



# Cheshire & Warrington Local Growth Fund Mid-Term Evaluation

Report for Cheshire and Warrington LEP  
January 2019

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# 1. Introduction

This report presents the outcome of the mid-term evaluation of the Cheshire and Warrington Local Growth Fund (LGF) Programme. At this point in the Programme delivery, the evaluation is mainly focused on a review of process, with initial consideration of potential impact and value for money and crucially, on initial learning from progress to date to inform and ensure future delivery.

## 1.1 Background

Local Growth Deals provide UK Government funds to Local Enterprise Partnerships (LEPs) to support projects that benefit the local area and economy based on priorities set out in their Strategic Economic Plans (SEP).

In Cheshire and Warrington, the LEP has been awarded £201 million since 2014. The initial Cheshire and Warrington LEP's Strategic Economic Plan - Cheshire and Warrington Matters, which set the strategic context for the LGF, was approved in March 2014.

The LGF has targets to deliver up to 12,000 jobs; 5,000 homes and £280 million of public and private investment generated as a result of this funding<sup>1</sup>.

## 1.2 Research Objectives

The LGF Programme has now been delivered for a number of years with funded projects at various stages of delivery and completion.

In line with good practice, CWLEP wishes to undertake an interim evaluation to measure the outputs of their investments, review the management and monitoring of the programme, review the approval and development of projects, review and comment on the impact and value for money. In more detail the review sought to consider a range of factors including: Delivery; Outputs and Outcomes; Systems and Processes; Strategy; and Recommendations.

Finally, there is a clear requirement to use the evaluation to establish key lessons to inform future project and programme delivery.

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<sup>1</sup> Source: LEP Output Report: September 2018 : Note also that contracted outputs are significantly greater

## 1.3 Research Approach

Our overall approach and detailed method for undertaking the interim evaluation is informed by the above objectives, extensive experience in conducting similar research and current Government good practice and guidance (HMT Green Book and Magenta Book)<sup>2</sup>.

At one level, it would be possible to undertake a review and interrogation of each individual project through a series of “mini evaluations” including making some contact with beneficiaries (where they exist). This would be both time consuming and resource intensive and we do not believe at this stage, it would offer either a robust assessment or a good use of resources.

In particular, it is not possible at this point in the Programmes life cycle to robustly assess final impacts and value for money, as:

- many of the projects have at best only recently been completed;
- any final outcomes and impacts will only become apparent in the medium/long term;
- some projects are still in the delivery or development phase; and
- at this time it can be difficult to identify clear beneficiaries and quantify benefits/ impacts.

In addition, a formal evaluation plan for individual projects has already been agreed as part of the Programme and the individual awards.

On that basis we have therefore focused primarily on a process and learning review based on an assessment at programme level where we have adopted the following approach:

- review the different individual processes which make up the Programme including marketing/ application/ appraisal/ approval/ implementation/ monitoring
- review activities and any initial outputs and relevant project forecasts;

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<sup>2</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>;  
[https://www.betterevaluation.org/en/resources/guide/the\\_magenta\\_book\\_guidance\\_for\\_evaluation](https://www.betterevaluation.org/en/resources/guide/the_magenta_book_guidance_for_evaluation)

- review the initial Programme development/ appraisal assessment and relevant governance and management systems and support networks;
- interview stakeholders and project promoters to obtain an additional qualitative and quantitative sense of progress, outputs and longer term impacts.

This approach addressed the research objectives, while also complying with recognised (Government) good practice as highlighted earlier.

## 1.4 Headline Conclusions

Our overall conclusion is that the LGF has made substantial progress since its launch in 2012. It has supported a range of projects which are all consistent with and supportive of, the Strategic Economic Plan(s) and the wider policy environment and are designed to deliver against the overall Programme targets. At this point in time we are however, unable to definitively assess final impacts or value for money.

The review has highlighted some opportunities for performance improvement, which should ensure more efficient and effective delivery outcomes and ensure the LEP are able to build on an effective Programme delivery infrastructure.

It is also clearly recognised that the LEP and the LGF are both evolving and that the refreshed SEP; an increase in LEP capacity; more time for future development and a clear assurance framework will provide for a sharper focus for future investment.

## 1.5 Report Format

The remainder of this report is formatted as follows:

- Chapter 2: Background and context;
- Chapter 3: Local Growth Fund;
- Chapter 4: Review of C&W LGF;
- Chapter 5: Stakeholder and Partner Engagement;
- Chapter 6: Evaluation Conclusions; and
- Chapter 7: Recommendations.

Additional technical details are provided as appendices.

## 2. Background and Context

### 2.1 Local Growth Deals

Local Growth Deals provide funds to local enterprise partnerships (LEPs) to support projects that benefit the local area and economy. The initial concept was based on a report by Michael Heseltine - *No Stone Unturned: In Pursuit of Growth* which was published in 2012.

Among the recommendations on how to stimulate economic growth and wealth creation was one to combine separate funding streams which support growth into a “single funding pot” for local areas.

In July 2013, the Department for Business, Innovation and Skills<sup>3</sup> published the document *Growth Deals Initial Guidance for Local Enterprise Partnerships*, providing detailed guidance on how LEPs should prepare their Strategic Economic Plans and details of the timetable for the delivery of funding.

The 2013 Spending Review saw the Government instruct Local Enterprise Partnerships (LEPs) to develop multi-year local Strategic Economic Plans, which would then be used for negotiations on individual ‘Growth Deals’.

Guidance<sup>4</sup> was issued to provide an insight into the specific requirements in terms of both the requirements for a Strategic Economic Plan (SEP) and the process of bidding and allocating funding.

The initial awards (Round 1) were made in 2014 with a further round of awards (Round 2) made in 2014. The 2016 Budget advanced that an additional £1.8 billion will be allocated to LEPs through a further round of Growth Deals (Round 3) making the total Local Growth Deal as of March 2016 at £7.3 billion allocated to LEPs.

Much of the budget allocation was a reallocation of funds from other spending departments with for example around £7 billion reallocated from the Department of Transport’s roads budget.

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<sup>3</sup> Note: now Department of Business Energy and Industrial Strategy

<sup>4</sup> Growth Deals: Initial Guidance for Local Enterprise Partnerships July 2013

## 2.2 Strategic Guidance

The guidance<sup>5</sup> issued by Government to the LEPs states that:

*“the allocation of Local Growth Fund resources will be one element of the Growth Deal for each Local Enterprise Partnership. The Local Enterprise Partnership Strategic Economic Plan will form the basis for the wider Growth Deal as well as the bid to the Local Growth Fund. This will be an iterative process, enabling places to make their best case, and enabling Government to better understand and test the underlying capacity and commitment of partners”*

The development of an overarching Strategic Economic Plan (SEP) was the first step in setting a strategic framework for the allocation of investment resources through LGF.

The initial<sup>6</sup> Cheshire and Warrington Strategic Economic Plan (Cheshire and Warrington Matters) was launched in 2014. It set out an ambitious new vision for Cheshire and Warrington to reverse the decline in regional output (GVA) and sets out a target that by 2021 Cheshire and Warrington will be an economy of £26.6bn with GVA per head 110% of the UK average; by 2030 an economy of £35bn with GVA per head 115% of the UK average; and home to an additional 100,000 residents, 75,000 new jobs and 70,000 new homes.

In line with keeping the SEP fresh and relevant, a “light touch” review was completed in 2017<sup>7</sup> with a particular recognition of an evolving strategic environment including the launch of the Industrial Strategy White Paper, the Clean Growth Strategy and the review of LEP Governance. This update confirms a revised overarching ambition by 2040, to grow the economy’s GVA to £50 billion per annum; create 120,000 net additional jobs and build up to 127,000 new homes<sup>8</sup>.

One aspect to highlight was a formalised approach to placing greater emphasis and importance to “place” as well as providing a more specific focus on particular aspects through the separate delivery plans covering transport, skills, energy, science and innovation, digital, housing and quality of place.

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<sup>5</sup> <https://www.gov.uk/government/publications/growth-deals-initial-guidance-for-local-enterprise-partnerships>

<sup>6</sup> <http://www.871candwep.co.uk/content/uploads/2015/05/Strategic-and-Economic-Plan-and-Growth-Plan-for-Cheshire-and-Warrington.pdf>

<sup>7</sup> Cheshire And Warrington Strategic Economic Plan 2017

<sup>8</sup> Note: this is the ambition for the wider economy which includes LGF



Spatial growth areas were identified covering: Cheshire Science Corridor / Enterprise Zone; Mersey Dee Economic Axis; Constellation Partnership; Warrington New City; Atlantic Gateway.

