Coventry and Warwickshire Growth Deal – 2016/17 Evaluation

Final Report

November 2017
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Executive Summary

The Coventry and Warwickshire Local Enterprise Partnership (CWLEP), across three rounds of Growth Deal funding, has been awarded over £131 million. The funding is for the CWLEP and its partners to deliver a range of projects to facilitate economic growth in the area over the period 2015/16 to 2020/21. The projects are directly linked to achievement of Coventry and Warwickshire’s Strategic Economic Plan (SEP), which aims to ensure a series of growth-related economic benefits by 2030. This evaluation report focuses on the CWLEP’s second year of Growth Deal delivery, 2016/17, when it was allocated £23.51 million.

Key messages
1. The CWLEP demonstrates robust governance and management of its Growth Deal, with significant private sector involvement in decision making.
2. The LEP’s 2016/17 Growth Deal expenditure allocation was fully defrayed.
3. Given comfort with the CWLEP’s expenditure performance, BEIS’ attention has increasingly moved towards achievement of outputs and outcomes. The CWLEP needs to build on its increasing robustness for reporting these.
4. The CWLEP has ensured compliance with National LEP Assurance Framework, and in some areas, has exceeded this guidance.
5. The CWLEP has driven forward cultural change among project stakeholders through its governance and transparency, with increased accountability for expenditure and associated rigour.
6. The Coventry and Warwickshire Growth Deal has evolved efficiently over time, with Round 3 supporting more strategic and transformational projects.
7. The Growth Deal has further cemented strong partnership working across the region’s public and private stakeholders. It is important this is maintained as local governance systems evolve.
8. The CWLEP’s Business Groups provide the opportunity for strategic discussion among wide-ranging stakeholders. There is an opportunity for greater cross-working between the groups.

Governance and assurance

The governance and decision-making processes within the CWLEP are robust and transparent. Central to the Growth Deal governance is the ‘axis’ of the Programme Delivery Board, the Finance and Governance Board and the Growth Deal Programme Management Team. The structures facilitate effective communication and coordination between these groups. The CWLEP has private sector representation throughout its key decision-making processes, providing strong and effective leadership. The CWLEP’s Programme Delivery Board is pivotal to the programme’s success, providing rigour, scrutiny and direction. It challenges the Programme Management Team, enhancing performance.
The CWLEP updated its Local Assurance Framework in 2016/17, in response to amendments made to the government’s National LEP Assurance Framework. This has ensured compliance with the national framework, and in some areas, has enabled the CWLEP to go above this guidance.

The CWLEP has continued to review its Business Groups, and has sought to align them more closely to project activity, as well as with the refreshed SEP and national policies. While the groups provide the opportunity for positive strategic-level discussion, there is an opportunity to enhance the visibility of their impact and to enable more effective cross-group communication.

Achievements
- Allocated spend for 2016/17 fully defrayed
- 9 projects financially complete
- Robust, transparent and effective governance
- Key private sector decision makers embedded within the CWLEP’s structure
- CWLEP Assurance Framework goes beyond national guidance
- Effective co-ordination between the LEP and the Accountable Body
- Evidence of cultural change via increasing evidence of accountability among project sponsors
- Increasingly strategic and transformational projects funded through Round 3
- Achievement of key outputs currently exceeding profiled targets; series of initial impacts evident

Programme management and delivery
The Programme Management Team provides the key link between individual projects and the CWLEP. It also ensures coordination between the CWLEP and the Growth Deal’s overall accountable body function. The Team undertakes robust implementation of programme processes, providing guidance and support to projects, whilst ensuring they remain accountable for spend. Working closely with individual projects and the Programme Delivery Board, the Team was central to ensuring the full defrayal of funding in 2016/17.

Evidence suggests the Programme Management Team has increased its robustness and scrutiny of projects regarding output and outcome achievement; this should continue to be a focus moving forward. Anecdotally, there is evidence of cultural change among some project delivery organisations, with an increasing recognition and understanding of their monitoring and reporting responsibilities, and associated accountability to the LEP. Positively, all Growth Deal projects are required to undertake proportionate evaluations. However, additional guidance regarding the specific requirements and format of such evaluation activity would be helpful. Current project evaluation plans are variable in robustness and quality.

Round 3 selection and SEP refresh
The CWLEP, in undertaking its Growth Deal Round 3 project selection process and bid, implemented lessons learnt from Rounds 1 and 2. This led to a more structured and coherent process, which also benefited from a moderation group comprised of varied stakeholders and the implementation of the Treasury’s five case business model. Through this process, the LEP has developed a strong pipeline of projects beyond those currently funded through the Growth Deal; this means future funding regimes will benefit from projects which have been developed within an approved strategic framework.

The CWLEP utilised the open call for Round 3, and subsequent project submissions, to inform its refreshed SEP. This ensured the SEP reflected current demand and was clearly aligned to the most up-to-date priorities for the region and the wider WMCA and Midlands Engine geographies.
Stakeholder engagement and partnership working

The CWLEP has sought new methods of supporting the engagement of wider stakeholders, for example ensuring all local authorities within the sub-region have a seat on the Board. Whilst most local authorities within the region were positive regarding engagement with the CWLEP, a minority stated they had limited opportunities to engage, particularly at executive and officer level. The new Executive Group will help to address this. Anecdotally, and supported by a review of documentation, levels of publicity in relation to the Growth Deal programme have increased over time. This is supported by a more active and populated CWLEP website, as well as the activities of the CWLEP’s communications partner.

During 2016/17 the Growth Deal Programme Management Team sought to create greater consistency of management, reporting and monitoring systems across all Growth Deal projects. This enhanced the robustness of processes involving ‘internal’ projects managed by Coventry City Council. It has provided greater transparency within the programme.

Range of projects

Coventry and Warwickshire’s Growth Deal Round 3 incorporates a greater proportion of strategic and transformational projects, for example contributing towards mixed-use regeneration and new housing; this demonstrates alignment with government guidelines and the 2016 SEP. Round 3 also includes two projects within new thematic areas for the Growth Deal in Coventry and Warwickshire, reflecting identified priorities (the CSW Broadband Project and the Warwick Arts Centre 2020 project). The project mix means the Growth Deal should provide significant contribution towards achievement of the 2016 SEP objectives; there is already some evidence of achievement here.

All pillars within the SEP are represented across the Growth Deal, with particular emphasis on transport and infrastructure projects; a trend mirrored by other LEPs and reflective of the funding regime and local priorities. There remain minimal projects within the Growing our Talent pillar, with those funded to date being relatively small scale; feedback indicated a lack of larger transformational skills projects put forward across all Coventry and Warwickshire Growth Deal rounds.

Progress and expenditure

The Coventry and Warwickshire Growth Deal successfully achieved its spend target of £23.51 million within 2016/17. Nine projects have completed expenditure within the programme. Most existing projects are rated ‘green’ by the Programme Delivery Board/Programme Management Team and are progressing well. However, three projects rated ‘red’. Where projects have been delayed this has primarily been due to external factors; this is recognisable of the significant proportion of large and complex infrastructure projects within Coventry and Warwickshire’s programme.

Output data demonstrates that the Coventry and Warwickshire Growth Deal programme performed positively against its targets for key outputs during 2015/16 and 2016/17. Across these two financial
years, targets were exceeded for jobs created, commercial/skills/space developed, and businesses supported. Only the target for apprenticeships was not met.

Consultation with eight Growth Deal funded projects identified a wide range of qualitative impacts achieved or anticipated due to project activity. These impacts varied dependent on project type, but examples include: enhanced linkages between SMEs and research experts; the development of a test bed for enhanced vehicle technologies; the creation of a facility to enable sustained research collaborations within the transport design field; increased connectivity and access between key locations for residents and businesses; the opening up of land for development purposes; and the development of localised business support facilities incorporating Growth Hub provision.

**Recommendations**

A full list of recommendations is provided within Section 5 of this report. These include the following key considerations:

- The success of the Growth Deal’s decision making, governance and management highlights the importance of utilising a locally-based approach to delivering programme interventions. The CWLEP, with its significant private sector engagement, should retain control of funding.
- The CWLEP needs to ensure the robust leadership provided by private sector Board members at key decision points within its structure is maintained moving forward.
- Despite its Local Assurance Framework going beyond the National LEP Assurance Framework, there remain opportunities for further improvement, either through the Framework itself or via further enhancements to the CWLEP’s website. Further details are provided in Section 5. It is anticipated that additional government guidance will occur here following the recent Review of LEP Governance and Transparency.
- Wherever possible, the CWLEP should reduce the proportion of expenditure in the final two quarters of each financial year; a large proportion of funding is within Quarters 3-4 for 2017/18.
- Whilst recognising the natural time-lag regarding the achievement of outputs and outcomes, the CWLEP should challenge projects to identify and evidence these as early as possible. This particularly relates to key targets such as housing and jobs. Achieving these at an earlier stage will demonstrate positive achievement to BEIS.
- The new Executive Group should be utilised to ensure all local authority partners have full visibility of new developments, activities and decisions related to the LEP as early as possible.
- Opportunities exist to enhance the impact and effectiveness of the CWLEP’s Business Groups. These specifically relate to facilitating cross-communication and visibility between the groups, and ensuring they can impact and influence key processes and decisions.
- All projects should be made accountable for the outputs, outcomes and impacts stated in their original business plan, through agreement of contracted targets and monitoring requirements prior to delivery commencing.
- Detailed project-level evaluation plans should be agreed at the start of projects to inform associated data collection (aligned with monitoring requirements). Projects may need additional guidance, capacity and capability here to ensure consistency.
- It is worth considering the implementation of robust impact evaluations for a small number of Growth Deal projects. This would be relevant for larger transformational projects expected to create significant indirect outcomes and impacts, for example employment, housing and GVA.
1. **Introduction**

1.1 This document details the findings from an evaluation of the Coventry and Warwickshire Growth Deal 2016/17.

1.2 Carney Green was commissioned by the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and Coventry City Council (as the Accountable Body) in April 2017 to undertake the independent evaluation of the overall Coventry and Warwickshire Growth Deal programme, covering the 2016/17 financial year. This follows a separate independent evaluation undertaken during 2016 which covered the first year of the Growth Deal (2015/16) in Coventry and Warwickshire.

1.3 Separate project-level evaluations will be undertaken, or initiated by, individual project-lead organisations. These will typically take place approximately a year after each project has been completed.

**Evaluation objectives**

1.4 The core evaluation objectives, as defined in the project specification, were to:

- Review performance of the Growth Deal against its objectives.
- Measure the economic impact of the second year of programme activities (where sufficient data is available).
- Assess the success of governance arrangements and decision-making processes.
- Review the success of project development, appraisal and selection processes in relation to the call for projects as part of the Growth Deal 3 process and SEP Refresh.
- Explore the effectiveness of engaging stakeholders, businesses and the general public in relation to CWLEP’s activities.
- Assess levels of partnership working, both within the CWLEP area, and interaction with Government and other LEP areas, particularly in the context of the West Midlands Combined Authority (WMCA) and the Midlands Engine.
- Review the effectiveness of the CWLEP’s Assurance Framework and the LEP’s broader systems to deliver, not only the Growth Deal Programme but also any future funding.

1.5 Through addressing the above objectives, the evaluation will also contribute towards the CWLEP’s Annual Conversation with the Department for Business, Energy and Industrial Society (BEIS) in late 2017.
Evaluation methodology

1.6 Figure 1.1 below provides an overview of the evaluation approach. In addition to reviewing data and documentation, the evaluation incorporated consultation with 52 different individuals.

Figure 1.1: Evaluation methodology – summary

1.7 **Phase 1** commenced with an inception meeting in April 2017 attended by representatives of the Growth Deal Programme Management Team, the CWLEP and Carney Green. A sampling framework was subsequently developed to select a representative sample of eight current (Round 1 and 2) Coventry and Warwickshire Growth Deal projects to be consulted. Appendix A provides this Sampling Framework. Phase 1 culminated with the submission of an Evaluation Framework to the CWLEP, detailing all evaluation activities, methods and timescales.

1.8 **Phase 2** involved reviewing a series of different documents provided by the CWLEP. These covered the following areas:
1.9 **Phase 3** incorporated consultation with 27 stakeholders covering the following broad groups:

- CWLEP Board, Finance and Governance Board, Programme Delivery Board and Executive
- Coventry and Warwickshire Growth Deal Programme Management Team / Accountable Body
- BEIS
- Four CWLEP Business Groups
- Six local authorities within Coventry and Warwickshire (all local authorities were invited to take part)
- Two Coventry and Warwickshire Members of Parliament (MPs)
- The CWLEP’s communications partner (Advent Communications)
- Representatives of two other LEPs (from within the West Midlands Combined Authority and/or Midlands Engine) and the LEP Network

1.10 **Phase 4** incorporated specific reviews of the following eight Coventry and Warwickshire Growth Deal-funded projects (based on a sampling framework, see Appendix A):

- Venture House (GD04)
• R&D Steel (GD06)
• Coton Arches (GD11)
• Intelligent Variable Message Systems (iVMS) (GD13)
• Kenilworth Station (GD15)
• National Transport Design Centre (GD17)
• North South Rail and Coventry Station (GD19)
• Construction Centre Expansion (GD21)

1.11 The project reviews involved consultation with individual project managers, associated stakeholders (where relevant) and, where possible, a sample of ‘end-users’. In total, 25 individuals were consulted during the project reviews. Project documentation and data were also reviewed. For each of the eight projects, individual project case studies were developed. These were provided as separate documents to the CWLEP.

