of the investigations for the pupil premium, one interviewee intimated, ‘IFS is king – if they tell us it’s silly then we stop’. It was also intimated that those advising the politicians directly are listened to more if the IFS is providing the analytical background.
Tracking Back Impact Case Study ‘C’

Development of the Patent Box and the Centre for the Macroeconomic Analysis of Public Policy

1. Context

This case study focuses on the work of the Centre for the Microeconomic Analysis of Public Policy at the Institute for Fiscal Studies (CPP/IFS) in the area of corporate taxation and specifically the formation and implementation of a Patent Box. It is a tracking-back case study drawing on the work of the CPP/IFS, government publications and a small number of interviews with those involved with the development and implementation of the policy.

The concept of a ‘Patent Box’ (so-called because there is a relevant box to tick on a tax return indicating a claim) is to provide a favourable tax regime for income resulting from the commercialisation of innovation. With greater freedom for businesses to locate assets and activities (and tax liabilities) in different countries other than their traditional home base, concern among national governments has mounted that this could lead to the loss of innovative products, their development to production and the associated benefits that this may bring in terms of employment and corporate tax revenues. Basically the Patent Box approach offers a reduced tax rate on the profits that a firm earns from exploiting its innovation.

In Europe, France was the first country to introduce such a tax incentive in 2000, followed by Hungary in 2003. Belgium and the Netherlands introduced such a tax incentive in 2007 and were followed by Luxembourg and Spain one year later. There are now 11 countries operating Patent Box type policies in Europe. The exact details of each national scheme varies, though in the Netherlands expansion of the approach in 2010 to an ‘Innovation Box’, effectively extended the tax break to encompass more intellectual property rights and, with a tax rate of just 5 per cent.

In 2008 the initial impetus for the introduction of favourable taxation to encourage innovation appeared to be stimulated by a desire to encourage R&D in life sciences where it was felt that the United Kingdom had a competitive advantage (such as in pharmaceuticals, etc.). Subsequent discussions on the possible introduction of a Patent Box effectively started in early 2009 when the then Labour Government requested the relevant Departments (i.e. Her Majesty’s Treasury (HMT) and Her Majesty’s Revenue and Customs (HMRC) to look at innovative ways of taxing intellectual property.

These developments led to the formation of an approach for the UK which was first presented in the November 2009 Pre-Budget Report. This effectively set 2013 as the target date for introduction of a Patent Box with a tax rate of 10 per cent.

In the run-up to the 2010 General Election the main political parties had not committed explicitly to a Patent Box. Its subsequent further development under the coalition government was linked to the fact that proposals were available through the pre-2010 developments with the incoming government enabling these to take their course. The Conservative Party had come into the Coalition Government in May 2010 with a broad commitment to reducing corporate taxation. This was echoed in the Emergency Budget of 2010 and the Corporate Tax Road Map shortly after. The involvement of CPP/IFS in the Patent Box commenced when the Labour Party first announced the idea of introducing such a policy.

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65 An alternative view on the origins of the term is because a business elects to use it, this effectively means “boxing” (i.e. segregating) patent-related profits from the rest of any profits.
2. Centre engagement

Interest in the Patent Box approach in the CPP/IFS stems from a wider interest in corporate taxation and intellectual property and so it was a natural progression to enter the policy debate when the Coalition Government made a commitment to it in 2010. The main stages in the chronology of the development of the Patent Box policy, and where the CPP/IFS inputs fit are as follows:

- December 2009 - Labour government announces idea of Patent Box in Pre-Budget report
- December 2009 - CPP/IFS published comments in its Commentary on the Pre-Budget Report
- February 2010 - CPP/IFS publishes further comment in its Green Budget
- July 2010 – Corporate Tax Road Map from the Coalition Government;
- November 2010 – CPP/IFS paper simulating the effects of a Patent Box;
- June 2011 – HMT/HMRC issue consultation document on the introduction of a Patent Box;
- October 2011 – IFS formally responds to the consultation process;
- April 2013 – launch of the Patent Box nationally.

The first major IFS/CPP input to the policy debate came in late 2010 after the proposed changes in corporation tax were set out in the ‘Road Map’. An important part of this was how best to incentivise R&D through the taxation system and one option was the Patent Box idea. This stimulated the CPP/IFS to look in greater detail at the implications of this approach and this was done without any specific request from government.

Following the government’s announcement of a commitment to encourage innovation through corporate taxes, a member of the CPP/IFS team had a number of informal meetings with the policy makers from HMT and HMRC. These meetings were at the request of the Departments and aimed to explore how the effects of the various options could be tested. In addition, IFS held a workshop in London on 14th January 2011 bringing together speakers from government (HMT), industry (for example, GlaxoSmithKline) and academia (for example, Oxford Centre for Business Taxation), in effect drawing on the November 2010 research report on the Patent Box.

The consultation document from HMT/HMRC was issued in June 2011 requesting responses to the proposals by October of the same year. It set out the aims of the Patent Box, the design principles of the model and which businesses would be potentially eligible for it. The IFS/CPP formally responded in October 2011 in a concise six page document.

3. Contribution

Following announcement of the government’s intention to introduce a Patent Box, the CPP/IFS carried out a simulation of the tax effects of the policy, publishing the results in November 2010. The authors were critical of most aspects of the approach, in particular highlighting that from their calculations the Patent Box would bring about a substantial reduction in government revenues. The IFS supported measures to encourage firms to innovate but felt that the Patent Box approach is not well targeted at encouraging research but focuses more on the income accruing from the results of the innovation.

The consultation document issued by the HMT/HMRC in June 2011 set out the aims of the Patent Box and invited responses. It followed a review of taxation on innovation and intellectual property in November 2010 which, inter alia, came up with the proposal for a Patent Box and its design characteristics. Some of the reasons for going down this route were given as the particular suitability of a Patent Box approach to dealing with high-tech R&D and manufacturing activity, coupled with the concern that the UK was being left vulnerable in the light of other countries (particularly in the EU) already introducing such tax breaks for innovation.

The design principles for the Patent Box set out in the consultation document encompassed the following:

- The box should have a broad scope to include the both patent licence income and patent income from the sale proceeds of the patented product.
- A formulaic approach to reduce the burden of administration for firms and the HMRC.
- The box should apply to profits, not receipts.
- The box should benefit active ownership and innovation and not simply reward the acquisition and passive retention of patents.

The IFS/CPP response\(^{70}\) was broadly critical of many of these design principles. This focused on the two main stated aims of a Patent Box in the United Kingdom as follows:

- To increase incentives to invest in innovation and to commercialise patents – the CPP/IFS response argued that the Patent Box, because it targets the income that arises from holding intellectual property, is not well targeted at overcoming the market failures that rationalise intervention in the market. The underlying research is where the externalities arise, and thus policy should target research. Firms already face the correct incentives to maximise income from the intellectual property they own, so there is no need for government to increase these incentives. In addition, firms are not required to undertake the research that leads to the intellectual property in the UK, so the policy does not even indirectly increase incentives to do research in the UK.

- To make the UK a more attractive location for patents and related activities – the CPP/IFS response acknowledged that a few other EU Member States who had already introduced a Patent Box had increased the competitive environment and the introduction of one in the UK would make it a more attractive location. However it noted that the Government’s own estimate suggested that this would lead to a net loss of revenue in excess of £1 billion annually.

The IFS/CPP response also pointed out that the introduction of preferential corporate tax rates as in the Patent Box approach are discouraged by the EU Code of Conduct on business taxation, mainly because it is likely to lead to falling tax revenues across Member States. Furthermore, the CPP/IFS indicated the increased complexity that the Patent Box would bring to the corporate tax regime at a time when the government had expressed a commitment to easing the administrative burden on firms.

In this complex area of corporate taxation there are other players that will tend to intervene and influence policy (though the extent of this influence is inevitably difficult to quantify). For the Patent Box, a Consultative Group was set up by HMT and HMRC with contributions from the Centre for Business Taxation and accountancy firms such as KPMG, E&Y, and companies including Dyson, Syngenta, ARM and GlaxoSmithKline. This group debated some of the technical issues surrounding the new tax proposals such as what the rules about eligible income should be and how this should be calculated, what could be attributed to the patent and what to other activities etc.

4. Retrospective Review of Effectiveness of engagement

According to contacts in HMT and HMRC, the CPP/IFS work was useful to the development of the Patent Box in refining the policy objectives and understanding more fully the cost implications, thanks to the thoroughness of the CPP/IFS work on this.

The CPP/IFS contribution to the debate was ‘thought-provoking’ according to one interviewee, but without being a game changer in terms of policy. Those interviewed at the HMT and HMRC suggested that the Patent Box policy had not been altered as a result of the CPP/IFS research and subsequent response to the consultation. In some ways this was because the policy had already been shaped since the first commitment to the Patent Box in 2009 and had built up a ‘head of steam’ that

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\(^{70}\) Institute for Fiscal Studies (October 2011) Op cit.
was unlikely to be changed significantly. While the research outputs from the IFS/CPP were generally critical of the whole idea of the Patent Box, this opposing stance was not seen as a negative contribution to the policy debate. On the contrary, the objectivity was appreciated by HMT and HMRC and made those forming the policy to more closely consider some issues, even if this did not lead to changes in the broad approach.

5. Summary and Conclusion

The IFS/CPP research on the introduction of a Patent Box was a direct response to the proposed introduction of a major change to corporate taxation. It was not instigated at the request of government but illustrates how the CPP/IFS had the ability to be sensitive to emerging policy issues bringing proactive and independent analysis to the policy arena.

The IFS/CPP research and response to the Patent Box consultation process made clear that the objectives of the policy were not clearly stated, and that there was no justification of the claim that the policy would encouraged innovation. The analysis also pointed out that there would be a net loss of tax revenues even if the number of patents increases and that it may not lead to more domestic R&D and exploitation of the ensuing productive activity. These views were made clear in formal and informal submissions to the HMT and HMRC and there is no doubt that they were considered by policy makers. However, overall it did not change the detail of the policy and the Patent Box became active in April 2013. Its final form and implementation consequently owes less to IFS (or other) research and analysis, and more to the cross-party political momentum behind a policy approach that started before the 2010 general election and was carried forward by the Coalition Government.

Beyond the UK, the research has had wider applicability and following interest from the United States, the CPP/IFS researchers presented their results to a high level conference in that country in 2012. In feedback (written and oral) the value of the work was acknowledged as moving the thinking on tax concessions for innovation forward. There is also the possibility that this work will continue to be drawn on, due to the on-going interest in Patent Boxes within the EU Code of Conduct Group and the OECD Forum on Harmful Tax Practices, which are both currently reviewing a number of these measures (including the UK Patent Box) and the rules relating to them.
1. Context

This impact case study looks at tracking back the impact of the expertise and contributions of the ESRC Spatial Economics Research Centre (SERC) at the London School of Economics and Political Science (LSE) on the formation, development and use of the Manchester Independent Economic Review (MIER). It summarises the background to the review, and also the engagement of SERC and achieved impacts from the contributions of individuals, including the (then) SERC Director Professor Henry Overman. The case study draws on discussions with the academic staff involved, as well as key staff in Manchester New Economy and also relevant policy and other documentation.

The Manchester Independent Economic Review (MIER) consisted of a Commission of prominent economists and business leaders, supported by a Policy Advisory Group and Secretariat (Manchester New Economy) with responsibility for commissioning high quality evidence-based research to inform decision-makers in Manchester. The Review Panel consisted of five internationally recognised economists and business leaders:

- Sir Tom McKillop: Chairman, Manchester Independent Economic Review
- Diane Coyle: Managing Director, Enlightenment Economics
- Ed Glaeser: Professor of Economics, Harvard University
- Jonathan Kestenbaum: Chief Executive, NESTA
- Jim O’Neill: Chief Economist and Head of Global Economic Research, Goldman Sachs

The Review Panel commissioned seven organisations:

“to work on seven strands of analysis which provide a deep and cutting-edge analysis of the economics of the Manchester City Region: the way businesses and people interact in terms of trade and skills, the causes and impact of innovation, how investment comes about and the effect it has, and why, despite all this economic activity and growth, stubborn pockets of deprivation still persist.”

