



Local Growth Fund Evaluation

December Progress Note

Date

Introduction

Metro Dynamics have been commissioned by the Cambridgeshire and Peterborough Combined Authority (CPCA) to undertake an assessment of nine of the CPCA's Local Growth Fund (LGF) projects listed below.

Table 1. LGF Investments considered as part of the 2022 evaluation

Project Title	Local Authority	Start Date	LGF investment	Leverage Funding
Medtech Accelerator	South Cambridgeshire District Council	2016	£500,000	£700,000
Teraview Company Expansion	South Cambridgeshire District Council	2018	£120,000	£554,070
Aerotron company Expansion	Fenland District Council	2020	£1,400,000	£5,600,000
Hauxton House Incubation Centre	South Cambridgeshire District Council	2019	£438,000	£500,000
NIAB – Agri-Gate Hasse Fen Extension	East Cambridgeshire District Council	2020	£599,850	£921,620
Haverhill Epicentre	West Suffolk District	2019	£2,700,000	£3,600,000
TWI Ecosystem Innovation Centre	South Cambridgeshire District Council	2020	£1,230,000	£1,270,000
Aracaris Capital Living Cell Centre	South Cambridgeshire District Council	2019	£1,350,000	£1,350,000
AEB Innovation Grant	CPCA Wide	2020	£323,700	£336,700

Evaluation Objectives

2021 Evaluation

This commission builds on the 2021 evaluation conducted by Metro Dynamics which focused on 10 early LGF projects originally managed by the GGCP LEP, which were not performing as expected in terms of outcome delivery and value for Money.

Since 2018, LGF projects have been coordinated by CPCA, and overseen by the Business Board. In response to the 2021 evaluation findings CPCA have implemented a new outcomes approach to Fund monitoring and management which addressed several opportunities for improvement identified by the evaluation process and which included:

- Strengthening the initial appraisal stage: ensuring the design of projects includes demand assessment and a clear rationale that links the outputs to longer term outcomes and objectives.
- Improving the quality of monitoring and closure reports and processes: including a central outputs and outcomes monitoring database.
- Increasing emphasis on project evaluations and further embedding a culture of evaluation.
- Ensuring Senior Responsible Officer continuity, wherever possible, and processes for effective handover of information where SRO changes.
- Capturing the wider socio-economic benefits of projects: for example, the contribution of transport projects to increasing GVA and business growth.
- Stronger early challenge and communication within the project development process to enable effective on-going scrutiny of project plans, intended beneficiaries, potential demand, and delivery timetables.

2022 Evaluation Approach and Objectives

This commission will explore the changes which have been made to the Fund design or delivery since the 2021 evaluation, the effectiveness of these changes and lessons learnt. The key lines of enquiry include:

- examination of the strategic context and its influence on delivery and performance;
- progress and performance to date;
- the effectiveness of the design, management and delivery of projects;
- benefits and impacts achieved and the critical success factors which have supported this; and,
- lessons learnt and recommendations for future investments.

The evaluation will be undertaken between November 2022 and February 2023. An overview of the key evaluation tasks and approach, as well as progress to date, is shown in Table 2.

Table 2. 2022 evaluation approach and progress to date

Task	Approach	Comment	Status
Inception meeting	To discuss evaluation requirements, identify data/information availability, agree stakeholder consultees, and refine the evaluation workplan.	Completed	Green
Desk-based research	Delivery context analysis, investment logic model review, development and sign off of evaluation research tools.	Completed	Green
Monitoring data review	Review of project monitoring and management data to assess quantitative performance of LGF investments.	Initial review completed. Thorough review of investment performance to be completed once latest monitoring data received.	Yellow
Business Board/CPCA delivery team consultations	Qualitative consultations with staff responsible for LGF management and delivery to assess the effectiveness of management/governance arrangements and the delivery model.	3 consultations with Business Board representatives, with 1 further consultation to be scheduled (reminders issued). Ongoing consultation with CPCA officer team.	Yellow
Project case studies	Impact case studies with LGF recipients to explore the impacts and achievements of investment and the effectiveness of programme/project delivery.	Completed consultations with 4 project leads. A further consultation is scheduled for 15/12/22. Two reminders issued to remaining 4 project leads.	Yellow
Analysis	Thematic analysis of qualitative findings structured around evaluation themes. Analysis of overall VfM given programme expenditure and outputs delivered.	Detailed qualitative and VfM analysis will be conducted once consultations complete and updated data received.	Red
Analysis and reporting	Meeting with CPCA to discuss emerging findings and inform final reporting. A draft report to be issued by March 2022. QA of all final outputs by the Project Director.	Completed and issued progress note. Draft report to be submitted in March 2022.	Yellow

Emerging Findings

The evaluation is still in the early stages of delivery, therefore the following provides an overview of emerging findings to date which will be tested further as part of remaining consultation and analysis activities.

Performance

Expenditure

The projects under consideration for this evaluation total £8,661,550 of LGF funding, which accounts for 6% of the area’s total Growth Deal allocation (£146.7 million). Despite Covid-19 related disruption to the capital phases of some projects, all projects claimed their full LGF allocation by the March 2021 deadline. Current forecasts suggest LGF investments could secure £14,832,390 of leverage funding.

Contracted Outcomes

At a programme level, investments are delivering strongly against the commercial floorspace targets, reflecting the successful delivery of construction works.

Table 3 highlights mixed performance for outcomes linked to the operational phase of project delivery (i.e. job creation, apprenticeships, provision of business support).¹ Project leads have indicated that Covid-19 and Brexit related challenges (such as delays to capital works, college closures and disruption to supply chains) have slowed the materialisation of these outcomes, but they remain confident that they will be delivered over time. CPCA has been flexible in extending the monitoring period for investments to reflect extended timelines and capture longer term benefits, although this will need to continue to be proactively managed and monitored.