1.12 **Phase 5** focused upon reviewing available programme and project-level output data. This specifically enabled a review of the programme’s overall progress to date against its key output targets and expenditure, as well as analysis for the eight case study projects.

1.13 **Phase 6** incorporated full analysis and triangulation of data and findings from Phases 1 to 5 above, leading to the development of the final evaluation report.

**Report structure**

1.14 The evaluation report includes the following sections:

• Section 2 provides a further description of the Coventry and Warwickshire Growth Deal
• Section 3 details the process-related evaluation findings
• Section 3 details the progress and impact of the programme to date
• Section 4 provides headline conclusions and recommendations

1.15 Appendix A details the sampling framework used to select the Growth Deal-funded projects to be reviewed within the evaluation.

1.16 Appendix B provides key headlines from the evaluation regarding the specific categories of the CWLEP’s Annual Conversation (with BEIS); providing independent views and evidence to support the process.
2. The Coventry and Warwickshire Growth Deal

2.1 The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) is an alliance of private and public sector organisations working towards a common, shared purpose: to grow the local economy, attract new jobs and investment, and increase prosperity.

2.2 The CWLEP Board brings together the following partners:

- Private sector representatives
- Coventry City Council
- Hinkley and Bosworth Borough Council
- Nuneaton and Bedworth Borough Council
- North Warwickshire Borough Council
- Rugby Borough Council
- Stratford-upon-Avon District Council
- Warwickshire County Council
- Warwick District Council
- Coventry University
- The University of Warwick
- Further education representation

2.3 The CWLEP signed a Growth Deal with the government, initially in 2014, which secured over £89.4 million to support economic growth in the area over the period 2015/16 to 2010/21. This is expected to generate around £220 million with public and private sector match funding. Since the initial Growth Deal (which covered Growth Deal Rounds 1 and 2), the CWLEP has been allocated a further £42 million through Growth Deal 3 (confirmed early 2017).

2.4 This funding enables the CWLEP and its partners, through a series of projects, to concentrate spending on key identified local priorities, providing the most effective interventions to enhance economic growth. For example, the programme builds upon the area’s key strengths in advanced engineering and digital sectors, as well as its high-quality research and knowledge-based capabilities. Growth Deal Round 1 and 2 funding is expected to create a minimum of 4,000 jobs and enable 1,400 homes to be built by 2021.

2.5 In negotiating its first Growth Deal, the CWLEP developed the Coventry and Warwickshire Strategic Economic Plan (SEP), published in March 2014. This set out how the CWLEP and its partners would grow the economy over the short, medium and longer-term, providing a series of potential projects. To recognise progress to date, the changing political situation, and to address the changing priorities and needs of the region, the CWLEP refreshed its SEP in 2016. The new SEP identified the following vision:
2016 CWLEP Vision

“Coventry & Warwickshire is recognised as a global hub for knowledge-based industries, leading the way in advanced manufacturing and engineering and digital sectors. Building on its central location, employment sites, distinctive businesses, innovation and cultural assets and highly talented workforce, by 2025 Coventry & Warwickshire will be a high performing economy with our innovative businesses competing internationally, growing and providing better paid employment opportunities for all of our residents across both our rural and urban areas”.

2.6 The 2016 SEP also included a series of core objectives, as shown below:

2016 CWLEP SEP Objectives

- Improve Coventry and Warwickshire’s economic competitiveness
- Address the existing productivity gap between the CWLEP area and the UK average
- Ensure strong road, rail and broadband connectivity across the full CWLEP area
- Become a global centre for R&D in Advanced Manufacturing and Engineering
- Create a supportive environment within which businesses can grow and prosper
- Invest in employment and skills provision to meet evolving demands of employers, providing a world-class apprenticeship offer
- Grow the creative and cultural industries with Coventry becoming UK Capital of Culture 2021

2.7 Similarly to the original 2014 SEP, the refreshed SEP was aligned with a series of potential projects upon which Growth Deal Round 3 was negotiated with government. These projects were designed to address core priorities and stimulate economic growth in the area. This alignment focused around the SEP’s five pillars of activity, as shown below.

Figure 2.1: CWLEP Pillars of Activity (2016 SEP)
2.8 These include all four pillars which were within the 2014 SEP, but also incorporate a new Culture and Tourism pillar. Through adhering to the focus of these pillars, Growth Deal projects should also contribute to the outcome targets provided within the refreshed SEP.

### 2016 CWLEP SEP Outcome Targets

- A minimum growth rate of 3.3% per annum to remove the output gap by 2030
- A GVA per annum increase of £15.823bn by 2030
- An economy which will employ an additional 94,500 people by 2030
- The provision of 75,000 - 76,000 new homes by 2030

2.9 The CWLEP Board is ultimately responsible for the Coventry and Warwickshire Growth Deal, while Coventry City Council is the Accountable Body. Grant Aid Agreements are in place between Coventry City Council and external project delivery partners, while internal delivery teams (i.e. led by Coventry City Council) are issued with Growth Deal allocation agreements; these provide the same processes and level of scrutiny as the Grant Aid Agreements. These agreements specify what each partner is responsible for delivering, for example relating to specific activity, expenditure and outputs.
3. Review of Programme Processes

3.1 This section assesses the processes in place to govern and deliver the Coventry and Warwickshire Growth Deal.

Programme governance and decision-making

3.2 The CWLEP has a clear governance structure involving a series of different boards and groups, as summarised in Figure 3.1 below.

Figure 3.1: CWLEP governance structure

Source: CWLEP (November 2017)
3.3 In terms of the Growth Deal, the key element of the CWLEP’s governance structure is the clear link between the CWLEP Board and the Programme Delivery Board. The Programme Delivery Board is central to the effective governance and utilisation of Growth Deal funding, overseeing the programme. It is closely supported by the Finance and Governance Board, which oversees assurance and scrutiny.

3.4 Each board or group closely related to the governance of the Growth Deal is explored below.

### Overall CWLEP Board

3.5 The CWLEP Board oversees all aspects of the LEP’s activity, including strategic and policy decisions as well as programme activity. It is led by a private sector Chair and Vice Chair, with 18 members in total. These are split between the following representation:\(^1\)

- 8 private sector representatives
- 8 local authority representatives
- 2 higher education representatives
- 1 further education representative

3.6 The Board’s role is considerably broader than the Growth Deal programme. However, the volume of funding, and its direct links to achieving the SEP, means the Growth Deal should be of considerable focus for the Board. Specifically, it has been involved in:

- The development of the original SEP and the revised 2016 SEP
- Negotiating and agreeing Growth Deals, including signing-off key projects
- Agreeing the LEP’s Assurance Framework
- Reviewing Growth Deal progress updates at each Board meeting

3.7 Recognising the varied and substantial commitments of the Board, and its strategic focus, the CWLEP provides delegated authority to its Programme Delivery Board to oversee the Growth Deal Programme. This approach ensures members of the Board can be heavily involved in more detailed oversight of the programme; it represents good practice.

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\(^1\) Based on the CWLEP website (November 2017)
Finance and Governance Board

3.8 During 2016/17 the previous Finance and Governance Committee became the Finance and Governance Board, with greater powers to sign-off governance and decision making.

3.9 The Finance and Governance Board plays a key role in relation to the Growth Deal, particularly regarding the robust implementation of the Local Assurance Framework, ensuring adherence to government requirements, and addressing legal issues; this means a considerable agenda, with the Group ultimately making recommendations to the Board. Feedback referred to its rigorous approach to reviewing the CWLEP’s upgraded Assurance Framework, and its substantial involvement in the SEP Refresh and Growth Deal Round 3 processes.

3.10 The Finance and Governance Board is comprised of private and public-sector representatives of the CWLEP Board. Importantly, it is chaired by the private sector Vice-Chair of the CWLEP and is also attended by members of the LEP Executive, all of whom sit on the Programme Delivery Board. This supports coordination across the governance structure. Furthermore, the Board avoid potential conflicts of interest by having no representation from organisations leading individual Growth Deal projects.

3.11 Documentary and anecdotal evidence demonstrates close joint working between the Programme Management Team/Accountable Body and the Finance and Governance Board. An example of this was a specific paper presented to the Finance and Governance Board by the Programme Management Team in January 2017. This identified required changes to the Local Assurance Framework and requested review and sign-off from the Finance and Governance Board.

Programme Delivery Board

3.12 The Programme Delivery Board is pivotal to the success of the Growth Deal Programme in Coventry and Warwickshire; alongside the Programme Management Team it is the key driver of the programme, providing both strategic and operational direction. It is chaired by the overall CWLEP Chair and attended by the CWLEP Vice-Chair (also Chair of the Finance and Governance Board), providing consistency across the governance structure. It is also attended by members of the LEP Executive and the Growth Deal Programme Management Team/Accountable Body; other stakeholders attend as required. In this respect, it is the ‘hub’ of the Growth Deal programme. Like the Finance and Governance Board, the Programme
Delivery Board contains no direct representatives of organisations delivering Growth Deal projects.²

3.13 The core benefit of the Programme Delivery Board results from its rigorous overview of project-level activity, which is not possible at overall LEP Board level. Reports are provided in advance by the Programme Management Team detailing project progress linked to milestones, expenditure and outputs, including specific RAG ratings. Projects rated amber or red are scrutinised in detail at the meeting, with specific actions created and the implementation of an escalation policy if needed. This provides added challenge and robustness at a level between the overall LEP Board and the Programme Management Team.

3.14 This Programme Delivery Board’s close link to the Growth Deal Programme Management Team is particularly important. Through the rigour and assurance provided by the Programme Delivery Board, the Programme Management Team is provided with the following:

- Clear direction regarding the requirements of the overall LEP Board.
- Clarity regarding issues such as project expenditure requirements.
- Clear messages to take to projects directly from the Chair and Vice-Chair of the LEP Board; this has helped the Programme Management Team when requiring specific actions or information from projects.

3.15 Recent Programme Delivery Board meetings have included attendance by Growth Deal funded projects, to summarise progress and achievements. This should be beneficial in terms of:

- Demonstrating, in ‘real’ terms, what Growth Deal funding has been used for.
- Providing an opportunity for discussion between projects and Board members.
- Enabling projects to understand the level of robustness required for Growth Deal funding, potentially assisting effective engagement between project delivery organisations and the Programme Management Team.

3.16 The Programme Delivery Board, previously the Growth Deal Sub-Committee, was reviewed and re-named in 2016/17. This led to its own formal terms of reference and delegated authority to manage capital funding allocated to the CWLEP; as such, it is now positioned to oversee delivery of other LEP programmes as well as the Growth Deal, for example strategic road and rail activity. Given its effectiveness in managing the Growth Deal to date, this is a sound approach and positions the LEP effectively for delivering future interventions.

² While representatives of Coventry City Council do attend the Programme Delivery Board, these are present in the role of accountable body and Growth Deal Programme Management Team; structures are in place to ensure a clear separation between these individuals and representatives of individual projects led by Coventry City Council.
support this wider remit, the Growth Deal Programme Management Team now provides the Programme Delivery Board with a regular Funding Delivery Paper, which includes input from other programme management teams for a range of different interventions. This ensures the Programme Delivery Board has a wider understanding of relevant activity.

Accountable Body

3.17 Coventry City Council is the Accountable Body for the CWLEP, and therefore undertakes this role for the Growth Deal. It holds Growth Deal funding and provides payment to project delivery organisations based upon the processes of the Programme Delivery Board and overall CWLEP Board. Growth Deal programme activities are also required to meet the financial, legal and audit requirements of Coventry City Council. Other key duties include:

- Ensuring that the decisions and activities of the LEP conform with legal requirements
- Ensuring, through the relevant Section 151 officer of the Accountable Body, that the funds are used appropriately
- Ensuring that the Local Assurance Framework as approved by CWLEP is adhered to
- Maintaining a record of LEP Board proceedings as they relate to project selection process and approvals
- Responsibility for pursuing clawback of funding in cases of underspend or where use of funds is in breach of agreed terms
- Entering into contracts with project sponsors at the request of CWLEP and passing on funding through appropriate legal agreements

3.18 As referred to in the 2015/16 evaluation, the Coventry and Warwickshire Growth Deal benefits from a positive working relationship between the Accountable Body and the CWLEP. This is partly facilitated by several members of the CWLEP’s Executive team being seconded from Coventry City Council; this ensures close working with the Programme Management Team, which is central to this relationship.

3.19 Work was undertaken during 2016/17 to increase the transparency of processes within the Growth Deal’s governance and management regarding engagement between the Accountable Body and projects delivered directly by the same organisation (Coventry City Council). This ensures consistent processes for Coventry City Council-led projects and all other Growth Deal projects. This is important for transparency reasons in relation to the dual role of the Accountable Body in providing overall scrutiny and assurance whilst also being a project delivery organisation.
CWLEP Business Groups

3.20 The CWLEP’s Business Groups, as stated on the CWLEP website, aim to improve business conditions in a range of key areas and are designed to allow growth and increase economic prosperity. They should therefore drive forward their relevant priorities within the SEP. Each group is made up of experts in the relevant fields and has a CWLEP Board lead. The CWLEP website provides succinct and clear objectives for each of the current Groups.