## 2.3 Cheshire and Warrington LGF

In July 2014, the Cheshire and Warrington LEP was awarded £142.7 million from the Local Growth Fund over the period 2015-2021. In January 2015 a further £15.16 million of funding was awarded between 2016 and 2021; an additional £43.3 million was awarded in November 2016, thus providing a total “pot” for investment in the local area of £201 million.

The Cheshire and Warrington Growth Deal<sup>9</sup> which was approved by Government states that the investment secured by the deal will be focused on three key areas to deliver transformative growth:

- Enabling housing and employment sites;
- Supporting the expansion of science and innovation; and
- Growing the local skills and business base.

For more information see also <sup>10</sup> which provided details of individual projects.

Based on the contracted outputs with Programme Applicants, the LEP currently estimates<sup>11</sup> their investment will create over 24,000 jobs, 12,000 new homes and generate over £280 million in private leverage<sup>12</sup>. This compares well with the targets set by Department for Business, Energy and Industrial Strategy (formerly Department of Business Innovation and Skills) of 12,000, 5,000 and £280 million respectively.

Following allocation of funding, the LEP has developed and implemented a clear Assurance and Accountability Framework<sup>13</sup>, based on the national guidance. This sets out the process that project sponsors must follow in order to bring projects forward into the LEP Investment Programme. It also defines how projects will be prioritised for funding and the key stages in developing and approving business cases.

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9 [https://www.gov.uk/government/uploads/attachment\\_data/file/303033/03\\_Cheshire\\_and\\_Warrington\\_Growth\\_Deal.pdf](https://www.gov.uk/government/uploads/attachment_data/file/303033/03_Cheshire_and_Warrington_Growth_Deal.pdf)

10 [https://www.gov.uk/government/uploads/attachment\\_data/file/303033/Cheshire\\_and\\_Warrington\\_Factsheet.pdf](https://www.gov.uk/government/uploads/attachment_data/file/303033/Cheshire_and_Warrington_Factsheet.pdf)

11 LEP P&I Programme Manager Report September 2018

12 Excluding additional public sector leverage

13 <https://www.gov.uk/government/publications/local-enterprise-partnership-national-assurance-framework>

The strategic context for the LGF has been set through the guidance issued by the UK Government together with priorities established through the SEPs.

The 2014 plan identified the specific projects which were considered to be priorities and these by and large were the ones which have been supported through the initial delivery of the Fund.

The 2017 refresh has adopted a more strategic and less proscriptive approach which should support partners develop new projects which better meet the future strategic economic priorities for the region.

Further details of the strategic context are provided at Appendix B.

## 3. Local Growth Fund

### 3.1 Introduction

This Chapter presents a short overview of the projects supported to date through the LGF and provides a commentary on their strategic fit and adherence to the Assurance Framework.

### 3.2 Summary of Supported Projects

A summary of the supported projects is detailed below at Table 3.1-3.3 with details being provided at Appendix A. The analysis shows that (to date):

- the LGF has supported 34 projects with a total value of around £380 million;
- around £14 million is still to be contracted across three projects: energy; sustainable transport; and skills;
- the LGF investment accounts for around £200 million or around 50% of the total project costs;
- to date around £75 million has been claimed with £126 million still to be claimed;
- the grants have been spread across the region with the significant higher investment in Cheshire East as a result of two major transport projects;
- 70% of projects by spend are (primarily) transport and related with science and technology receiving 9% of investment; property, land and regeneration 16% and skills and education 5%;

Progress against output targets is highlight in Table 3.4.

**Table 3.1: Financial Analysis**

	No. Projects	Total Costs	Total Grant	Total paid	Still to claim
LGF 1/2 Projects Completed	9	104,460,314	45,059,600	45,059,600	-
LGF 1/2 Projects live	10	276,780,356	113,066,228	27,418,313	85,647,915
LGF3 live	15	82,593,070	42,865,220	2,360,221	40,504,999
Sub total	34	381,240,670	200,991,048	74,838,133	126,152,915
Major transport	2	115,250,000	93,057,000	-	93,057,000

Source: CWLEP

Note: (1) Does not include ineligible revenue costs and management fees (2) Major transport delivered directly through Department of Transport

**Table 3.2: Location of Grant**

Location	Amount
Cheshire East <sup>14</sup>	172,330,000
Cheshire West and Chester	29,295,000
Warrington	30,170,000
Sub Regional	14,151,070

Source: CWLEP

Note: CE contains 2 major transport projects

**Table 3.3: Project Main Theme**

	No Proj	Grant	No Proj	Grant
Transport and related	16	191,465,000	52%	70%
Science and Technology	5	24,100,920	16%	9%
Property/ Land/ Regeneration	5	43,132,288	16%	16%
Skills and Education	5	13,974,900	16%	5%
Total	31	272,673,108	100%	100%

Source: CWLEP

In terms of progress against outputs, this is highlighted at Table 3.4, below.

<sup>14</sup> Note: this includes the 2 major transport schemes detailed in Table 4.1

**Table 3.4: Progress against Outputs**

<b>Outputs</b>	<b>BEIS Target</b>	<b>Contracted</b>	<b>Achieved to date</b>	<b>% achieved to date</b>	<b>BEIS Targets to Date</b>	<b>% If Contracted achieved</b>
New Commercial Floorspace (sqm)		175,772	10,788	6%		
Renovated Commercial space (sm)		3671	3671	100%		
Businesses receiving investment		29	11	38%		
Jobs created	12000	24,464	77	0.31%	0.6%	204
Private sector Leverage (£m)	280	283	14	5%	5.0%	101
Public Sector Leverage (£m)		90	62	69%		
New homes completed*	5000	12,184	2,569	21%	51%	244
New home starts		8,242	TBP			
GVA (£m)		20	3.91	20%		
Space occupied Alderley Park (sm)		18580	1077	6%		
Total amount of new road (mts)		481	481	100%		
Total road resurfaced (ms)		2120	2120	100%		
Constructions jobs		621	10	2%		
Learners benefitting		511	25	5%		

Source: CWLEP

The data show good progress against the direct outputs (new property, roads and public leverage) but limited progress against the indirect targets, which is expected at this point in the LGF delivery.

Crucially, if all the contracted outputs are delivered the Programme will exceed its strategic BEIS targets.

### 3.3 Additional Commentary

As highlighted earlier, a detailed review of the individual projects is outside the scope of the evaluation but we would offer some overarching commentary.

- the supported projects are primarily enabling ones which do not in themselves deliver against the main strategic targets;
- the nature, scale and timing of the LGF conspires to favour larger infrastructure projects which had already completed some of the early development work;

- developing a major roads project from scratch is time consuming and requires access to development resources and is not always straightforward.
- while all the supported projects will deliver direct outputs, these are largely physical or roads related
  - new floorspace, new roads built , public leverage, roads resurfaced etc. The direct outputs therefore have limited impact on the primary economic targets
- it is the indirect outputs (longer term) which will deliver against the main strategic targets of jobs, new housing and private leverage.
  - for example, a new road enabling a development site to be accessed and developed will require a private sector to provide the investment to develop the assets (property or houses) and then it will require businesses to occupy the commercial property and create new employment.
- the supported projects are mainly large, complex and multi-faceted and this will be reflected in their delivery. In order to ensure effective and efficient delivery the partners will require to have, or be able to access, a range of technical and professional resources.

A detailed list of the supported projects is provided at Appendix A.

## 4. Review of LGF Programme

### 4.1 Introduction

This Sector provides a more in depth review of the LGF Programme based on available information and project and monitoring data provided by the LEP. It seeks to address the formal requirements of an interim evaluation and covers:

- Changes to the Strategic Environment;
- Strategic Rationale and Fit;
- Adherence to Assurance Framework;
- Business Cases;
- Progress against objectives;
- Financial Progress;
- Outputs and Targets; and
- Programme Management and Governance.

### 4.2 An Evolving Strategic Environment

From an economic development perspective, the recent key strategic and policy changes are highlighted below:

- UK Industrial Strategy<sup>15</sup>
  - The aim of the Industrial Strategy is to boost productivity by backing businesses to create good jobs and increase the earning power of people with investment in skills, industries and infrastructure
    - Strengthening the foundations of productivity – the fundamentals that support a skilled, innovative, geographically-balanced economy.
    - Building long-term strategic partnerships with businesses through Sector Deals between government and industry.

