### DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

#### Part 1: Letter of Appointment

Dear

#### Letter of Appointment

This letter of Appointment dated Thursday, 20<sup>th</sup> January 2022, is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	PS21136 - Enterprise Europe Network (EEN) Impact Evaluation
From:	<b>UK Research and Innovation,</b> Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1FL ("Customer")
То:	Frontier Economics Ltd a company registered in United Kingdom under Company Number 03752719 whose registered office is at Mid City Place, 71 High Holborn, London, WC1V 6DA ("Supplier")

Effective Date:	Thursday, 10 <sup>th</sup> February 2022
Expiry Date:	Thursday, 24 <sup>th</sup> November 2022
	Notice Period of Cancellation is 30 days
Services required	Set out in Section 2 Part B (Specification) of the DPS Agreement

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by:			
	The Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B;			



# GDPR As per Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects)

#### FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

### For and on behalf of the Supplier:

Name and Title:

#### For and on behalf of the Customer:

Name and Title:

Signature:

Date: 20/01/2022

Signature:

Date: 20.01.2022

# ANNEX A Customer Project Specification

# 1. Introduction

This procurement for the evaluation of the Enterprise Europe Network (EEN) now known as Innovate UK EDGE, forms part of ongoing work in building an evidence base to understand the effectiveness and impact obtained through Innovate UK interventions.

This evaluation aims to assess the effectiveness of the EEN against its original objectives and with the utilisation of complex evaluation approaches determine the effectiveness, validity and efficacy of business innovation support interventions.

# 2. Aims & Objectives

The evaluation should through a different set of approaches and methods provide an assessment of the EEN against its original objectives in a robust way, associating the extent of how and why some of the effects have or haven't occurred.

#### Aim for the evaluation

- Understand the level of effectiveness of Business Innovation Support programmes on supported firms.
- Understand the extent of the programme contribution to enable firms to achieve their innovation goals.
- Understand the overall effectiveness (value for money) and the extent to which Business Innovation support has enabled companies to grow and achieve their innovation objectives.
- Use and test a different evaluation approach to understand innovation business support.

### **Evaluation Objectives**

The overall objective of the evaluation is to be able to understand and demonstrate, how, to what extent and who has benefitted from Innovation Business Support, in this case delivered by the EEN consortia. This will inform Innovate UK and its partners about the role of Innovation Business Support and how the learnings can inform any future programmes and the existing EDGE programme.

Additionally, there is a need to provide an understanding of how the EEN programme has supported and enabled firms to move along their Innovation-and-Growth Journey (Figure 1), as it is recognised that there is a degree of heterogeneity across the portfolio around the stages and types of firms that engage with the programme.

### Figure 1: The Innovation and Growth Journey



Source: Innovate UK from EEN documentation

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Economic , Societal & Environmental Impact In order to demonstrate this we recognise that there is the need of a strong logic model and theory of change underpinning this programme. As part of internal activities, a detailed logic model has been developed to enable the implementation of this programme evaluation (Figure 3).



# Figure 3: EEN Logic Model

Participant information which includes contact details, type of support, length of engagement, date of support will be made available to the successful bidder – although it is expected that the successful bidder will allocate appropriate resource to clean and fill in any required gaps that may exist in the data held by EEN participants. There are over 9000 records in the EEN CRM to date, which will need to be assessed to ensure that there is the right level of completeness for any suggested data matching that might take place. The data cleaning might entail finding missing Company Identifiers, sourcing additional contact, drawing in from data available at the delivery partner level to understand the support provided This should also be noted and accounted for when developing a robust methodology to assess the Theory of Change (ToC) that underpins this programme and the strategy to obtain information and evidence.

# 3. Objectives

# **Research Questions**

How, the extent and the level of contribution of Innovation Business Support Programmes is achieving firm level and economic growth? A mixed methods evaluation of the EEN programme.

- 1. How has Innovation Business Support changed or contributed to change a business's innovation journey?
- 2. To what extent does Innovation Business Support enable or contribute towards a business's ability to onboard into or continue in their innovation journey?