3.21 The CWLEP Business Groups were reviewed during 2016/17, leading to some changes in terms of their titles and focus; it is understood this process is ongoing. The existing Groups are:

- AME/Industrial Strategy
- SME
- Digital and Creative
- Culture and Tourism
- Planning and Housing
- Transport and Infrastructure
- Productivity and Skills

3.22 It is positive that the LEP is continuing to review the Business Groups to ensure their effectiveness; it met with each of the Business Groups Chairs as part of this process. The titles and structures of the Groups have been amended to better reflect specific programme and project activity within the LEP, providing direct alignment with the refreshed SEP. They are also closely aligned to key national priorities, for example the (previously titled) Jobs and Skills Business Group now includes greater focus upon productivity as well as higher-level apprenticeships and NEETs; this was evident when consulting the Chair of the group. The groups have also been encouraged to increase their strategic focus; discussions identified that group representatives recognised their role in this respect.

3.23 Representatives from four of the above Business Groups, those with the greatest involvement in the Growth Deal, were consulted during the evaluation; wider stakeholders were also asked their view. Feedback indicated positive strategic-level discussion took place within the groups, incorporating wide ranging organisations and individuals. This is viewed as a good conduit for partnership working and information sharing; an example was given whereby the WMCA presented its ten-year transport for growth strategy to the Transport and Infrastructure group.

3.24 The Culture and Tourism Business Group has supported the increased focus of the sector within the CWLEP and the Growth Deal itself; for example, through the inclusion of a Culture and Tourism Pillar within the refreshed SEP and a Culture and Tourism project within Growth
Deal 3 (as well as other projects developed and within the LEP’s pipeline). These have represented significant strategic developments for the sector.

3.25 Different views were provided regarding the extent to which the Business Groups were, and should be, action focused. For example, the Productivity and Skills Group, which has a specific resource allocated to it, referred to a clear work plan focused on the demand for skills versus the supply of skills, at all levels. In contrast, other groups stated that detailed actions were less relevant, as their focus was on strategic discussion, while some had limited resource beyond the ‘day jobs’ of participants.

3.26 The Business Groups consulted also referred to a desire for greater cross-working between each of the groups. For example, the Productivity and Skills Group would benefit from effective engagement with sector-specific or business-focused groups (e.g. SME, Digital and Creative, Culture and Tourism) so it could understand future skills requirements of these sectors. It is recognised that some cross-collaboration has occurred, for example a joint meeting of the Planning and Housing Group and the Transport and Infrastructure Group.

3.27 Whilst recognising the positive work of the Business Groups, and ongoing improvements to them being undertaken by the CWLEP, there are opportunities for further improvements. Suggestions are provided within Section 5 (recommendations).

**CWLEP Local Assurance Framework**

3.28 The CWLEP Assurance Framework sets out how the LEP will operate, specifically detailing:

- How the LEP Board is formed and its governance arrangements
- How the LEP makes decisions and manages its programmes
- How stakeholders can get involved

3.29 The Framework is required by government to demonstrate how the LEP will effectively and efficiently manage funding, ensuring value for money. The Government has previously outlined how Local Assurance Frameworks will ‘support the developing confidence in delegating funding from central budgets and programmes via a single pot mechanism’.

3.30 The CWLEP previously updated its Assurance Framework, with initial amendments made in March 2016. This reflected feedback from the National Audit Office, which referred to the

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3 It is understood that the Industrial Strategy Business Group has been developed to include joint senior representation from industry and higher education to help identify future skills needs and how to address these. This will need to work closely with the Productivity and Skills Business group.

4 National Audit Office (March 2016) Local Enterprise Partnerships
need for LEPs across England to increase transparency. A subsequent Public Accounts Committee Report in July 2016 also highlighted the need for effective governance across LEPs.

3.31 In November 2016 BEIS revised its national LEP Assurance Framework\(^5\) to reflect current policy and expectations of LEPs in relation to accountability, transparency and value for money. The December 2016 Annual Conversation with BEIS reviewed the existing (March 2016 version) CWLEP Assurance Framework’s compliance with the national framework. Whilst the CWLEP’s existing framework was robust, potential improvements were identified. At the same time, the CWLEP stated its ambition for its Local Assurance Framework to go beyond the level of the national framework. To address this, an updated version of the CWLEP Local Assurance Framework was developed and released in February 2017.

3.32 To ensure full compliance with the national framework, and to support its ambition to be ‘golds standard’, the CWLEP identified a series of enhancements to its Framework. These, supported by peer-to-peer learning with another LEP, were presented to the CWLEP’s Finance and Governance Board, which had delegated authority to sign-off the revised Framework.

3.33 Figure 3.2 below shows the enhancements identified by the CWLEP (black type) and, following a review of the revised CWLEP Assurance Framework, the CWLEP’s adherence to these enhancements (in blue/italic type).

**Figure 3.2: Proposed and achieved enhancements to the CWLEP Assurance Framework**

a. Ensuring there is local engagement with and feedback to the general public about future LEP strategy development and progress against SEP delivery.

   *A new section entitled ‘Public Engagement and Consultation’ has been added, with reference to project communications plans and the CWLEP’s Communications Strategy. It would be beneficial if the LEP’s Communications Strategy was available on its website.*

b. Publishing arrangements on the CWLEP website for developing, prioritising, appraising and approving projects.

   *The revised Framework states that ‘The LEP Board will always seek to issue an open ‘call for projects’ which will be notified to local partners and organisations and advertised through its website and relevant press’. It also states that the full value for money assessment process will be published on the LEP website.*

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\(^5\) Department for Communities and Local Government (November 2016) Local Enterprise Partnership National Assurance Framework
c. Providing details of independent scrutiny of the LEP, in addition to those operated by government.

*A more detailed audit and scrutiny section is included within the Framework, which states that the LEP will ensure a ‘clear independent audit of value for money and governance, which will be undertaken using a ‘panel’ of external suppliers and / or peer-to-peer review’. It is also worth noting that the CWLEP has already commissioned two programme-level evaluations.*

d. Setting out the methodology which is used to assess value for money and the degree of detail to which project business cases are developed.

*Full details are provided regarding how business cases are assessed, including the methodology to assess value for money.*

e. Must state a named individual from the LEP who has overall responsibility for ensuring value for money for all projects and a named individual responsible from project and programme scrutiny.

*Following a discussion with BEIS (through the Annual Conversation), it was agreed that the individual responsible for value for money would be the Section 151 Officer from the Accountable Body. The Assurance Framework states that 'The Joint Committee will provide independent democratic scrutiny of the operation of the LEP, including the commissioning of independent support as considered appropriate'.

f. An identified CWLEP Board member to represent and engage with SMEs – need to formerly communicate on website.

*The Framework states the names of the CWLEP’s three SME leads. It may be beneficial if the names of these individuals, and appropriate contact details (via the LEP), were provided on the CWLEP website; however, it is more appropriate that businesses are initially directed to the Growth Hub.*

g. Rules of conduct for LEP Board members to be set out in the Assurance Framework, including principles which prevent public expenditure being incurred to retain the service of lobbyists.

*A Code of Conduct for voting Board members is included in the Framework, as is a statement which reads: ‘Within these processes CWLEP will ensure that no public expenditure will be incurred in retaining the services of lobbyists to influence public officials, Members of Parliament, political parties or government’.*

Source: CWLEP Finance and Governance Board Paper (January 2017) and further adapted by Carney Green (November 2017)

3.34 The revised CWLEP Assurance Framework therefore provides further assurance and transparency in relation to the governance of the LEP and the use of funding. In some areas,
this has ensured that the CWLEP’s Local Assurance Framework goes beyond the guidance of the National Assurance Framework, examples being:

- Rather than local audit and scrutiny, the CWLEP is committed to external independent audits of value for money and governance, incorporating capital and revenue strands of Growth Deal; in addition to regular external evaluations.
- Significant details are provided regarding project contracting, management and monitoring procedures, for example including a full escalation policy.
- Significant details are provided regarding decision making procedures and methods of assessing proposals.
- Three, rather than one, CWLEP Board members are nominated SME leads.

3.35 The CWLEP’s rigorous Local Assurance Framework ensures it can provide confidence to funders regarding potential future funding allocations.

Programme management and delivery

3.36 The Growth Deal Programme Management Team, resourced by staff within Coventry City Council’s Economic Development Service, manages the delivery of the programme and its projects. Broadly, this includes the following activities:

- Negotiating the contract between the Accountable Body and project sponsor organisations, including confirming key milestones, output and outcome targets, and a schedule for financial expenditure.
- Ensuring quarterly monitoring reports are provided by projects regarding financial defrayal, achievement of milestones/general progress, and performance against output/outcome targets.
- Engaging with projects on a more regular basis if they are rated amber or red, particularly in relation to defraying agreed expenditure within specific financial years.
- Providing ongoing ad-hoc support to projects as required.
- Providing the Programme Delivery Board and the overall CWLEP Board with update reports regarding the Growth Deal Programme’s performance.
- Providing quarterly reports on the programme’s progress to BEIS, and undertaking quarterly meetings with BEIS.

3.37 A key role of the Programme Management Team is to provide a link between the individual projects (the project sponsor organisations) and the CWLEP (specifically the Programme Delivery Board). In addition, the Programme Management Team also represents a key link
between the CWLEP and the overall accountable body function, for example liaising with relevant finance, procurement and legal functions within Coventry City Council.

3.38 Consultation, supported by documentary evidence, identified the positive role undertaken by the Programme Management Team. This particularly related to communication with, and support to, individual projects. Whilst this was a positive element of the programme during 2015/16, it has been further strengthened in 2016/17 by the appointment of two new members to the Programme Management Team (another previous member left their role).

3.39 The Team’s three-person capacity has enabled it to allocate individual projects across the Team, focused around specific themes. This has provided greater and more consistent engagement with projects, supporting additional relationship building; engagement and support occurs through ad-hoc means as well as formal returns (this was verified by projects consulted to date). Crucially, as the programme develops, it has also meant more regular engagement with projects which are financially complete (for monitoring purposes). Projects referred to the Team’s responsiveness and ability to take responsibility for decisions, rather than having to agree everything with BEIS.6

3.40 The Programme Management Team played a crucial role in the second half of the 2016/17 funding year by responding to the Programme Delivery Board’s requests, as part of the CWLEP’s formal escalation processes, to increasingly engage with projects at risk of not achieving their forecast spend. This activity, for example monthly reporting and regular communication, ensured the programme achieved its expenditure target for 2016/17. This is explored further within Section 4.

Project-level processes

3.41 The updated CWLEP Assurance Framework demonstrates the robust systems which are implemented by the Programme Management Team. Consultation and documentary evidence identified that the Team implement these systems rigorously and effectively. Key to project the management and reporting processes are the guidelines provided within the project-level Grant Aid Agreement. This provides clarity regarding project management and monitoring processes, for example it includes references to:

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6 Furthermore, all key project engagement activities can now be retained within the core Programme Management Team (rather than certain elements being undertaken by other staff within the City Council’s Resources, New Projects and Business Support team).
- Timescales and procedures for claiming grants
- Reporting requirements, methods and timescales (including specific dates)
- Meeting requirements and frequencies (including specific dates and times)
- Record keeping requirements, including documentation/evidence required for specific outputs and outcomes (a template form for jobs created and jobs safeguarded is provided)
- Inspection rights
- Publicity requirements and guidelines
- Dispute resolution procedures
- Output requirements, including definitions
- Reporting timescales

3.42 In addition to the agreement itself, a range of other activities and documents are completed at the outset of a project, including: financial due diligence; project evaluation plan; and project communications plan.

3.43 The project contracting stage also involves the completion of a Project Delivery Plan, which provides a range of details for the project, for example: description; objectives; outcomes; delivery team; governance; monitoring; technical description; risks; finances; milestones; outputs and impacts; and evaluation. A review of a sample of Project Delivery Plans indicates these are generally completed thoroughly by projects. However, there is variation in the level of detail and information provided, with some of the earliest projects having limited detail and others having very significant outcomes and impacts which do not subsequently form part of the contracted targets or monitoring. This has improved over time.

3.44 Projects consulted to date were positive regarding the effectiveness of implementing this management process. Specific examples of the support provided are shown below.

- Clarity from the outset regarding reporting requirements
- Responsive and receptive to any questions provided, as well as to suggestions of improving processes and templates
- Supportive and helpful, for example providing clear agendas for meetings and writing up minutes
- Working collaboratively, for example to re-profile funding based on changing project requirements
• Ability to engage with other functions of the Accountable Body, for example finance, in order to provide clarification for projects
• Pre-completing parts of the quarterly monitoring report prior to individual projects filling it in; it was suggested that this was introduced following feedback regarding the previous approach of providing a blank template each quarter
• The benefit of meeting with the Programme Management Team monthly (rather than quarterly) during complex periods of the project; one project manager stated this helped to concentrate their attention on ensuring achievement of spend
• Flexibility being provided wherever possible; for example, one project referred to the Council allowing it to use a proportion of VAT money (recognising part of the project had a commercial element) towards additional costs within the project

“The Growth Deal Programme Management Team are really supportive. They are easily accessible at any time on any day of the week; there have been many helpful meetings. They are very clear in what information they require from you. They provide support to the project, rather than policing it.”

3.45 Anecdotally, there is evidence that some projects, and their delivery organisations, have demonstrated cultural change following their involvement in the programme. For example, there appears to be an enhanced understanding of their responsibilities and accountability to the LEP; this may be a natural development as a new funding regime ‘beds in’, but will have been supported by the effective management regime in place. Moving forward, this should also be assisted further by projects attending Programme Delivery Board meetings.

