



WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

| | |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date | 13 October 2017 |
| Report title | Independent Evaluation of Local Growth Interventions |
| Portfolio Lead | Councillor Izzi Secombe - Finance & Investments |
| Accountable Chief Executive | Deborah Cadman - Chief Executive, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552 |
| Accountable Employee | Julia Goldsworthy - Director of Strategy, West Midlands Combined Authority email: julia.goldsworthy@wmca.org.uk tel: 07813 648227 |
| Report has been considered by | WMCA Programme Board - 15 September 2017 |

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (a) Note the work of the National Evaluation Panel and the National Evaluation framework which has been developed for the 11 devolved areas in England.
- (b) Approve the interventions proposed for evaluation as detailed in paragraph 2.7 including Coventry City South, Friargate, HS2 Connectivity package, UK Central (local infrastructure) and Land and Property Investment Fund.
- (c) Note the requirement for further work to be done on identifying the key details of the interventions that are within the scope of the evaluation and that further information will be reported in due course.

1.0 Purpose

- 1.1 For the Board to consider the process and timetable for the evaluation of interventions supported through the Devolution Deal, and to consider the specific interventions for evaluation.

2.0 Background

- 2.1. Across the UK, several 'deals' have been agreed between Government and cities and city regions involving the creation of devolved investment funds to support economic growth. In the West Midlands, the Devolution Agreement concluded in 2015 provides £36.5 million per year in revenue to support an £8 billion capital investment programme.
- 2.2. In the spirit of devolution, the deals that have been agreed across the country are all different, reflecting local priorities, and will support a diverse range of projects. However, to support a broadly consistent approach to evaluation, the Government's Cities and Local Growth Unit established a **National Evaluation Panel**. The Panel will work with WMCA and ten other areas in receipt of devolved funds to evaluate the impact on local growth of specific interventions that the funding has enabled. This will provide evidence which will help to inform the first 'Gateway Review' due (for the West Midlands) in 2020. The National Evaluation Panel consists of a consortium led by SQW, with additional academic and consultancy support.
- 2.3. Earlier this year, the Panel developed a National Evaluation Framework which has been developed by all eleven localities and CLGU (**Summary attached in Appendix 1**). This sets out the overall approach and principles for the evaluation. It identifies a series of 'intervention themes' to provide consistency to evaluation at local level, sets out high-level 'theories of change' (identifying how and why activity is expected to yield benefits), and outlines some potential evaluation approaches.
- 2.4. It should be noted that **the evaluation process is not seeking to produce either a single national evaluation or a single evaluation of the total WMCA investment package**. Nor is it evaluating the overall policy of devolution, or making recommendations to Government or local partners on activities that should be supported in future. Rather, it aims to evaluate the impact of the locally appraised interventions on economic growth, using methods that are as robust as possible given the range of different project types.
- 2.5. This work is a **subset of the overarching Devo 1 Monitoring and Evaluation Plan** which is being co-ordinated by the Black Country Economic Intelligence Unit. The overarching plan includes the overall approach to evaluation in the Policy Research Plan approved by WMCA Board in June. A recent draft was submitted to government on the 22nd September. This Independent Evaluation is aligned with these principles and will form part of the overall local plan".

Identifying interventions for evaluation

- 2.6 All interventions demonstrating expenditure during the first Gateway Review period (i.e. prior to 12 months in advance of the first Gateway Review in 2020) will be considered as part of the evaluation process. However, because the West Midlands investment package is long term, not all proposed interventions will have demonstrated significant spend and output delivery by the time of the Gateway Review in 2020. Impact evaluation will therefore focus on a selection of interventions where delivery is anticipated to lead to impacts within this period.
- 2.7 Based on discussions with WMCA officers and with project managers within the local authorities and Transport for the West Midlands, SQW has identified the following projects as falling within the scope of the impact evaluation:

Proposed interventions for evaluation:

| Project | Description |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Coventry City Centre South | Land and property intervention to support retail development as part of a major regeneration package for Coventry City Centre |
| Friargate | Development of new office, residential and hotel delivery between Coventry station and the Ringway |
| HS2 Connectivity Package | Metro extensions to Wolverhampton and Centenary Square and Edgbaston |
| UK Central (Local Infrastructure) | Package of projects in Solihull outside the core UK Central area (early spend likely to focus on public realm improvements, cycle and pedestrian routes, etc.) |
| Land and Property Investment Fund | Fund to bring forward commercial and residential development on brownfield sites |

- 2.8 Projects which are scheduled to spend further into the future and which will have only incurred minimal expenditure within the Gateway Review period will be considered as part of the progress elements of the evaluation.

Programme and timetable

The next six months

- 2.9 Subject to the agreement of the Programme Board to the inclusion of the interventions above in the evaluation process (and ongoing information on spend and delivery from WMCA officers and project promoters), the National Evaluation Panel, working with WMCA and project promoters, will prepare a '**Locality Evaluation Framework**'. Building on the National Framework described above, this will be prepared over the autumn and will set out:
- details of the interventions that are within the scope of the evaluation.** This will include, for example, the detail and timing of expenditure and the specific use of the devolved investment fund. **As the £36.5 million annual Devolution Deal grant is a revenue stream to support capital borrowing, rather than project-specific capital grant, there are some challenges in apportioning the use of the funding to individual interventions, although this is currently being considered with WMCA officers and project managers**

- **‘logic models’** covering each intervention. These will identify how outcomes should (in principle) be achieved
- for each intervention, **where the evaluation research should be focused**
- an **initial assessment of potential evaluation methods** (bearing in mind the need for a rigorous approach that helps in understanding what would have happened in the absence of intervention)

2.10 The Locality Evaluation Framework will support the development of an Evaluation Plan, setting out the agreed evaluation methods, timescales and specific monitoring requirements. This will then provide the basis for the ongoing monitoring of the individual interventions by WMCA and delivery partners.

Longer term

2.11. In June 2018, the National Evaluation Panel will prepare a ‘Baseline Report’ for the West Midlands evaluations. This will set out anticipated spend and outcomes and will draw on additional contextual economic analysis. As interventions are monitored, annual reports will be prepared at the end of 2018 and 2019, with the evaluation report to inform the first Gateway Review prepared by December 2020.

2.12 It is recognised that by 2020, many benefits will not yet have been realised, and many projects will still be in delivery. Where this applies, the focus is likely to be on spend and delivery against profile. The evaluation report to inform the Gateway Review will also draw on qualitative measures of impact of the investment funds (such as investor confidence and stakeholder commitment gathered via complementary qualitative research) that can be measured as delivery progresses.

2.13 Within the National Framework, formal sign-off of local outputs from the evaluation (such as the Locality Evaluation Framework, annual reports and the evaluation report to inform the Gateway Review) will be the responsibility of WMCA and its equivalents. However, all outputs will be subject to an internal quality control process within the National Evaluation Panel, and will be shared with the locality and with central Government for review.

3.0 Financial implications

3.1 None directly arising from this report.

4.0 Legal implications

4.1 None directly arising from this report.

5.0 Equalities implications

5.1 None directly arising from this report.

6.0 Other implications

6.1 The work of the National Evaluation Panel will provide evidence which will help to inform the first ‘Gateway Review’ due (for the West Midlands) in 2020

7.0 Schedule of background papers

7.1 Summary of National Framework – May 2017