Table 3. Investment performance against contracted outcomes

Theme	Outcome	Target	Actual	Performance
Employment	Total jobs created (direct and indirect)	1487	650	44%
	Number of apprenticeships established	304	35	12%
Transport	Length of newly built road (km)	0.01	0.05	500%
Skills	Area of learning/training space improved (m ²)	50	53	106%
Commercial	Commercial floorspace created (m ²)	69644	55991	80%
	Commercial floorspace refurbished (m ²)	44385	99443	224%

¹ Data presented in table 3 is based on the most recent estimate available, and is being verified and updated as part of the evaluation process.

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	Commercial floorspace occupied (m ²)	113881	16992	15%
	Number of commercial businesses with broadband access	10	63	630%
Flood Risk Prevention	Land with reduced likelihood of flooding (m ²)	0	350	
Business and Enterprise	Number of enterprises receiving grant support	9	10	111%
	Number of businesses receiving other grant support	0	9	
	Number of businesses receiving non-financial support	86	47	25%

Source: CPCA LGF Monitoring Data, November 2022

Management and Delivery

Initial consultation findings suggest that the management and delivery of the LGF has evolved positively under the coordination of CPCA and the Business Board. Short lead in times to commit the remaining Growth Deal funding required a pragmatic approach to identifying shovel-ready projects for investment. Stakeholders agree that overall, this process was managed well, effectively balancing the need for efficiency with the appropriate level of rigour for the size of funding available.

Strengthening the appraisal stage

Many of the recommendations outlined in the 2021 evaluation have been acted on, serving to strengthen the appraisal process through greater scrutiny of the demand, cost, deliverability, opportunities and intended impact of investments.

Analysis by independent appraisers, triangulated with the scorings and feedback from the entrepreneur panel have been effective in providing the Business Board with the appropriate level and type of information to ensure evidence-based recommendations for investment. The addition of the entrepreneur panel has been particularly valued by both Business Board representatives and project leads. The sequencing of appraisal so that panel members have access to the recommendations from the independent review in advance of the meeting has enabled more early challenge of proposals. Applicants value the opportunity to provide further assurance of project deliverability and bring the story of need and impact to life. The panel also afforded applicants with exposure to local senior leadership (such as the mayor) which consultees noted as having reputational and networking benefits.

Improving monitoring and communication processes

Monitoring processes have been designed to meet CPCA's reporting requirements to government and are therefore focused on the core contracted outputs and outcomes. In line with the previous evaluation recommendations, a centralised outcomes spreadsheet has been created which provides a helpful snapshot of investment

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performance. There is scope to further refine data collection procedures which currently use substantive amounts of CPCA resource by automating processes where possible. Officers have attempted to action this through the utilisation of Hubspot to automate project lead reminders for monitoring reports, however capacity constraints in other teams in the organisation have delayed this.

Project leads praised the provision of a consistent point of contact during the monitoring of the capital phase as this provided a clear communication channel to CPCA for raising queries and flagging any issues in delivery. Personnel changes in the Officer team combined with limited staff resource, have resulted in a lighter touch approach to management post March 2021. A number of consultees expressed a desire for more of an account management approach to monitoring and communication as assets become operational as a means of helping project leads to demonstrate the wider benefits of investment and to identify opportunities to maximise local impact.

Critical Success Factors

The following critical success factors have been highlighted as notable contributors to maximising the impact of public investment:

Application advisory support: substantial Officer time was provided to support applicants with the application process. Project leads have indicated that this was an additive element of the process – providing additional guidance as to what CPCA was looking to invest in and how to frame projects to increase investment readiness (for instance empathising job creation and making clear links to need and demand from priority sectors).

Business Board expertise: composed of representatives from CPCA's priority sectors, the contribution of Business Board expertise for the entrepreneur panel supported the effective interrogation of the viability and commercial opportunities offered by projects. This was particularly important given the broad scope of the funding opportunity and diversity of applications received.

Building on critical mass: consultation findings indicate that supporting innovation investments which build on existing clusters or ecosystems is important for realising outcomes more quickly. For instance, supporting capital projects on sites with other sector focussed benefits (such as the TWI Innovation Ecosystem) has supported business integration in the area and increased the attractiveness of the facility to potential tenants.

Pragmatic management: investments have been made in established companies with a track record for successfully delivering and maintaining similar projects. This has enabled lead organisations to be pragmatic with the management of LGF-funded assets to flex delivery strategy in response to changing delivery context.

Emerging Learning

The following emerging learnings have been identified for consideration for the remainder of the LGF monitoring period, and for CPCA delivery of funding more broadly:

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- Looking ahead, there is a strong case for developing and maintaining a pipeline of projects, at different stages of investment readiness, which would be agreed and shared between the CPCA and constituent members. This would be aligned to CPCAs agreed strategic objectives (e.g. through the CPCA strategy and EGS). It would be developed through iterative and ongoing work between the CA and Constituent authorities, with input from the business board (and the CA decision making committees e.g. skills and employment). This would both allow the CA area to respond quickly to government funding opportunities and enable partners, including the business board, to advocate for investment, including private financing, into an agreed set of pipeline projects.
- Where appropriate, for example on major projects directly supporting business growth, CPCA could explore how Business Board members could champion particular projects from a business perspective - promoting project successes and helping to address any barriers to effective delivery.
- As capital projects transition from the investment to operational phase, it is important to continue to track socio-economic impacts. CPCA will want to continue to ensure the longer-term collection of data to track the wider socio-economic benefits of investments. CPCA now has an agreed set of metrics that will enable this and can be used to contextualise a project's impact within CPCAs strategic priorities in a transparent way.

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