- 3. To what extent does varying types of support lead to or contribute to a different set of outcomes (innovate, grow, internationalise and scale)?
- 4. Is there a best practice approach for Innovation Business Support?
- 5. How and to what extent has Innovation Business Support Programmes translated into increases in businesses performance?
- 6. How and to what extent has the EEN support as a whole led to or contributed to achieving the identified outcomes and the overall programme objectives?
- 7. How have other support types interacted with EEN support, in particular public support for innovation?
- 8. How do the beneficiaries interact with different types of EEN support? Which types of support have enabled or contributed to different outcomes?
- 9. Which types of support across the different customer target groups have been most effective in delivering EEN outcomes and objectives?
- 10. What are the different mechanisms into receiving support and what is the extent of the 'route-in' in relation with the outcomes?
- 11. How and to what extent the different models for the delivery used by the different Delivery Partners, has enabled or contributed to different outcomes? Which delivery model has enabled EEN to deliver successful outcomes?

# 4. Background to the Requirement

**Innovate UK** is part of UK Research and Innovation (UKRI), a non-departmental public body. Innovate UK aims to drive productivity and economic growth by supporting businesses to develop and realise the potential of new ideas, including those from the UK's world-class research base.

Innovate UK EDGE, previously known as the Enterprise Europe Network, is a key part of the UK innovation agency's deep investment in the pioneering businesses that drive economic growth. It is a publicly funded service available to all high potential small to medium sized innovation-driven companies, including Innovate UK<sup>1</sup> grantwinners. Empowering innovative businesses to grow and achieve their industry- and society-transforming ambitions.

Innovators are motivated to improve the ways we live and work. We support those building scalable businesses to achieve their goals, in every sector and from seed to scale stage. We work closely with leadership teams to create the conditions for each business to succeed and bring the benefits of their innovation to national and international audiences; Since 2015 we have been empowering clients to grow and scale their businesses through actionable advice, access to vital resources and opportunities to enhance their abilities. Our innovation and growth specialists are at the centre of our service. Each client engagement results in a bespoke strategy but common priorities include:

 Exploiting business innovation<sup>2</sup>: Developing a commercial strategy and building a team to deliver it; protecting & harnessing your IP; improving innovation management & accessing the innovation ecosystem globally

<sup>&</sup>lt;sup>1</sup> Further information is available online via the link: <u>https://www.gov.uk/government/organisations/innovate-uk</u> <sup>2</sup> Further information is available online via the link: <u>https://www.innovateukedge.ukri.org/Build-your-capacity-innovation-to-grow-and-scale</u>

- <u>Sourcing funding and finance</u><sup>3</sup>: Applying the right strategy to secure grants and capital for your business, enhancing investor appeal and getting investment ready to propel your growth
- <u>Opening new markets</u><sup>4</sup>: Creating connections to partners & leveraging insights to expand into vertical & international markets and achieve scale

Often these priorities are closely linked, especially in the case of scaling businesses which must align all business functions to achieve a step change in growth. Our <u>Scaleup</u> <u>Programme<sup>5</sup></u> prepares companies who have progressed through our high growth service and other innovation-driven businesses with 50%+ growth potential for just such a transformation.

# Before EDGE this programme formed part of the Enterprise Europe Network activities, which forms part of what is in scope for this evaluation.

The Enterprise Europe Network (EEN) is a business support instrument which is active in more than 60 countries worldwide, bringing together 3,000 experts from more than 600 member organisations<sup>6</sup>. Since 2015, there have been two EEN consortia covering the whole of the UK which are EEN England, Northern Ireland and Wales (ENIW) and EEN Scotland. This reviews scope covers the EEN ENIW.

The vision of the EEN is to provide a step change in the delivery of innovation and growth services to offer a full suite of innovation and growth support from a single source, supporting the innovation to internationalisation continuum. It helps ambitious companies to innovate, grow, internationalise and scale. The EEN sources opportunities to form international collaborations across Europe and worldwide for suppliers, distribution, and manufacturing or to develop ideas and research. It also supports companies seeking to access EU and international funding opportunities. In addition, the EEN provides in-depth innovation support to those businesses wishing to improve their innovation management activities to support commercialisation and future growth plans and also Key Account Management services to companies who are successful in attracting funding from the EU Horizon 2020 "SME Instrument".

