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Report to: West Yorkshire and York Investment Committee

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Subject: Leeds City Region Growth Deal Delivery

1. Purpose

- 1.1. To update the Committee of progress made towards the achievement of Key Performance Indicators (KPIs) and on the implementation of the Growth Deal programme.
- 1.2. The report briefly summarises the activities of the Investment Committee Workshop. It also sets out the current activity in relation to the Independent Evaluation of the West Yorkshire + Transport Fund (WY+TF).

2. Key Performance Indicators

- 2.1. A review of WYCA's performance against the achievement of the Growth Deal KPIs set by Government will be undertaken at a meeting between WYCA officers and representatives of the Cities and Local Growth Unit (CLOG) on 1 November 2017. The Relationship Officer from CLOG will then make a recommendation to the National Accounting Officer regarding payment of the remaining £42.23m for 2017/18.
- 2.2. The seven KPIs have now been achieved, these are summarised in the attached **Appendix 1**.

3. Growth Deal Expenditure and Delivery

- 3.1. The table below details programme expenditure totalling £27.53m of defrayed expenditure to the end of September 2017.

	Target spend 2017/18	Spend to end September 2017	% of 2017/18 target
Priority 1 - Business	£13.52m	£5.70m	42.2%
Priority 2 - Skills Capital	£29.33m	£8.57m	28.6%
Priority 3 - Environmental Infrastructure	£8.07m	£0.96m	11.9%

Priority 4a - Housing & Regeneration	£3.87m	£1.18m	30.5%
Priority 4b - West Yorkshire + Transport Fund	£37.46m	£11.11m	29.7%
Priority 4c - Flood Resilience	£2.00m	£0	0
Priority 4d - Enterprise Zones	£4.00m	£0	0
WYCA Programme Management	£1.90m	TBC	0
Total	£100.15m	£27.52m	27.5%

- 3.2. The attached Growth Deal Dashboard at **Appendix 2** and West Yorkshire + Transport Fund Dashboard at **Appendix 3** (note this spreadsheet has now been amended to include all projects in the WY+TF both in delivery and in the pipeline) detail the latest forecast expenditure and provide a RAG rating of each project.
- 3.3. The target expenditure for the 2017/18 is £100.15m, the current forecast against this target £95.59m. This target does not include spend forecast for projects which are being accelerated and where spend will be subject to approvals being made during the financial year. Contingency arrangements in relation to acceleration of expenditure on three major contracts will address any shortfall against the target.
- 3.4. It might be expected that the expenditure level at the end of Quarter 2, the mid-point of the year, should be in the region of 50%. In practice it is normal for capital spend within local authorities to be heavily weighted towards year end. The profile of quarterly spend in the two previous years of the Growth Deal programme has been as follows:

	2015/16					2016/17				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Actual Expenditure	£2,445,658	£4,225,660	£8,719,073	£22,941,631	£38,332,022	£2,107,507	£9,173,933	£14,785,501	£58,700,826	£84,767,767
Percentage of Annual Spend	6.38%	11.02%	22.75%	59.85%		2.49%	10.82%	17.44%	69.25%	

One reason for the improved performance in 2017/18, and the expectation of continued improvement in future years, is the continued progress in bringing projects forwards for approval, and therefore, commencing in delivery.

- 3.5. The following projects are RAG rated as Red and represent a risk to the delivery of the Programme:
- **Leeds Station Gateway – New Station Street**
Project has been delayed awaiting appointment of subcontractor by Network Rail, this appointment has now been made, progress on the project is awaited.
 - **Rail Parking Package – Shipley Station and Steeton and Silsden Stations**
These projects are delayed subject to awaiting the issue of Asset Protection Agreement's by Network Rail.