The commissioned organisations were: the LSE (Spatial Economics Research Centre), the University of Manchester, Aston University Business School, PWC, Regeneris, Amion, Volterra, Burns Owen Partnership and Experian.

The Review was designed to provide:

“a detailed and rigorous assessment of the current state and future potential of Manchester’s economy...[containing]...evidence to inform the actions of public and private sector decision-makers so that Manchester can achieve long-term sustainable economic growth and boost the performance of the national economy” (MIER, The Review, About the Review).

In essence, the MIER was intended to produce a new economic assessment and narrative that would

“both inform and raise the level of debate regarding the economic future of the Manchester City Region within the economic development community.”
In sum, it would provide:

- A shared evidence base which can be used to underpin policy choices regarding future priorities for strategic investment and to bridge some of the persistent gulfs in understanding what existed in the Manchester City Region (and in other City Regions), about how regional economies grow.
- An accessible and updateable evidence base at a more detailed level than has previously been achieved in order to support policy makers.
- A shared view of the future development of the City Region’s economy including the longer-term drivers of change and factors facilitating responses to future external changes and shocks.

The Review was funded by the Manchester Innovation Investment Fund, (supported by both the Northwest Regional Development Agency and the National Endowment for Science Technology and Arts), separately by the Northwest Regional Development Agency, by the Learning and Skills Council and by the North West Improvement Network. The Review was also funded, supported and underwritten by the Association of Greater Manchester Authorities (AGMA).

2. Centre engagement

Through the outcome of a competitive tendering process, SERC was commissioned to produce the report on the case for agglomeration economies in the Manchester City Region (MCR). SERC’s Initial engagement with the MIER process began with the commissioning processing in 2007/08. However, SERC’s work on the spatial economics of cities (and the profile of some of its key academics) was known to senior staff within Manchester New Economy and there was a strong interest in the academic debate around the geography of urban areas and cities in particular. The commissioning process involved:

‘… a close examination of who was working on this and particularly focusing on the new economic geography and issues around agglomeration economies.’

There was no formal connection between Manchester New Economy and SERC before the MIER, however there had been some preliminary discussion with SERC (with the then Director Henry Overman) on the shape and structure of a potential review of the economy of Greater Manchester and what should be its focus. For Manchester New Economy, SERC’s experience and track record in the field was significant here, in that Manchester New Economy were seeking for a radical approach to the analysis of the Greater Manchester economy.

SERC’s track record of work on the economics of cities was critical to these initial discussions and to their subsequent selection as a key research partner commissioned to undertake a core aspect of the review. Indeed, its work was seen as being empirically robust, but also theoretically strong (the latter particularly in terms of its distinctive research on the significance (or lack of it) of ‘market failure’ in conditioning city successes). This combination of empirical and conceptual rigour was particularly appealing to Manchester New Economy and was something which would later (post commission) be applied to developing a shared agenda for Greater Manchester, such that there was what was described as ‘a useful ‘coming together of agendas’.

‘It was challenging, it was hard, but it was an absolutely economic thesis completely. SERC’s work added value because it was more than just a review and synthesis, it also comprised primary research that had not been done before.’

Throughout the review process SERC’s role was seen as crucial, both in terms of its conceptual underpinnings as well as driving the process forward and coordinating the work of different elements of the review. Although the majority of the work was conducted independently by commissioned research teams, these were brought together at key moments to discuss the work and its emerging findings. SERC was seen as having a significant role here providing a critical review of the MIER process and programmes of work undertaken (particularly towards the end of the process), in the determination of key outcomes and policy recommendations to be taken forward. This is a role recognised by both Manchester New Economy interviewees and the independent MIER Reviewers:
This Review starts with a broad introduction to the approach we have taken to the research. The second section contains a brief overview of the Review’s findings, organised by common themes, to set the stage for our recommendations. These draw in particular on the overview of agglomeration economies in MCR which was carried out by the research team at the London School of Economics (LSE), as well as on the other individual reports’. (MIER, Reviewers’ Report, 2008. P.11)

Since the work on the MIER there has been a strong (but largely) informal relationship between Manchester New Economy and SERC. SERC have not been commissioned to do any additional work for Manchester New Economy. However, Professor Henry Overman is a member of the Manchester New Economy Advisory Panel and Manchester New Economy is now involved with the What Works Centre led by Professor Overman. As one member of NWE commented on this informal relationship:

“We often end up together in government at different seminars and platforms...and of course very recently the ‘What Works’ Centre... we’ve kept up the link in an institutional way.”

The relationship between Professor Overman and staff within Manchester New Economy is important here in understanding this informal but continuing connection. To an extent this revolves around the acknowledged quality of the work of Professor Overman and other SERC academics, but it also relates to the way in which Manchester New Economy perceive SERC academics’ willingness to engage with policy debates. Within Manchester New Economy there is certainly the feeling that some academics are often only interested in research for its own sake, whereas SERC researchers are seen as being interested in the policy implications and policy influence of the work being done. It was suggested that:

“One of the frustrations we have is that academics aren’t always incentivised to engage with policy makers particularly at local authority level...but SERC is more outward facing and more interested in the policy debates.”

For the MIER work this willingness to engage in policy debate is acknowledged as a core reason contributing to the effectiveness of the MIER working process:

“What we managed to work through with SERC is the areas where we are pretty clear what the messages coming out are and where we can be bold in what we are saying to really make the case... There are clear policy messages that come out [from SERC’s work]... and the analysis that has been presented has been able to get traction.’

‘At the end we were pushing [SERC] to take the implications of the research to the limits of what you could credibly say on the evidence...he [HO] was willing to engage with that debate and about how strong you can make those messages’.

4. Contribution

It is clear from interviews with policy users that the major contribution of SERC’s work to the development of the MIER lies both in its conceptual strength and its transferability to the policy-making community. SERC’s academics were involved in the MIER process to the extent that they are seen as making significant impacts on the nature of the policy problems being address (developing the case for agglomeration economies in MCR), but also in identifying and informing options for action that have led to changes in policy practice.

In particular, Professor Overman was seen as an ‘intellectual leading light’ of the whole MIER process, both in the production of the research and the reporting of the work. SERC’s work was suggested as being a “...groundbreaking piece of work in Greater Manchester with lots of impact that you can see on the back of that...which has had a lasting effect on policy”. The key here was SERC’s ability to produce work for the MIER that focused on the application of economic analysis and modelling to a particular policy context and urban setting, but which was also built on the development of new and original data and evidence to underpin policy. In particular, this work was focused on the
evidence surrounding the case for agglomeration economies. As one Manchester New Economy researcher commented:

“What we wanted was the bringing of that broad economic thesis on agglomeration into a real policy context. What does that really mean for a place like Manchester?” This, it was argued, is what was set out in the review done by SERC.

Of equal significance was the ability of this research to be translated into a language that policy makers could understand in order to develop the wider implications of the work. Manchester New Economy is clear that SERC and Professor Overman were receptive to helping them develop the policy implications of the work. Again, Professor Overman was particularly seen as key in helping to develop a clear set policy messages. This ability to work with the evidence to create clear policy messages was seen as:

‘A good example of not going against the research, but at the same time understanding that to have real value the research needs to talk to people... there were many things that we wanted him to say that he felt that he couldn’t do because the research didn’t say those things, but ultimately he did it very well.’

This combination of robust research-based evidence combined with the policy messages that ‘spoke’ to the local policy-making community was seen to have been an important part of the longer term legacy of the MIER. This is also related to shifts in both local policy cooperation and in conceptual understanding around how the MCR functions. The MIER, it is argued, has been heavily influential in cementing the idea of Greater Manchester as a single economic area whose economic development is interlinked. One Manchester New Economy interviewee commented:

‘Without the MIER, of which HO and SERC were a crucial part, I doubt that would have happened’... it was a crystallising factor for everything else that followed...You’ll win some, you’ll lose some, but you’ve got to make your calls together’.

‘...if you look at Leeds today, Sheffield today, Birmingham today ...are not operating in anyway like Greater Manchester. I think it’s because they never quite had that momentum that we achieved with the MIER, of which HO’s contribution was central.’

Overall, while acknowledging the significant inputs from variously commissioned organisations to particular aspects of the MIER process, there is a clear assessment from Manchester New Economy that without the participation of Professor Overman and SERC academics the resultant review (whilst being conceptually strong and empirically robust) would not have had such policy transferability and been such an influential piece of work.

4. Reflections on Effectiveness of Engagement

Manchester New Economy sees SERC as having a substantial impact on the process and outcome of the MIER. This applies at both a general level of policy impact and also on the specific way the MIER developed over time. For example, in relation to the former it is argued that the MIER has an important tool in articulating the case for investment and policy action in Greater Manchester from central government:

‘...with the coalition government we have just signed a ‘City Deal’ and you’ll see that all those documents will reference the MIER and the recommendations that the report made’.

Equally, it was suggested that:

‘HMT bought it lock stock and barrel... [in] all of our interactions subsequently with HMT, in terms of taking us seriously and differentiating us from other city regions... It had a real impact because it was such a strong piece of work’.

It is clear that the direct contributions, analysis, (and especially the conceptual underpinnings) from SERC were crucial to the wider credibility of the MIER. Indeed, the longer term impact of the MIER underpinned by SERC’s research was highlighted:

‘In terms of developing the Greater Manchester approach to economic development, it’s [SERC’s input] been central’. Even before the review had been formally published the work fed straight into policy’.

They added:

‘On the back of the review being published, the whole way that Greater Manchester politicians and officers view the city region now is very much coloured by the agglomeration analysis that was presented. There are work streams still going on now about some of the more specific recommendations from the SERC work around the adequacy of our housing and employment land supply...The work of HO kick started the work around that...it’s very influential’.

The long-term visibility of the MIER and its capacity to continually influence policy debate and action is seen by Manchester New Economy as a significant outcome of working with SERC. This has been important locally, particularly in terms of establishing the credibility of the research:

‘A large part of why SERC’s work is so visible is the role of HO and the connections he has been able to make with people in Manchester’.

Equally, this local level engagement is supplement by SERC’s academic profile and connections with central government departments. Indeed, this connectedness to national levels of policy-making is highlighted as a factor that continues to provide a space in which the MIER can be promoted and which can facilitate it being responsive to central governmental policy agendas. However, it was also acknowledged that SERC probably had a higher profile in London and with central government, than it did with Local Authorities in the regions.

5. Summary and Conclusion

This case study has focused on the role of SERC in the development of the MIER. In particular it highlights that throughout the review process the participation and input of SERC staff was significant to developing the case for agglomeration economies in MCR. SERC input was also seen as providing a crucial role in drawing together and providing a synthesis of the key elements and outcomes of the MIER process. Further added value of the input of SERC’s work on the MIER was its ability to ‘transfer’ to the policy-making community. Indeed, this policy transfer was important in crystallising (for a policy audience) both the nature of the economic challenges and opportunities identified by the MIER and also the options for action that have subsequently led to changes in policy practice.

Overall, what is evident is that Manchester New Economy sees real policy benefits for the MCR as a result of SERC’s work on the MIER. In particular this relates to the application of the conceptual to the practical and the translation of empirical evidence into robust policy recommendations. Facilitating this was a shared belief in the conceptual approach to the research for the MIER by both SERC and Manchester New Economy, and a relationship between Manchester New Economy and SERC that allowed the development of clear policy messages to emerge from the review process.
1. Context

This impact case study looks at tracking back the impact of the expertise and contributions of the ESRC Spatial Economics Research Centre (SERC) at the London School of Economic and Political Science (LSE) on the introduction of market signals in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG). It summarises the use of market (price) signals in the NPPF and NPPG and also the engagement of SERC and achieved impacts from the contributions of individuals, including Professor Paul Cheshire. The case study draws on discussions with the academic staff involved, key staff in the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills (BIS) and also relevant policy and other documentation.

The National Planning Policy Framework (NPPF) \(^{72}\) was introduced in 2012 and sets out planning policies for England and how these are to be applied by local authorities in their plan making process and in dealing with planning applications. The NPPF was designed to help simplify the planning system making it less complex and more accessible to the public and developers.