3.46 Of the eight projects consulted during the evaluation, only one provided predominantly negative views regarding engagement with the CWLEP. This was not specific to the Programme Management Team, which it had a generally positive relationship. It was more focused around a perceived inflexibility of the LEP to allow funding to move into subsequent years when the project was delayed due to factors beyond its control.

3.47 Aside from the above comments, the only other areas of potential areas for improvement for the Programme Management team were:

• Misalignment of project reporting dates and Programme Delivery Board meetings. This means the projects must provide a forecasted update for the Programme Delivery Board, and then a few weeks later submit their formal quarterly monitoring report. The Programme Management Team is aware of this and has tried to resolve the situation.
• Greater clarity at the outset for projects regarding evidencing requirements from beneficiaries; for example, data from beneficiary businesses regarding job outcomes (see below).

Evidencing outputs and outcomes

3.48 The latter suggestion above may represent misunderstanding by the project manager in question. A review of the Grant Aid Agreement, provided to the project, shows that Schedule 4 gives guidelines and clarity regarding record keeping. For example, in relation to jobs created, it states that:

‘A form (included in the claim pack in schedule 2), which confirms the nature of the new jobs created, including role title, name of new employee, duration of contract, start date, and salary level. This should be supported by, offer letters or contracts of employment will also be submitted with the claim.’

3.49 The CWLEP should be praised for developing such clarity at an early stage of the programme, particularly given limited guidance received from BEIS regarding evidence requirements. The Programme Management Team has good processes in place for reviewing and verifying output and outcome evidence. For example, the Team visits live projects to view evidence of achievement (e.g. assets, paperwork etc.). Projects confirmed this approach and stated that they did not find this intrusive or difficult, and that it was conducted in an appropriate manner.

3.50 However, the Programme Management Team must continually re-emphasise to projects the need to focus on outputs and outcomes, and the evidence requirements associated with them; it has increasingly sought to achieve this through maintaining contact with financially complete projects for ongoing monitoring and publicity purposes.7

3.51 The Growth Deal Programme Report at Programme Delivery Board meetings now includes a review of output performance. This shows the profile of when outputs will be achieved, and progress to date against these. It is focused on the following core outputs:

• Jobs created
• Number of apprenticeships
• Commercial/skills/space developed
• Business supported
• Homes built

7 An example of this is the Venture House project, whose project manager gave a presentation to the Programme Delivery Board.
There is evidence that, compared to the 2015/16 evaluation, projects are increasingly aware of, and attuned to, measuring and evidencing outputs and outcomes; although some are far stronger here than others.

Evidencing outcomes is more complicated than outputs as they do not typically represent a direct or immediate result from project activity, and occur after a time lag. This specifically relates to strategic and transformational projects designed to enable economic growth through creating the conditions for further development (e.g. housing or employment) and providing leverage. This means the project has limited control over the end users or outcomes.

However, in funding such projects the LEP would expect these longer-term strategic outcomes and impacts to occur; this includes calculating additional Gross Value Added (GVA) generated by the project, which was included within the original business cases of several projects. There are several outcomes included in initial business cases which do not appear to be part of contracted targets for individual projects. It is therefore important that projects are accountable for these and ensure they are monitored and evaluated. Positively, anecdotal evidence suggests that all Growth Deal 3 projects have full business cases which outline all assumptions (for example regarding GVA and jobs) and show relevant calculations.

It is understood that the Programme Management Team, with the support of Warwickshire County Council, is working with projects to identify the most effective methods of capturing and evidencing outcomes, as well as strengthening output definitions; and is developing a paper for the Board in relation to this. Potential factors to consider here will include:

- Clarity regarding each project’s ‘impact sites’. These are those sites where there has been a demonstrable ‘unlocking’ impact because of Growth Deal projects, for example due to work which has enabled planning conditions to be met for a development site, or transport activities to provide access to a development site. Ideally, these should be defined and agreed with projects in advance of contract delivery.

- Ensuring all outcomes, such as houses built and jobs created, are only claimed once, therefore avoiding double counting. For example, if two Growth Deal projects contribute to unlocking a housing site, the houses claimed by the two projects should not exceed the total number of new houses built. The Growth Deal Programme Management Team is developing procedures to ensure this issue does not occur.

- In the case of capital projects which will subsequently support businesses or other ‘end users’, project delivery organisations need to ensure they communicate the requirement to document and evidence jobs when they initially engage with businesses, building this into their processes.
• At contract development stage, agreeing a series of non-contracted outputs and outcomes with projects that can realistically be monitored and reported during the project’s lifetime. These would demonstrate the wider impacts of the project, the rationale being that this would support future access to funding. There is evidence that this activity is occurring more systematically within Growth Deal 3 projects through agreement at contracting stage.\(^8\)

The **R&D Steel project** referred to a series of benefits not captured through formal Growth Deal output and outcome targets. It seeks to report these within a quarterly narrative to the CWLEP. Examples include ongoing advice to businesses, support regarding what equipment to purchase, and the ability to link businesses into other organisations and individuals.

3.56 The Leicester and Leicestershire Enterprise Partnership (LLEP) uses logic models within each project contract to help identify and clarify direct outputs, outcomes and impacts, as well as to facilitate evidencing these. The Black Country LEP facilitates detailed workshops with each project at contracting stage focused upon outputs and outcomes, measurement methods, and evidence requirements.

3.57 The programme’s current performance against output and outcome targets is reviewed within Section 4.

**Project-level evaluation**

3.58 As indicated above, some project outcomes will occur over long time periods. This highlights not only the need for ongoing project monitoring, but also project-level evaluation. As part of its overall evaluation plan, the CWLEP requests that all Growth Deal projects undertake a proportionate evaluation of their project following its completion.\(^9\)

3.59 Project-level evaluation plans that have been reviewed to date vary considerably. These range from relatively basic reviews of the extent that delivery occurred as planned, through to detailed evaluation reviewing outcomes against an original baseline and incorporating a

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\(^8\) There is also evidence of wider outcomes being reported by existing Growth Deal projects. For example, the NTDC project reported it will collect information relating to PhD students based at the centre, while transport and infrastructure projects are also collecting wider data (see ‘Project-level evaluation’ below).

\(^9\) Larger projects require an independent external evaluation, medium sized projects require an internal evaluation but not undertaken by the same team that delivered the project, and smaller projects can deliver their own evaluation.
counterfactual. This relatively sophisticated example is being undertaken for the iWMS project and forms a specific work package within it.

3.60 It is important, as the projects come towards the end of their Growth Deal funding, that the Programme Management Team not only continues to monitor outputs and outcomes, but also ensures planned evaluations take place as originally stated. It is recognised that this process has already begun, with evaluations recently submitted by the City College Advice Centre project and City College STEM project. Whilst these evaluations provide a useful insight, including highlighting some wider non-contracted outcomes, they demonstrate a potential lack of consistency across project-level evaluations, each one covering different themes (despite being delivered by the same organisation).

3.61 Building on the CWLEP’s broad evaluation framework, if an evaluation is to take place it should seek to provide additional insight beyond basic achievement of delivery and outputs, and full details of the approach should be provided in the initial evaluation plan; key to this is detailing exactly what data will need to be collected and when. This may require additional budget to be set aside within individual projects, dependent on their scale, for example to provide them with additional expertise. In agreeing evaluation plans, it is suggested that recent guidance from BEIS is referred to.\(^\text{10}\) The agreed evaluation plan should subsequently be reviewed towards the end of the project’s expenditure period. Positively, evidence suggests that the Programme Management Team is ensuring more robust project evaluation plans within the contracting stages of Growth Deal Round 3 projects.

3.62 Moving forwards, particularly for smaller project-level evaluations, it may be helpful to provide a template for projects. For example, this could include:

- Introduction, including purpose of the evaluation and methodology used
- Project description and background
- Project performance against milestones/timescales
- Project financial performance, demonstrating Growth Deal and other funding sources
- Project output and outcome performance (against contracted targets); also exploring project value for money
- Wider achievements and outcomes (non-contracted), including specific data and narrative (incorporating views of end users if relevant etc.)

\(^{10}\) Department for Business, Energy and Industrial Strategy (October 2017) Evaluation of Policies for Local Economic Growth: Scoping Study
• Effectiveness of project management, processes and delivery methods
• Key project strengths and successes
• Lessons learnt
• Project succession and sustainability

3.63 Of the projects consulted (within the interim evaluation), information was obtained regarding their evaluation plans and progress. This is shown in Figure 3.3. below.

Figure 3.3: Project progress against evaluation plans (for projects consulted)

<table>
<thead>
<tr>
<th>Project</th>
<th>Evaluation progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intelligent Variable Message Systems (IVMS) project</strong></td>
<td>To date this has involved the submission of a detailed evaluation framework (April 2015) and a project baseline report (July 2017). The evaluation will include assessment against a key performance indicator to reduce congestion (translating to journey time savings); this may subsequently assess reduced carbon emissions and associated savings to the economy.</td>
</tr>
<tr>
<td><strong>Venture House project</strong></td>
<td>Undertook a 360° review a year after the business centre was opened. This included two different elements: 1) the capital build; and 2) the first 12 months of operation. This document is a useful review of the project, outlining progress made and areas for improvement. It also highlights initial outputs and outcomes, although the types of indicators do not fully match those contracted with the CWLEP through the Growth Deal. Feedback from businesses using the centre was based on feedback provided to the operational management team; it is therefore useful but not robust.</td>
</tr>
</tbody>
</table>
| **R&D Steel project** | The evaluation will be undertaken by the University of Warwick following completion of Growth Deal expenditure; the evaluation plan outlines activities, which will include consultation with business beneficiaries. The project management team stated that, in addition to assessing performance against targeted outcomes, it will seek to measure GVA (against that stated in the business case) through use of the standard industry approach. The key aims of the evaluation are:  
  - To determine the value for money of the intervention as expected  
  - To determine whether the project has improved the CWLEP areas' technology base as expected  
  - To determine lessons learned which can be applied to future CWLEP economic development projects |
| **National Transport Design Centre** | Incorporates a two-strand evaluation:  
  - Soft landings: this was focused around the building contractor through regular meetings during the project’s capital build. It is understood there is no specific output from these discussions, rather they ensured effective handover of the building so that the University’s estates team would full understand the building and its maintenance requirements.  
  - A post-completion evaluation: to occur approximately 18 months after capital build completion. This will evaluate the extent to which the project has achieved what it set out to achieve, and will be undertaken by a separate department within Coventry University. There is limited detail of the content and design of the evaluation at this stage. |
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Centre Expansion project</td>
<td>The representatives had limited awareness of the specific LEP evaluation requirements, but recognised the need for an evaluation of the overall project. They also reported that WCG undertakes two surveys each year (of learners and apprentices), which feed into an annual self-assessment report regarding the perspectives of learners. In addition, the College stated that it provides regular narrative to the LEP regarding the project.</td>
</tr>
</tbody>
</table>
| North South Rail and Coventry Masterplan project | The project referred to the following evaluative and data collection activities:  
- The use of data from the Office of Rail Regulation’s annual survey to monitor passenger growth; this is also providing a baseline for the project.  
- The project is currently building an economic case to support its full business case to the WMCA; this incorporates a wide range of data to support the project’s baseline.  
- The Council has detailed models it used to calculate direct and indirect employment from projects; this also incorporates processes to avoid the duplication of outputs with other schemes delivered in the area.  
- An indirect outcome from the project will be unlocking of housing development; to be achieved by 2030 in line with the Friargate development. |
| Kenilworth Station project | The project has an evaluation plan in place, which will need to be delivered internally by Warwickshire County Council as there is no separate budget for any additional research. This will utilise surveys of passenger numbers. The project referred to the difficulty in measuring behaviour changes regarding travel patterns, and stated there was no budget available within the budget to test this, with the exception of the passenger surveys. |
| Coton Arches project | The project has an evaluation plan in place. Traffic counts and modelling have already been undertaken and will provide a baseline to be repeated approximately a year after the project is complete. This will be undertaken by Transport Planning within Warwickshire County Council. The project’s representatives referred to the difficulty of evaluating impact due to knock-on effects from wider schemes. |

Source: primarily based on discussions with project representatives

3.64 Moving forward, it would be helpful for a small number of projects to incorporate robust impact evaluations within their project plans. These would be relevant for larger transformational projects which are expected to create significant indirect outcomes and impacts, for example generating employment, housing and GVA. If undertaken at project-level, these evaluations could incorporate methods to measure the counterfactual; for example, the engagement of a control group (using surveys), or measurement against a pre-defined baseline.

3.65 Aligned to effective ongoing monitoring activity, more robust project-level evaluations could incorporate consultation with a minimum sample of end-users (for example via short surveys) or key stakeholders (or through a review of wider data) to identify the following:

- Number of jobs safeguarded or created, and the sectors within which these occurred
- Level of turnover increase (if businesses have been supported/indirectly affected)
- Increase in land value
- Wider or unexpected impacts, for example related to increased skills/knowledge
For each of the above impacts achieved, the beneficiary could be asked the proportion which would have occurred anyway, without the Growth Deal project. In the absence of direct data on jobs created, particularly indirect jobs, employment densities can be used (through the HCA Employment Density Guide) based on use class and size of development, for example. For transport projects, it is recognised that specific methodologies and models are used to identify the impact on factors such as congestion and travel time reductions, leading to associated economic benefits.

This above information would enable various calculations to be made, including:

- Gross direct GVA generated from a project, using jobs created and/or turnover data together with relevant sector ratios from the Annual Business Survey
- Gross indirect and induced GVA generated from the project, through the application of economic multipliers
- Net GVA generated from a project, incorporating deadweight, leakage and displacement levels
- Levels of land value uplift as a result of the project

Gathering this data and information would also support more robust value for money calculations.