- **Urban Traffic Management Centre (UTMC)**
Discussions are ongoing between local authority partners to agree a phased implementation of this project.
- **A650 Hard Ings Road and Harrogate Road / New Line**
Both of these projects are subject to Public Inquiry and will not progress further until these have been concluded. The Public Inquiry for the A650 Hard Ings Road is set for 31 January 2018.
- **Bradford to Shipley Corridor**
The Full Business Case for this project was expected in September 2017, this has now been revised to October 2018. Additional resources have been allocated to the project to ensure that this date is achieved.
- **Energy Accelerator**
The Investment Committee has now approved the Outline Business Case for this project and agreed that it should come forward as a Full Business Case, however approval of the European Investment Bank ELENA funding is still awaited and until this is received the project cannot progress.
- **WY+TF Pipeline**
Forecast spend to the value of £10.24m included within the WY+TF pipeline still requires formal approval through the Assurance Process. The majority of this funding £5.92m relates to Leeds Station Gateway, individual Rail Park and Ride projects and the UTMC. The remainder of £4.32m is for the East Leeds Orbital Route which is included within the Capital Spending and Project Approvals Report in this agenda.

3.6 Three projects previously classified as Red rated have now been de-escalated:

- **Hebden Bridge Rail Park and Ride** – commenced on site on 29 September 2017.
- **Leeds District Heat Network** – approval of the revised Full Business Case was given by the WYCA on 5 October 2017.
- **Huddersfield Incubation and Innovation Unit** – change request has been agreed at the last Investment Committee and approved through delegated decision of the Managing Director on 15 September 2017.

4. Members Workshop

- 4.1 The Investment Committee Workshop held on 31 October 2017 considered the expressions of interest submitted under the recent call for projects. The purpose of this was to establish a reserve list against priority areas.
- 4.2 A key activity of this workshop to complement the consideration of new projects was to consider principles around de-commitment of existing projects included within the Growth Deal. Whilst there are no immediate proposals for de-commitment of specific projects it is important to agree the principles behind any proposals and to ensure partners are aware of the criteria and can see how these may apply. The principles will be developed further and recommendations brought to the next Investment Committee meeting.

5. 2019/20 Independent Evaluation of the West Yorkshire Plus Transport Fund

Overview

- 5.1 As was reported to the June 2017 Investment Committee, to date, eleven city-regions, including LCR, have agreed devolved funding arrangements with Government. These funds are subject to five-year Gateway Reviews to evaluate whether (and if so, the extent to which) locally determined investments and interventions have had a positive impact on economic growth – which will in turn inform Government decision-making by ministers regarding the allocation of future funding to the individual Localities.
- 5.2 As part of the Growth Deal arrangements, a 2019/20 Independent Evaluation of Gainshare Investment Funds has been agreed with the eleven City Regions. Leeds City Region’s review requirements relate solely to the West Yorkshire + Transport Fund (WY+TF). Government has stated that subject to the outcome of the first Gateway review in 2019/20, they will provide up to £420m over the period 2021/22 to 2034/2035 for the WY+TF. This funding will be provided as up to £30m per annum from 2021/22 to 2034/35.
- 5.3 The success of the 2019/20 Growth Deal Peer Review is critical for WYCA in that ongoing funding will potentially be withdrawn if we are deemed to have not met the required criteria.
- 5.4 Consultants SQW have been appointed at a national level to undertake the progress reviews and have been working to develop their approaches to reviewing progress at the National and Local levels. Initial work undertaken has recognised that a level of realism is required around what can be reported at Gateway 1 in 2019/20, since it is accepted that much of the spend to date will not be able to demonstrate outcomes by the time of the Gateway. Four key areas of focus flow from this emerging conclusion:
- Progress against stated milestones;
 - The delivery of outputs (and intermediate outcomes);
 - Increased emphasis around the growth in local capacity and cross-area working; and
 - The need for data collection in real time.
- 5.5 The principles of a National Framework have been developed by SQW and agreed by the eleven authorities involved on an ‘in principle’ sign-off basis. Following agreement of the National Framework, SQW have been working with the LCR to develop a local Monitoring & Evaluation framework for the WY+TF. This ‘Locality Framework’ is a critical document for WYCA and its LCR partners.
- 5.6 The Locality Evaluation Framework reflects the nature and mix of interventions supported by the WY+TF, and will be used to develop detailed evaluation plans to be implemented in advance of the Gateway Review. The framework contains three elements:

- details of the interventions that are supported by the Investment Fund that are within-scope of the evaluation for the first Gateway Review;
- tailored logic models building on the examples in the National Evaluation Framework, identifying the routes to outcomes and impacts for these interventions; and
- prioritisation of interventions where evaluation research will be focused.