The NPPF has brought with it a number of changes to the way the planning system operates and functions. One of the key areas of change is the introduction of the concept of using market signals, such as land values and houses prices, in the planning process. Recognition of such market signals \(^{73}\) is identified as a Core Planning Principle within the NPPF:

> ‘Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities (NPPF Core Planning Principles)’.

As Nathan and Overman (2011, p.2) suggest, this turn to the use of market signals in the planning system is an important change in approach within planning, particularly given that the previous system ‘...effectively makes no use of price signals’, such that it may well have downplayed ‘economic objectives in preference to other objectives’.

In the emerging National Planning Practice Guidance (NPPG) market signals are strongly embedded in the guidance on how local authorities should assess and evidence development needs for housing (market and affordable) and economic development. It is clearly stated for example that market signals need to be taken into account in the housing need analysis:

> ‘The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than


\(^{73}\) Market signals in the NPPG include: Land Prices, House Prices, Rents, Affordability, Rate of Development, and Overcrowding.
the national/local average may well indicate particular market undersupply relative to demand’.

2. Centre Engagement

The Department for Local Government and Communities (DCLG) relationship with SERC falls into two phases:

- **2008-2011** – as a co-funder, and where DCLG analysts sat on the SERC funders’ group assisting in shaping SERC’s research priorities to help reflect the Department’s policy interests (e.g. housing, land-use planning, and regeneration). In this period, SERC was seen as responding rapidly to DCLG research questions, and allocated time to working with DCLG analysts through peer review research and participating in DCLG seminars.

- **2011-2013** - DCLG was no longer a co-funder and (with less funding) SERC directors were seen to prioritise the Centre’s research on the needs of its on-going funders. The DCLG relationship with SERC continued, albeit more informally and less intensively, although SERC has still continued to publish research outputs, for example on planning and housing, which have been important in the development DCLG policy.

As such, there is a clear recognition that SERC have been involved in the planning and housing policy world for a long time with research that was acknowledge and valued by DCLG policy analysts and policy makers. Much of this work pre-dates the creation of SERC and relates to work carried out largely (but not exclusively) by Professor Paul Cheshire. DCLG officers drew attention to SERC’s active and positive contribution to research and policy development across DCLG’s policy areas such as local government, housing and planning and regeneration. Here, SERC’s research findings were valued and noted as often challenging existing policy and stimulating debate on various issues around the economic impacts of policy interventions. In addition, SERC’s contributions to DCLG review (and developments) on how policy interventions have been evaluated or appraised are said to have raised interest and much discussion in the Department. DCLG’s direct relationship with SERC was felt to have directly supported analysis and policy development (within the Department) through a mixture of the publication of policy papers, presentations at DCLG staff seminars, and direct support of analytical work.

The key here is how SERC’s research has been used to underpin the work of the analytical directorate within DCLG, informing the way that policy issues and problems are approached and presented. The incorporation of market (price) signals into emerging national planning practice guidance was highlighted as a good example of the way in which existing academic work undertaken by SERC academics, and in particular, the work of Paul Cheshire was used:

‘At one level it’s hard to separate whether they contribute to this, market signals per se, or whether they just contribute to the economic advice that comes in the direction of the planning directorate because a paper or a piece of thinking doesn’t always line up with a policy.’

Another DCLG officer commented:

[DCLG was]...driven by ministerial interest in market signals and effectively through drafting the NPPF and now drafting the guidance, a very clear ministerial commitment to market signals.. we rely in part on experts [internal and external] in the sense that as policy advisors we are not experts ...as generalists we are in the business of getting as much information as

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possible from a whole variety of sources and a key grouping is academic thought on things and see if it is relevant and if we can apply it... to try to get it to work in a policy environment.’

However, it is clear that DCLG officers see SERC’s work as shaping the thinking on the development of policy generally, often providing the economic groundwork and background to policy. Again, related to SERC’s price signals research:

‘You know, we got a commitment to incorporate market signals into planning guidance and that could be any amount of different things. We could probably do that very superficially, or you can develop a complex model that has all the micro and macro components that affect price, demand and supply or whatever. And that’s where it shapes our thinking, because... it shapes how we approach the question’.

DCLG officers also reflected on the importance of SERC’s role as an independent research Centre, with this being seen as important in allowing DCLG to work with SERC in developing policy:

‘There is merit in having funded Centres that have a bit of a theme and sort of plug away because there is no way we would have commissioned all of this [SERC’s work on price signals]... so having them sort of coming at you is a good thing.’

DCLG clearly values this independent nature of this work which can be adapted and used in the policy development process. “We have a dialogue when they [SERC] are doing their own work which is more useful than when we commission work.” Overall, for DCLG the work of SERC and Professor Paul Cheshire has been significant in developing their thinking and focus on the planning guidance review and in the emerging housing needs guidance. DCLG work on developing the methodology on housing needs analysis and clear identification of what a market signal is, what market signals should be included and how this can be assessed, was seen as being strongly influenced by SERC research.

3. Contribution

It is clear from discussions with DCLG that that the major contribution of SERC’s work to the development of the NPPF and NPPG lies both in its conceptual strength and its transferability to the policy-making community. SERC’s academics were involved in the policy development process such that they are seen as making significant impacts on the nature of the policy problems being addressed (developing the case for using price signals), but also in identifying and informing options for action that have led to changes in planning practice guidance.

For DCLG officers, there are two key research papers that helped in preparing the NPPF, first: Assessing the Government’s Proposals to Reform the UK Planning System (Nathan and Overman, 2011) and second: Urban Containment, Housing Affordability and Price Stability (Cheshire, 2009), with the latter particularly important in the development of the DCLG approach to incorporating market (price) signals in the planning system.

<table>
<thead>
<tr>
<th>SERC Policy Papers cited by DCLG as being influential in producing the NPPF and NPPG</th>
<th>Contribution to DCLG</th>
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| Assessing the Government’s Proposals to Reform the UK Planning System November 2011 | • Set out clear arguments of the economic costs of the planning system and effects of planning rules of the decisions of developers, firms, and people.  
  • Used by analysts in developing the National Planning Policy Framework and subsequent planning reforms. |
| Urban Containment, Housing Affordability and Price Stability - Irreconcilable Goals; September 2009 | • Set out critique of planning system and side effects of policies for urban containment.  
  • Used by analysts in development of ideas around neighbourhood planning and local incentives. |

These papers are seen as being influential on policy thinking on the incompatibility between planning restrictions on land and price stability. Commenting on the Cheshire (2009) paper a DCLG officer remarked:
‘It very clearly stated why you couldn’t have a planning system without price signals or market signals... that was a paper that nailed down a lot of the thought and its one that we returned to when we were doing this work ...to make an argument’. The analytical team went back and looked at the paper and read lots of other things to take a view on which market signals and how you would do market signals which we could then broker with HMT.’

The work of Professor Cheshire here is seen as key with its most significant contribution to the NPPF being that land values were recognised as a market signal:

‘It was never guaranteed that we would get that in. We were always going to get some market signals in, they could have been easy ones in the sense that there’s loads of data but with a body of respected literature that’s quite modern saying you’ve got discontinuity of land values at the edge of your settlement and you need to think long and hard about your land supply restriction... and as a result the top indicator in there is land values and we’ve acknowledged that it’s hard to measure, but it is the purest indicator of inefficient land allocation’.

This assessment is also supported by SERC academics. Indeed, reflecting on the influence of his work with DCLG Professor Cheshire commented:

‘You can see two things: one is that the idea that land use planning has economic affect and these are important and that they affect the housing market and housing affordability and they also affect the production side of the economy and economic growth... have all got communicated into the policy world. People are now aw of that and they will come to me and other people in SERC to talk to us about them, as almost the first port of call.’

Also important for DCLG is the ability of SERC’s work (both specifically related to market signals in planning and also more generally) to be translated into a language that policy makers could understand in order to develop the wider implications of the work. Indeed, DCLG are clear that SERC academics were very receptive to helping them develop the policy implications of research. The willingness of SERC staff to engage with what is both policy and politically practicable was noted by DCLG staff: ‘[SERC] will say ‘well we don’t entirely agree with how you want to do it, but if you are going to look at it like that I would make sure you get land values in there’.

Overall, there is a clear assessment from DCLG that without SERC’s and Professor Cheshire’s contribution both the process of developing policy and the policy guidance produced would not have been as ambitious or robust. As one DCLG officer commented: “Without the SERC work it would have been hard to get the recognition of price signals and market indicators into the guidance.”

4. Reflections on Effectiveness of Engagement

One of the key factors underlying the successful integration of SERC’s work into policy debate and discussion is the continuity and consistency of its research work and the policy messages that these convey. As one DCLG interviewee commented on Professor Cheshire’s 2009 paper:

‘This paper says all you need to know about what we have been talking about putting in place. But they don’t just publish it and move on. This sounds very simple but there is a blog entry on this topic [planning] every few weeks. The constant hammering home, in what is a public space, just works because people read it and write about it. It’s almost continually re-launching what was a very good piece of work and making sure it was launched at the time when we needed it.’

Another commented:

“If you produce something that is digestible and clear and you keep repeating that message, that’s how things get through in policy terms. I can associate SERC staff with core messages.”

This constancy of message, together with its accessibility and digestibility, is recognised as being a key success factor in the work on including price signals in the NPPF (and the emerging NPPG):
‘...having it there we had much more robust discussions internally and with other departments. I think the choice of indicators could have got heated with us and other departments...without accessible work saying don’t worry about some of this, it all boils down to needing a price signal, helps make that argument. We could have spent months arguing about indicators and within a few meetings we got about six.’

DCLG staff saw SERC’s blogs as a key way to influence the policy advisors of ministers. SERC website is seen as an important site to visit (almost on a daily basis) for updates and information related to SERC’s research activities (and often via the blog entry). Indeed, more recently they have started to look at SERC blogs which are seen as more accessible to a wider audience and generating a more popular debate about market signals. SERC’s policy papers appear to be accessed less frequently, but are used when they are needed (when work is in development). As one interviewee commented:

‘When we were doing the market signals work, I trawled back through a lot of it, and took the bits I needed. There are almost two levels. Their public blog stuff gets looked at all the time and it might prompt something more important or robust. And then if we are in the space of where we are doing something and we know there is material we’ll check it.’

A more negative reflection on DCLG engagement with SERC was related to the suggestion that sometimes SERC papers do not acknowledge the reality of policy-making or what is politically possible. However, this was seen as a wider problem when working with academics and not solely related to work with SERC. Indeed, SERC researchers were seen to be receptive when dealing with the transitioning of research from the conceptual to what was practical and able to be developed into policy. There is some evidence of this with SERC’s work on market signals:

‘There’s a beauty about being clear and simple, but if I can’t sell the transition then we won’t do it. For example, putting incomes in as a market signal might be a good idea, theoretically, but it could be very difficult to implement.’

‘On the market signals stuff Paul [Cheshire] said what do you reckon... he [PC] said really good, this is 10 years of persuading people to put market signals in, but he [PC] said incomes drive housing demand almost way above any other factor and so looking at just affordability isn’t sufficient, you need to worry about incomes...[but]...we haven’t got incomes in our current set of market signals.’

DCLG’s only other concern was the difficulty of distinguishing between the Centre and the academics themselves and/or the universities for whom they work. For example, when preparing the business case in 2011 for co-funding SERC and looking for demonstrable evidence of SERC’s impact within DCLG, there appeared to be some uncertainty within the Department about the identity of SERC. DCLG staff recognised that specific academics were working extensively with DCLG but often interpreted these as LSE/Oxford/Cambridge academics working for free, rather than SERC academics being funded by Government and ESRC. For DCLG this made it more difficult to substantiate the funding case by showing the impact and genuine profile of SERC. It was acknowledged that similar issues existed with other Centres where impacts could be understated because the identity and brand of the Centre is less well known than the host universities.

5. Summary and Conclusions

This case study has focused on the role of SERC in the use of market signals in the NPPF and NPPG. The case study highlights the key role that SERC and its academic staff have played in the development of national planning policy. Key here is how SERC’s research has been used to underpin the work of the analytical directorate within DCLG, informing the way that price signals have emerged in national planning practice guidance. SERC’s track record in research related to the economics of planning has been significant in allowing DCLG officers to develop policy.

