

Independent Evaluation of Local Growth Interventions

Baseline Report for the Leeds City Region

March 2019

Executive Summary

1. This is the Baseline Report for the evaluation of the Leeds City Region (LCR) Investment Fund, known as the West Yorkshire Plus Transport Fund (WY+TF). The evaluation partner is West Yorkshire Combined Authority (WYCA) and the work will be completed by December 2019 to inform the first Gateway Review of the Fund. The first Gateway Review will be completed by Government by the end of March 2020.
2. This Baseline Report is the first output of the evaluation work of the National Evaluation Panel (NEP), implementing the approach agreed with partners in Leeds City Region in the Locality Framework and Locality Evaluation Plan agreed in December 2017 and April 2018 respectively.

Report findings

Delivery progress

3. The key messages at the baseline stage on delivery progress are as follows:
 - Based on the financial data provided by project managers, the 19 interventions covered by the evaluation have accounted for £75m of spend nearly 100% of target, by Q1 2018/19
 - The Transport Fund (54 projects) has spent £88.0m across all of its projects
 - It is currently expected, based on the latest forecasts, that the Transport Fund will spend £200m by March 2020 (Gateway 1 Review). In 2016 project managers had estimated spend of £390m by March 2020 across all of the Transport Fund projects. However these forecasts were overly optimistic and above the level of grant actually available for the five year period. A new Delivery Directorate was created in the Combined Authority in June 2017 and more realistic forecasts were agreed with the projects. Progress is now monitored through a new portfolio management system, which was launched in September 2018
 - For future reports, it is recommended that there are two baselines to measure financial progress – the aspirational figures provided by projects in 2016, and the more realistic baseline figures from October 2018
 - There is some early evidence of outputs. Seven of the 19 projects have provided some initial information on outputs achieved since projects started in 2015. However, the locality has indicated that many of the projects will only be able to report against outputs after completion of the capital works. In addition, not all of the metrics in the logic models have been forecasted in business cases submitted to date.

Local capacity and partnership working baseline

4. Generally, the e-survey responses suggest that different aspects of local economic capacity and partnership activity have improved since the Transport Fund and Growth Deal were

approved in 2014. There remains scope for further improvement in the future. When asked about the extent to which the Fund has influenced changes in local economic development capacity, 22 out of 25 respondents (nearly 90%) thought it had been either moderately or extremely influential.

5. In terms of the Fund itself, over 90%, or 23 survey respondents, stated that the Fund has had a positive or very positive effect both on the local confidence to develop and deliver economic growth interventions, and on strategic-level decision making and planning. These scores were closely followed by the effect on local commitment to develop and deliver economic growth interventions (cited by 22 respondents), overall local economic development capacity and partnership working, and operational decision-making (each stated by 21 respondents).
6. The consultations with key regional stakeholders demonstrated that the Transport Fund has played a central role in creating the new Combined Authority, shaping long-term economic development strategy and bringing together public and private sector partners from across the city region. With so much happening in the region over the last four years, it is difficult to isolate the specific effects of the Fund. However, the feedback confirmed that the Transport Fund has helped to improve local economic development capacity and partnership working.
7. Based on detailed consultations with key regional stakeholders, the key messages at the baseline stage on local capacity and partnership-working are as follows:
 - The Transport Fund has been deployed to address decades of underinvestment in the transport network across the Leeds City Region
 - Although most projects now within the Fund had already been identified as priorities, they were regarded as long-term aspirational projects and no viable funding packages were available prior to the Transport Fund. It is claimed by consultees that most, if not all, Transport Fund projects would not have been able to proceed in the short to medium term
 - New economic development structures have been set up to oversee the Growth Deal and Transport Fund. The Fund played a key role in the setting-up of the Combined Authority in 2014, and this has led to more frequent, formal and senior-level engagement across the councils
 - Working as a city region has provided the councils (particularly the smaller councils) with greater authority and influence to deal with other public and private partners than would have otherwise been the case
 - Increased engagement across city region partners has helped communicate, promote and deliver the Strategic Economic Plan and emerging Local Industrial Strategy
 - The Fund is the largest regional funding programme and therefore playing a key role in delivering the SEP
 - The availability of the Transport Fund monies has raised the profile of economic development and regeneration in the councils
 - There is closer partnership-working, which is helping to break down silos across councils and with regional partners in public and private sectors. Each of the councils

is now better recognised for its specific role(s) in the wider City Region economic development agendas

- This improved partnership-working is leading to greater consensus and support for wider developments in the city region.

Contextual economic forecasting

8. The key messages at the baseline stage on contextual economic forecasting are as follows:

- The purpose of the contextual economic forecasting is to provide the context for how the economy in the LCR was expected to develop at the time the Transport Fund was approved in 2014. This will then be compared to actual outturns at the point of the first Gateway Review, to contextualise the findings from the impact and wider evaluation work.
- Historically, GVA growth in the city region has been in line with Yorkshire and the Humber, and the UK. However, the city region's performance is expected to lag slightly behind UK growth, but improve relative to the Yorkshire and the Humber performance
 - The LCR's GVA output is forecast to grow from £55.1bn in 2012 up to £63.9bn by 2019, and then up to £73.0bn by 2025
 - Information & communications and Financial & business services experienced strong growth in the past, and these sectors are expected to continue to drive overall growth in the future

Next steps and reporting schedule

9. The remaining reporting milestones are as follows:

- a draft Locality One-Year Out report in January 2019, and a final Locality One-Year Out report in February 2019
- a draft Locality Final Report in October 2019, and a final Locality Final Report in December 2019.