
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

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Subject: **Growth Deal Impact Evaluation Reports**

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1. Purpose of this report

- 1.1 To provide the LEP Board with information on the findings of the Growth Deal Impact Evaluation (non-transport projects) and to share the One Page Summary and the Summary Report for the evaluation.

2. Information

Background

- 2.1 The impact evaluation of the Growth Deal was commissioned at the request of the Chair of the Leeds City Region Local Enterprise Partnership (LEP) in recognition of the importance of developing a robust evidence base regarding the impact and outcomes of the Growth Deal and inform future delivery. The evaluation of the Growth Deal was also a requirement of Government.
- 2.2 It was determined that the Growth Deal evaluation would be undertaken independently and would focus on the impact and the value for money achieved through the programme.
- 2.3 The evaluation would exclude the transport projects funded through the Growth Deal. These will be subject to a separate national evaluation.
- 2.4 A more granular evaluation of the projects and programmes will follow once the longer-term impacts of the Growth Deal are more evident. Specifically, such enquiry will explore who has benefitted from Growth Deal Interventions, through the mapping of intervention sites and place-based analysis that investigates the impact within particular communities. This more detailed analysis will seek to develop insights into the impact of Growth Deal interventions in terms of equality, diversity, and inclusion. Qualitative work will also be undertaken to develop sample case studies under each of the priorities to provide a narrative on the work delivered.

- 2.5 In January 2021 consultants were commissioned to carry out the work. This was led by Arcadis and delivered in partnership with Genecon and ADD Specialists.
- 2.6 The evaluation included engagement across the Combined Authority and the LEP. Consultants were provided with access to programme monitoring information alongside the key documentation underpinning projects (including business cases, appraisals, change requests, project closure reports and completed evaluations).
- 2.7 The evaluation was carried out at the sub-national level allowing additional local impacts to be included within the evaluation.
- 2.8 Alongside the Full Report the consultants delivered both a Summary Report and a One Page Summary detailing the headline findings.

Key Findings

- 2.9 Both the Summary and Full reports are now complete. The key findings emerging from the evaluation are:
- The Growth Deal is anticipated to deliver a Return on Investment (RoI) of 12.1:1 (based on total public sector funding) and thereby represents very good value for money.¹
 - 45,485 jobs are forecast to be directly created or safeguarded through the programme and it is estimated that this will result in 16,110 net additional jobs.
 - Total monetised benefits over the full period that benefits will accrue is forecast to reach £9.58bn at Net Present Value (NPV).²
 - For every £1 of public sector funding £5.25 of private sector funding has been leveraged.
 - The analysis carried out at the priority level indicates that whilst there is significant variation in terms of the return on investment all the priorities demonstrate good value for money.
 - The Full Report identifies key learning issues which reflects upon the internal work carried out by the Combined Authority.
 - A series of recommendations regarding learning and improvements are included within each of the Priority Chapters.
- 2.10 There are several factors that should be considered in terms of interpreting the findings:
- Benefits have been assessed over the period during which they are expected to accrue. The most appropriate guidance has been used to inform and structure the approach to quantifying and monetising different benefits. Hence, employment impacts are calculated over a 10-year

¹ ROI and BCR represents the ratio between the NPV of Total Benefits compared to the NPV of Total Costs.

² NPV is a means to discount future costs and benefits to provide an equivalent current value.

period, whilst infrastructure projects are calculated over a much longer period (up to 100-years).

- The evaluation provides an insight into how these benefits accrue over time and how this subsequently impacts on the BCR and return on investment figure.
- The analysis is based on a sub-national approach which is consistent with the Green Book and HMT guidance.
- It is impossible to wholly isolate the impacts and effectiveness of each priority, as the range of activity undertaken by the LEP, both within and outside of the Growth Deal, is inherently interdependent.

Priority Headlines

- 2.11 Priority 1, *Growing Business*, has achieved a return on investment (BCR) of 25:1, generating £2.38bn Gross Value Added (GVA), and 5,250 gross Full Time Equivalent (FTE) jobs created and safeguarded.
- 2.12 Priority 2, *Skilled People. Better Jobs*, has achieved a return on investment (BCR) of 4.6:1, generating £574m in economic returns at NPV, and 480 gross Full Time Equivalent (FTE) jobs created and safeguarded. This priority has required significant up-front investment, supports the wider economy and delivers a breadth of direct and indirect benefits that are difficult to monetise.
- 2.13 Priority 3, *Clean Energy and Environmental Resilience*, has achieved a return on investment (BCR) of 14.5:1, generating £694m in economic returns at NPV, and 286 gross Full Time Equivalent (FTE) jobs created and safeguarded.
- 2.14 Priority 4a, *Housing and Regeneration*, has achieved a return on investment (BCR) of 11.8:1, generating £2.46bn in economic returns at NPV, and 2,950 gross Full Time Equivalent (FTE) jobs created and safeguarded.
- 2.15 Priority 4c *Economic Resilience*, has achieved a return on investment (BCR) of 12.6:1, generating £2.90bn in economic returns at NPV, and 33,810 gross Full Time Equivalent (FTE) jobs created and safeguarded.
- 2.16 Priority 4d, *Enterprise Zones*, has achieved a return on investment (BCR) of 9.0:1, generating £682m in economic returns at NPV, and 2,720 gross Full Time Equivalent (FTE) jobs created and safeguarded.