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<sup>15</sup> <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

- Taking on Grand Challenges – the society-changing opportunities and industries of the future, where we can build on our emerging and established strengths to become a world leader.
- Local Industrial Strategies<sup>16</sup>
  - The recently published Strengthened Local Enterprise Partnerships set out that reformed and stronger Local Enterprise Partnerships will adopt a single mission: to promote productivity by delivering Local Industrial Strategies. This recognises the need to respond to the grand challenges of Industry 4.0
- Clean Growth Strategy<sup>17</sup>;
  - This strategy sets out our proposals for decarbonising all sectors of the UK economy through the 2020s. It explains how the whole country can benefit from low carbon opportunities, while meeting national and international commitments to tackle climate change
- the Housing White Paper<sup>18</sup>;
  - This and supporting documents set out the government's plans to reform the housing market and boost the supply of new homes in England.
- Transport for the North<sup>19</sup>
  - This makes the case for pan-Northern strategic transport improvements, which are needed to support transformational economic growth. This will allow the North to increase its productivity, create more job opportunities and make a greater contribution to the UK economy

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<sup>16</sup> <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

<sup>17</sup> <https://www.gov.uk/government/publications/clean-growth-strategy>

<sup>18</sup> <https://www.gov.uk/government/collections/housing-white-paper>

<sup>19</sup> <https://transportforthenorth.com/>



- Review of LEP Governance<sup>20</sup>;
  - This sought to “*review whether the current systems provide sufficient assurance to the Accounting Officer and Ministers that LEPs fully implement existing requirements for appropriate governance and transparency; to consider whether the current requirements for LEPs are sufficient; and to make recommendations for improvements.*” See also<sup>21</sup>
- Increased emphasis on place and the role of place (including town centres) in delivering local economic development.

In addition, there have been updates to local strategies, policies and plans in areas covering planning, transport and housing and across all LEP Partners. A detailed review of this is outside the scope of this evaluation. .

The 2017 refresh of the SEP fully recognises that the operating environment has evolved since the initial SEP in 2014 and that the 2017 SEP has responded to these changes and challenges as set out in Section 3.1.

It is clear that any future investments will be assessed under the new policy and strategy framework reflecting the evolving national, regional and local changes.

### 4.3 Strategic Rationale and Fit

There is a clear strategic rationale and fit of the supported projects specifically as they were mostly explicitly identified within the 2014 SEP which formed the basis for project approval. The projects are delivering against the framework set out in the SEP and covering:

- strategic imperatives:
- investment priorities; and
- enabling projects.

These are set out in detail, over.

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<sup>20</sup> <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>

<sup>21</sup> <https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships>

#### Strategic Imperatives

- SI 1: Delivering a manufacturing renaissance
- SI 2: Attracting and retaining talent
- SI 3: Equipped for market and technology change
- SI 4: Maximising our growth assets
- SI 5: Restoring our worker productivity premium
- SI 6: Internationally connected and engaged

#### Intervention Priorities

- IP 1: The Atlantic Gateway in Cheshire & Warrington;
- IP 2: The Cheshire Science Corridor;
- IP 3: Crewe High Growth City;

#### Enabling Programmes

- EP 1: Transport;
- EP 2: Housing growth;
- EP 3: Infrastructure;
- EP 4: Business support;
- EP 5: Innovation;
- EP 6: Skills & Employment.

Appendix C details how each of the supported projects contributes to the above stated objectives.

This clearly shows that all the projects fit within the strategic framework as set out in the SEP. We would also highlight that in many cases, the projects contribute to more than one objective (eg roads projects unlocking housing land for development).

## 4.4 Adherence to Assurance Framework

The Assurance Framework is detailed at Appendix B. Based on the data provided it would appear that all projects have conformed substantively with the Framework.

We would highlight that as the LEP was being established and had limited access to resources, the Assurance Framework was only signed off in 2015 with revisions in 2017 and 2018. The project development, appraisal and approval process is clear and unambiguous and conforms with good practice and now appears to be fully developed and functioning.

We have reviewed a small sample (5) of the documents associated with approved projects, although we have no data on any that were unsuccessful.

Some general comments<sup>22</sup> on the reviewed projects are set out below:

- all projects had completed EOIs;
- all projects had OBCs submitted but one did not have an external appraisal;
- although we have not reviewed the internal LEP report/ appraisal documents we are advised that they are available if required; and
- the documents all conform to good practice and other guidance.

Based on our short review we could highlight some questions on the data/ assumptions used in the business cases although we are not clear if these were picked up by the LEP during their internal assessment.

In particular, we would highlight that given it is the indirect outputs which will deliver against the main economic and BEIS targets we would wish to draw attention to the limited information provided by way of demand assessment. In most cases the economic impacts are calculated on a capacity basis - eg every square metre of property will support a certain number of jobs or a site of a particular size will accommodate a particular number of houses.

The business cases would be much stronger if there was supporting market research/ demand evidence to confirm the economic output assessments.

This would also help reduce the contingent risk elements by giving the LEP a more robust case for support.

A detailed external critique of all approved projects is outside the scope of this interim evaluation. We return to the approval and appraisal processes later in the report and in particular in our recommendations.

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<sup>22</sup> Based on the documents provided by the LEP

## 4.5 Progress against objectives

The initial SEP identifies the overall vision (which will include LGF) as follows:

- Delivering economic growth consistently above the UK level, Achieving GVA per head of 110% of the UK average and an economy of £26.6 billion by 2021;
- By 2030 to grow our population by 100,000, create 75,000 new jobs and 70,000 new homes
- Recognised as a modern, strong, sophisticated and attractive business and residential location, both urban and rural and known increasingly for our innovation, enterprise and skills.

It must be recognised that the above relates to the wider economic ambitions of the LEP, with them estimating that the LGF will contribute up to 24,000 jobs, 12,000 new homes and generate over £280 million in private leverage<sup>23</sup>.

Progress in these areas is discussed further in this Chapter.

As was shown earlier, the majority of projects supported and spend has been in transport infrastructure which have a strong link with economic development. A recent report<sup>24</sup> highlights that “good transport connections have direct benefits to people, businesses, the environment, and the overall economy”: Transport projects can:

- Help people access jobs;
- Support innovation, productivity and economic growth;
- Help shape greener and healthier places;
- Help cities attract new firms;
- Help access and develop local supply chains; and
- Unlock new development sites for business and housing.

Based on the above it can be seen that progress towards both the specific LGF and generic economic objectives is being achieved by the LGF.

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<sup>23</sup> Based on the aggregated contracted outputs

<sup>24</sup> Centre for Cities: Delivering change: Making transport work for cities <http://www.centreforcities.org/reader/delivering-change-making-transport-work-for-cities/transport-essential-growth-cities/> See also [https://transportforthenorth.com/reports/?publication-keywords=economy&content-type=reports&region=&date-range=all&EMAIL=&b\\_a36d2d11ad0dea77126a1c21f\\_d5e2398dcb=](https://transportforthenorth.com/reports/?publication-keywords=economy&content-type=reports&region=&date-range=all&EMAIL=&b_a36d2d11ad0dea77126a1c21f_d5e2398dcb=)

## 4.6 Financial Progress

As of October 2018, the financial spend activity of LGF was as follows:

	No. Projects	Total Costs	Total Grant	Total paid	Still to claim
LGF 1/2 Projects Completed	9	104,460,314	45,059,600	45,059,600	-
LGF 1/2 Projects live	10	276,780,356	113,066,228	27,418,313	85,647,915
LGF 3 live	15	82,593,070	42,865,220	2,360,221	40,504,999
Sub total		381,240,670	200,991,048	74,838,133	126,152,915
Major transport schemes	2	115,250,000	93,057,000	-	93,057,000

Source: C&W LEP October 2018

Based on the above, the current overall position is as follows:

- LGF 1 and 2: 50% already paid 50% still to claim;
- LGF 3: 5% paid to date and 95% still to claim.

All projects are currently forecast to meet their spend targets by 2020/21.

In addition, three projects with a combined value of £13,45 million are still to be contracted (Skills, Energy and Omega 2) and are included in LGF 3 live.

## 4.7 Progress against Output Targets

The LGF has two types of targets - the BEIS ones and the LEP contracted ones. The BEIS ones are largely indirect and the LEP contracted ones are a mix of direct and indirect ones.