It is clear that one of the key factors underlying the successful integration of SERC’s work into policy debate and discussion has been the continuity and consistency of its research work and the policy messages that these convey. This constancy of message together with its accessibility and
digestibility (its transferability to policy) is recognised as being a key success factor in the work on including market signals in the NPPF and the emerging NPPG. Overall, there is a clear assessment from DCLG that without SERC’s contribution (and in particular the planning research work of Professor Paul Cheshire) both the process of developing policy (and the policy guidance) would not have produced as robust an outcome as was achieved.
1. Context

Between 2010 and 2013, senior staff at the Spatial Economics Research Centre had significant engagement with, and impact on, the development and implementation of the Government’s new “City Deal” initiative. The initiative commenced early in the administration of the Coalition Government, and was driven by the government’s decentralisation agenda with the aim that transferring powers from central government to cities would make it easier for cities to achieve economic growth. As it has developed, the initiative has become driven by goals for economic growth-related policies and links to Local Enterprise Partnerships.

The initiative had its roots in the Department for Communities and Local Government (DCLG) with Greg Clark MP, then Minister for State for Decentralisation, with the driving role passing to the Department of Business, Information and Skills (BIS) together with the Deputy Prime Minister. Nick Clegg MP, Deputy Prime Minister, and Greg Clark MP launched ‘City Deals’ on 8 December 2011, following the introduction of the Localism Act (November 2011) and alongside the publication of the Unlocking Growth in Cities White Paper. The initiative is supported by Government’s Cities Policy Unit, created in August 2011, and staffed by civil servants and others seconded from local government, think tanks and the private sector.

‘City Deal’ Initiative have similar aims to Community Budgets (piloted since 2010) and provide for negotiated pooling of resource on a discretionary level to achieve strategic goals for individual targeted cities.

‘City Deals’ involve passing bespoke sets of powers and budgets to large city authorities (or wider areas), following agreement with Whitehall on policies and targets enabling individual cities and wider areas to:

- Put cities in control of the economic opportunities and challenges they face as a city.
- Work with a city’s wider metro area – encouraging deals across the wider economic area will increase the ‘scale of deal’, meaning ‘City Deals’ will reach more people through a wider geographical reach.
- Work across local enterprise and local authority boundaries, sectors, and professions – bringing together governments, cities, neighbouring authorities and local business leaders.
- Give real power to city authorities so they can create economic growth.

Underpinning these principles a diversified and negotiated ‘deal’ with city region stakeholders, a focus on ‘core’ cities, and an emphasis of action on the city region.

‘City Deal’ has involved staged agreements with the first wave focusing on eight defined ‘core cities’ in England — the largest cities outside of London. Proposals for each of the deals were developed by local government and local authority consortia working closely with local partners and their Local Enterprise Partnership. The first eight ‘City Deals’ were announced in September 2012, and were expected to collectively create up to 175,000 new jobs and 37,000 new apprentices.

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76 Greg Clark MP was appointed to DCLG in May 2010 as Minister for State for Decentralisation, taking the additional role of Minister for Cities at BIS in July 2011. Working closely with the Deputy Prime Minister on City Deals he retains a Ministerial brief for cities as the financial Secretary to HM Treasury since September 2012.

77 The Cities Policy Unit works jointly with the DCLG, BIS and others across Whitehall.

78 Wave 1 covered: Bristol, Birmingham, Manchester, Leeds, Liverpool, Newcastle, Nottingham, and Sheffield.
Shortly after the Wave 1 agreements, government also announced (October 2012) the roll-out of the approach to a further 20 targeted cities\(^{79}\), inviting proposals (by January 2013). Wave 2 involved the next 14 largest cities outside of London and their wider areas, together with the six cities with the highest population growth during 2001 to 2010. In February 2013, the Deputy Prime Minister announced government would be moving ahead to negotiate specific deals through the Cities Policy Unit, on a staggered timeline with all 20. ‘City Deals’ for these cities and environs are expected to be negotiated progressively into early 2014.

### 3. Centre Engagement

Senior staff at SERC had a legacy of substantial research prior to the establishment of SERC as an ESRC Centre later in 2008, co-funded by DCLG, BIS and also some of the devolved administrations. Professor Overman’s established research on cities and city region development was acknowledged by departmental analysts and policy teams as important in contributing to a growing consensus that disparities in the economic performance of different cities stemmed not from market failure impending potential but from the ways those markets functioned to shape potential in city regions. This was seen to have been echoed in early DCLG thinking in particular and was reflected in two departmental working papers in 2007 and 2008\(^{80}\).

Many others in UK universities were also involved in contributing to what was seen as an evidence-based way of understanding city disparities, and notably from Liverpool John Moores and Sheffield Hallam. However, the evidence contribution and understanding from Professor Overman and colleagues at the London School of Economics was thought to be pre-eminent among these external contributions on which the DCLG papers drew.

This evidence base had considerable influence in shaping the emerging position that city disparities did not stem from market failures but from contrasting market functioning and effects. By the time SERC was established this position was well known in DCLG and was said to ‘… have become a feature of the departmental ‘supply-side’ thinking’.

From 2008 to 2011, Professor Overman in particular was also regularly engaged with DCLG officials as part of the department’s co-investment in SERC\(^{81}\). This included departmental contributions to shaping the SERC research agenda, SERC inputs to DCLG sponsored stakeholder events, SERC briefings to DCLG officials on emerging findings, SERC contributions to DCLG internal policy and issues seminars and informal working relationships with DCLG analysts and some policy teams. These relationships were seen as intensifying, and providing some continuity for, the influence of the pre-SERC research legacy over the period when administrations were changing.

Professor Overman was also engaged with the government’s Cities Policy Unit at and after its inception. The Unit’s senior staff had informal discussions with a number of external experts, including Professor Overman, and these discussions were thought to: ‘… have had a largely intangible but nonetheless significant influence on the ‘Unlocking Growth’ White Paper’. These discussions continued after the launch of the ‘City Deal’ Initiative with the aim of supporting the operationalisation of the initiative.

Professor Overman was the main focus for these discussions with SERC (although others were involved outside SERC) but others were also engaged at SERC. In particular, and early in the later stage of the formation of the ‘City Deal’ Initiative there were: ‘… tortuous discussions on how to

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\(^{81}\) From SERCs foundation in 2008 through to 2011, DCLG alongside BIS, co-funded SERC activities. The arrangement concluded as a result of reduced budgets and new DCLG priorities in 2011, although was continued by BIS for a further two years.
actually define core cities’. An important contribution to this came from SERC through their Associate Professor Coombes (Newcastle University) supporting the Cities Policy Unit through work on mapping across cities, and this helped to resolve difficult definitional issues including how city regions were mapped to LEPs.

3. Contribution

SERC’s contribution to the ‘City Deal’ Initiative has not been unique, many others were involved in dialogue and especially at the formation stage, but it has been broad and significant. This has taken place at three levels:

- Conceptualising an evidence base to inform the formation of the initiative.
- Operationalising the concept to prepare of its launch.
- Negotiating and implementing the Deals.

Conceptualising and evidence base: Pre-SERC research and publications, and further engagement with DCLG between 2008 and 2011 largely under co-funding arrangements saw Professor Overman in particular have significant, but not unique, influence on shaping the ‘City Deal’ concept. Departmental officials reported that the drive for ‘City Deal’ as an initiative that came from Ministers and their advisors but the intellectual position, and evidence base, about contrasting market functioning underpinning differences in city performance added confidence and an impetus to the policy. This was seen to involve: ‘… lots of talking to Henry informally’ and ‘Regular use and distribution of his [Professor Overman’s] blogs’.

A similar if more informal contribution was also made to the Cities Policy Unit, although by its establishment the ‘City Deal’ concept was already well advanced.

Operationalising the concept: Prior to launching the initiative, and shortly after, there were multiple external bodies or stakeholders helping with operationalising the concept - shaping the policy focus, and external guidance, to help ensure effective delivery. SERC was thought to have had some influence here in Wave 1 and Wave 2. For Wave 1, SERC Associate Professor Coombes work on spatial mapping helped the Cities Policy Unit overcome definitional issues for the ‘core cities’ and in particular how these could be mapped with LEPs. For Wave 2, Professor Overman made a distinctive contribution in providing an argument and evidence base for extending the definition of the cities targeted to include fast growing cities.

Departmental and Unit officials acknowledged Professor Overman’s contribution here was persuasive in providing:

‘Henry’s blog on high growth city regions was very timely … it gave us the confidence there was an analytical underpinning to putting these in the framework for Wave 2’.

In the event, six of the 20 cities included in wave 2 were included on the basis of their speed of growth and not overall size with ‘City Deal’ being negotiated for each during 2013-14.

Negotiating and implementing the deals: This final stage of implementing the policy, and devolving its delivery locally, involved numerous central-local discussions to formulate ‘deals’ through the Cities Policy Unit working with mainstream Whitehall departments and getting these off the ground. SERC’s engagement here, along with other academic researchers, has been less extensive except in one important respect. Greater Manchester, as the city with the third largest and fastest growing economy, was included in Wave 1. Here, the work conducted by SERC as part of the Manchester Independent Economic Review was acknowledged by officials in the city as having had a substantial influence on shaping ‘City Deal’ priorities and providing the evidence base to underpin this.

Professor Overman has also provided advice on the evaluation of ‘City Deal’, an area where he has also had more general dialogue (i.e. not specific to ‘City Deal’) with DCLG and BIS under the co-investment arrangements of SERC.
4. Reflections on Effectiveness of Engagement

SERC were seen early in the shaping of ‘City Deal’, and before it, as leading authorities on comparative city development. They were known through earlier working relationships of individual academic (pre SERC) and post 2008 through co-investment by DCLG and BIS to have an evidence base on city growth and where that evidence was recognised as robust and credible. They were already seen as a natural focus for discussions and advice on shaping aspects of the initiative, and the first Policy Paper from SERC was on resurgent cities and regional economic performance\textsuperscript{82}. Others academics were also seen to have relevant expertise and were also engaged notably by the Cities Policy Unit when established.

Across these different expert communities, SERC was seen by the Cities Policy Unit as particularly influential – although acknowledging that some of this ‘help’ may have been indirect through their publications and blogs. Part of this focus is acknowledged by users to have come from the designation of SERC as an ESRC Economics Research Centre, because: ‘It [ESRC funding] provided a resource base to intensify its [SERC’s] expertise, through the [academic] experts … also Ph.D. students’. There was also a sense reported among some of the civil servants that this provided the Centre with a mandate to talk to government.

Professor Overman was seen as one of the more influential of experts with which the Unit had engaged. In part this came from the available evidence base underpinning his, and SERCs, contributions, but it was also felt to come from the quality of communications:

‘Henry was an effective communicator … what he said was clear and credible … he was listened to’.

Professor Overman’s comments were also felt to have weight because while his intellectual standpoint had become well known, he was also recognised as someone who was independent and not approaching policy issues from a particular political or partisan viewpoint.

SERC were also seen to have ‘… a winning mix’ which combined policy relevant research with effective senior staff who were credible and who could identify and promote the policy relevance, and fit, of this evidence. Professor Overman was complimented as a highly effective and valued communicator used to working in and around policy makers and well attuned to their ability to absorb often complex information and its fit with the policy-making process. As one user close to the operationalisation of the ‘City Deal’ commented:

‘On a lot of issues around the unit [Cities Policy Unit] he was the go to person – you could rely on him to give a good account of himself to politicians’.

His contributions were thought to be especially helpful when: ‘… explaining evidence, its implications and the ideas that came from it’ to non-academic audiences and where he had a demonstrated ability to: ‘… cut through the academic clutter and jargon … [to] express issues and his ideas simply and not being afraid to stick his neck out’. This was supported by what was seen as a robust evidence base re-enforcing the weight of the ideas being presented.

In addition to direct communication, to this was added the regularity, fit and value of the SERC blogs which were described as: ‘… repeatedly informative and very useful’ within the policy agenda. In the Cities Policy Unit and in DCLG, where they were valued in particular by analysts, these were regularly circulated including to policy teams. Blogs were seen as ‘bite-sized’ and described as ‘… readable, concise and accessible – and easily shared with colleagues’, and ‘… compact, to the point … [and] having a relevant focus on policy issues’. It was also felt that while the SERC blogs were wide ranging in their coverage, they showed insights in picking topical themes and in raising issues with: ‘… remarkable policy-related foresight’.