Future programme-level evaluations of the Growth Deal should also utilise project-level data (from monitoring and/or evaluation) to identify outcomes and impacts; for example, providing accurate job and sector data would enable evaluators to calculate the level of GVA generated by a project.

**Growth Deal Round 3 selection and SEP refresh**

The CWLEP utilised learning from Rounds 1 and 2 when undertaking the selection process for Growth Deal Round 3. Indeed, the Programme Management Team undertook a formal post-implementation review of the processes involved in Growth Deal Round 2 to identify lessons learnt; the Round 3 process also benefited from the Local Assurance Framework being fully established prior to the process commencing.

Despite a lack of clarity from government at certain times during the process, the overall processes for Round 3 (in Coventry and Warwickshire) were clearer and more structured than

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11 New appraisal guidance from DCLG, published in December 2016, identifies land value uplift as the recommended and preferred approach to valuing the benefits of development. Further details of this approach are outlined within the DCLG guidance. Future appraisal and impact evaluation should therefore seek to assess this wherever possible.
previous rounds. BEIS referred to significant improvements regarding the CWLEP’s approach to project selection. This was assisted by the CWLEP’s decision to develop a pipeline of projects in advance of receiving clarity regarding future Growth Deal funding. This approach provided the following benefits:

- Coventry and Warwickshire launched an open call for projects in July 2015, available to any applicants. Project applicants therefore had longer to develop their applications, and more clarity regarding timescales and requirements.
- There was greater ‘local control’ of the process, for example through rigorous assessment of business cases being undertaken at the local level.
- The opportunity for the CWLEP Business Groups to provide input to the process as expert advisers.

The above benefits were supported by comments from several project sponsors consulted during the 2015/16 evaluation, for example referring to the Programme Management Team meeting with applicants to explain the guidance and process. This contrasted with some of the projects involved in the first round of applications, who referred to short timescales and a lack of clarity and communication.

### Unsuccessful Round 3 recipient

An organisation which submitted an unsuccessful bid for Round 3 funding was consulted during the evaluation. They referred positively to the process, commenting that the CWLEP addressed all their questions and was helpful throughout. Communication was effective, and the decision-making process was clear. The only negative comment related to the need for more detailed feedback, although the organisation did recognise that the CWLEP had large numbers of unsuccessful bids it needed to provide feedback for. They were keen to bid within future funding rounds.

Those involved in the first round and the current round noticed a positive evolution in the application process over time, referring to excellent communication and understanding of processes for Round 3. They did refer to additional questions and detail required, but recognised this would support more effective assessment of submissions; they also stated there was more clarity around the questions than in previous rounds.

The process in Round 3 was also enhanced by the Programme Management Team providing a series of Frequently Asked Questions (FAQs), and the development of a flow diagram for projects outlining the process from the initial call through to monitoring and evaluation.
3.75 Following an initial review of EOIs, which led to applicants having the opportunity to enhance their submissions, 47 of the 74 EOIs in Round 3 proceeded to full business case stage. This initial review led to the creation of strategic programmes; representing a more structured approach to project selection.

3.76 The EOIs were reviewed by the Programme Management Team and the SEP Refresh Group, which acted as the moderation group. The SEP Refresh Group included representation from the University of Warwick, Coventry University, Warwickshire County Council, Coventry City Council and several district councils; this ensured a wide and independent group undertook moderation, and enabled clear alignment with the refreshed SEP.

3.77 The process used for the SEP refresh involved an initial update of the economic evidence base to identify key areas of economic need and opportunity within the CWLEP area, followed by the open call for projects and the aforementioned project selection process. This approach meant that the SEP was guided by key needs which emerged from the open call. It also meant that projects within the Growth Deal Round 3 bid were aligned to the most up-to-date priorities for the region; for example, the refreshed SEP included a greater focus upon culture and tourism in relation to the Coventry 2020 City of Culture bid. The refresh enabled greater alignment with emerging priorities within the WMCA and Midlands Engine and evolving national policies.

3.78 The process for reviewing full business cases involved a more detailed appraisal of projects than Rounds 1 and 2, utilising the Treasury five case business model. This was undertaken by the Programme Management Team (initially), and subsequently the moderation group; such an approach ensured applications presented to government had been rigorously assessed in line with HMG Green Book guidance. The results from the appraisal process were provided to the overall CWLEP Board for final decisions. The Finance and Governance Board were also involved throughout the Round 3 selection process.

3.79 Following the review of business cases, the CWLEP submitted its Growth Deal 3 bid in July 2016. This contained a series of projects, closely aligned to the refreshed SEP and focused around the key priorities of the region, requesting £150 million Growth Deal funding. Decisions around the size of the Round 3 bid were difficult due to uncertainty over the scale of available funding from government.

3.80 An initial offer was made by the government in December 2016, demonstrating specific interest in certain types of projects, for example those related to housing and apprenticeships. Following a series of discussions with government, the CWLEP was awarded £42.4 million funding for Round 3, which was confirmed in early 2017.
3.81 The lower value of funding received than requested, which was a common theme across LEPs nationally, mean prioritisation of nine key projects. Each of these received significantly less funding from the Growth Deal than originally planned; in all but two cases the projects compensated for this by increasing the level of match funding, while the other two projects scaled down the level of activity. Further details of these projects are shown in Section 4 below.

**Stakeholder engagement and partnership working**

3.82 Central to the successful delivery of the Coventry and Warwickshire Growth Deal to date has been effective joint working between the CWLEP Executive, the Programme Management Team (incorporating wider functions within the Accountable Body) and the Programme Delivery Board.

3.83 During 2016/17 the CWLEP’s governance structures and project management processes were further strengthened to assist effective partnership working, engagement and consultation. As identified above, this included:

- Improvements to the CWLEP website, for example more detailed and widespread information regarding projects, details of Board members’ register of interests, and minutes/agendas of CWLEP Board and Programme Delivery Board meetings.
- All local authorities within the LEP area having a single vote on the overall CWLEP Board.
- The use of a group representing a wide range of organisations to lead the SEP refresh and moderate Round 3 business case assessments.
- Varied engagement and consultation activities regarding the SEP refresh, including a large event at Warwick Racecourse.

3.84 A key development during 2016/17 has been the creation of greater consistency of management, reporting and monitoring systems across all Growth Deal projects. This specifically enhanced the robustness of processes involving ‘internal’ projects managed by Coventry City Council; for example, ensuring grant agreements across all projects were within a consistent format. This also ensures that all information and decision making for projects occurs through the Programme Management Team and the Programme Delivery Board. Undertaking this work for projects that were already live was not a straightforward process, but has enhanced transparency within the programme.
Local authority engagement

3.85 Ensuring all local authorities within the LEP locality have a seat on the Board represents a positive step to ensuring an equitable and transparent approach to decision making, particularly at political level.

3.86 Outside of this engagement from leaders/cabinet members, there were mixed views from local authorities regarding the effectiveness of their engagement with the CWLEP. Several local authority executives and officers commented they met regularly with representatives of the CWLEP Executive, enabling them to understand progress of the LEP and to feed in their views. This primarily occurred through local authority representatives engaging with the LEP to establish regular meetings; an example being Stratford-on-Avon District Council, which now meets with the LEP Executive on a quarterly basis. Other local authority representatives referred to the following opportunities for engagement:

- Input to specific events or activities, for example the SEP Refresh (including membership from some local authorities within the SEP Refresh/Moderation Group)
- Significant local authority involvement within the CWLEP Business Groups
- The ability for any organisation to submit applications for Growth Deal funding
- Minutes of meetings being provided on the CWLEP website
- Clear and transparent processes for decision making

3.87 In contrast, some local authority officers and executives commented their only significant input to the CWLEP was via their political leaders, which often limited their awareness and involvement. They recognised the opportunity to input into specific activities, such as the SEP refresh, but stated the need for more formal, proactive and regular engagement between local authority executives/officers and the LEP; this was reiterated by one MP and a university representative. They did recognise they could be more proactive engaging with the LEP, but referred to a lack of resource preventing this. One local authority commented it would be beneficial to attend the Programme Delivery Board.

3.88 It is understood that a new Executive Group has recently been developed; which will involve the CWLEP Chief Executive and executives from each of the area’s local authorities. There was mixed understanding or awareness of this group among some local authorities, but those with knowledge of the group welcomed it. One local authority representative stated the need for a similar group at officer level, rather than Chief Executive level.
Wider engagement and publicity

3.89 The CWLEP has sought to continually review its structures and processes to ensure effective engagement with stakeholders, for example businesses, universities, colleges, MPs and the public. Anecdotal evidence from a series of stakeholders and from within programme documents indicates increased levels of publicity in relation to the Growth Deal programme. This is supported by a more active and populated CWLEP website, and may also be due to some project activities reaching completion.

3.90 Advent Communications is central to the CWLEP’s communications (the CWLEP’s communications partner) and publicity; having an active and dedicated expert local resource represents a significant benefit to the LEP. Advent manages the Twitter and LinkedIn accounts of the CWLEP, and has increased the LEP’s newsletter to monthly. Data from August 2017 showed that the CWLEP had 5,618 Twitter followers.

3.91 The CWLEP is seeking to enhance engagement with the business sector by the provision of the Coventry and Warwickshire Business Festival. This will be a two-week event, running at the end of November 2017. It will include a wide range of activities, from small networking workshops or seminars to large trade shows.

3.92 To further increase transparency, the CWLEP could consider an approach used by the Black Country LEP, which provides (to a range of stakeholders) a fortnightly ‘Dashboard’ for all programmes and the projects within them. For each project this details progress against profiled targets and expenditure. It is driven by fortnightly project status reports.

3.93 Each individual Growth Deal funded project has its own communications plan. They also provide the Programme Management Team with planned communications activity, and work closely with Advent Communications; an example was provided by one of the projects regarding how it engages directly with both Advent and the Programme Management Team regarding publicity and communications activities. Projects consulted within the evaluation stated they had clear guidance here, and demonstrated a good understanding of publicity and branding requirements.12

3.94 A documentary review identified a series of recent project-specific communications activities, including:

- City College STEM Centre press release – 26 April 2017
- City College Advice Centre one year on press release – 26 April 2017

12 It is noted that a letter was sent to projects in late 2016 to remind them of the need to comply with Growth Deal publicity requirements.
• Kenilworth Station – Nearly 50 students from the University of Warwick, studying Civil Engineering attended the site of Kenilworth Station on Tuesday 14 March and local schools’ winners in the station engagement competition have been announced.

• National Transport Design Centre official opening and launch Event - 25th May 2017

3.95 Two MPs were consulted within the evaluation, providing contrasting views on their engagement with the LEP. One commented on regular opportunities to engage with the CWLEP when required, although suggested to raise wider awareness of the LEP it could hold an annual event. The other MP felt they had no contact from the LEP and were unsure what impact it provided; they suggested the onus was on the LEP to engage with them. This partly reflects different levels of proactivity from stakeholders, and poses the question whether the LEP should be actively engaging stakeholders on an individual basis or vice versa. Whilst the former would be ideal, it is unlikely that the CWLEP has sufficient resource for this.

Engagement with BEIS and the WMCA

3.96 The CWLEP benefits from a positive two-way relationship with BEIS; both parties are responsive and supportive to each other. This is consistent with findings from the 2015/16 Growth Deal evaluation. This communication occurs primarily through representatives of BEIS’ Cities and Local Growth Unit for the West Midlands.

3.97 Engagement with BEIS was described as less intensive than in the earlier stages of the programme, primarily occurring via a quarterly monitoring report and a subsequent quarterly meeting. This reduced intensity may be due to the successful Annual Conversations that have occurred with the CWLEP. The Annual Conversation represents the most formal review of activity with BEIS. However, there is now an increased focus from BEIS upon the achievement of output and outcome targets through Growth Deal funding.

3.98 In addition to attending the overall CWLEP Board, BEIS is also invited to attend the Finance and Governance Board and the Programme Delivery Board. It reported that this enables a better overall understanding of the LEP’s activities, enabling additional cross-department liaison and support to be provided where necessary. An example of this was through engagement, by BEIS, with the Department for Transport (DfT) regarding project-specific issues with Network Rail.

3.99 The CWLEP, and stakeholders from its locality, have engaged significantly with the WMCA to date; BEIS referred to the CWLEP’s substantial commitment here. This includes Board members of the CWLEP sitting on key combined authority groups, while the CWLEP’s Operations Director has significant involvement within the WMCA as a member of its management board, attendance at sub-groups, and an observer of its overall board. The leader of Coventry City Council is portfolio lead for Skills and Productivity, while the leader of
Warwickshire County Council, a non-constituent member, is portfolio lead for Finance and Investments.

3.100 The CWLEP’s 2016 SEP Refresh ensured clear alignment with the WMCA SEP and core Midlands Engine priorities. As a result, the CWLEP’s Growth Deal Round 3 intervention will all contribute directly to achieving the core strategic objective of the WMCASEP of raising productivity and ensuring the area becomes a net contributor to the UK Exchequer.
4. Review of Progress and Impact

4.1 This section assesses the overall progress to date of Coventry and Warwickshire’s Growth Deal, focusing specifically on activity within 2016/17.

Project range

4.2 Figure 4.1 below shows the range of projects within the Coventry and Warwickshire Growth Deal, split by its five pillars of activity. It includes projects from Round 3 as well as Rounds 1-2.