The progress against both BEIS and Contracted output targets were highlighted in Table 3.4.

We would however, again draw attention to the difference between direct and indirect outputs.

- direct outputs are what the grant funded project delivers - new roads/ new property etc; and

- indirect outputs relate to what happens once the project is completed - houses get built; companies occupy commercial property and employ staff etc.

The performance data supplied by the LEP show performance to date as follows:

- BEIS Outputs
  - jobs 12,000 target with 0.6% achieved to date
  - new homes 5,000 with 51% achieved to date
  - private leverage £280 million with 5% achieved to date
- LEP Contracted Outputs
  - substantial progress in terms of
    - renovated commercial space
    - business receiving investment
    - public sector leverage
    - new roads built.

If the contracted outputs are delivered this will ensure that all BEIS targets are exceeded (or in some cases exceeded). However, at this point in time, we are unable to provide any evidence to support a robust assessment of likely final impacts.

However, this is what would normally be expected at this stage in the LGF Programme delivery - good progress against direct outputs with much slower progress against indirect outputs (final impacts) which will result as a consequence of the direct outputs.

At this stage, we would however, highlight a substantial risk to achieving indirect outputs. The largest spend has been in terms of roads and related transport infrastructure. The outputs being forecast all depend on others (largely private sector) organisations undertaking subsequent development on the sites which now have improved or required access and also individuals and businesses occupying the built properties (housing or commercial property)

These projects can be thought of as enabling ones - as they will allow future economic activity to occur. This however is wholly dependent on the estimates provided in the business cases which must depend on a set of assumptions at a point in time and which will adjust as economic or financial circumstances change.

## 4.8 Programme Management and Governance

The Growth Programme Assurance And Accountability Framework provides the basis for the overall governance and management of LGF, including operations for the Performance and Investment (P&I) committee and the monitoring and evaluation requirements.

The LGF also has a management and reporting protocol which is delivered by a dedicated Programme Manager whose role is to:

- assess the EOIs and write reports for P&I for consideration;
- provide information and support to individual applicants;
- to attend Partner project meetings;
- to prepare monthly progress and financial reports for P&I;
- review OBC and FBC and write recommendations reports for P&I
- collate and analysis project monitoring reports;
- approve claims for payment.

The reporting documents comprise a range of performance against a more detailed set of indicators which includes output data against the following.

Reporting Datasets	
Progress against spend	Commercial Floorspace constructed Achieved (sqm)
Progress against outputs	Commercial Floorspace renovated Profiled (sqm)
RAG status	Commercial Floorspace renovated achieved (sqm)
Jobs Created Profiled	No. of Businesses receiving investment
Jobs Created Achieved to date	Achieved to date
New Homes Profiled	GVA (£m)
New Homes completed to date	GVA Achieved to date
New Homes started Profiled	Occupy space at AP (Sq m)
New Homes started to date	Achieved to date
Private Sector Leverage (£m)	Learners Benefitting profiled
Private Sector Leverage to date (£m)	Learners Benefitting achieved
Public Sector Leverage (£m)	New Road meters Profiled
Public Sector Leverage Achieved to date	New Road meters Actual
Commercial Floorspace constructed Profiled ( Sqm)	Road Resurfaced m Profiled
Road Resurfaced m actual	Temporary Construction jobs Profiled
Construction Jobs Actual	

In addition, the Programme Manger prepares and submits the following documents:

- monthly update reports;
- approval papers/ conditional; and
- progress reports and summaries.

All of these are required to be published on the LEP website.

Quarterly reports are also submitted to the CLG Growth Unit. These reports need to be agreed by P&I Committee and signed off by the s151 officer.

We return to this in our recommendations.

## 4.9 Value for Money

While this is an interim evaluation it is not possible to offer a robust sense of value for money, as the final impacts are not all known and we have not interrogated the individual supported projects or project beneficiaries.

However, if the LGF achieves its output targets as currently contracted, it will indeed offer excellent value for money (based on 25,000 jobs and a £200 million public sector spend gives a gross cost per job ratio of £8,000). Again we would highlight that at this time we are unable to provide a view on the likelihood of all the projects achieving these final impacts.

If they do, this compares well with previous and other interventions.

- a 2014 National Audit Office report Progress report on the Regional Growth Fund examined the impact and value for money of the first four rounds of the RGF and concluded: that the cost of each net additional job over the four rounds was £37,400.
- the major Impact Report<sup>25</sup> on the (previous) Regional Development Agencies concluded that the net cost per job for regeneration/ physical interventions was around £60,000 per net job.

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<sup>25</sup> Impact of RDA Spending - National Report



At this stage we cannot estimate additionality co-efficients to calculate gross to net values, although with a normal dilution factor of around 60%, the value for money on LGF is still good.

The LGF is also contracted to generate £373 million of public and private leverage some of which will be fully additional and would not have been achieved in the absence of the Programme.

In addition, the wide range of other benefits will ensure that (if achieved) the investments will generate a significant return and fully justify the public sector spend.

## 5. Stakeholder and Partner Engagement

### 5.1 Introduction

As part of the evaluation we undertook formal interviews with a range of stakeholders and project applicants (as per the list provided in the ITQ).

In addition to the LEP, organisations consulted include:

- Cheshire and Warrington LEP;
- Cheshire West and Chester Council;
- Cheshire East Borough Council;
- Warrington Borough Council;
- Reaseheath College;
- South Cheshire College;
- University of Chester;
- Department for Business, Energy and Industrial Strategy; and
- Department for Transport.

The interviews were conducted using a mix of telephone and face to face interviews. One interesting point to note was that very few of the interviewees had been in place since the start of LGF and as such had restricted exposure to the Programme.

We have presented the outputs from these interviews across the following themes:

- strategic fit and rationale;
- application process;
- project development;
- approval process;
- business cases;
- progress to date;
- outputs and impacts;
- financial performance;
- role of the LEP;
- strategic added value; and
- areas for improvement.

The views and opinions as expressed are now described in more detail.

## 5.2 Strategic fit and rationale

While there is a SEP which sets the context for the assessment of applications, the first was developed in 2014 and revised in 2017. It is not clear, at least at the start of the Programme, how much this really set the strategic context for assessing and approving projects and as such it is seen as very much bottom up rather than top down.

The reality was that the initial application and award process provided limited time for projects to be worked up to business case requirements and it was therefore considered inevitable that many of the projects were pre-existing and had already been developed in some detail with the initial priority being to invest Programme allocations.

Projects that were completely new or were at an early stage in development were therefore unlikely to be able to meet time requirements.

The other factor appears to be that a significant slice of LGF monies were veered from Department of Transport budgets and as such there was an “expectation” that the investment in roads infrastructure would continue to be supported, albeit this time through the LGF.

It was felt by some that given the time and budgetary constraints, the SEP was only able, at this stage, to recognise those projects which were already well under development rather than setting a strategic context against which new projects could be developed.

Crucially transport infrastructure was recognised as a priority within the SEP and this ensured that there was good strategic fit between projects supported and the strategic policy. It is seen as a pragmatic and appropriate focus for the LGF, at least in its initial stages of operations where there was a strong focus on ensuring financial targets were achieved.

It is recognised that the context within which the LGF operates has now progressed, with the LEP developing and acquiring additional capacity, setting a more strategic framework (the 2017 SEP) and learning from the experience.

## 5.3 Project Development

In order for projects to be considered for the award of LGF, they require to follow the “business case approach<sup>26</sup>” which is both resource intensive and time consuming.

Within Cheshire and Warrington, different partners appear to have access to different levels of resources to support project and business case development.

In the project lifecycle this initial development and appraisal stage is crucial to provide a robust and comprehensive appraisal; ensure business cases (submissions) are fully completed and submitted on time and have fully addressed and considered potential risks and problems that could impact on the delivery of the projects.

For example, our experience suggests there is sometimes a tendency to underestimate the time required or complexities involved in delivering multi-partner projects and even where there is high level agreement there are often major challenges in agreeing the detail to allow a business case to be developed.

## 5.4 A Regional Approach

There is a strong sense that while the projects can be clearly seen as contributing to a local agenda there is less of a regional lens through which they can be considered. For example, do all the roads projects collectively make sense to improving the regional functioning of the transport networks and improve the economic prospects of the region.

In terms of development sites, again while individually they may be robustly argued to be supported does it make sense at a regional level or are there potential issues around displacement or market saturation.

