

# EVALUATION OF THE DWP GROWTH FUND

## APPENDIX 1: RESEARCH METHODS

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# A1 Quantitative surveys of individuals

## A1.1 Sample design: Growth Fund applicants

### *A1.1.1 Sample universe and sampling frame*

The aim of the surveys was to achieve 500 interviews with successful Growth Fund applicants and 300 interviews with unsuccessful Growth Fund applicants.

For Growth Fund borrowers, the sample universe was all Growth Fund loans taken out between 01/10/08 and 30/09/2009. This period was chosen to include some borrowers who had repaid their loan and some who were still repaying it.

For unsuccessful Growth Fund applicants, the sample universe was all unsuccessful Growth Fund loan applications between 01/06/2009 and 31/11/2009. This period was selected to allow sufficient time since the application to enable would-be Growth Fund borrowers to reflect on any alternative action they may have taken and the impact of this action.

### *A1.1.2 Sample selection*

A two-stage sample design was used for both successful and unsuccessful Growth Fund applications. In the first stage, Growth Fund lenders were sorted by type of lender (credit union or non-credit union), Government Office Region and size (number of relevant loans). They were then selected with a probability proportionate to the number of loans, to enable an equal number of loans to be sampled by each lender at the second stage. In this way, 23 lenders were selected to provide samples of successful Growth Fund applicants, and 14 to provide samples of unsuccessful applicants.

Not all of the selected Growth Fund lenders went on to provide samples, and these were generally substituted by other lenders with similar characteristics. In total, 19 lenders provided samples of successful Growth Fund applications, and 14 lenders provided samples of unsuccessful applicants. The total samples of successful and unsuccessful applicants provided by these lenders were in line with the estimated number required to achieve the target interviews for each group.

In the second stage, each of the sampled lenders was asked to select a random sample of applications from the relevant time period (40 in the case of successful applications, and 50

in the case of unsuccessful applications) and send out an opt-out letter to each applicant. PFRC provided lenders with instructions on how to do this and a template opt-out letter.

A second phase of sampling was subsequently required in order to achieve the desired number of achieved interviews with successful and unsuccessful Growth Fund applicants (see section A1.4 for details). This involved a smaller number of lenders, selected from the original list largely on the basis of the quality of contact details they had already provided. Seven lenders were asked to provide a sample of successful applicants, three to provide unsuccessful applicants, and one to provide both. The sample universe for successful applicants was Growth Fund loans awarded between 01/02/2009 and 31/01/2010. For unsuccessful applicants it was applications between 01/10/2009 and 30/03/2010.

DWP were able to provide PFRC with details of successful applicants for the seven selected lenders. Borrowers who had previously been sampled were removed from the samples and new samples drawn. With regard to unsuccessful applicants, lenders were asked to provide details of all unsuccessful applicants across the relevant period to PFRC. Again, unsuccessful applicants who had previously been sampled were removed from the samples and new samples drawn. Opt-out letters were sent to sampled applicants by the lenders or in some cases by PFRC.

## **A1.2 Sample design: Comparison group of individuals**

### ***A1.2.1 Sample universe and sampling frame***

For the purposes of Cost Benefit Analysis, the Growth Fund has two potential effects for borrowers:

- Reducing the interest rates paid on loans for borrowers
- Enabling some to access credit (or more credit) than they otherwise would have obtained

In order to examine both effects, the comparison group was designed to include 500 individuals who shared similar characteristics to Growth Fund borrowers, regardless of their borrowing behaviour.

The comparison group was drawn from 16 geographical areas that had little or no Growth Fund coverage, based on analysis carried out by DWP. To ensure that the comparison group of individuals had similar key characteristics to Growth Fund borrowers, quotas were set in relation to gender, economics status, age and household type. These were based on

DWP management information of Growth Fund borrowers (no equivalent information was collected for unsuccessful applicants).

### ***A1.2.2 Sample selection***

A recruitment screening questionnaire was drawn up to reflect the quotas for the comparison group. Field interviewers selected individuals for interview on the doorstep in each of the 16 areas using this questionnaire. To assist interviewers in the identification and recruitment of respondents, target wards in each of the 16 areas were identified based on the Index of Multiple Deprivation.