SERC contributions and again notably those of Professor Overman in the ‘City Deal’ evolution were also valued due to his knowledge of wider activity and networks. He was described by users as well connected with other universities and departments, to which was added an understanding and

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contacts from diverse local actors and professional networks. His engagement and working relationships with the New Economy stakeholders in Greater Manchester were mentioned but other examples were also cited mainly around local government and their partners.

5. Summary and Conclusions

Although SERC, and especially its first Director, featured prominently it is clear that diverse individuals in different expert communities played at least some role in helping to shape ‘City Deal’. Across this, the informal and indirect nature of this influence means SERC’s contribution had not always been transparent, but its impact emerges as significant.

‘City Deal’ owes much to policy makers rethinking of the roots, outside of Greater London, of urban growth and prosperity. This process has taken some time to come to fruition. It has converged across two different political administrations, before securing the political leadership and cross-departmental drive from which the ‘City Deal’ Initiative was launched. SERC’s contribution to this has been broad but notable especially for the use of evidence and knowledge transfer in conceptualising the initiative. This evidence, drawn together in SERC’s first ‘policy paper’ was arguably a watershed contribution and provided policy makers with the confidence that a new and devolved approach to city and city region economic development was evidenced-based. Although not alone in this, SERC also made timely contributions in helping to operationalising the concept pre-launch, and crucially also to defining the targeting and reach of the initiative as it as being rolled-out.

SERC can be said to have impacted on the initiative at all stages of policy formation and implementation. How this breadth of impact came about stems from the (mainly pre-SERC) evidence base but also how the interpretation and implications of that evidence have been progressively communicated from SERC. Its successes have been based on sustained and broad communications, which were timely and well-focussed on policymaker’s needs, and going well-beyond conventional academic discourse and publication. Perhaps above all SERC’s impact on ‘City Deal’ underpinned by a combination of senior academic staff who were trusted, credible and effective communicators and a co-investment model for the Centre which stimulated access and focus for policy engagement.
Tracking Forward Impact Case Study ‘G’

The National Well-being Programme and National Well-being Measures, and the Centre for Competitive Advantage in the Global Economy

1. Context

Well-being is at the heart of many public policy issues but it has only relatively recently been recognised as having scope for objective assessment and integration in evidence-based review in public policy agendas. In 2010, the incoming government announced it intended to systematically measure national well-being, and signalled an evolution in how policy was shaped by stating that it wanted to move away from focusing exclusively on national accounting measures to also encompass aspects of quality of life. The work and contributions of a senior member of CAGE’s research team, Professor Oswald, working in this area since 1997 and a recognised as an international authority on subjective well-being measures and measurement, had had significant impact on this work.

Gross domestic product (GDP) has long been a central yardstick of a society’s success and progress. Through measuring the monetary value of goods and services produced GDP is seen to provide a robust comparative measure of economic performance, but it is less than perfect as a measure of social progress. It goes up with the costs of crime and after natural disasters and doesn’t increase when we help a neighbour or volunteer at a local charity. It masks income inequalities and deprivations and neither includes un-waged activities and nor reflects changes in the quality of life. Interest in well-being as a concept is as old as the Greek Philosophers and in public policy has deep roots going back well before the USA declaration of independence, ‘Life, liberty and the Pursuit of Happiness’, and Robert F. Kennedy’s famous speech in 1968 on Gross National Product - “it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans”.

In 1994 the United Nations published the 1st Human Development Index, although this focussed on just three indicators, life expectancy, education and income. Most national developments, in which the UK has had a leading role, have largely focussed on the first decade or so of the 21st Century and on developing National Well-being Measures (NWBMs). An early development in the UK was the UK Cabinet Office Strategy Unit Report, Life Satisfaction: the State of Knowledge and Implication for Government published in 2002. Academically the subject has seen rising interest in a range of disciplines including economics, psychology, public health, neurobiology and sociology, with the result that there are different conceptual positions (objective and subjective well-being) and contrasting methodological positions adopted on measurement and the use of NWBM. In 2007 the European Commission initiated the Beyond GDP project with the aim of reconciling some of these different conceptual positions into practical approaches.

For many, the impetus for developing practical and actionable NWBMs stemmed from the Commission on the Measurement of Economic Performance and Social Progress (the “Stiglitz Commission”) created by President Sarkozy in 2008. While its focus was on advising policy makers in France, it drew on international expertise and with Professor Oswald as one of three UK members; its analysis and recommendations have had much wider significance. Shortly after (in 2009) the OECD started its Better Life Initiative and Work programme on measuring well-being and progress, leading later to the Your Better Life Index. In 2011 the US National Research Council, the National Institute on Aging and the (UK) Economic and Social Research Council jointly supported an expert panel on subjective well-being and public policy.

The Stiglitz Commission recommended the embedding of NWBM by national statistical agencies, and a core constitution, from which many national statistical offices have since been developing sets...
of NWBM ‘dashboards’. There have been diverse proposed approaches\textsuperscript{83} to measuring national well-being but most statistical agencies have faced the challenge of condensing replicable and generic measurement into a small number of practical indicators. The UK alongside Canada and the Netherlands has been seen as at the forefront of these developments, and in which Professor Oswald has played a multi-faceted and influential role.

In addition to the development of NWBMs, and after they are put in place, well-being researchers have set out challenges for harnessing these measures in identifying the priorities among various social and economic policies, as well as what the policy goals should be regarding each component of national well-being. In this way, the creation of NWBMs is seen to open up a renewed public policy focus related to quality of life to complement and counterbalance an over emphasis on short term economic gain. A balanced approach in which policy attention is drawn to furthering social, environmental and economic progress should support sustainable long term growth and protect the well-being of future generations.

2. Centre Engagement

Professor Oswald joined CAGE in 2010 as one of the six leading researchers (co-investigators), bringing with him a substantial track record as an economist working mainly at the border between economics and behavioural science. A particular focus had been on economic development and well-being where along with Professor Easterlin, he was one of the earliest economists working in the area, although other notable contributors have also made substantial contributions. His engagement in NWBMs consequently pre-dates CAGE’s formation, but the CAGE focus and funding has substantially supported the ability of the UKs Office for National Statistics (ONS) and others to draw on, and harness, that expertise.

His continuing research, including on related areas of official large dataset analysis, is divided between responsibilities in CAGE, with the Department of Economics also at Warwick and with external collaborators including in the USA. In the area of economic development and well-being, his early publications attracted the interest of the UK Cabinet Office Strategy Unit and contributed to their subsequent report on Life Satisfaction: the State of Knowledge and Implication for Government (2002). He continued to publish in this area, and with rising media interest in what was often then seen as happiness indexes.

Among other leading economists in the UK, he was a frequent voice in the national broadcast and print media and more widely as a valued commentator on this issue. This led to an interview on economic development and well-being in the New Statesman in 2007, which was described by ONS and others as particularly timely and important, and ‘… influential in kick starting a wider debate in the UK’. The debate has not been confined to the UK, and this and other influences saw the European Commission set up its ‘Beyond GDP’ project.

His academic work and publications, and media profile, saw Professor Oswald asked to join the Stiglitz Commission on The Measurement of Economic Performance and Social Progress. Set up by President Sarkozy in 2008, its remit was a specific contribution to assessing the scope for widening conventional measurement of economic performance in France, its membership had an international focus with Professor Oswald one of three experts from the UK (with Professor Nick Stern and also Antony Atkinson). The Commission became a watershed review with one member of the UKs subsequent National Well-being Programme commenting:

‘Before Stiglitz, NWBM was a matter of academic debate and a lot of differences of opinion on if they could be done; after Stiglitz the argument was won … it was just a question of when and how. Andrew was at the heart of that change’.

In 2009, recognising the momentum of NWBM, the OECD set up the Better Life Initiative and Work programme. Although just before the establishment of CAGE, Professor Oswald was asked to contribute to the shaping of the programme and to provide expert opinion. He also published what

\textsuperscript{83} For example, in the UK several non-governmental organisations have produced subjective wellbeing indexes. Including The New Economics Foundation’s (Happy Planet Index), Oxfam Scotland (the Humankind Index), Open University and YouGov.
was described by senior civil servants as an influential paper in the British Journal of Industrial Relations which encapsulated his contribution to Stiglitz and looked at how to take its 12 recommendations forward.

Through this period, ONS was said to have maintained a watching brief on the developments, making a contribution to the Beyond GDP project. Tracking these and other developments, ONS started an internal programme of work from 2009-10 leading post-election, and at the invitation of the Coalition Government to the formation of the National Well-being Programme. Professor Oswald was asked to join the programme’s Advisory Forum, to draw on his expertise and to ensure continuity with the Stiglitz knowledge review. He remains a member of that ONS Forum.

Professor Oswald contributed to the National Well-being Programme in various ways and was described as: ‘… an active and engaged contributor’. In addition to his expert contribution to the high-level Advisory Forum he was noted for his media engagement often on behalf of ONS which helped to inform wider opinion and included:

‘… numerous and really valuable media contributions … on behalf of ONS and the [National Well-being] Programme’.

CAGE’s contribution through this process was core-funding support through the time buy-out arrangements (with Warwick’s Department of Economics), providing time and flexibility for Professor Oswald to respond to requests for his expertise and time. He also played a leading role in the CAGE co-funded Well-being Conference and in the subsequent debate at the University of Warwick (in April 2011).

National Well-being Measures were introduced by ONS in 2011, with the 1st Annual Life in the UK Report November 2012, and with the first personal well-being statistics published in July 201284. Subsequently, Professor Oswald has played an active role within CAGE in supporting the Cabinet Office, and individual government departments in raising awareness and understanding across government, and putting the building blocks in place to help analysts and policy makers use well-being in decision-making. The Department for Business Innovation and Skills supported by the Cabinet Office established a cross-departmental analysts group, the Social Impacts Task Force which is sharing analysis and approaches to using well-being and there is a policy Steering Group to take the work forward with an emphasis on support and not setting targets. Professor Oswald’s engagement here has centred on direct support:

‘… providing technical advice and promoting awareness and understanding of well-being economics… and most importantly bridging academic knowledge and policy practice’.

This has involved working in a largely unfunded capacity in different parts of government service. A number of examples include:

- The ONS report Life in the UK where he was involved in the launch of the ONS first report (November 2011) as one of six experts to give different policy-related perspectives to a mixed audience of media and Whitehall based departmental officials. His focus was on providing a robust empirical narrative and challenging misunderstandings and misconceptions about well-being.

- Direct support to help engage departments in roll-out of the 2010 government commitment to harness well-being in policy decisions. Here, Professor Oswald supported the DCLG in a number of organised events on Well-being and Place, looking at possible implications for housing, planning and regeneration policies when looked at through the lens of NWBM.

- Directly supported capacity building initiatives among economists, analysts and other professions in government. A particular contribution was a keynote presentation on well-being economics to a Government Economic Service conference for economists across

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84 Office for National Statistics, First ONS Annual Experimental Subjective Well-being Results, July 2012
government, held in the HM Treasury Auditorium. This was a very well attended event and widely regarded in government service as an important conference.

- Technical advisory work variously with the Cabinet Office, DCLG and HM Treasury. In the Cabinet Office and DCLG this has helped officials: ‘... get to grips with understanding well-being geographies ... why is well-being stronger in some areas than others and how we use data to explain differences?’.

Professor Oswald continues to support these developments within government, in working informally with officials including, for example, in peer reviewing well-being based analyses. Recently he has supported the Cabinet Office in interpreting models on parenting and well-being, where the well-being data have suggested differences from other academic findings, and where his contribution has helped to tighten analysis.

3. Contribution

Professor Oswald’s influence has been much wider than the UK but here his impact emerges as focusing on two aspects:

- How to measure national well-being in ways that provide regular policy-capable assessments.
- How government departments and agencies, and others, can use information on well-being to design, implement and review public policies.