There was a view that the LEP could seek to set a clear regional agenda with regional priorities in terms of better directing housing and transport investment ie is public support required for housing in areas where the values are already high and is this being perpetuated by the investments or should priority be given to those locations where development economics make it difficult to achieve?

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<sup>26</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>;

It was believed by stakeholders that setting a regional agenda (as opposed to a local one) would offer a clear differentiation between the LEP and local Partners, albeit was recognised that this could also have the potential to cause tensions to arise between local partners, where each considers they have a “right” to a proportion of funding .

## 5.5 Application and Approval Process

The application and approval process was generally seen as being clear and understandable and the assurance Framework was mentioned by all Partners, although we had a strong sense that some applicants felt this was simply “another hurdle” they had to overcome to get funding for their projects.

While this was the case there was also a recognition that that the LEP are the accountable body and that they are operating according to Government requirements and as such they must now work within this operating environment.

In terms of the appraisal of projects submitted for approval it was not clear how rigorous or consistent this was at the early stage in the Programme when the LEP had limited resources and where there was a perception that funding was being distributed across Partners projects, most of which were already well developed even before the start of LGF.

The LEP has the ability to interrogate and challenge the business cases or send them back as incomplete or require clarification prior to submitting them to the P&I Committee for approval or of making approvals conditional.

The appraisal process was seen by some Partners as being able to help de-risk projects by requiring applicants to follow a robust process and in providing another check and assessment and ensuring that approved projects had been robustly developed.

It does appear that there has been a clear direction of travel, with early projects being subject to levels of scrutiny to reflect issues of LEP capacity, timing, budgetary requirements, partner relationships etc. There are now clear, appropriate and robust procedures in place for project application, appraisal and approval of projects seeking funding and investment and crucially they appear to be well understood by all Partners.

One particular aspect which was highlighted by one respondent was a view that they believe the LEP tended to support the “easier” projects where there was perhaps less risk and more certainty of spend and delivering outputs.

It was postulated that this may mean that potentially high impact but more risky projects will not be supported.

## 5.6 The Business Case Approach

The business case approach is well understood by Partners although as highlighted earlier we believe this is often seen as “another hurdle to be overcome” and not something that will necessarily help improve the quality of the project or better ensure it delivers its outputs/outcomes and contribution to the SEP.

Currently, the individual applicants complete (internally or more often through the use of external consultants) the Expression of Interest (EOI); the Outline Business Case (OBC); the independent appraisal; the Full Business Case (FBC) and final independent appraisal.

The process of the applicants commissioning both the business cases and external appraisal was explored in some detail.

The appointments of external experts are always at arm's length from each other and there is no sense that there has in fact been any conflict issues.

However, the separation of the commissioning of the OBC appraisal and independent assessment is seen as one area where a more robust and transparent approach may offer additional scrutiny at an early stage and allow detailed questions/ issues to be addressed prior to projects being brought to the LEP for funding.

One respondent described it as creating the possible perception of lack of independence or as was described “marking our own homework”.

## 5.7 Progress to date

Generally, the LGF Partners (applicants) are supportive of the approach being adopted and delivered by the LEP. They also believe that there is strong additionality to the LGF and that without the investment the supported projects would not be delivered either at all or in their current format due mainly to lack of their own internal resources.

All applicants confirm they believe that their projects either have or will deliver against their output and financial targets and at this time there is nothing to suggest otherwise, although there is also no evidence to support this view.

The only issues which was raised is that given that the majority of investment has been into transport infrastructure where the main economic benefit is postulated on development sites becoming viable and will therefore be dependent on (largely) private sector developers and subsequent occupiers.

If the market changes this could have a direct impact in a number of areas:

- private sector financial leverage where payment is dependent on building profiles - no development/ no leverage;
- housing outputs which are fully dependent on the private sector building out the now accessible sites; and
- jobs which are dependent on the non-housing development being completed and occupied by businesses.

Therefore the achievement of output targets will be highly contingent on wider economic and property market conditions.

## 5.8 Role of the LEP

At one level, the LEP are partly seen by some Partners as another “layer” in the economic development establishment while others believe there is real value in their role through adding a layer of robustness to the project development process and in providing strategic oversight of the funding priorities.

The LGF is seen as offering effective project and programme management with the LGF being well managed with monitoring procedures which are both accurate and timely, although dependent on the Partners providing the information as required.

Overall, our sense is that the role of the LEP is seen as evolving.

Initially it was often seen as a delivery vehicle to disburse LGF money to projects which were already well developed, while the role is now more about setting a regional strategic context and supporting partners develop new projects which will deliver the economic ambitions for the region.

In this context, there is a perceived need to develop a strong and robust pipeline of projects to support the region achieve these ambitions and provide choice and options for future investment.

One aspect which was highlighted was that the LEP now has improved capacity and capability to support and appraise projects and work with Partners in a more constructive manner.

## 5.9 Strategic Added Value

To date there is limited evidence of significant strategic added value. This reflects the fact that most of the current cohort of projects were already “on the shelf” and the LEP had limited opportunity to influence change or help generate new projects.

This is seen as an area where the LEP should be able to add greater value in the future with increased capacity to support a robust appraisal framework and a new Strategic Economic Plan to set the context for future investment.

There is also a view that the LEP need to not only be seen to be, but to act as a critical friend who are part of the local architecture and work more closely with partners to ensure project delivery and respond to challenges as they develop.



## 5.10 Areas for Improvement

Overall and given its strategic and operational parameters, the Partners appear relatively content with the way in which the LGF has operated and been managed within the framework as established by Government.

In particular, the Assurance Framework is seen as both robust and comprehensive and provides clear guidance and protocols and will provide operational guidance for future activities.

There are a few areas where we believe that changes/improvements may lead to greater efficiency and effectiveness. They cover:

- project procedures;
- programme responsiveness;
- strategic regional approach;
- developing a pipeline; and
- project management and monitoring.

These are highlighted in Chapter 7.

## 6. Conclusions

### 6.1 Introduction

The purpose of this Chapter is to draw together the main findings of the research and to produce conclusions that address all the objectives and requirements set out in the study brief.

Our overall conclusion is that, based on the information provided by the LEP and interviews with key stakeholders and partners, the LGF has made substantial progress since its launch in 2012 and that the LEP have provided robust and effective management for the LGF.

It has supported a range of projects which are all consistent with and supportive of, the Strategic Economic Plan(s) and the wider policy and designed to deliver against the Programme targets. It will also deliver good value for money on the basis of fully delivering the contracted targets.

The majority of the LGF funding has been to support transport or infrastructure projects, many of which pre-existed the LEP and which would have been likely to have been funded under the pre-LEP regime. This may have contributed to initial “political pressures” which ensured that when the LEP was given responsibility to distribute these funds there were “expectations” of a positive outcome.

There is also a potential that with the region comprising three Local Authorities there is an expectation of some form of proportionate spread of investment which in turn may impact on the levels of engagement. However, we would argue, within these parameters, it is clear that the LGF is a regional fund and as such it should be seeking the best outcomes for the region as a whole.

It is also clearly recognised that the LEP and the LGF are both evolving and that the refreshed SEP; an increase in LEP capacity; more time for future development and a clear assurance framework will provide for a sharper focus for future activity.

A range of detailed issues and questions and these are addressed below.

## 6.2 Delivery

To date, LGF has made good progress and has/will invested £200 million in 34 approved projects with a total value of around £380 million, with the remaining investments due to be paid by 2020/21.

The programme has met profile in 17/18 and is on course to for 18/19 but is still carrying forward an underspend from the early years but which is likely to have balanced out by the end of 19/20.

Overall, based on financial performance and input from partners, there is a consensus that the LEP have provide good programme management and support within the parameters of the LGF.

There is a sense that different approaches and availability of resources across the different Partners is leading to variable performance and outcomes where the availability of dedicated and appropriate resources from the start is more likely to ensure positive outcomes. In addition, it has been highlighted that complex projects with many partners will obviously be less likely to achieve a smooth delivery and that this should be fully reflected in the initial project development and delivery timetable.

There is a consensus that the delivery model and governance arrangements at both a programme and a project level are appropriate and that the Assurance Framework provides a clear context for project management.

There were some issues raised around the need to ensure projects are able to deliver to agreed schedule and if not they should be subject to review/reconsideration. It is still relatively early in the project cycle to offer any robust view as to project deliverables, particularly as much is contingent upon others (notably the private sector) delivering future activity.