Supporting Economic Resilience

- 2.17 The covid pandemic has a significant negative impact on the national and regional economy. The Growth Deal priorities and projects are interdependent and the multifold impacts accrued through their delivery have supported the increased economic resilience of the region. For example, the investment in skills capital to improve local FE estates, infrastructure and learning assets,

supports the development of a skilled workforce which will be essential to meet the needs of a recovering economy.

- 2.18 As is the case for all the priorities, the 'Skilled People Better Jobs' priority return on investment needs to be contextualised. The programme has involved large-scale 'up-front' capital investment and will deliver real and lasting benefits into the long-term. Whilst the evaluation has sought to quantify and monetise these benefits it is apparent that challenges remain and further and additional benefits are anticipated into the future.
- 2.19 A failure to invest in the Further Education Estate would have placed increasing pressure on the colleges and as the physical estate deteriorates, it is likely that student numbers would have fallen.
- 2.20 Growth Deal funding has redressed years of underinvestment in FE, improving and diversifying the types of training offered by institutions such as Leeds College of Building through the development of dedicated facilities capable of providing training in new building techniques. Given that a key element of the recovery strategy is to stimulate the economy through construction activity, such investment in skills capital is timely and will bring significant and lasting benefits to local businesses.

3. Tackling the Climate Emergency Implications

- 3.1 Where possible the evaluation has sought to identify environmental impacts and monetise and identify the value of the benefits delivered. This has been a key impact in terms of the activity carried out under Priority 3: Energy and Economic Resilience.
- 3.2 The Full Report has brought together a series of Lessons Learnt that provides insight and understanding of how future similar projects and programmes could be developed and delivered.

4. Inclusive Growth Implications

- 4.1 A number of projects considered within the Growth Deal do have either a direct or indirect impact in terms of inclusive growth. This includes:
- Warm Homes schemes that have helped to address fuel poverty
 - Skills capital programmes that provide access to high quality educational facilities for many disadvantaged students
 - Business support programmes that require inclusive growth commitments from applicants
- 4.2 Where possible these benefits have been monetised but there do remain challenges in terms of how best we can quantify elements such as placements or training that a company commit to as part of the support provided through the Growth Deal or other funding. However, as part of the next phase of

evaluation, the intention is to map the local level benefits that growth deal has delivered.

5. Equality and Diversity Implications

- 5.1 The focus on Equality, Diversity and Inclusion will be a key emphasis of future evaluations. This will build on the work that is being undertaken in terms of the development of business cases and the appraisal of projects and programmes coming forward for support.
- 5.2 The role of this impact evaluation is to understand the scale of benefits and impacts achieved and to provide an insight into the value for money delivered. As such this evaluation does not include an analysis of the equality and diversity impacts of the Growth Deal.
- 5.3 However, further evaluation work will be undertaken, and this will provide the opportunity to deliver a more granular insight into beneficiaries and the distribution of impacts. This will include a more qualitative approach and provide an opportunity to adopt place-based analysis that will allow impacts to be mapped in terms of different indicators including the Index of Multiple Deprivation (IMD) data.

6. Financial Implications

- 6.1 There are no direct financial implications from this work.

7. Legal Implications

- 7.1 There are no direct legal or procurement implications from this work.

8. Staffing Implications

- 8.1 Internal staffing resource will be needed to take forward more detailed evaluation of Growth Deal interventions, and to develop and deliver a Comms plan.
- 8.2 All work to date on the Growth Deal Evaluation has been managed by the Evaluation team within the Research and Intelligence function. This newly established team has been created to drive forward project and programme learning and improve our evidence base on “What Works”.

9. External Consultees

- 9.1 Local Authorities and Government departments were engaged as part of the Growth deal evaluation planning and process.

10. Recommendations

- 10.1 Board members are asked to note the findings of the Growth Deal Impact Evaluation and to provide feedback to help shape the next stages of the evaluation.

11. Background Documents

- 11.1 Growth Deal Impact Evaluation - Full Report

12. Appendices

- 12.1 Appendix 1 - Growth Deal Impact Evaluation - One Page Summary
- 12.2 Appendix 2 - Growth Deal Impact Evaluation - Summary Report