How to measure national well-being: Professor Oswald’s contribution to the subsequent implementation in the UK by ONS of NWBM’s for subjective well-being is substantial. However, this development has had a very long lead time. Professor Oswald characterised this as:

‘It’s about turning a ship around ... challenging established ideas and ways of thinking. Just 15 years after it all started we are now collecting well-being data ... it’s truly amazing progress, but only really a start’.

After a long gestation, measures have emerged (through the ONS Measuring National Well-being Programme) from a range of advice from expert and stakeholder groups and public consultation, and the specific impact of Professor Oswald is difficult to unpick.

A more distinct impact has been in the run up to that programme and his influence as one of the leading researchers and commentators internationally, on national thinking about the potential for contributing to understanding and measuring national growth through well-being measures, and in using these to influence public policy. In this an early contribution was said to have been influencing the review by Government leading to the 2002 Report on Life Satisfaction by the UK Cabinet Office Strategy Unit. This was seen by public policy observers as a watershed review at the time relating to thinking about NWBMs in the UK, and which subsequently drew political support at the highest level for the development of new measures to run alongside GDP.

In addition to other publications (after 2002), a particularly influential contribution acknowledged by users was an interview with Professor Oswald in the New Statesman in 2007. This came shortly before he was asked to join the Stiglitz Commission, and where his involvement was central to his subsequent role on the UK’s National Well-being Programme, launched by the Prime Minister. Many other experts also contributed to the ONS outcomes from that programme, but his inputs were seen as substantial in the debate around the selection and design of experimental subjective measures.

A further publication (in the British Journal of Industrial Relations) was also seen as crucial in developing a specific UK context from the 12 recommendations of the Stilgitz Commission and its discussions. An important contribution to the National Well-being Programme, acknowledged by ONS and the Cabinet Office, was his continuing inputs to the national debate around well-being including

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numerous contributions at important events around the programme. He also played a leading role in the CAGE-University of Warwick Well-being Conference and subsequent debate (in April 2011).

**How to use NWBMs in policy contexts:** Professor Oswald’s continuing engagement with government departments focused on two separate but inter-related issues:

- promotion of NWBMs and helping to raise departmental understanding; and
- technical advice and support to build capacity to harness well-being and quality of life issues in policy formation.

The impact of the first of these was seen by users as less easy to assess than the technical advice for using NWBMs. However, users have seen some inferred impacts. For example, a follow up and workshop on one department two months after his initial presentation to the department, showed what senior staff saw as:

‘... a real impact from Andrew’s presentation … there was a widening understanding and a sense that a momentum for NWBM work had started’.

It was also felt that this had provided an impetus in that Department for pulling together ideas for policy leverage, and Departmental staff there acknowledged there was a growing focus for adding a well-being perspective to policy thinking. Those staff also acknowledged the importance of the contribution in ‘... messaging the concept [of NWBMs] in the Department’. Early likely outcomes were for Departmental Guidelines. There were also other inferred evidence of impacts including for the GES Conference, and where those users interviewed attributed the large number of mainly economists expressing interest in a new cross-Departmental course on Well-being for Analysts (January 2014) to Professor Oswald’s contribution and: ‘... demystifying NWBMs and how they could work’.

Impact from technical advice and support were more tangible and crossed several departments, and in particular in helping the Cabinet Office and DCLG officials with new modelling methods. Here, officials acknowledged they had previously struggled ‘... for some time’ with developing robust methods which were well-fitted to the new measures and that explained variation in well-being across different places. In part, this was because there were different possible approaches to analysis of NWBM data:

‘... neither individual level models nor top down aggregate models of residents in local authorities were optimum approaches analytically – although combined they provided useful insights - but Andrew provided an alternative analytical approach that inform our thinking’.

Professor Oswald’s particular contribution and impact was working with officials to demonstrate and develop a two-stage approach to harnessing regression methods using ONS NWBM data on individuals with area characteristics as model variables and with LA level coefficients at a second level to control for place characteristics. Beyond the methodological input, these developments have seen almost immediate spin-offs. Consequently, the new approach was trial led within the Cabinet Office for assessing how air quality relates to well-being at locality level and there is similar data now available to analysing for airport noise using this technique.

Outside the UK a watershed contribution was as a member of President Sarkozy’s Stiglitz Commission on *The Measurement of Economic Performance and Social Progress*. Along with two other UK experts (Professors Nick Stern and also Antony Atkinson), the Commission produced 12 recommendations in 2009. He also advised OECD on the *Better Life Initiative and Work* programme, which subsequently led to OECD Conference in Istanbul also in 2009, and later a Eurostat ‘sponsorship group’ (of national statistical offices and agencies) in 2009-10, both of which were seen as providing an impetus for the UK to be at the forefront of developing NWBMs.

There have also been wider emerging impacts outside the UK. In Germany, Professor Oswald was invited to contribute to the German Socio-economic Panel organisation who collect data on random samples and are the key source of information on social science trends to German policy makers and others. Most recently he has been invited to propose new subjective well-being questions for their ‘panel’ questions. He has also addressed national statistical agencies now looking to pick up on the
4. Retrospective Review of Effectiveness of Engagement

Political ownership at the highest levels is seen to have been crucial to the UK’s position of being among the countries at the forefront of developing NWBM. This is also seen to have been echoed in France and Germany, where, as in the UK, there has been a measure of cross-party political support which has also ensured some continuity in government responses. The contribution from CAGE and Professor Oswald in particular, has also reflected the importance of going beyond academic publications to engage effectively with broadcast and print media in promoting concepts and ideas. Users suggested the debate about subjective well-being and the prospects for indicator-based measurement was brought to the attention of policy makers largely by the media coverage:

“We might not have got any further than rather dry academic discourse … it was media coverage which got NWB to politician’s and policy makers, starting a process of drip feed”.

Professor Oswald’s role here was not unique – a few other leading academics also had a high profile, but it was described by ONS as persisting and becoming particularly influential. ONS reflected that:

‘Andrew was soon recognised to be very comfortable with the media… he was media savvy. This was a real help in getting the debate out and understood’.

To this was added an ability to relate to external user audiences, and a willingness and ability to engage widely and beyond usual academic networks in ideas exchange and debate in ways which were relevant to policy stakeholders. Customising conceptual material to particular policy domains was also seen as important – so providing a bridge between the often more generalised academic evidence and implications and the policy contexts in which officials were operating. In this DCLG noted that the most helpful academic contributions were those who understood the analytical and resource constraints on the department, and also the difficulties they were facing in the current environment affecting how analysts engaged with policy people. Professor Oswald was felt to be well-focussed on those circumstances, and also well placed to ensure that his assessment of NWBM use and potential was geared to the needs of DCLG. Users in the Cabinet office and HM Treasury made a similar point. DCLG also added:

‘Andrew’s observations were always constructive and prescient … he understood the context and constraints on us. You feel he really is someone the department needs to be best friends with’.

Effectiveness in working with non-academic audiences with particular needs and expectations of NWBM was also seen as a key success factor by the Cabinet Office. Attention was drawn to the GES conference input which was described as:

‘… an excellent contribution … it was really focused on the audience and getting things moving … informing on potential, it was a challenge to skepticism and making it real for those close to policy.’

This effectiveness was underpinned because:

‘Andrew is recognised as being among the leaders in his field [on NWBM and policy] … and known not to have a particular policy agenda. This gave his contribution real gravitas’.

His presentation materials were noted by several users as drawing on robust analyses: ‘… helping make it real for those close to policy’, and (with Professor Oswald’s permission) presentation content and slides had been replicated for in-house use in both the Cabinet Office and DCLG.

Although not evident to all users, a further success factor was ESRC and other funding. This work has had a long gestation to impact and ESRC’s funding from sponsorship of Professor Oswald’s research professorship 13 years ago, through to the ‘buy out’ funding from CAGE has helped sustain a momentum of work and knowledge exchange, which has been fundamental to impact. DCLG did
recognise the value of the ‘buy out’ funding: ‘... you felt you call on his time and he would not be looking for a contract or fee ... it made everything flexible and didn’t hold things up internally’.

Outward focus was recognised by users as an ‘enabler’ and in particular willingness to engage with policy audiences, and credibility with them. One departmental official noted: ‘Andrew is effective because he has a profile and name, and is credible. Economists do read journals and they know he has an authoritative publication track record’. Another observed:

‘... his impact is intellectual, often challenging our thinking about how things are looked at’.

Another official noted:

‘People like Andrew are valued for their knowledge and independence, they can make a credible external case for change ... and do’.

Users also observed ‘... his impact was intellectual ... challenging established thinking about how things are looked at’.

Few users saw any constraints to impacts. However, one departmental official where Professor Oswald had been contributing technical advice and support observed that they were now reluctant: ‘... to ask too many favours of Andrew’. It was felt that their calls on his time had been substantial and unfunded (by the Department) and that this risked becoming a one-sided relationship. Here it was felt that they could not ask too much of his time unless they can support this with some funding, or the future potential for funding, but cautioned:

‘... funding for external experts and consultancy is very constrained within the department, there is now very little to go around’.

5. Summary and Conclusions

Professor Oswald’s research, publications and media contribution to the debate and development surrounding the use of subjective well-being measures has been substantial. He also plays a continuing role in technical advice to government departments in how best to use NWBM’s for policy use. His contribution and impact – before and after Stiglitz, is not unique, and a small number of other academics have also had high profile contributions, but it illustrates the very long term nature of conceptual evolutions from economic research (and researchers) into the policy arena.

His knowledge, expertise and experience have been substantially contributed to by ESRC funding, and most recently through the CAGE Centre core funding where the ‘buy-out’ of his time has been central to his flexibilities in being able to respond to the growing demands and calls on his time from economists and analysts working with policy makers in the UK and internationally. The Stiglitz Commission may well have been ‘a game changer’ in in making a compelling case for developing and implementing NWBM’s, but in the UK Professor Oswald’s contribution in informing the national debate to help build credibility and understanding popularly and within government, and in subsequently harnessing these has been important and timely. CAGE’s funding had enabled this through a range of knowledge exchange activities which have built on Professor Oswald’s enthusiastic and effective engagement with user communities, and the media.
1. Context

The UK manufacturing industry directly employs around one person in 12 in the workforce, and accounts for 10 per cent of national economic output. More than 70 per cent of business research and development goes into the manufacturing sector, and goods produced in the sector account for nearly half of all UK exports. Successive governments have recognised this to be a vital part of the economy, but aggregate output has underperformed the services sector for many years, and declined particularly sharply during the 2008/09 recession.

The Coalition Government has a commitment to restructuring the economy to provide for a more balanced and sustainable focus for economic development and employment growth, and anticipates a crucial role for the manufacturing sector in that process. Shortly after coming to office the government stated that ‘foresight strengthens strategic policy-making in Government by embedding a futures approach’. The Foresight Programme, at this point, was under the direction of Professor Sir John Beddington, the Chief Scientific Advisor to the UK Government.

The Future of Manufacturing foresight review was announced in December 2011 by the Secretary of State for Business, Innovation and Skills, Vince Cable MP, and began work in early 2012. This was one of the priorities for the Foresight Programme and was thought to be unique in Europe in its ambition for taking a long forward look (to 2050) for the whole sector. The work was expected to make a significant contribution to the then evolving Industrial and Growth Strategies for the Government. It was asked to take a long term and strategic look at manufacturing out to 2050, and to:

- Identify and analyse important drivers of change affecting the UK manufacturing sector.
- Identify important challenges and opportunities that lie ahead and which require action by government and industry.
- Advise how government policy needs to be refocused and rebalanced so that it is better positioned to support the growth and resilience of UK manufacturing over coming decades.

A specific aim was to inform further development of the government’s industrial and sector strategies by looking at the transformations that will occur in the sector and in the wider environment in which manufacturing operates globally.

The work was organised and delivered through the Office for Science as the UK Government’s advisers on policy and decision-making based on robust scientific evidence and long-term thinking. The Office for Science and the small staff team responsible for its programme was based in BIS, working with other Departments and the UK’s Science and Research Group.