In 2018 a review of Innovate UK's EEN Connect Activities was performed which will be made available to the successful bidder.

The scope of this evaluation specifically focusses on all the EEN activities, and should aim to evaluate against the original EEN objectives but also provide the insights/learnings and implications to feed into the EDGE program. The scope of the evaluation covers the period since the EEN's implementation in 2015 up to December 2020, and excludes the Covid-19 programme delivery.

Below provides information the types of evaluation methods that should be considered within scope for an evaluation of the EEN programme.

Given the different complexities that underpin the programme and the explicit recognition of one of the evaluation aims being the development and implementation of alternative evaluation approaches, particularly theory based approaches, to embrace these

- <sup>4</sup> Further information is available online via the link: <u>https://www.innovateukedge.ukri.org/enter-new-markets</u>
- <sup>5</sup> Further information is available online via the link: <u>https://www.innovateukedge.ukri.org/Scale-with-us</u>

<sup>&</sup>lt;sup>3</sup> Further information is available online via the link: <u>https://www.innovateukedge.ukri.org/Build-your-capacity-innovation-to-grow-and-scale</u>

<sup>&</sup>lt;sup>6</sup> More information available online on the official EEN's website: <u>http://een.ec.europa.eu</u>.

complexities will allow Innovate UK to understand the role of Innovation Business Support and the extent to which these types of support represent a value-for-money approach to enabling firms achieve their innovation objectives and promote economic and societal growth. See recent guidance on complex evaluation: <u>https://www.cecan.ac.uk/wpcontent/uploads/2021/07/Toolkit-2021-web.pdf</u>

Hence, the evaluation requires methods that support this approach, for example using theory-based approaches like Qualitative Comparative Analysis (QCA) to determine the impact of business innovation growth support as well as other qualitative, theory-based approaches.

### 5. Scope

This review is to cover the EEN scheme over the of period 2015 - 2020. Excluding Innovate UK EDGE Covid Support programme.

Since 2015 EEN/EDGE has supported over 14,000 companies; including intensive innovation management coaching to more than 5500 businesses and enabled over 3000 international collaborations. The re-branding has built on the Covid-19 expansion bringing all Innovate UK's soft support under one umbrella, mobilising over 270 innovation and growth specialist and 18 Scaleup Directors. Innovate UK EDGE has repositioned the bespoke support approach to be resolutely focused on the evolving needs of growth-potential innovative UK businesses by devising new initiatives e.g. Design for Growth, High Growth Peer 2 Peer Networks, rapid access schemes for both British Standards & the IPO, and increasing the number of companies supported through their headline Scaleup Programme from 28 in 2018 to 82 in 2021.

Source data available from the administration of the Scheme includes:

- EEN Database, list of supported companies (with contact details where available).
- Type of support.
- EEN Delivery Partners Reports.
- Advisor Reports.

An overview of the data available and appropriate access to data sets will be provided as part of this project, within Innovate UK's guidelines of acceptable use.

### 6. Requirement

#### Phase 1: to be completed by Early December 2021

- Evaluation Framework for the assessment of impact of innovation business support
- Which should include:
  - A review of the logic model.
  - A detailed theory of change describing the EEN programme and its constituent parts.
  - A summary of the mix of methods that will allow us to answer the research questions.

- A clear description of which and how data sources are going to be utilised.
- A detailed review of how outcomes link with data sources and methodological approaches.

Phase 2 (subject to completion of Phase 1 and approval) - to be completed by Mid-March 2022

- Implementation of the Evaluation Framework:
  - This refers to the full development and implementation of research tools and recruitment to gather the information and analyse the information that will inform the evaluation research questions.
- Interim Report which should include:
  - Aim of the report is to demonstrate the validity of the data gathered to date and the applicability of the methods described in the evaluation framework.
  - Summary of the appropriateness and feasibility of the methodology to answer the research questions.
  - Summary of data gathered to date.
  - o Emerging findings.
  - Challenges and next steps.