## **A1.3 Questionnaire design and piloting**

The PFRC research team developed separate questionnaires for successful applicants, unsuccessful applicants and the comparison group, in consultation with HM Treasury and DWP.

### ***A1.3.1 Piloting***

A total of 14 pilot interviews were conducted in February 2010 to test the questionnaire. Interviewers who worked on the pilot attended a briefing session with the PFRC research team before starting work. They were also provided with the opportunity to feedback their views on the questionnaires at a debrief session following the pilot. Changes were made to the questionnaires post-pilot to produce the final questionnaires for the main stage.

## **A1.4 Fieldwork**

Fieldwork was carried out by fully-trained interviewers from ECOTEC Survey. Interviewers assigned to the project received a briefing from a member of the ECOTEC Survey research team before starting work.

The first phase of fieldwork took place between March and May 2010. The target number of comparison group interviews was over-achieved in this first phase (target 500, achieved 520); all these interviews were conducted face-to-face.

There was, however a shortfall in the number of target interviews with successful and unsuccessful Growth Fund applicants. A total of 228 interviews were completed with successful candidates (compared with a target of 500) and 166 with unsuccessful applicants (compared with a target of 300). Of the 394 interviews conducted with applicants in the first

phase, 261 were conducted face-to-face (66 per cent), and 133 were conducted by telephone (34 per cent).

The main reason for the shortfall was the high proportion of out-of-date or incorrect contact details in the samples of applicants. As a result, interviewers experienced difficulties making contact with Growth Fund applicants, either face-to-face or by telephone, even with a minimum of three visits or contacts to addresses in order to complete the survey.

A second phase of fieldwork was therefore undertaken with Growth Fund applicants in June and July 2010. A two-stage approach was used in this phase of fieldwork, to take account of difficulties encountered by interviewers:

- 1 Initial telephone contact by ECOTEC Survey CATI unit to verify the applicant's contact details and establish willingness to take part in the survey. Any contacts without a valid phone number or from which there was no reply were issued to the face-to-face interviewers. Applicants who did not want to be interviewed face-to-face at this stage were offered a telephone interview.
- 2 Verified contact details were passed to field interviewers to arrange face-to-face interviews. Where appointments were broken by the respondent, contacts were passed back to ECOTEC Surveys CATI Unit and a telephone interview again attempted.

Table 1 shows a detailed breakdown of the field outcomes for the survey.

**Table 1 Final fieldwork figures: Successful and unsuccessful Growth Fund applicants**

|                              | Successful |     | Unsuccessful |     | Other* |     |
|------------------------------|------------|-----|--------------|-----|--------|-----|
|                              | Number     | %   | Number       | %   | Number | %   |
| Total sample in survey       | 1,281      | 100 | 1,127        | 100 | 116    | 100 |
| Face-to face-interviews      | 344        | 27  | 185          | 16  | 34     | 29  |
| Telephone interviews         | 142        | 11  | 127          | 11  | 0      | 0   |
| No contact                   | 397        | 31  | 480          | 43  | 59     | 51  |
| • Incorrect telephone number | 182        | 14  | 151          | 13  | 0      | 0   |
| • Not known at address       | 91         | 7   | 45           | 4   | 18     | 16  |
| Refused                      | 109        | 9   | 135          | 12  | 5      | 4   |
| Other                        | 16         | 1   | 4            | 0   | 0      | 0   |
|                              | 1,281      | 100 | 1,127        | 100 | 116    | 100 |
| Gross response rate          |            | 38% |              | 28% |        |     |
| Ineligible address           | 273        |     | 196          |     |        | 16  |
| Potential interviews         | 1,008      |     | 931          |     |        | 84  |
| Net response rate            |            | 50% |              | 35% |        | 34% |

\* The sample provided by one Growth Fund lender did not distinguish between successful and unsuccessful applicants. Of the 34 interviews achieved from this sample, 18 were with successful applicants and 16 with unsuccessful.

Table 2 shows achieved interviews with Growth Fund applicants by method of interview.