It would not be unreasonable in the future, for the LEP to take account of the track record of Partners in delivering projects as part of the assessment of the management case (which is part of the overarching business case) in its decision making.

## 6.3 Outputs and Outcomes

Progress has been made against both BEIS and Contracted output targets, although significant progress across all targets is still quite limited at this point in time with new homes, jobs and private sector leverage not scheduled to a later stage in the development process.

There are two types of outputs- direct where good progress is already made and indirect outputs where limited progress has been made or would be expected at this stage.

If the contracted outputs are delivered this will ensure that all BEIS targets are exceeded (or in some cases extensively exceeded).

However, many of the outputs being forecast depend on other (largely private sector) organisations undertaking subsequent development on the sites which now have improved or made accessible and also individuals and businesses occupying the built properties (housing or commercial property). At this point we have no evidence to assess likely final outcomes and the individual business cases do not provide a robust assessment of final demand.

There is therefore a contingent risk inherent in the Programme that may impact on its final impact.

## 6.4 Systems and Processes

Project management (the application, appraisal, approval and monitoring procedures) is considered appropriate for the scale of the investments although some stakeholders view it as overly onerous.

The Assurance Framework is comprehensive and provides clear guidance to stakeholders and applicants.

There appear to be different project management and project development capacities and resources within the Partner organisations which may result in different approaches and levels of responsiveness. It is considered crucial that the project development/ appraisal/ business case phase should be appropriately resourced to ensure robust and timely responses.

The early phase in the project lifecycle is crucial as it will set the context for future delivery and success and as such it must be appropriately resourced and given due attention by Partners/ applicants.

No specific comments were made regarding the approval and monitoring of projects and our sense is that all applicants have accepted and comply with the required procedures, albeit this is subject to capacity and time issues highlighted above.

## 6.5 Strategy

Despite supporting projects which had been partly developed or pre-existed the LGF, there is a good strategic fit with the 2014 SEP and there is a clear strategic rationale for their support.

In looking to the future it will be crucial that the Programme is clearly focused on responding to clearly deliverable economic opportunities.

The revised SEP is seen as providing clearer strategic guidance to help inform the development of new and future projects and is reflective of the evolving national policy landscape.

At this stage it is not possible to robustly assess the longer term economic impact of the projects, many of which are still at a very early stage with final impacts yet to be delivered or achieved.

However, if the contracted outputs are achieved then it is likely that the Programme will offer excellent value of money and impact.

## 7. Recommendations

### 7.1 Introduction

The recommendations are based on the LGF review, the issues highlighted by stakeholders and our experience of good practice. While none of these can be considered fundamental, they are designed to help improve the effectiveness and efficiency of future LEP/LGF investment activity.

We would again highlight that it is too early in the Programme to consider final impacts. This report has therefore focused more on a review of process and in learning from experience to help inform future operations and improve effectiveness and efficiency.

### 7.2 Project Procedures

Procedures for application, appraisal and approval are clearly set out in the Assurance Framework and this is considered an appropriate approach to continue in the future, on the basis that in all cases, applicants fully comply with and follow the agreed procedures.

It will be critical that all project applications/ business cases fully observe these procedures to ensure a consistent and robust approach.

- A check list could be developed for use by both applicants and the LEP to ensure that all projects fully comply with all the steps in the appraisal process and that Partners have absolute clarity of requirements and their individual compliance.
- Given the variations across partners in terms of the availability of (internal and external) resources and their crucial nature in terms of ensuring reliable delivery of projects and associated agreed targets it would seem appropriate that Partners review their resources to ensure they are fully able to meet all procedural requirements. The example of East Cheshire “in-housing” external specialists (Jacobs) has been highlighted as an effective approach.

- One area however where we would recommend a small change is that the LEP should commission and manage the independent appraisal of the Business Cases to ensure full transparency and clear accountability and to minimise the requirement for an appraisal by applicant followed by an internal one by the LEP pre-submission. Issues of how this is funded including any top slicing will require to be discussed and agreed.
- While the offer letters are detailed they are necessarily written in legal language. A short non-legal summary to be included would be a helpful addition to the process.
- All OBCs should be required to include a full demand statement that clearly shows that there is actual demand (in terms both of any development requirements and final occupiers) for the future development activities on which the economic outputs are based. This is necessary to provide additional assurance that the economic outcomes/ impacts are likely to be achieved.
- Consideration should be given as to how to handle non-delivery of project targets either in financial or output terms where non or limited delivery will seriously impact on Programme performance. Without appropriate sanctions there is limited control for the LEP to manage spend profiles or contracted outputs. There may also be an opportunity to consider greater use of award conditions and financial clawback if some outputs are not achieved.
- In this case there would require to be a recognition that there may be reasons for limited performance which reflect market chances which could not reasonably be foreseen.
- Provide greater clarity on allowance for scale of project with smaller (value) or less complex ones providing a more condensed approach while still being consistent with good practice and the Assurance Framework;
- It should be made clear that projects should only be brought forward once they are fully developed and appraised and where there is likely to be minimum need for additional information prior to detailed consideration for approval. It is clear that it must be in the interests of partners to ensure a smooth passage for new projects and as such fully endorse the business case development process in all submissions and project delivery.

## 7.3 Programme Responsiveness

The LGF is relatively narrowly defined in its current design and operation and there could be future benefits in being able to adopt a more flexible approach that would allow the LEP to better target economic growth opportunities.

We believe it could benefit from:

- the ability to respond to changing economic conditions (challenges and opportunities) through have some form of reserve to be deployed in response to unforeseen changes;
- the ability to support smaller projects which may better deliver direct economic outputs using the Fund as both capital and revenue investment;
- the ability to response to changing market conditions in terms of projected outputs so that if there are major changes in development economics or demand profiles, the Programme is quickly able to seek out new opportunities to take up the slack; and
- the ability to more quickly respond to non-spend of grant awards where this could have serious implications for the overall financial performance of the Fund through perhaps use of contingency planning or development of reserve projects.

We recognise that at this time the LEP and their Partners may have limited ability to respond to the above issues.

## 7.4 Strategic Regional Approach

It was highlighted that the supported projects while consistent with the SEP, tended to be a range of individual interventions rather than being delivered against some more strategic regional focus.

- Although the Local Authorities will (rightly) retain local planning consent award powers, at a regional level, there is perhaps more opportunity to provide strategic regional guidance around, for example, where should the LEP be targeting new housing or employment projects.



- Building on the regional focus continue to develop regional plans for key areas - transport; skills; towns/centres; employment etc. The key focus is to ensure that investments are able to deliver the maximum economic benefit to the region and contribute to the strategic goal of raising GVA/Output
- Detailed consideration of the risk profile of projects at a regional level to understand the risk to the Programme through the aggregation of individual projects. For example, through having some potential high risk/ high reward projects alongside ones offering greater certainty but perhaps lower impacts.
- Clear use of regional branding to maximise recognition of LEP role in delivering successful projects across the region.

## 7.5 A Future Pipeline

There is a clear recognition that, largely reflecting time constraints, some of the projects supported at the early stage in the LGF were already well developed prior to the Programme commencing.

- In looking to the future, it is consider important that the region develops a pipeline of potential projects which can offer both greater choice and improved quality and address the wider aspirations of the SEP;
- For example, a “reserve list” could be worked up to OBC stage and initially approved in order that projects could be quickly brought forward if already approved projects fail to deliver either in part or full or if addiotnal resources are made available.
- However, there is a cost attached to the development of new project ideas to a stage where they can be properly assessed and some consideration should be given as to how this can be developed and funded.
- While it is clear why there is currently a limit on minimum project scale, largely as a result of spend requirements, it may be worth consideration of including a percentage mix of smaller projects which are less about expensive enabling works and so less contingent on others to secure outputs and impacts - a stratification approach.

There is also a need to recognise that it requires time and resources to develop even pipeline projects and that all partners must ensure that are appropriately equipped to address the appraisal and business case requirements.

## 7.6 Monitoring

It was highlighted in the evaluation that most of the contracted outputs are contingent on others to provide the development and occupation that will achieve the outputs.