#### Phase 3: Final Report and Close – August 2022

- Draft Evaluation Report:
  - An executive summary.
  - Quality assured final report and presentation summarising the key findings.
- Quality Assured Final Evaluation Report which should include:
  - An executive summary.
  - A short executive report summarising all the findings.
  - All relevant technical annexes as an appendix to the main report.
  - Data sets (anonymised where relevant).
  - Any analytical code used for the analysis.

#### **Project Management:**

 Bi –weekly updates on emerging findings and project progress, is expected and will be attended by individuals across UKRI and the successful bidder as necessary. This is expected to take place over zoom or other teleconference means. Ad-hoc face-to-face meetings might be necessary (depending on need and restrictions as well as internal policies for both UKRI and the appointed bidder)

The evaluation is intended to be theory-based (exploring whether the theory of change has/has not been delivered as intended, how and why). Conclusions will draw upon a mix of evaluation methods and strands of collection and analysis, as summarised below, although it is reinforced that before any implementation there is the explicit requirement for development of a detailed ToC, the described rationale, outcomes and impacts of the programme alongside assumptions and enablers of the ToC:

 Research & interviews with EEN Management and Delivery team, partners and advisors - It is envisaged that multiple groups of stakeholders will need to be interviewed as part of the evaluation, although each will not be expected to input into all aspects of the evaluation (i.e. different questions will be addressed to different groups). The following table indicates the main broad groups and numbers of stakeholders that should be considered.

Stakeholder Group	Description	Approx. Number
Programme Management/Delivery	This refers to those who manage and deliver strategically and operationally the EEN/EDGE programme	6
Innovate UK stakeholders	This refers to additional Innovate UK stakeholders that can provide a strategic perspective of the EEN programme	3
EEN Partners	This refers to the EEN partners that deliver the programme	All 12
EEN Advisors	This refers to those who engage with companies providing 1-to-1 advice	15
EENIVV	EEN Ireland and Wales forms part of the consortia with EEN England, this refers to those stakeholders in those specific regions. <sup>7</sup>	5
Scaleup Directors	Scaleup Directors who operate together as a board and provide each of the companies on the programme with a matrix of skills and connectivity. A single director provides each company with one point of contact but is drawing upon the collective resources of the board	8

# 2. Quasi-Experimental (econometric) Counterfactual Analysis - It is anticipated that the

successful bidder will make use of one or more appropriate control groups. Bidders should set out the population any proposed control group will be drawn from, why this represents the most appropriate control group(s), and how data will be collected from the sample, including how any issues around engagement will be addressed if primary data collection is to take place.

### **Counterfactual Options**

The following are suggested (not comprehensive) counterfactual options for the portfolio analysis (rated by preference):

Unsuccessful Applicants	This refers all those who for some reason or other were declined from receiving EEN support	
Grant recipients without EEN support	This refers to those grant recipient firms that didn't receive EEN support	

<sup>&</sup>lt;sup>7</sup> To note that EEN Scotland is delivered separately

Unsuccessful Grant Recipient with/without EEN support	This refers to declined grant applicants that received or didn't receive EEN support following their application	
General Business Population	This refers to other innovative businesses that have had no Innovate UK or EEN engagement	
Recipients of other types of business support	This refers to businesses that have received other types of business support	
Different layers or intensities of EEN support	This refers to the different permutations of EEN support beneficiaries might have received	
Early vs Late beneficiaries	As the programme has been live for a few years, it might be possible to compare those who received the support in earlier years against those receiving the support more recently	