The Future for Manufacturing review included an industry High-level Stakeholder Group, chaired by the Secretary of State for Business Innovation and Skills, with the project led by a small Lead Expert Group of academic and industry experts. It drew on contributions from over 300 business people,

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86 The High Level Stakeholders Group had membership from industry (17 leading companies), industrial and representative groupings (including the Confederation of British Industry and Trades Union Congress), and from within government (BIS, HM Treasury, Office of Science) and non-departmental public bodies (Technology Strategy Board and selected UK Research Councils).
experts and stakeholders across 24 countries, and series evidence papers were commissioned to inform its discussions and analysis. Its final report (and summary) was published, with policy recommendations, in October 2013.

Professor Crafts was one of nine members of the Lead Expert Group, working with Sir Richard Lapthorne (Chairman of Cable and Wireless) as Group chair. Professor Crafts was credited with making a substantial contribution to many aspects of the work and its subsequent recommendations. Government welcomed what it described as a: ‘… unique and strategic look at the future of manufacturing’87. Within its Industrial Strategy Government started a process of looking at the analysis and advice of the Review to: ‘… help government and industry to harness the full potential of UK manufacturing’.

2. Centre Engagement

Professor Crafts had an established working relationship with the Department for Business Innovation and Skills, among other government departments and agencies. In Autumn 2010, he was approached at CAGE by the Foresight Unit of BIS and the Government Office of Science to draw on his: ‘… encyclopedic knowledge and understanding of post-war industrial policy’ and specifically to discuss his views on the focus and nature of the work of a strategic review and: ‘… just which direction to take’. These discussions included others who were also seen by BIS as leading authorities in the field. The results of these discussions were taken back to Professor Sir John Beddington as the then head of the Office of Science, and informed the subsequent focus and constitution of the review.

Shortly afterwards, Professor Crafts was asked to join the Lead Expert Group for the Review. Members were drawn from academia (seven) and industry (two) to help shape and steer the process and the preparation of its final report and recommendations. The Group was tasked with overseeing the technical aspects of the Review and members were involved in scoping and moderating commissioned working papers (‘evidence papers’) and writing the final report. More informally it was described by officials as: ‘… the intellectual engine of the whole initiative’.

Professor Crafts contributions to the Review were funded the Office for Science. Support was also provided by CAGE, although the professional input from CAGE centred on Professor Crafts. The review was said to have drawn predominantly on Professor Crafts expert knowledge and international standing of past approaches, successes and failures of government-led industrial strategy and policy, and of cross-disciplinary knowledge networks in the wider academic community.

3. Contribution

In addition to Professor Crafts’ early contributor to scoping the review, he has engaged with the work of Lead Expert Group and the wider review through:

- Contributions to the initial formation of the Review and its conceptual framework.
- Co-steering of the review process through regular meetings of the Lead Expert Group.
- Contributing directly to the evidence gathering including co-authoring a key working paper.
- Co-authoring the final report and recommendations.

His contributions were described by members of the review team as: ‘… very hands on … probably the broadest input of any single member’.

Formation of the Review and its conceptual framework: Members of the Lead Expert Group and others were asked to contribute to an initial scoping workshop held in December 2011. This was conducted through the Office of Science and with the intention of discussing the precise focus for the Review, and the working arrangements and breadth needed to address its objectives in the

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anticipated two year timetable. An important output from this, and to which Professor Crafts contributed added guidance, was the Reviews conceptual framework.

This framework became an important focus for the design of the review process, identifying critical areas for the review, existing knowledge and sources and: ‘... being confident that nothing was being missed’. It provided a template for identifying the evidence and knowledge gaps and consequently the most appropriate focus for additional evidence gathering and commissioned evidence papers. In this, Professor Crafts made an important contribution here through his ‘... networks and knowledge’ in making suggestions for lead external experts to contribute to the formal aspects of evidence gathering and commissioned evidence papers.

Meetings of the Lead Expert Group: The Lead Expert Group provided an overview of the technical aspects of the Review. It met for the first time in March 2011, and on a further eleven occasions to steer and shape the review process. Members also variously briefed the authors of commissioned papers to ensure their focus and delivery, progressively assessing the emerging evidence. Professor Crafts was involved at all stages. The dynamics and working relationships in the group were seen as crucial to its success, and where Professor Crafts was described as:

‘... a really thoughtful and active contributor ... a voice of reason in a diverse group and where there was no shortage of stretching ideas to draw together’.

The Group contributed oversight of the Review on behalf of the High Level Stakeholder Group, and where there was some direct inter-action and briefing of individual stakeholders. The nine members has extensive inter-action – at meetings, and more informally, towards the end of the process and led the analysis and assessment of the implications for the future of UK manufacturing.

Evidence gathering and review: The Lead Expert Group made individual contributions to evidence gathering but Professor Crafts along with Professor Alan Hughes (Cambridge, Centre for Business Research) were the only members directly involved in (co) authoring a commissioned evidence paper. A total of 37 evidence papers were commissioned from 67 external experts, often working in combination on particular areas of technical expertise. Professor Crafts played a major role as a moderator of these papers, putting together formal specifications for many of these papers and making proposals for individuals to engage in ‘double-blind’ peer reviewing of these, and coordinating subsequent revisions. He acted as moderator for a total of 10 of the 37 papers.

In addition, the Group faced a particular challenge with the concluding paper which aimed to focus on medium to long term industrial policy, and specifically in finding appropriate independent expertise to conduct and prepare this. Here, Professor Crafts and Professor Hughes agreed to jointly undertake the evidence review and paper themselves, the only Group member to contribute directly in this way. The paper was seen to make a significant contribution to the conclusions of the review and in particular to the assessment of systemic areas for government action.

Final report and recommendations: The Group collectively drew together a framework for the synthesis of the Review, and which became the final report of the Review. Individual members shared drafting responsibilities and with Professor Crafts taking lead-responsibility for four sections of the final report and with some inputs to others.

In addition to the High Level Stakeholders Group and the Lead Experts Group, the Review has seen ‘... real time feedback of evidence and assessment’ to an intra-Governmental Policy Leads Group. This has consisted of an evolving membership across Whitehall government departments (initially BIS, HM Treasury, Ministry of Defence; and later Department for Energy and Climate Change and Department for Environment, Farming and Rural Affairs); the devolved administrations, and also some non-departmental public bodies (Office of National Statistics, UK Trade and Investment, and Engineering and Physical Sciences Research Council,). This has seen some direct inter-change between the Lead Expert Group and its members and also progressive knowledge sharing and distribution of the evidence papers are they were produced, and prior to publication. This was seen to have resulted in: ‘... a live process for bringing evidence and [preliminary] implications to policy people’.

Professor Crafts and other academic members of the Lead Expert Group have been directly engaged in some of the distributed policy discussions which stemmed from this live process, and this
engagement continues post-Review. This is thought likely to be the area where most early policy effects will emerge from the review as individual departments, agencies and administrations review the fit of their programmes and priorities against the evidence and ask where there are gaps or emerging needs. One area where BIS has already responded is on commissioning work from the Cambridge Institute for Manufacturing on *Intelligence and Extended Value Chains*.

Added to this process, Professor Crafts continues to work with the Office for Science and BIS on the transition of the Review into government and on embedding the analysis and proposals with policy makers. A particular feature of this is his help with unpicking the idea of a systems based approach to industrial policy, and where he has discussions with policy teams to open up the concept: ‘… *making it more accessible to policy people from different backgrounds*’ and to explore options for its application.

4. **Retrospective Review of Effectiveness of Engagement**

The Review has been welcomed by many stakeholders and leading enterprises in the Manufacturing Sector as an ambitious and insightful review. The Chief Executive of the Engineering Employers Federation (EEF) observed:

> ‘The Foresight report has done an excellent job of identifying what manufacturing brings to our economy and what it can contribute in the future. There are clear messages for government on how it can ensure that UK manufacturing is well placed to take advantage of these opportunities’.

Others, including the Senior Vice President for Nissan Motors have suggested that review and its strategic focus will help:

> ‘… to tune [our] product offerings and production processes to better meet demographic and market trends’.

Professor Crafts has had a substantial impact on the conduct and outputs from this review, and jointly shares credit for the policy outcomes which are likely to emerge in the short and medium term for the UK, and UK government policy. He brought expert knowledge and understanding on the past policy backcloth in industrial policy and ‘what works well and what does not, and why’. Assessing his overall impact is nonetheless: ‘… difficult to separate out … all members would say it was a team effort and *team-culture*. However, he is reported to have made a substantive and evidence-based personal contribution, and being able to apply this through: ‘*Nick’s realistic understanding of policy and its potential*’.

In addition to his extensive knowledge and expertise, he was also seen as an important dynamic in the working of the Lead Expert Group. In addition, to the quality of his commitment and engagement where he was reported to be: ‘*highly responsive and always accessible*’, he was complimented for having the confidence to:

> ‘… go outside his comfort zone .. to challenge people, and contribute to discussion and debate, outside his traditional area of expertise’.

This was seen to be a crucial contribution in such a far reaching review process. In addition, Professor Crafts was seen to combine the ability to be ‘a real team player’ with being able to exert a practical discipline to much of the discussion in the Group (and outside). This was described by one member as being:

> ‘… really good at keeping us focussed on what we needed to achieve … keeping the group on track and always being there to bring us back to reality and get to concrete decisions’.

His impact on the review was consequently broad but he is also credited with Professor Hughes as making a substantial contribution to the coherence and credibility of the ‘systemic’ analysis of the overall review. This has drawn on their earlier research and publications, and that of others, leading to the concept of global manufacturing value change. It has seen three proposals for action by government:
• Exploiting new forms of intelligence to gain sharper insights into the sector and where value is being created.
• Taking a more targeted approach to supporting manufacturers, based on a system-wide understanding of science, technology, innovation and industrial policies.
• Adapting and building innovative new institutional capability for the future including in evaluating and coordinating policy over the long term.

Particular features in this were proposals from the Review for government to move towards a systems-based approach to industrial policy. In this, Professor Crafts has made a particular contribution to setting out both ‘horizontal’ and ‘selective’ policy levers for five distinct areas (product markets, labour and skills, capital markets, land, technology).

5. Summary and Conclusions

Professor Crafts contributed to the formation of the Review, and its working focus, and has had a substantial impact on the review process, its analysis of the future of manufacturing and its implications for the UK, and UK government policy. Joining the Review to draw on his extensive knowledge and understanding of the past policy backdrop in industrial policy and what has worked effectively and less effectively, he has clearly made a much wider contribution. This has nonetheless been made as a clear team effort and is impractical to differentiate with multi-layered contributions from himself and each of the other eight members of the Lead Expert Group.

The process of his engagement provides important messages about how academic economists can bring substantial value to high-level policy-related foresight reviews such as this. Much of this seems to hinge on the underpinning specialist knowledge, quality of knowledge exchange, an understanding of the policy environment and how policy is formed, and also an ability to contribute critically and constructively outside an area of immediate academic expertise. Professor Crafts brought much to the Review in each of these areas.
1. Context

The majority of developed countries offer government support to charities in the form of tax relief for private donations. Some, as with the UK, also offer a “match” element so that charities can claim tax relief on donations at an income-tax equivalent rate. Underpinning this is the aim of encouraging donations by lowering the “price” of giving to charity. Evidence on price elasticity and the responsiveness of giving to changes in the tax-regime (and price) is mixed, but some research has pointed to a possible effect of the form in which tax relief is offered.

In 2012, the Coalition Government announced in the Budget that from April 2013 it would introduce a cap on certain unlimited income tax reliefs. The proposal was part of a wider review of taxation policy which stemmed from the incoming Government’s June 2010 announcement of a consultation on the scope for taking a more strategic approach to the risk of tax avoidance. Minimising tax avoidance has remained a major issue for governments, with 2011 estimates by Her Majesty’s Revenue and Customs (HMRC) of a £35 billion gap (on 2009-2010 data) between ‘theoretical tax liability’ and tax revenues in the UK, of which £5 billion\(^{88}\) was thought to be attributed to tax avoidance.

The 2012 announcement followed concern in government that large donors to the charitable sector were abusing the unlimited relief as a mean of tax avoidance. The Chancellors proposal was that from 2013-2014, for an individual seeking to claim more than £50,000 of relief, a cap would be set on the amount given. This was to be set at 25 per cent of the claimant’s income, or £50,000, whichever was greater.