Figure 4.1: Existing Coventry and Warwickshire Growth Deal projects

Projects shaded green are financially complete at the time of writing
36

Note: the spend figures above include actual spend from 2015/16 and 2016/17, as well as forecast spend for the remainder of the programme; some of these could be subject to change. Figures do not include Programme Management Team expenditure.

Note: The Access to UK Central programme also falls within the Unlocking Growth Potential objective; this has ring-fenced funding (through the DfT) which, although forms part of the Growth Deal, is not included in the figures above.

Source: Adapted from data provided by the CWLEP

Unlocking our Growth Potential pillar

4.3 The 2015/16 evaluation identified that the largest proportion of projects, in volume and expenditure, were within the Unlocking our Growth Potential pillar. This has continued into Round 3, with £27.9 million of the £42.4 million funding being allocated to these projects. This reflects a national focus within Growth Deals, as reported by the Centre for Cities, upon large infrastructure and transport projects aimed at enabling and facilitating growth; it also reflects the sources of funding contributing the Growth Deal. Such projects lend themselves to capital funding regimes and provide significant job and housing outcomes. There is also considerable demand for these projects, particularly from within the public sector.

4.4 Some of the five Round 3 projects within the Unlocking our Growth Potential pillar hold similarities with those funded through Rounds 1 and 2. For example, the Rugby Parkway Station project reflects the Coventry and Warwickshire Growth Deal’s support for rail projects focused on enhanced connectivity and access. The project seeks to support significant planned housing, employment and retail growth in the eastern area of the town.

4.5 However, projects within Round 3 also demonstrate greater emphasis on larger transformational activity, for example contributing towards mixed-use regeneration and new housing; this represents an increasingly strategic focus, in line with government guidelines and the 2016 SEP. An example is funding towards infrastructure works to unlock the western expansion of the Friargate Project, a large-scale regeneration scheme. The works will entail highway improvements to roads around the Friargate site to enable the construction of new office, retail and residential units close to Coventry railway station. This fits closely with the Growth Deal’s funding of the Coventry Station Masterplan within Round 1.

4.6 The Round 3 Growth Deal also includes delivery of a physical transformation of Nuneaton Town Centre through the development of the town’s Eastern Quarter. This is expected to include:

- The delivery of key infrastructure improvements to the A444 encompassing the creation of a new roundabout on the ring road to enable greater capacity; enhanced pedestrian and cycle access and the reorientation of the bus station; and improved access to create a new development site.
- Acquisition of land to unlock and create prime commercial and housing development sites.
- Development of flood mitigation schemes for the town which will open up development opportunities and improve the attractiveness of the area to investors.
- Design of high quality public realm to create a step change in terms of the welcome received by visitors to the town through the train and bus stations, particularly commuters and visitors to the UK Enterprise Zone MIRA Technology Park.

4.7 The inclusion of the Nuneaton Town Centre project within Growth Deal 3 also addresses an issue identified within the 2015/16 evaluation, which referred to relatively limited project activity in that geographical area.

4.8 The CSW Broadband project represents a new area of activity for the programme, reflecting a national focus; similar projects have been funded through the Growth Deal within other LEPs. It is aimed at expanding the superfast broadband network and therefore increasing broadband speeds. It will closely support the Growing our SMEs pillar.

Advanced Manufacturing and Engineering (AME) pillar

4.9 Several of the AME projects have progressed positively since the 2015/16 evaluation, for example the NTDC has formally opened, the R&D Steel project is successfully engaging SMEs, and the iVMS project (Dynamic Routing) has developed a testbed for the development of vehicle technologies.

4.10 Documentary evidence identified limited initial project applications within the AME pillar for Round 3. This was recognised within a CWLEP Board paper in January 2016, which tasked the High Value Manufacturing (HVM) Business Group’s Chair with reviewing how the CWLEP could address identified gaps in projects. The gaps may be partly reflective of the pillar’s less direct alignment with local authorities; most funded projects in the pillar are sponsored by higher education institutes, with another led by a further education college.

4.11 There are two additional projects within the AME pillar under Round 3. The most significant, in financial terms, is the Warwick Manufacturing Group (WMG) Apprenticeship Learning Academy. This will involve the creation of a new build state of the art Apprenticeship Learning Academy, which will deliver degree level apprenticeships dedicated to HVM. It will address the significant under capacity in HVM education, whilst also recognising demand for higher level skills as identified in the CWLEP Skills Strategy. The Academy, which links to the Growing our Talent pillar, is expected to create 1,000 apprenticeships and support 100 businesses.

4.12 The other Round 3 project within the AME pillar is an expansion of the Institute for Advanced Manufacturing and Engineering, a collaboration between Coventry University and Unipart.
This will increase the scope of the facility’s teaching and skills development, engagement with businesses, and R&D activities.

4.13 When also considering all projects within the AME pillar, it is evident that the Coventry and Warwickshire Growth Deal has provided significant emphasis upon enhancing links between higher education/research institutes and industry, whilst also supporting skills development. Examples of projects here include R&D Steel, the NTDC, the Trident Apprenticeship Centre, and the two Round 3 projects within the AME pillar referred to above. Several projects within the Growing our Talent pillar also support links between education and industry, for example the Construction Centre Expansion project and the Rugby College Construction and Technology Centre. This approach is not only addressing the key needs of the region, but also building on its strengths in terms of high class research expertise and innovative advanced manufacturing and engineering businesses.

Growing our Talent Pillar

4.14 The four Round 1 and 2 projects within the Growing our Talent pillar are financially complete regarding Growth Deal funding. Although beneficial, these were relatively small, for example involving extensions to existing facilities. To date, Growth Deal funding within the pillar is under £700,000. This will be increased by the Growth Deal’s £1.5 million contribution in Round 3 to the Rugby College Construction and Technology Centre.

4.15 Whilst the new project at Rugby College demonstrates positive progress regarding skills projects, and provides consistency in relation to Round 1 and 2 skills projects, these remain relatively minimal in expenditure terms. Furthermore, each project is institutionally focused; feedback suggested a cross-institution project, incorporating further and higher education institutes, would provide a more strategic and transformational effect.\(^\text{14}\)

4.16 There are some examples of projects creating links between further education and higher education provision. The Round 3 funded Rugby College Construction and Technology Centre (led by Warwickshire College Group) will provide higher education provision within WCG’s construction offer, representing a clear progression route for learners within the new Construction Centre at its Leamington campus (also funded through Growth Deal).

\(^{14}\) It is recognised that WMG’s Apprenticeship Learning Academy, within the AME pillar, will provide a more strategic and transformational project
Consultation and documentary evidence referred to limited numbers of skills capital projects put forward within all rounds of Growth Deal in Coventry and Warwickshire. There are several possible reasons for this, including:

- Several projects within the AME pillar providing some focus upon learning, for example via apprenticeships; this supports the identified need within the region for a greater volume of higher-level skills to address business needs in key sectors.
- Feedback indicated that smaller further education colleges may not have sufficient resource to submit funding bids, or associated match funding.
- A series of changes and developments in relation to further education and skills, for example the shift from Skills Funding Agency (SFA) funding to LEP funding.
- The Coventry and Warwickshire Area Review, which took place during 2016 and was published in January 2017; this led to considerable uncertainty across the sector. It includes specific recommendations regarding LEP local growth and capital funding.
- The Higher Education White paper and a series of ongoing changes and challenges within local colleges, including leadership changes, changes to funding mechanisms, and key policy drivers towards stronger vocational and technical pathways.

Feedback from stakeholders indicated that, moving forward, the focus for skills projects should be around higher-level skills (level 4 and above) and specific sector-focused skills including advanced manufacturing, digital, and cultural/tourism. There is significant demand for these skills in the LEP area; whilst there is some supply, it is not currently sufficient. Part of this process will be supported by more effective engagement across the CWLEP’s Business Groups to ensure the education sector is fully aware of the future skills needs of industry.

Growing our SMEs Pillar

The Growing our SMEs pillar is primarily represented by the significant activities of the Coventry and Warwickshire Growth Hub, which is not funded through the Growth Deal and does not form part of this evaluation. However, there is initial evidence of close links between specific Growth Deal projects and the Growth Hub. Examples include Growth Hub advisors attending the Growth Deal funded Venture House Business Centre in Stratford on a weekly basis, to support local businesses. There have also been links between the R&D Steel project (led by WMG) and the Growth Hub, to support the assistance of businesses via the project.

15 Similarly to the AME pillar, this was recognised within a CWLEP Board paper in January 2016, which tasked the Jobs and Skills Business Group’s Chair with reviewing how the CWLEP could address identified gaps in projects within the pillar.
4.20 In addition to the Venture House project, the Growth Deal is also providing funding towards the Duplex Business Innovation Fund. This will assist business expansion projects, provide seed funding for new technologies, and fund small scale infrastructure improvements.

4.21 Beyond the Growing our SMEs pillar, many projects across the Growth Deal are linked to supporting businesses; these include projects to enhance transport links/connectivity, projects to stimulate inward investment and growth in area; projects to enhance skills levels among the local population; and projects to foster enhanced collaboration between research and industry.

Culture and Tourism Pillar

4.22 The refreshed 2016 SEP included Culture and Tourism as an additional pillar. This links to several strengths within the region, as well as Coventry’s bid for City of Culture 2020. Aligned to this, Round 3 includes £2 million towards the expansion of Warwick Arts Centre through the 2020 project. It is also evident from the Round 3 Growth Deal bid, as well as through consultation, that several other culture and tourism projects are in the pipeline if further funding becomes available.

Progress and expenditure

4.23 The Coventry and Warwickshire Growth Deal successfully achieved its spend target of £23.51 million in 2016/17. This represents a clear success for the CWLEP, building on its spending achievement in 2015/16, and will strengthen its case for future funding.

4.24 The achievement of the overall expenditure target was supported by utilising £11.61 million of technical capital management, as well as through several projects accelerating spend within the final quarter of 2016/17. These included:

- **iVMS:** In March 2017, this project was rated red due to previous defrayal problems and changing project management staff. The Growth Deal Programme Management Team subsequently worked closely with the project, ensuring accurate and timely invoicing of partner spend. It ultimately defrayed £532,000 in Quarter 4 against a forecast of £400,000.

- **North South Rail and Coventry Masterplan:** This project was rated amber in March 2017, but accelerated spend in Quarter 4 through close liaison between the Growth Deal Programme Management Team, the Project Delivery Team and Coventry City Council Finance. The project has also received approval to progress to Full Business Case for a programme of city centre works that was tabled to the WMCA; this will include match funding for the Station Masterplan if successful.

- **A46 North-South Corridor (Stanks Junction)**
4.25 Regular monthly monitoring of several projects was key to this acceleration of spend, and to other projects achieving their forecast spend. This is an example of the effectiveness of the programme governance and management function.

4.26 The accelerated spend referred to above was required due to underachievement of spend from other projects. These included:

- A5 Corridor Project: Following the end of the 2016/17 financial year, this project was rated amber. Initial site surveys were delayed and rescheduled due to issues with land access. The delays resulted in a £0.50 million slippage from 2016/17 into 2017/18. At the time of writing, information from November 2017 indicates this project is now rated red; it is anticipated to only spend £73,000 in 2017/18 against a forecast of £400,000.

- Coton Arches: At the end of the 2016/17 financial year this project was rated amber. It slipped funding into 2017/18 due to reduced utilities diversion costs because of value engineering and a delay with external utilities companies invoicing. The project’s procurement stage was also delayed as the detailed design was amended. The overall scheme and completion date is not affected. At November 2017, the project is rated green and is expected to defray its full forecast expenditure for 2017/18 (£1.529 million).

- National Transport Design Centre: This project had to move over £650,000 from 2016/17 into 2017/18. This was due to the discovery of an underground high voltage cable, bad weather delaying works on site, and delays in partner invoicing. However, Quarter 4 expenditure was £20,000 greater than expected and the centre was launched at the end of May 2017.

4.27 At the end of the 2016/17 financial year, based on May 2017 data, the only other project not rated ‘green’ was the Kenilworth Station project. This related to completing operational delivery of the project, in terms of the new station being opened by December 2017. Growth Deal funding for the project was fully defrayed by the end of 2016/17. Issues which have caused delays to this project have been external, including:

- An error by Network Rail leading to the exclusion of required works
- Changes to Network Rail’s programme of works
- An objection from a freight operator regarding the proposed timetable planning rules
- A risk around the appointment of a new franchise before the new station is opened

4.28 The Programme Management Team is monitoring the project monthly and maintaining regular communication with the project delivery team. Furthermore, a series of discussions
have occurred between the CWLEP, Warwickshire County Council, Network Rail, BEIS and the Department for Transport.

4.29 Four projects achieved financial completion in 2016/17:
- Kenilworth Station
- Warwickshire College STEM
- City College STEM
- Construction Centre Expansion

4.30 In addition to the four completed projects in 2015/16, and the completion of the NTDC project in early 2017/18, nine Growth Deal projects have now completed expenditure within the programme; although activity and outcome monitoring continues for these.

2017/18 expenditure

4.31 The 2017/18 Growth Deal for Coventry and Warwickshire has an allocation from government of £23.12 million. At the outset of 2017/18 it deliberately over programmed, with an expected spend of around £30 million in May 2017. This was to enable the CWLEP to account for the additional technical capital management that was defrayed in 2016/17.