Taking these in turn:

Scope of the intervention

- 5.7 The Locality Evaluation Framework is focused on interventions that have been approved formally, and where expenditure has been incurred (potentially in full), within the first Gateway Review period.
- By ‘within the first Gateway Review period’, it refers to expenditure that commenced at least 12 months in advance of the evaluation reporting requirement for the Gateway Review in December 2019 i.e. expenditure before December 2018. This is to allow sufficient time for evidence on progress of delivery to emerge, to inform the evaluation in the Locality.
 - Interventions that are approved within the first Gateway Review period but where no expenditure is planned at least 12 months before the first Gateway Review reporting period are not covered by the Locality Framework i.e. they are not within scope.

Tailored Logic Models

- 5.8 In evaluating publicly-funded interventions, it is good practice to develop a ‘logic model’ which articulates explicitly the relationship between inputs, activities, outputs, and outcomes:
- inputs are the resources used by the intervention, including the Investment Fund resource;
 - activities are those tasks undertaken by the intervention;
 - outputs are the readily measurable results of those activities (such as km of new highway constructed, number of parking spaces created); and
 - outcomes are the benefits attributable to the intervention including ‘intermediate outcomes; for the direct beneficiaries of the intervention (such as reduced journey times), and ‘final outcomes’ for the wider economy/society (such as increased employment at sites/premises, number of housing units completed).
- 5.9 To ensure that funding for WY+TF schemes continues beyond 2019, it is critical that we demonstrate to Government that benefits can be traced right through to the outcomes – that is, we do not just consider that a project is complete once construction is complete, but track what has been achieved as a result of the project going forward. The need for WYCA to demonstrate to Government that we have robust evaluation approaches in place is therefore critical, as is the need to ensure that projects are focused on direct and indirect outcomes.

- 5.10 One of the main aims of the Locality logic models is to shape the evaluation activity for Gateway Review 1 in December 2019. Therefore, the first step in developing the logic models was to consider the projected expenditure profile and select the projects that are likely to be most progressed by 2019, either in absolute or percentage terms. This helped to identify a number of in-scope projects.
- 5.11 In developing the Locality logic models, different spatial and thematic approaches were considered and discussed in detail at a workshop with WYCA officers in July 2017. Due to the volume of WY+TF projects, the geographic spread, and likely linkages with other Growth Deal projects being delivered in the Leeds City Region over the coming years, it was agreed that a geographic based clustering of projects would be the most appropriate way to proceed.

Prioritisation of Interventions

- 5.12 The remit of the National Evaluation Panel for the first Gateway Review of the Investment Funds is to provide evidence on the impact of the funds in delivering local growth outcomes set out in the logic models; this 'impact evaluation' will be the core focus of the evaluation plans.
- 5.13 However, in some cases it may be too early for the evaluation to evidence impacts by 2019, even at an interim stage. The evaluation plans will also therefore include 'progress evaluation' that reports on the progress that interventions have made by the point of the Gateway Review in their delivery, for example, against anticipated expenditure, delivery milestones, and in generating outputs.

Next Steps

- 5.14 Following completion of this Locality Evaluation Framework, the National Evaluation Panel team and relevant officers in WYCA will develop and agree a Locality Evaluation Plan setting out the methods for evaluation of prioritised interventions, timescales, and monitoring requirements. This Evaluation Plan will include a costed resource plan and will most likely require to be a mix of SQW resource and in-house WYCA resource.
- 5.15 The aim is to have the Locality Evaluation Plan completed by December 2017, following which it will be reported to Investment Committee for approval.

6. Financial Implications

- 6.1. As set out in the report.

7. Legal Implications

- 7.1. There are none arising directly from this report.

8. Staffing Implications

8.1. There are none arising directly from this report.

9. Recommendations

9.1. It is recommended that the Investment Committee notes the progress towards achievement of the KPI's and the implementation of the Growth Deal.

9.2. It is recommended that the Investment Committee note the Independent Evaluation of the WY+TF and the development of Locality Evaluation Framework.

10. Background Documents

10.1. None.