The announcement came as a surprise to the sector, and raised immediate and extensive concerns about revenue and other consequences across the non-profit sector. Donations were regarded as the life blood of much of the non-profit sector rising around £6 billion income a year, and with large donors particularly significant to some charities. Many charities and voluntary organisations raised concerns that the proposal would undermine their finances. In particular, it was anticipated the reform would affect the incentives for those on higher incomes to make charitable donations, with substantial consequences for revenue in a sector already struggling with the consequences of recession on donations.

Government also announced that it would:

‘... explore with philanthropists ways to ensure this new limit on uncapped reliefs will not impact significantly on charities that depend on large donations’.

It later announced that over the summer of 2012 it would consult on how the proposed cap on reliefs would work in practice.

Professor Scharf at CAGE, and her past and on-going research on charitable giving and price elasticity’s, became an important focus for informing the subsequent debate. Her research, and on-going commentary about the proposed reform, was harnessed by parts of the sector to challenge government’s assumptions. At the end of December 2012 the Government confirmed that while it would proceed with this taxation reform a specific exclusion would be introduced for charitable donation, and this was subsequently confirmed in the Finance Act 2013.

\(^{88}\) Revised HMRC estimates in 2013 based on later data placed the tax avoidance cost at £4 billion.
2. Centre engagement

Professor Scharf joined CAGE part the way through its phase 1 funding and has since led its theme 3 programme on ‘when succeeding in the global economy translates into reduced deprivation and enhanced general well-being’. An established researcher and authority on the economics of the non-profit sector, her particular focus at CAGE has been included the alignment between government and private non-profit activity and the evolution of economic and social inequality and exclusion in economies.

While at Warwick before joining CAGE, and with Sara Smith (ESRC Centre for Market and Public Organisation, University of Bristol), she completed a major survey-based study of Gift Aid reform. This was just one of two pieces of evidence about UK price elasticities of giving which could underpin public policy in this area (the other dating from 1997). The survey-based study provided for an empirical basis to test alternative methods of channelling tax relief to donors. The evidence added to the empirical literature suggesting how donors and consumers react to tax changes, and set out implications for public policy and taxation systems design in the UK. This work has a close to policy focus, has been described by officials at HMRC as continuing to be useful in informing policy debate, and has contributed to a growing agenda in the sector to harness existing evidence to better understand the dynamics of giving.

At CAGE and previously, Professor Scharf has developed wide relationships in the non-profit sector, and has active collaborations with cross-sector bodies including the Charities Aid Foundation, Charities Finance Group, JustGiving and others, working also on large dataset analysis from some of these bodies on fundraising and prospectively on funding transactions. A continuing focus for her research has been on preferences and giving in charitable donations and where there is a shortage of theoretical and empirical work which would relate giving to other preferences. Beyond her academic publications, she is also extensively engaged in knowledge exchange to the sector, and to policy makers. In this she has been supported by CAGE in:

- ‘Buy-out’ time from her Departmental commitments to support external engagement, and provide flexibility in response.
- Producing and disseminating one of CAGE’s first working papers, and subsequently three others on charitable giving and non-profit provision.
- Co-funded (with CMPO) a 2011 summer school on generosity and well-being attended by a number of economists from HM Treasury and HMRC.

Professor Scharf continues to work with sector bodies including JustGiving, where she has an established collaboration which includes staged analysis of administrative datasets including on fundraisers and donations. She has a similar established relationships with the Charities Aid Foundation (CAF), and the sectors Charities Finance Group, including developing research to harness transactional data.

CAF, and others, have acknowledged the value of Professor Scharf’s published research and the potential to their understanding of the economics and externalities of the sector from this relationship. Some sector stakeholders, including the British Red Cross, have said that Professor Scharf and Sarah Smith’s research was a watershed study in informing the sector of the need to forge closer relationships with academic researchers, and to fill important conceptual and empirical knowledge gaps and to provide a foundation for evidence-based policy in the area.

Extensively engaged with stakeholders in the sector and outside, her research and collaborations continue to be drawn on by policy makers, including, for example:

- Evidence drawn on for parliamentary debates on the Gift Aid scheme for small donations with her research acknowledged in parliamentary briefings published in the House of Commons Library.

[CAGE working papers 2, 3, 45, and 48, National and International Perspectives on Generosity and Wellbeing: A View Through the Lens of the Third Sector, Warwick, Spring 2011.]

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• Expert advice to the National Audit Office both for a recent review of Gift Aid/HMRC and which was part of the oral evidence recently presented to Parliament, and also subsequently on the wider issue of administration of tax relief in the UK for a forthcoming NAO report (due Spring 2014)\(^91\).

Professor Scharf also contributed to Her Majesties Treasury Digital Gift Aid Consultation in 2013.

She also works closely with the sector on collaborative research and in knowledge exchange drawing both on her own research and that of others in the field. This has included the work with CAF and JustGiving, and also for the British Red Cross who have drawn attention to the importance of work on fundraising in different social groups and its implications for re-focusing of public policy to take account of the role of social groups in determining likely policy outcomes. Professor Scharf has also worked with the British Red Cross (and others) to review policy implications.

3. Contribution

Stakeholders in the charitable sector have pointed to the role played by Professor Scharf in the government’s subsequent decision to exclude the non-profit sector from the tax relief cap. Shortly after the Budget announcement, she published a blog which drew attention to the proposals and also challenged the lack of an evidence base to support the government proposal in relation to the non-profit sector. The Blog also set out some of the policy issues and challenges likely to be involved. Touching on her own and Sarah Smith’s, and other research she suggested the proposed cap had doubtful economic credential because it targeted all donors, not just those that may be tax avoiders.

The blog was widely read and also pointed to a lack of underpinning evidence about the effects of the policy. It directed attention to the (lack of) evidence about avoidance among high rate payers where this centred on the deduction from tax for cash contributions made by higher rate (self-assessed) taxpayers, or on the relief given for capital gains. The blog also questioned the lack of an administrative plan for implementing the policy.

This was seen by stakeholders in the sector as an important and timely contribution. It was also felt the Blog provided a format which was readily accessible to non-researchers, and could be easily cascaded across the sector. JustGiving drew attention to the extent of the ‘twitter-feed’ conversations across the sector which were related to the blog:

‘... you could say it went viral ... it gave a boost to our confidence that something could be done about it’.

As a result this first blog drew immediate comment and interest from charities and representative groups, where it was felt that responses to the proposals would only carry weight if they had an evidence base to challenge the government’s assumptions.

The influential Charities Aid Foundation drew attention to the blog to member charities, and several individual charities subsequently drew on these arguments (and evidence) in their subsequent submissions to the consultation including the Red Cross. Professor Scharf was also drawn directly into the ensuing debate. The interest generated in the sector prompted interviews in the broadcast media (including Radio 4) and was also a focus for a feature in the Guardian, amongst others. Two sector bodies said that while: ‘... the sector was already up in arms' about the effects of the proposal; Professor Scharf’s contributions and the debate which ensued provide a focus for argument against the proposed cap. One observed:

‘... any attempt to counter the idea [the relief cap proposals] was going to need an evidence base about the consequences – and Kim provided it'.

\(^91\) This has included a collaborative report for NAO with the ESRC's Tax Administration Research Centre, University of Exeter which has drawn on the earlier Smith/Scharf study.
Another observed that this went beyond citing evidence, which was thought to be limited, but it was helpful to Charities to take a more objective stance in making a case against the proposal and demonstrating they were doing so by citing an independent analysis from a credible academic. This was able to point HMRC/HMT to weaknesses in their reform argument in relation to the sector. Professor Scharf's stature, her publications and research base, and the fact she was known in public policy circles and was not aligned to any particular partisan views, added to her weight. The British Red Cross encapsulated this:

> ‘Not only were Kimberley’s blogs and tweets extremely helpful in this period, but … [we] used the matching ideas in her Gift Aid research to underpin our response to the tax cap proposal which we brought to the attention of people in the Cabinet Office who were tackling the tax cap proposal’.  

Professor Scharf’s contributions were reported to be seen widely as informative, well targeted and influential with one charity commenting: ‘Kim’s blogs helped us condense the critical review process’. This also helped to raise awareness of her expertise and past and on-going research and at CAF’s request she later spoke to the Charity Finance Group at their tax conference. She has most recently (January 2014) produced a comments piece for CAF newsletter on her research and its relevance. No one else was seen as influential in bringing evidence-based commentary to the tax cap proposal, and CAF observed:

> ‘… the whole process has helped to bring her research to light, and just what it meant for charities and their funding’.

Much of the influence was indirect, with Professor Scharf’s commentary and evidence brokered through others citing her research as a result of the blogs and the twitter-feed. In this her main influence was on contributing to a better understanding in the sector of the proposed tax relief changes and the consequences of the policy/initiative effectiveness.

CAF felt it was an important contribution to charities being made aware of the proposed change and its consequences, and where Professor Scharf’s inputs came alongside other commentary from the financial and professional press, as well as twitter-feed and conversations in the sector, with this: ‘… all coming about at a really fast pace’. For them this informed their subsequent requests, drawing on policy costings in the HM Treasury documentation for the budget, and on behalf of the sector, for further information from both HM Treasury and HMRC on intensions and evidence underpinning this.

One stakeholder in a representative body for the non-profit sector felt that the blogs also provided:

> ‘… a common currency for sharpening our arguments. We did not formally co-ordinate responses (between charities) but I sense the blogs helped us in use of common arguments – and the evidence to support them’.

The same stakeholder commented on why government chose to reverse its original intention and introduce the exclusion and reflected:

> ‘I don’t know why they changed their minds but … I do think this common standpoint was hard to resist’.

It is impractical to attempt to differentiate the influences on this change of direction. The Budget announcement made it clear that government recognised the potential for adverse effects on the finances of charities where large donations were an important source of revenue, and expected a review of this with the philanthropy sector. In addition to formal responses from charities it was also reported there was an extensive formal and informal lobbying process underway in government and outside.

### 4. Retrospective Review of Effectiveness of Engagement

Even if the actual effect on the policy direction cannot be unpicked, stakeholders acknowledged the timeliness importance and authority of Professor Scharf’s contributions. Her understanding of the sector, and existing relationships, were also seen as important in raising this impact. Charities
recognised that the substance of the assessment in her first blog, and its credibility, drew on knowledge generated from research into donor behaviour and the effects of taxation on attitudes to giving.

Added to this, her choice of the use of blogs, and subsequent tweets, was seen as well-placed to widen the reach of the commentary, and especially helpful at a time when speed of transmission of the evidence was important. This helped reach a wider audience and also to extend the discussions, and was seen as a fast and responsive way of bringing informed commentary to a debate which might otherwise have lacked authoritative commentary and an evidence base.

As a result, this combination of informed commentary with choice of a fast and broad messaging medium, meant that Professor Scharf’s contribution, and the expertise she was able to draw on, were seen as crucial levers by many in the sector in challenging the policy assumptions. Her independence and the clarity of the language and arguments in her blogs also helped to speed up the process through which non-professional researchers could harness her observations to challenge the policy thinking. As the British Red Cross later observed of Professor Scharf’s contribution over the period:

‘… [her input] was useful and influential in the policy debate … it provided useful evidence … she also provided a timely and balanced commentary about the debate by engaging directly with the end users. While blogs and tweets may be seen by some academics as low value, it is through such channels that academics can make evidence usable for policy work’.

5. Summary and Conclusions

The evolution of the government proposals was unclear in relation to how the tax cap would affect the sector, although adverse effects were implicitly recognised in the supporting documentation to the Budget statement. Nonetheless, announcement of this policy change came as a surprise to the sector, and in particular because it was thought to run counter to the evidence that was available, and where government had been represented.

Professor Scharf became an articulate and effective champion of this evidence. The combination of her knowledge, sector understanding and credibility, and choice of dissemination pathways underpinned the impact of her contribution to what was widely seen by some of those directly engaged in the subsequent debate. Beyond this, Professor Scharf’s outward looking focus and energetic activity in engaging with the sector, and with policy influencers, meant she was well-placed to relate her evidence to the sectors challenges and wider policy context.

Although it is likely Ministers were responding to many other influences in reversing this aspect of the policy, the common foundation she provided for many charities responses added to the weight of evidence challenging the apparent weaknesses in HMRC’s argument, and to the change of policy direction in relation to the sector.