Green = preferred, Amber = second best option, Red = only if necessary

- 3. Process Tracing (with or without Bayesian updating)<sup>8</sup> is a structured method to assess the reach of evidence in the step-by-step causal analysis in a one-off case study. It promoted the development of an analytical narrative to demonstrate the different steps taken to achieve specific outcomes<sup>9</sup>. As highlighted above there are a series of steps and activities that take place around EEN supported and non-supported firms.
- 4. Configurational case based approaches such as Qualitative Comparative Analysis (QCA) QCA provides a framework for assessing what conditions are necessary for a programme to achieve its intended outcomes. For example, to identify the characteristics of firms receiving support, the type of support and how that relates to different outcomes of interest. An intended programme output is to identify a sample of a specified number of supported firms. Semi structured interviews will be carried out with this group of supported firms, as well as with a comparison group of cohorts that have so far declined to take part or where not accepted to different programmes. The aim will be to identify which conditions combine and interact to produce intended outcomes and explore how this depends on different contextual factors. The QCA would provide an additional layer of analysis to address some of the evaluation questions that are exploring likely impacts (e.g. "How (and why) do impacts differ for different types of supported firms in different circumstances?") as well as gather evidence for assessing whether or not a range of outcomes are expected to be achieved.
- 5. Other Qualitative, Theory Based Approaches which can be used to explore whether the policy is contributing to change, in what way, and the underpinning mechanisms of change, to provide rich information and potentially useful lessons for similar policies and contexts.
- 6. Economic Cost Benefit Analysis a proportionate cost-benefit analysis (CBA) is

<sup>&</sup>lt;sup>8</sup>Befani & Stedman-Bryce (2016), Process Tracing and Bayesian Updating for Impact Evaluation, <u>https://doi.org/10.1177/1356389016654584</u>

<sup>&</sup>lt;sup>9</sup>Beach and Pedersen (2013)

proposed to understand whether the EEN programme represents a value-for-money approach to enabling firms achieve their innovation objectives and promote economic and societal growth. This will quantify the costs and benefits associated with the implementation of the programme and produce outputs that demonstrate whether the net present value of expected future benefits outweigh the costs, in monetised terms. A cost benefit analysis should be conducted in accordance with HM Treasury Green Book<sup>10</sup> and National Audit Office (NAO) principles and the Green Book Supplementary Guidance.<sup>11</sup>

#### Challenges:

- It is problematic to create direct association between cause and effect given the inherent complexity of the system and the fact that there are external factors that might interact and influence the outcomes of interest.
- There is the strong presence of external factors which will decrease for the internal and external validity of the use of traditional methods subsequently having a direct implication on attribution of impacts.
- Data available will only provide a very partial view of the effectiveness of business growth support for innovation, so this will need to be complemented by additional information to provide a fuller picture around the evidence collected.
- The Innovation and Growth Journey is non-linear or follows a standardised approach, hence why a detailed ToC that underpins this evaluation is essential.

The bidder is expected to expand and explore this and other challenges in further detail and provide appropriate mitigation to align with the evaluation scope and objectives.

Suggested Research tools (not comprehensive) that align with the methodologies above:

- Surveys Bidders are encouraged to suggest a survey strategy that will bring the
  most reliable information to inform the methodologies above. Innovate UK would
  expect the survey to be telephone based. The questions used in this survey should
  align with the research questions and information that is not contained within
  internal datasets, although improvements or additions would be acceptable.
  Bidders should note that the survey deployed need to align with the evaluation
  objects and as such it needs to be structured to cover specific elements of the ToC
  not necessarily to implement a census to all participants.
- **Depth Interviews** It is imperative that an interview plan is structured to comply with the detailed in-depth interviews to beneficiaries as well as stakeholders.
- **Case Study Consultations** These case studies of beneficiaries could possibly highlight links and dependencies between activities, the route in and the innovation to growth journey. They should explore individual examples across the Theory of Change.
- Data linking it is expected that the bidder will suggest a data linking strategy, both for building the most suitable counterfactual but also to determine and measure the outcomes the EEN has had. It is expected that the data linking will include the Innovate UK transparency database, national administrative data & at least one data source that contains fundraising and private investment data. Bidders are encouraged to suggest further additional data sources to be utilized as part of the evaluation.

<sup>10</sup>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/685903/The Green\_Book.pdf

<sup>&</sup>lt;sup>11</sup> https://www.gov.uk/government/collections/the-green-book-supplementary-guidance

• **Desk based research** - When implementing the ToC and trying to understand the observed changes it might be required for detailed desk-based research to understand broader contextual factors that might have influenced the observed evidence.