- Given the critical nature of these contingencies it may be appropriate to regularly monitor market conditions and assess any issues which may restrict or inhibit the achievement of outcomes and allow the Board to implement contingency plans.
- This could be encompassed in the regular reporting and included in the risk register with a requirement for contingency plans to be included at project development stage.
- There is perhaps a need to recognise that changing market conditions may impact on delivery of outputs and a flexible approach may be required by the LEP in terms of achieving its output targets. eg reserve projects with high job creation outputs.
- If project partners are regularly not supplying the required monitoring information (which the LEP require to report to their own management as well as to government) some form of sanctions process should be considered. This may require some changes to the Assurance Framework.
- All output reporting should have specific years included and not simply left to “future” with no delivery dates. The Programme has until 2024 to deliver against output targets

As highlighted above, none of these should be considered fundamental but are more about obtaining incremental improvements.

## Appendix A: LGF Supported Projects

<b>Main Recipient</b>	<b>Project description</b>	<b>Total Cost (£)</b>	<b>LGF Grant (£)</b>	<b>Current Position</b>
Warrington Borough Council	The scheme aims to improve access to Birchwood Park.	3,620,000	2,140,000	Completed
Warrington Borough Council	The scheme involves the remodelling of the current junction to increase capacity and improve traffic flow.	11,690,000	5,000,000	Completed June 18
Cheshire W and Chester Council	The project is to create a new Bus Interchange.	21,000,000	13,500,000	Completed May 17
University of Chester	The project is to refurbish an existing building to create an energy demonstrator.	16,744,000	6,800,000	Completed May 17
Cheshire East Council	Replacement of the bridge at Sydney Road	10,497,000	5,850,000	Ongoing
Cheshire East Council	Redesign of the existing roundabout to increase capacity and reduce congestion at this pinchpoint.	7,423,000	3,300,000	Ongoing
Catapult Ventures	£31m Life sciences Investment Fund.	31,982,000	10,000,000	Ongoing
Reaseheath College	The National Centre for Agri-tech and Advanced Engineering	7,000,000	2,475,000	Ongoing
Reaseheath College	The replacement of temporary residential units ( 180 beds) with a new 200 bed purposed built facility	9,980,000	3,556,000	Ongoing
Reaseheath College	Construction of new lecture theatres, teaching and break out study areas	2,045,000	675,000	Ongoing
Reaseheath College	The construction of new sports	6,000,000	2,170,000	Ongoing
Warrington Borough Council	The Centre Park Link comprises a new highway route into the Town Centre,	19,350,000	5,300,000	Ongoing
Warrington Borough Council	New train Station.	18,415,000	6,530,000	Ongoing
Cheshire W and Chester Council	Development of one estate for the following services: Council, GPs, DWP, Fire, Police and Ambulance services	35,000,000	8,332,000	In development
South Cheshire College	The project is to reconfigure the teaching and learning spaces at the Ellesmere Port and Chester Campuses.	3,500,000	3,198,000	Ongoing
Cheshire East Council	The overall scheme will see significant remodelling of the town centre, including the demolition and relocation of the existing bus station and creation of new shopping arcade.	69,000,000	10,000,000	Ongoing
Cheshire W & Chester Council	Infrastructure works to open up the site for redevelopment to create new commercial and industrial buildings with associated jobs.	5,000,000	3,800,000	In development

Cheshire W and Chester Council	Improvement to the highway to help improve traffic flow.	5,427,000	3,663,000	In development
Warrington Borough Council	A five part scheme of traffic improvements to open up development sites and improve traffic flow.	13,500,000	6,900,000	Ongoing
Warrington Borough Council	Highway improvements. Scheme options currently being developed.	6,465,000	4,300,000	Ongoing
TBD	Skills strategy developed. Call to be issued following further development of the Pledge work.	5,000,000	5,000,000	Ongoing
TBD	Energy Innovation fund, split into three themes: Supporting SME resource efficiency, Smart networks and whole-place energy solutions, Supporting innovation and technology development	4,151,070	4,151,070	Ongoing
CWAC, WBC and CEC	8 projects across Cheshire and Warrington designed to improve sustainable transport through the provision of new greenways.	7,750,000	5,000,000	In development
Cheshire East Council	Poynton Relief Road is a proposed 3km single carriageway road scheme to the west of Poynton	38,000,000	21,000,000	In development
Cheshire East Council	To deliver a highway scheme which functions as a proper By-Pass to deliver the traffic solution for Middlewich and all the Council's requirements	58,483,982	46,780,000	In development
Cheshire East Council	A new 3.5 mile road for Congleton to reduce congestion and support town centre regeneration.	90,743,268	45,000,000	In development
Cheshire East Council	Dualling the A500 from m6 j16 to Meremoss roundabout	57,000,000	45,000,000	In development
Cheshire Green Empl Park Limited	Infrastructure works to open up the site for redevelopment to create new commercial and industrial buildings with associated jobs.	14,000,000	3,200,000	Ongoing
Bruntwood	Refurbishment of a previously owned Astra Zeneca building into new office space.	26,950,000	3873000	Ongoing

## Appendix B: Strategic Focus for LGF

## Introduction

This Chapter provides an overview of the strategic objectives and targets set for the LGF and provides an overview of LEP operations.

## Establishing Strategic Objectives and Targets

One of the first issues for consideration in an interim evaluation is to establish the objectives of the interventions and assess progress toward achieving them.

The Growth Deal guidance<sup>27</sup> did not in itself set out any formal objectives but was aimed at:

- “unleashing the ambition and creativity of local leaders, by devolving resource and responsibility to those places which can demonstrate credible and compelling economic leadership, in pursuit of growth”

It did however require that the SEP should include:

- “**Strategic objectives** - these objectives should be SMART. For instance, they should be time bound and include indicators and targets<sup>28</sup>”

The initial 2014 SEP<sup>29</sup> identified that any intervention must contribute to at least one of the following strategic imperatives (objectives):

1. Specialised and differentiated sectorally, and delivering a manufacturing renaissance, exploiting the key science and technology strengths that will enable us to access new and high value markets, and modernise and exploit new/emerging economic activities, as well as driving forward the renaissance of manufacturing – increasingly advanced, content-rich and competitive internationally – in terms of productivity
2. Attracting and retaining talent ensuring that we provide the housing offer, employment opportunities, and quality of life that will keep talented and economically active people and families in Cheshire and Warrington

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<sup>27</sup> Growth Deals Initial Guidance for Local Enterprise Partnerships July 2013: HMG

<sup>28</sup> Ibid

<sup>29</sup> Cheshire and Warrington Matters

3. Equipped for market and technology change, ensuring we are equipped to operate in the increasingly complex world of markets and technologies, and that our businesses, investors, and decision makers allow, and plan, for these challenges
4. Maximising our growth assets – property and place, as a polycentric economy, we must make the most of our existing urban centres, significant endowment of sites, premises and development opportunities, including through the development of a fit-for-purpose transport and infrastructure platform
5. Restoring our worker productivity premium, moving progressively to a position where all of our main sectors generate productivity in line with, or above, the UK average, and where our workers and businesses compete effectively on content and quality in the global economy
6. Internationally connected and engaged to ensure Cheshire and Warrington's has access to all those factors, such as sources of R&D, innovation, business expertise, knowledge networks, and specialist labour which will allow the economy to develop its long-term growth potential

The Plan identified the intervention priorities for investment around four themes:

- The Atlantic Gateway in Cheshire & Warrington;
  - The Cheshire Science Corridor;
  - Crewe High Growth City; and
  - The Enabling Programmes which included.
1. **Transport** – investments in critical infrastructure to drive growth and productivity plus tackling congestion.
  2. **Housing growth** – to broaden our housing offer to support our economic aspirations.
  3. **Infrastructure** – maximising our growth assets – property and place.
  4. **Business support** – to help existing businesses to grow, new businesses to start and to attract new foreign direct investment.
  5. **Innovation** – equipping our businesses for market and technology change.



6. **Skills & Employment** – to help build the workforce of the future to support our dynamic and growing business base including high level skills.

A range of individual projects under each of these themes was highlighted in some detail (see Strategic Economic Plan for more details) and these have formed the basis of the projects which have been approved under the LGF to date.

The SEP recognises that LGF is now the main route for securing allocations from the Department for Transport and the Department for Education for the FE Capital Fund.

The 2017 SEP refresh seeks to focus on key areas of intervention and enablers to growth:

- transport and connectivity;
- skills and education;
- creating great places;
- upgrading infrastructure;
- science and innovation;
- enabling housing growth; and
- supporting business growth.

These largely re-inforce the strategic intervention priorities established in the 2014 plan. The individual projects will therefore be reviewed in terms of the above and the specified targets (commitment) contained in the SEP, ie jobs; homes; floorspace; private leverage; and public leverage.