4.32 However, as the financial year has developed, project level funding has reduced to an anticipated £15.3 million. This primarily relates to Growth Deal 3 projects’ funding being limited in 2017/18 to around £1.15 million; in May 2017 this figure was £12.2 million. As a result, the programme is therefore likely to again require defrayal of significant technical capital management to ensure it meets its £23.1 million expenditure target. Furthermore, the final quarter of 2017/18 includes over £7 million expenditure; the CWLEP will need to ensure there are no risks to defrayal of this expenditure.

4.33 As of November 2017, the following projects were rated Red by the programme, linked to financial and deliverability issues. These were: A5 Corridor Project; Unlocking Development Sites; and Rugby Parkway Station.

Outputs, outcomes and impacts

4.34 Output and outcome data was provided to the evaluators based on Growth Deal project-returns to the end of the second quarter of 2017/18. This included full performance data against targets for the 2016/17 year.

4.35 Figures 4.2 to 4.5 below summarise the performance, across existing projects, against profiled targets for the Coventry and Warwickshire Growth Deal. The data covers the two financial
years, 2015/16 and 2016/17. It is provided for four of the five key outputs/outcomes within the programme.\textsuperscript{16}

Figure 4.2: Performance against targets – jobs created

Figure 4.3: Performance against targets – apprenticeships

\textsuperscript{16} The fifth key output/outcome is ‘homes built’; there are no forecast outcomes for this until 2020/21.
Figures 4.2 to 4.5 above demonstrate that the Coventry and Warwickshire Growth Deal programme performed positively against its targets for key outputs during 2015/16 and 2016/17; only the target for apprenticeships was not achieved or exceeded. Across these two financial years, the following performance is evident:

- 124 jobs created against a profiled target of 34
- 5,296m² commercial/skills/space developed against a profiled target of 3,104m²
- 63 businesses supported against a profiled target of 61
- 1,310 apprenticeships against a profiled target of 1,641
2016/17 demonstrated an increasingly positive performance compared to 2015/16, 114 jobs were created against a target of 20. These were primarily created through the City College Advice Centre and Venture House projects; 63 of the jobs created were ‘direct’ and 51 were ‘indirect’. The fact that these two projects were completed in the 2015/16 year highlights the time-lag that occurs between expenditure and the achievement of outcomes such as jobs.

Outputs were reviewed in more detail for the eight projects reviewed within this evaluation; these are included within the individual project case studies (submitted separately to the CWLEP). It is evident that, across most projects, outcomes are profiled for later years of the programme. This makes project-level reviews of data relatively unhelpful at this point.

There is a natural time lag between expenditure and outcomes. Whilst this is normal for interventions of this type, it is important that, wherever possible, the CWLEP strives to ensure outputs and outcomes are achieved as early as possible; data shows that many outcomes are forecast to occur in 2020/21 and 2021/22, particularly jobs created and homes built. Bringing forward these outcomes would reduce risk to the programme achieving its targets.

Gross Value Added (GVA)

The programme’s achievement of 124 jobs created to date enables an initial outline calculation of its contribution to GVA. This involves several caveats and must be treated with caution. In particular:

- There is no data regarding what sectors the jobs have been created in; this means assumptions must be made regarding the contribution of each job to additional GVA.
- Without any project-level evaluation evidence, it is difficult to calculate the net GVA (as well as gross GVA) from the jobs created. For example, there is no primary data to identify ratios for the following additionality factors:
  - Deadweight
  - Displacement
  - Leakage

Despite the above caveats, the jobs created figure of 124 can be applied to relevant ratios within the latest Annual Business Survey (ABS)\(^\text{17}\) to calculate an estimation of the programme’s contribution to date to additional turnover and GVA in the economy. Specifically, this process includes the following steps:

- Inputting latest sector data from the ABS in relation to total turnover, approximate GVA and total employment average, to create sector ratios for: GVA per employee; turnover

\(^\text{17}\) Office for National Statistics (June 2017) Annual Business Survey – 2015 revised results
per employee; and GVA to turnover ratio. In the absence of data for the sectors of the 124 jobs created, an economy average has been utilised here to identify the relevant ratios.

- Applying the number of jobs achieved to date to calculate the gross direct turnover and GVA (using the GVA per employee and turnover per employee ratios).

4.42 Based on the 124 jobs created to date, and using the methodology above, it is expected that the programme has already created the following **gross direct economic impacts**:

- Created 124 gross direct jobs
- Generated an additional gross direct £18 million turnover
- Generated an additional gross direct £7.5 million GVA

4.43 Economic multipliers can subsequently be applied\(^\text{18}\) to the above figures to identify the indirect and induced impacts\(^\text{19}\) from the jobs created. Adding these to the above direct impacts, the **gross direct and indirect/induced economic impacts** to date are:

- Created 273 gross direct and indirect/induced jobs
- An additional £39.6 gross direct and indirect/induced million turnover
- An additional £16.5 million gross direct and indirect/induced GVA

4.44 It is important to recognise that not all the above impacts will be ‘net new’. For example, some jobs may have occurred anyway, some expenditure may ‘leak’ outside of Coventry and Warwickshire, and some economic activity may have been displaced by the impacts of the programme. A process is therefore followed to move from gross impacts to net impacts. This involves applying the following:

- A deadweight ratio of 0.24
- A leakage ratio of 0.1
- A displacement ratio of 0.25

4.45 In the absence of primary data, the above ratios are based on guidance from the Homes and Communities Agency’s Additionality Guide.

4.46 As a result, the **net direct and indirect/induced economic impacts** from the 124 jobs created to date is:

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\(^{18}\) An economic multiplier of 2.2 is used based on guidance from the Homes and Communities Agency’s Additionality Guide

\(^{19}\) These relate to additional spending within the supply chain and by employees
Value for money

4.47 At this stage of the programme, there is insufficient project-level output and outcome achievement to undertake a robust assessment of value for money. Some crude cost per output measures could be undertaken, but given no project has completed its forecast timescales for achieving outputs, this would produce unrealistically high cost per output figures. As a result, this section briefly explores awareness of value for money among projects consulted, as well as providing guidance on value for money assessment. It is worth noting that most projects consulted during the evaluation stated they would not have occurred without Growth Deal funding, hence the match funding that has occurred because of Growth Deal monies represents significant leverage created.  

4.48 Feedback from current Growth Deal-funded projects indicated varied awareness and understanding of calculating value for money. Most project representatives referred to providing value for money figures at business case stage, but had limited awareness of how this would be assessed following completion. Transport and infrastructure projects referred to expected Benefit Cost Ratios (BCR) for their schemes, based on government guidance; these were included within their initial business cases. There was no evidence that projects are assessing this during delivery periods (aside from maintaining overview of costs).

4.49 It is important that appropriate data is collected from the outset of projects to enable an assessment of value for money to occur. Note that DCLG’s preferred approach for assessing value for money at project appraisal stage relates to calculating land value uplift through the BCR method, although this is not relevant for all project types. This is evident within the department’s new guidelines, which provide further details. 

Basic calculation method

4.50 The basic and relatively crude method of assessing value for money is to compare the level of spend for projects against the outputs achieved. For each individual project, this can include selecting key outputs and calculating the cost of each one, based on the level of expenditure (e.g. cost per job). Therefore, if a project costs £200,000 and creates (or is expected to create)

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20 With the exception of the NTDC project which did not incorporate match funding
21 DCLG (December 2016) The DCLG Appraisal Guide
10 jobs, it will have a cost per job output of £20,000. The same approach could be used for other outputs.

**Value for money framework**

4.51 The basic method above should ideally be accompanied by further analysis and understanding of the project. Assessments can therefore identify the outputs of interventions within a general value for money framework, specifying the resources/inputs, outputs and outcomes of the intervention in order that overall costs and benefits can be examined, as well as other aspects of the value for money case: economy, efficiency and effectiveness (see Figure 4.6 below). These three factors can be considered in relation to the project; they should then be summarised through a narrative of each.

**Figure 4.6: Value for money – the three Es**

- **Economy:** inputs have been procured at the least cost for the relevant level of quality.
- **Efficiency:** generally defined as considering the value of programme outputs in relation to the total cost of inputs (at the relevant level of quality).
- **Effectiveness:** achieving programme outcomes in relation to the total cost of inputs.

*Source: adapted from Better Evaluation (2017)*

4.52 Figure 4.7 below demonstrates the wider value for money framework.

**Figure 4.7: Value for money evaluation framework**

*Source: Assessing the Impacts of Spatial Interventions - Regeneration, Renewal and Regional Development - Main Guidance (ODPM) and Choosing the right FABRIC (NAO etc).*

4.53 Assessments should contain a clear description of the objectives of the intervention and the outcome measures chosen to assess achievement. They should adopt the principle that it will often be better to measure important impacts imperfectly (for example through scales or scores) rather than ignore them or focus too much on more easily quantified impacts.
Benefit Cost Ratio (BCR)

4.54 This is the preferred approach by government to assessing value for money at project appraisal stage.

4.55 Calculating BCR varies for different types of projects, depending on the type of activity and the expected benefits. The general approach is to divide total discounted benefits (the value of) by the total discounted costs. For example, a discounted benefit may relate to the expected (or achieved) uplift in land values because of an intervention. Note that guidance from DCLG recommends that monetary values are not placed on employment impacts unless there is strong evidence of a supply side effect. DCLG’s preferred approach to appraising a development is to use changes in land values to infer the net private impact and to separately account for external impacts. Further details are provided within DCLG’s appraisal guidance.

4.56 The costs relate to the cost of the intervention itself; these could include costs from all sources, or just public sector costs. Costs could also be net (inclusive of any offsetting revenue streams) or gross (excluding any offsetting revenue streams). When estimating the BCR, it is important there is transparency in what is included in the benefits and costs.

4.57 Projects with a BCR greater than 1 have greater benefits than costs; hence they have positive net benefits. The higher the ratio, the greater the benefits relative to the costs. This is a simplified explanation of the process; BCR needs to be undertaken specifically for individual projects and tailored to their activity. For many projects, there will be non-monetarised impacts and costs. These can be assessed alongside the BCR value through a value for money statement.

Wider impacts

4.58 The sections below outline some of the wider impacts identified from detailed discussions with individual projects.

Venture House project

- The Venture House project received £450,000 from the Growth Deal; all funding was defrayed by the end of 2015/16 and the facility opened in Summer 2016.
- The project transformed a vacant Council building in Stratford-upon-Avon into a facility for new and growing businesses.

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22 The discounted value (also termed present value) is the current worth of a future sum of money or stream of cash flow given a specified rate of return. Future cash flows are discounted at the discount rate; the higher the discount rate, the lower the present value of the future cash flows.

23 DCLG (December 2016) The DCLG Appraisal Guide
• Provision includes flexible and innovative co-working/hot-desking, serviced offices and meeting spaces.
• Additional facilities include free business advice and support (provided by the Coventry and Warwickshire Growth Hub), monthly networking events, a staffed reception, free on-site parking, Wi-Fi, refreshment facilities, a Chill Zone and lockers. There is also the opportunity to utilise the centre for training and conferencing purposes.
• In addition to refurbishing the building, the project has a specific Growth Deal target to create 33 direct jobs and enable 4 advanced apprenticeships. The project is monitoring progress against these targets.
• Demand for the facility has been high, particularly for the six serviced offices and the meeting rooms. A wide range of different businesses use the facility, as well as freelancers, new starters, and individuals who work for larger companies.
• Emerging impacts from the project (partly informed by consultation with two businesses using the facility) include:
  - Examples of businesses progressing from the hot desk facility into their own serviced office space (also within Venture House) due to growth.
  - Examples of businesses moving out of the facility into their own larger offices due to growth; the concept of the project is to move businesses on after a specific time period to avoid ‘bed blocking’.
  - Business-to-business collaboration between organisations which use the centre; a ‘natural networking hub’.
  - Some businesses have reported being more productive as a result of having access to the facility, particularly its flexibility of use; businesses were complimentary regarding the informal, friendly, affordable and flexible nature of the facility.
  - One business could not find suitable premises elsewhere and stated that it may have folded if it had not been able to utilise Venture House.

R&D Steel project

• The R&D Steel project, led by Warwick Manufacturing Group (WMG), provides advice and support to companies within the CWLEP area in advanced, lightweight functional products, in particular those based on metallic materials and their effective forming and joining.
• Growth Deal funding is used to procure specialist capital equipment, linked with the leading R&D capabilities of WMG’s Steels Research Team; this is utilised to support companies to exploit emerging technologies and new materials grades, helping them to introduce new market-leading products, improve the performance of existing products and introduce weight and/or cost saving in products.
• The project has a total Growth Deal allocation of £1 million.
• The project has specific Growth Deal targets to support 30 businesses and safeguard 40 jobs.
• Examples of initial wider impacts expected from the project include:
- Supporting businesses to develop new products or enhance existing products, with examples given of considerable growth expectations as a result.
- Transferring skills and knowledge to businesses, enabling them to apply new technology and research, and encouraging them to consider longer term opportunities associated with research.
- Enabling a ‘way in’ for SMEs to the university through the role of the Project Manager/Partner Liaison Manager (capitalised labour); it is relatively unusual for SMEs to work with the Steels Research Team, as it normally works with larger companies.
- Significant impacts upon researchers within the Steels Research Team, many of which have had limited opportunity to work directly with businesses previously.
- Creating longer-term collaborative working between research institutions and SMEs/industry; experience suggests that once engaged with the University/WMG, businesses will continue to collaborate with it, through a range of other forms. One business engaged in the project has been supported to submit an Innovate application, while another has been supported with a Catapult funding application.
- Developing a model which has the potential to be used across different specialist areas of the university, specifically those which represent priority growth areas in the region.