**Table 2 Growth Fund applicant interviews by interview method**

|              | Column percentages |            |              |            |            |            |
|--------------|--------------------|------------|--------------|------------|------------|------------|
|              | Successful         |            | Unsuccessful |            | Total      |            |
|              | Number             | %          | Number       | %          | Number     | %          |
| Face-to-face | 362                | 72         | 201          | 61         | 563        | 68         |
| Telephone    | 142                | 28         | 127          | 39         | 269        | 32         |
| <b>Total</b> | <b>504</b>         | <b>100</b> | <b>328</b>   | <b>100</b> | <b>832</b> | <b>100</b> |

Regression analysis was carried out on the final dataset to explore the chances of someone being interviewed by telephone or face-to-face. All other things being equal, those interviewed by telephone had higher banded household incomes but were also much more likely to be deprived and much less likely to have money left over at the end of the week or month. They were also much more likely to be unsuccessful Growth Fund applicants. This suggests that the mixed-method of interviewing in the second phase of fieldwork enabled ECOTEC Survey to interview applicants who might not otherwise have been included in the survey.

Table 3 shows the breakdown of comparison group interviews by geographical area.

**Table 3 Comparison group interviews**

| Local authority area | Total      |
|----------------------|------------|
| Bolsover             | 25         |
| Wolverhampton        | 53         |
| Gateshead            | 33         |
| Derwentside          | 33         |
| South Tyneside       | 34         |
| Chester-le-Street    | 33         |
| Easington            | 33         |
| Hartlepool           | 34         |
| Durham               | 30         |
| Wirral               | 25         |
| Clackmannanshire     | 43         |
| Dundee               | 33         |
| Inverclyde           | 43         |
| Scottish Borders     | 29         |
| Southampton          | 31         |
| Sedgefield           | 8          |
| <b>Total</b>         | <b>520</b> |



## A1.5 Data analysis

A survey dataset comprising the three samples was prepared by ECOTEC Survey in SPSS for Windows format to a specification agreed with PFRC. The data were not weighted for data analysis.

The PFRC research team carried out cross-tabular and regression analysis on the survey data. Regression analysis is a statistical technique for identifying the extent to which individual socio-demographic characteristics or other 'predictor' variables relate to an outcome of interest (such as making a successful application to the Growth Fund), while simultaneously holding constant the influence of all other predictor variables in the analysis. As such, the technique identifies the *independent* influence of each characteristic of interest.

An odds ratio of greater than 1.0 in regression analysis signifies increased likelihood, while an odds ratio of less than 1.0 indicates a decreased likelihood. Odds and likelihoods are not on equivalent scales so cannot be described in the same way.

## A2 Qualitative research

In-depth qualitative case studies were carried out with eight Growth Fund lenders. The lenders were selected to provide a mix of geographical areas; credit unions and non-credit unions; lenders working with and without sub-contractors; and performance against contract in relation to number of loans made and loan value.

The case studies comprised:

- Face-to-face interviews with 15 senior and operational staff across the eight lenders
- Face-to-face interviews with 40 Growth Fund applicants (29 successful and 11 unsuccessful).
- Telephone interviews with 15 other organisations that deliver services to financially excluded people. These included representatives of advice agencies, social landlords, and regeneration agencies.

The interviews were digitally recorded (with permission) and analysed using thematic grids designed for qualitative data.

## **A3 Telephone survey with Growth Fund lenders**

A telephone survey of Growth Fund lenders was conducted by ECOTEC Survey's CATI Unit. The aim was to carry out a 'census' of as many Growth Fund lenders as possible. A total of 82 interviews were achieved. In addition, telephone interviews were carried out with 25 non-Growth Fund third sector lenders that operated either in areas covered by the Growth Fund or in the comparison areas. None of these 25 lenders had ever received Growth Fund funding. The data from these surveys were provided by ECOTEC Survey in the form of an SPSS dataset. Third sector lenders (Growth Fund and non-Growth Fund) were also asked to provide financial and other information about their organisation for 2004 (pre-Growth Fund), 2006 and 2009.