Innovate UK places great weight on the robustness of the methodology, and bids should clearly define the methodological approach to address the analytical challenges around the evaluation, and explain why this methodology is deemed to be the most robust option given these challenges.

The study should aim to quantify and monetise as many of outputs, outcomes, and impacts as possible, and proposals should set out how this will be achieved. We would expect a high-level logic model and/or theory of change to be developed, which will draw on existing logic models, i.e. Figure 3 above and linkages with the <u>UK Innovation Strategy</u>.

Critical to the success of any proposal will be the deployment of a sound, robust counterfactual. Proposals should set out how this will be defined and measured. It is expected that surveys of non-beneficiaries and data linking to administrative data could be part of this solution, although Innovate UK are open to alternative suggestions. Innovate UK would welcome multiple approaches to measuring the additionality of the programme.

All proposals should follow best practice guidance in designing evaluations as set out in HM Treasury's Magenta Book. Critical to the success of any proposal will be a sound approach to measuring and accounting for deadweight, displacement, leakages and spillovers, so far as is possible. It will not be considered sufficient to rely on general estimates drawn from the wider literature to account for these.

The bidder should address how they plan to conduct the evaluation with participants that have been involved in several projects. We need to limit the disruption to these organisations, while capturing the best information on the project outputs and outcomes. The bidder should also address whether they plan to contact all project participants, where there is more than one, or just the lead participants from the project. Innovate UK holds data for a contact at each of the participating organisations which can be provided, although it can be expected that some of these

contact details will be out of date, particularly for earlier projects.

Bidders are encouraged to propose the use of external datasets that contain information from further investment from private financial markets and company's valuations. To understand broader impacts of the impact of business innovation support programmes.

The projects included in this evaluation would have been closed at different points over several years. Bidders will need to address how they will tackle the challenge of projects being completed at different points when it comes to completing the survey. It is anticipated that this project will require a combination of analytical techniques. These could include case studies, surveys of stakeholders or beneficiaries, in-depth interviews, data linking, econometric analysis or primary or secondary data, and industry consultations. It may be that not all are appropriate, but it is unlikely that any one alone will be sufficient. Bidders are encouraged to think innovatively in terms of how they propose to requirement of the review, although innovation should not be to the detriment of robustness. Innovate UK are keen to push boundaries in their evaluations, to improve the quality of their evidence base.

For this evaluation, Innovate UK expect a minimum of a survey of beneficiaries and nonbeneficiaries, case studies and data linking with external data sets. These case studies could possibly highlight links and dependencies between projects. Innovate UK would expect the survey to be telephone based. The questions used in this survey should align with those questions used in Innovate UK's new project completion form, although improvements or additions would be acceptable. This would enable some of the impacts from projects that have already completed to be compared to impacts on future projects.

Spillover impacts (distinct from multiplier effects) are typically overlooked or poorly captured by evaluations of innovation support, and so proposals should consider how this might be overcome in this instance. Most standard approaches to evaluation will not capture impacts which occur outside of direct beneficiaries, and so complimentary approaches should be considered.

The proposal should set out, where relevant, required sample sizes to ensure that the power of the analysis is sufficient, and how these will be achieved. It is expected that the entire sample will be used, given expected non-response rates and the requirement for robust statistical analysis.

Innovate UK will follow a peer review process for interim and final reports. The successful bidders will be expected to consider and, if appropriate, respond to any comments from peer reviewers. This process may be repeated with draft reports throughout the project. Any published reports will have peer review comments published alongside them. The successful bidder will have an opportunity to make amendments or respond to comments before publication.

	Nov-21	Dec- 21	Jan- 22	Feb-22	Mar-22	Apr-22	May- 22	Jun-22	Jul-22	Aug-22
Project Start (inception)	W/c 8 <sup>th</sup>									
Project Initiation	W/c 8th Data Review and Scoping									
Mobilisation										
Evaluation Framework										
Fieldwork										
Interim report					Interim report					
Final Report									Draft Final	Final Report

# 7. Timetable

# ANNEX B Supplier Proposal













































Part 2: Contract Terms



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