## LGF Operations

This section consider the operation of the LGF programme in Cheshire and Warrington. The review will consider the application and constancy of adherence to relevant guidance<sup>30</sup>. An Assurance and Accountability Framework (see below) sets out the applications, appraisal and approval process.

The framework ensures that the LEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.

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<sup>30</sup> See LEP structures over at Figure 4.1

It has also been updated to include the recommendations Review of Local Enterprise Partnership Governance and Transparency” (September 17); the HMG report “Local Enterprise Partnership Governance and Transparency – Best practice guidance” (January 18); and Review of Local Enterprise Partnership governance and transparency<sup>31</sup>. The C&W LEP Assurance and Accountability Framework is derived directly from and based upon this national framework.

## C&W LEP Assurance and Accountability Framework<sup>32</sup>

The LEP has developed and implemented a clear Assurance and Accountability Framework, based on the national guidance. This sets out the process that project sponsors must follow in order to bring projects forward into the LEP Investment Programme.

It also defines how projects will be prioritised for funding and the key stages in developing and approving business cases.

This states that the process for allocation of LGF should follow the following stages<sup>33</sup>:

- Submission of an Expression of Interest (EOI) to provide the LEP with sufficient information to determine whether or not a project is one that, in principle, it wishes to consider for future investment.
- Passing the EOI stage puts the project into the LEP’s Programme pipeline but in no way guarantees that the project will be supported;
- Projects that pass the EOI stage will have to submit an Outline Business Case (OBC) completed by the delivery body or external consultant.
- These OBCs are subject to an “independent” appraisal contracted via the delivery body. The cost of this can be included in the application as part of the project costs;
- The LEP review the OBC and appraisal and write a report to be submitted to and considered by the P&I. This may include a requirement for formal presentation;

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<sup>31</sup> <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>

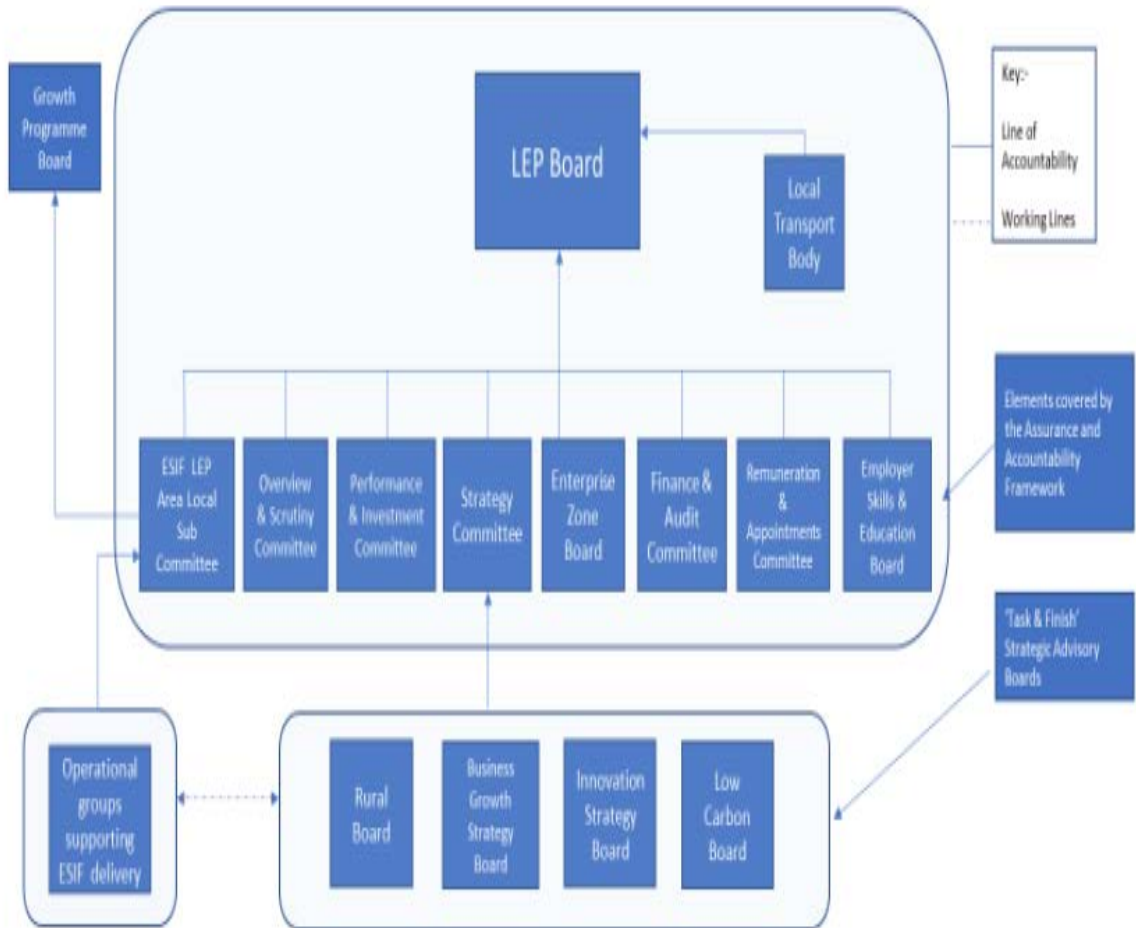
<sup>32</sup> Growth Programme Assurance And Accountability Framework 2018

<sup>33</sup> Note: there are slight variations in the process for some early and large transport projects

- The project can either be approved as is, deferred for further information, rejected outright or approved subject to further work/ conditions to be addressed;
- If approved a conditional offer letter is submitted to the applicant who can then start claiming against the project costs. Up to 90% of the grant is subject to potential clawback;
- When the project has been tendered, the OBC is updated and a Final Business Case with updated appraisal is submitted for final appraisal. At this stage a final offer letter is issued; and
- The project applicants are required to provide ongoing monitoring reports and claims to the LEP who report performance to the P&I committee LEP board and BEIS on a regular basis. Monthly updates on project progress is also published on the LEP website monthly and quarterly monitoring reports are submitted to the Local Growth Unit. From April 2018 it has been a requirement that these reports are agreed by the P&I committee and signed by the s151 officer.

The Framework sets out clear guidance and procedures to be followed through the development, applications, appraisal and approval of projects seeking LGF monies.

LEP Governance Structures<sup>34</sup>



<sup>34</sup> From Accountability and assurance Framework January 2018

## Appendix C: Fit with Strategic Objectives

### Fit with Strategic Objectives

Funded Projects	Contribute to Strategic Objective		
Chester Central	SI4	IP2	EP1
Thornton Science Park	SI1	IP2	EP5
DfT Tail majors including Crewe Green Link Road	SI4	IP3	EP1
Birchwood Pinchpoint	S14	IP1	EP1
M62 J8 Junction Improvements (Omega)	S14	IP1	EP1
Sydney Road Bridge	SI4	IP3	EP1
Crewe Green Roundabout	SI4	IP3	EP1
GM & Cheshire Life Science Investment	S13	IP2	EP5
Reaseheath Agri Tech Centre	SI3	IP2	EP5
Reaseheath Learning Hub and Accommodation	SI5	IP2	EP6
Reaseheath Employer Focused Hub	SI5	IP2	EP4
Reaseheath Sports Science Performance Academy	SI3	IP2	EP5
Warrington Waterfront (Centre Park Link)	SI2	IP1	EP1
Warrington West Station	SI2	IP1	EP1
Ellesmere Port Central Development Zone	S14	IP1	EP3
Ellesmere Port and Chester Campus remodelling	SI5	IP1	EP6
Poynton Relief Road	SI4	IP2	EP1
Crewe Town Centre Regeneration Programme	S14	IP3	EP3
Unlocking Winsford Industrial expansion Land	SI2	IP2	EP2
Tarvin Road	SI4	IP2	EP1
Warrington East Highways Improvements	SI4	IP1	EP1
Omega Local Highways Schemes phase 2	SI4	IP1	EP1
Energy Innovation Hub	SI3	IP2	EP3
C&W Sustainable Travel Access Fund	SI2	ALL	EP3
Poynton Relief Road	SI4	IP2	EP1
Crewe High Growth City – Congleton Link Road	SI4	IP3	EP1
Middlewich Bypass	SI4	IP3	EP1
A500 dualling	SI4	1P2	EP1