**Intelligent Variable Message Systems project**

- A research project focused on the development and demonstration of smart technologies to improve traffic flow through Intelligent Variable Message Systems (iVMS). This will occur via an App, which is linked to an operational cloud based Urban Traffic Management and Control portal (STRATOS).
- Coventry City Council is the accountable body for the project, working in partnership with Siemens, Horiba MIRA, Serious Games International Ltd and Coventry University.
- The two key objectives of the project are to:
  - Encourage behavioural change by individual travellers in support of congestion reduction
  - Increase the effectiveness in traffic management, leading to reduced congestion and associated economic and social benefits
- The project commenced in 2015/16 and will finish at the end of 2017/18. It will receive a total of £2.41 million Growth Deal funding.
- A formal evaluation of the project is being undertaken by Coventry University. This sets out the following potential impacts of the project:
  - **Travel outcomes**: behavioural change of users; reduced congestion during peak hours; improved accessibility of work and homes; improved safety; reduced emissions/health related outcomes; reduced traffic management costs.
  - **Economic outcomes**: value of travel time/ accident / health cost savings; cost savings and increased productivity of firms; improved city centre vitality, viability and effectiveness; wages and economic value (GVA); employment (jobs).
- **Long-term economic impacts**: commercialisation opportunities through open data access and technology development; Coventry as ‘host’ and ‘testbed’ for development of vehicle technologies; and development of automotive and mobility sectors.

**Construction Training Expansion project**

- Warwickshire College Group (WGC) received £250,000 from the Growth Deal to significantly upgrade its construction training facility within its Leamington Spa campus.
- Although the facility was open to students from September 2015, it was officially completed in December 2015.
- The new facility is significantly enhanced, providing enhanced space, layout and facilities. The building has also been reconfigured to meet the needs of new curriculums, whilst flexibility has been built in to help allow for any future changing requirements.
- Emerging and anticipated impacts from the project include:
  - Greater capacity for 16-18-year-old learners: particularly timely given the raising of the participation age and the associated increase in demand for further education.
  - Increased progression opportunities and capacity: the additional space has meant greater availability of provision across levels 1, 2 and 3.
  - Provision of an entry level course.
  - Greater capacity to deliver 19+ adult education: the facility has helped the college to meet recent changes to qualifications within adult education.
  - Enhanced capacity to deliver apprenticeships: WCG delivers its own apprenticeship in electrical plumbing, as well as delivering apprenticeships for other organisations.
  - A more attractive environment for employers: this has resulted in manufacturers providing equipment within the facility.
  - Higher level course provision: WCG, in its Leamington campus, can now deliver construction management level 3 and 4 courses, which it has not previously done.
  - Employer engagement has been significantly enhanced through the new facility, for example by providing WCG with greater flexibility regarding courses it can offer.

**National Transport Design Centre (NTDC) project**

- Coventry University accessed £7.2m Growth Deal funding to construct a state-of-the-art facility to explore and influence future transport design.
- The centre was officially opened in May 2017.
- It includes a wide range of state-of-the-art equipment.
- The NTDC provides a wide offer including a series of commercial opportunities for businesses. These are expected to centre around sustained research collaborations, but will also include the following:
  - Providing access to university staff expertise and student skills
  - Subsidised training for business staff
Supplying flexible business accommodation and access to equipment
- Support to explore new markets

- The first floor of the NTDC has seven rentable premises, which will be used to house design-related businesses. These businesses will undertake collaborative research with the NTDC/university.
- The NTDC will provide opportunities at Masters and Doctoral level, whereby researchers can be sponsored by single companies or a small number of companies collaboratively.
- The Centre is aligned to the Transport and Mobility Faculty Research Centre, which will utilise it for research projects.
- The technology and equipment within the NTDC is key to the research activity that can take place; it will make the design process quicker and less costly.
- In the longer term, the Centre is expected to have a significant impact upon thought processes regarding transport design, and research associated with this; making the UK design sector more competitive.

Kenilworth Station project

- The Kenilworth Station project, led by Warwickshire County Council, accessed just under £1.4m from the Growth Deal.
- It will create a new station building and shuttle service, operating between Leamington Spa and Coventry.
- The station will open in December 2017.
- Once opened, it will operate an hourly train service between Coventry and Leamington Spa. It is anticipated that the following impacts will occur:
  - Reduced congestion on existing services
  - Unlock current suppressed passenger demand
  - Improve accessibility within the ‘North-South’ corridor
  - Result in a new community facility
  - Encourage economic regeneration in the local area
5. Conclusions and Recommendations

5.1 This section summarises headline findings from the evaluation and provides recommendations for consideration.

Governance and assurance

5.2 The overall governance and decision-making processes within the CWLEP are robust and transparent. The CWLEP’s structure provides clear coordination between its core groups in relation to the Growth Deal; specifically, this includes the Programme Delivery Board, the Finance and Governance Board and the Growth Deal Programme Management Team (including the wider accountable body function). The structures facilitate effective communication and coordination between these groups, enabling positive working relationships. The CWLEP is now moving towards demonstrating its ability to identify the performance and impact of its projects; an area which represents an increasing focus for BEIS.

5.3 The CWLEP has private sector representatives embedded within its key decision-making processes; this is a critical success factor, providing robust and transparent leadership. This involvement represents a considerable time commitment from these individuals. Alongside the day-to-day work of the Programme Management Team, the CWLEP’s Programme Delivery Board is the core driver of the Growth Deal programme. It is pivotal to the programme’s success, providing rigour, scrutiny and direction. It is chaired by the overall CWLEP Chair, and attended by the Chair of the Finance and Government Committee.

5.4 The Programme Delivery Board, through scrutinising project activity across the Growth Deal Programme, provides challenge to the Programme Management Team, enhancing performance. This provides the Programme Management Team with additional support and guidance when engaging with projects.

5.5 It is positive that the Programme Delivery Board now has delegated authority to manage all capital funding programmes allocated to the CWLEP. This means it is well positioned to oversee delivery of other LEP programmes and provides the CWLEP with a sound vehicle for ongoing strategic programme management.

5.6 The Finance and Governance Board undertook an increasingly central role in the Growth Deal during 2016/17, for example via involvement in the revised Local Assurance Framework, the SEP refresh and the Growth Deal Round 3 project selection process. This has ensured additional rigour and assurance.

5.7 Positively, the CWLEP has continued to review its Business Groups, and has sought to align these more closely to specific project activity, as well as with the refreshed SEP and national
policies. While these groups provide the opportunity for positive strategic-level discussion, there is an opportunity to enhance the visibility of their impact and to enable more effective cross-group communication.

5.8 The CWLEP updated its Local Assurance Framework in response to amendments made to the government’s National Assurance Framework for LEPs. This has ensured compliance with the national framework, and in some areas, has enabled the CWLEP to go above this guidance.

Programme management and delivery

5.9 The Programme Management Team provides the link between individual projects and the CWLEP. This role is essential to the success of the Growth Deal. It also provides coordination between the CWLEP and the Growth Deal’s overall accountable body function, for example liaising with relevant finance, procurement and legal functions within Coventry City Council.

5.10 Building on its positive performance in 2015/16, the Programme Management Team has been strengthened by two new members of staff (although one previous member did leave). This has enhanced the team’s ability to engage effectively with projects.

5.11 The Programme Management Team undertakes robust implementation of programme processes. Examples are evident of significant guidance and support being provided to projects when required, as well as recognition of the Team’s flexible approach. Working closely with individual projects and the Programme Delivery Board, the Team was central to ensuring the full defrayal of funding in 2016/17.

5.12 Evidence suggests the Programme Management Team has increased its robustness and scrutiny of projects regarding output and outcome achievement, with ongoing engagement of projects that have completed their expenditure. Anecdotally, there is evidence of cultural change among some project delivery organisations, with an increasing recognition and understanding of their monitoring and reporting responsibilities, and associated accountability to the LEP. This represents a strategic impact.

5.13 The CWLEP’s evaluation plan ensures all projects undertake proportionate evaluation following completion of activity. This is welcomed, although additional guidance regarding the specific requirements and format of such evaluation activity would be helpful. At present, project evaluation plans are variable in robustness and quality, with some providing limited detail.

Round 3 selection and SEP refresh

5.14 The CWLEP, in undertaking its Growth Deal Round 3 project selection process, implemented lessons learnt from Rounds 1 and 2. This led to a more structured and coherent process,
despite a lack of clarity (at times) from government regarding specific timescales. The CWLEP
developed its pipeline ahead of the process and announced an early open call for projects in
2015; the LEP now has a strong pipeline of projects which have been developed and assessed
within a strategic framework.

5.15 Projects involved in both Round 1 or 2 and Round 3 identified positive evolvement in the
application process over time, referring to improved communication and understanding of
processes for Round 3, along with effective and understandable templates. The process was
further enhanced by assessment of EOLs and full business cases via both the Programme
Management Team and a separate Moderation Group; the same group which led the SEP
Refresh process. This included widespread representation of stakeholder organisations. Full
business cases were rigorously assessed using the Treasury’s five case business model; a more
rigorous process (at local level) than for Rounds 1 and 2.

5.16 The CWLEP utilised the Round 3 open call, and subsequent project submissions, to inform its
refreshed SEP. This ensured the SEP reflected current demand and that the final submission
was aligned to priorities for the region and the wider WMCA and Midlands Engine
geographies.

Stakeholder engagement and partnership working

5.17 The CWLEP has sought new methods of supporting the engagement of wider stakeholders, for
example ensuring all local authorities within the sub-region have a seat on the main Board.
Whilst most local authorities were positive regarding their engagement with the CWLEP, some
were unsure the extent they could feed in their views. Some executives and officers
commented they would like more direct access, rather than through their political leaders. It
is expected that the new Executive Group will help to address this. All respondents recognised
the opportunity to feed into key processes and events, for example the project application
process for the Growth Deal, and the SEP refresh process.

5.18 Anecdotally, and supported by a review of documentation, levels of publicity in relation to the
Growth Deal programme have increased over time. This is supported by a more active and
populated CWLEP website, and may also be due to some project activities reaching
completion. Advent Communications is central to the CWLEP’s communications and publicity;
having an active and dedicated expert resource represents a significant benefit to the LEP. The
inaugural Coventry and Warwickshire Business Festival will provide further publicity for the
LEP and its activities.

5.19 During 2016/17 the Growth Deal Programme Management Team sought to create greater
consistency of management, reporting and monitoring systems across all Growth Deal
projects. This enhanced the robustness of processes involving ‘internal’ projects managed by Coventry City Council. This has provided greater transparency within the programme.

5.20 The CWLEP has an effective relationship with BEIS. It is open and transparent regarding its communication with government, and ensures regular external audits and evaluations.

Range of projects

5.21 Coventry and Warwickshire’s Growth Deal Round 3 provides greater emphasis on larger transformational projects, for example contributing towards mixed-use regeneration and new housing; this represents an increasingly large scale and strategic focus, in line with government guidelines and the 2016 SEP. The inclusion of the Nuneaton Town Centre project also addresses limited previous activity within that geographical area. The projects are closely aligned to the strategic priorities set out in the 2016 refreshed SEP.

5.22 The Growth Deal AME pillar in Coventry and Warwickshire Growth Deal has provided a significant emphasis upon enhancing links between higher education/research institutes and industry, whilst also supporting skills development. Several projects within the Growing our Talent pillar also support links between education and industry. This approach not only focuses on the region’s key needs but also builds on its strengths in terms of high class research expertise and innovative advanced engineering businesses.

5.23 Whilst a new Round 3 project at Rugby College demonstrates consistency in relation to Round 1 and 2 skills projects, there remains relatively minimal projects within the Growing our Talent pillar, which are generally small in scale. Consultation referred to limited numbers of projects put forward, potentially due to recent changes within the sector.

5.24 Within Round 3 there are two projects which represent new areas for the Growth Deal in Coventry and Warwickshire, reflecting identified priorities. These are the CSW Broadband Project and the Warwick Arts Centre 2020 project.

Progress and expenditure

5.25 The Coventry and Warwickshire Growth Deal successfully achieved its spend target of £23.51 million within 2016/17. This builds upon the CWLEP’s spending achievement in 2015/16 and strengthens its case for future funding. This achievement was enabled by ongoing scrutiny from the Programme Delivery Board and close joint working between the Programme Management Team and individual projects. Several projects were able to accelerate their spend in the final quarter of 2016/17. Where projects have faced delays these have been outside of the programme’s control.
5.26 At the time of writing, nine projects have completed expenditure within the Coventry and Warwickshire Growth Deal programme; although activity and outcome monitoring continues for these. Most existing projects are rated green by the Programme Delivery Board and are progressing well. However, the latest information provided to the evaluator (November 2017) showed three projects rated red. This is partly recognisant of the significant proportion of large and complex infrastructure projects that the programme is funding. The LEP is utilising its escalation procedure to address these issues and will access its project pipeline if required.

5.27 Output data demonstrates that the Coventry and Warwickshire Growth Deal programme performed positively against its targets for key outputs during 2015/16 and 2016/17. Across these two financial years, the following performance is evident:

- 124 jobs created against a profiled target of 34
- 5,296m² commercial/skills/space developed against a profiled target of 3,104m²
- 63 businesses supported against a profiled target of 61
- 1,310 apprenticeships against a profiled target of 1,641

5.28 Recognising various caveats due to the limited availability of primary data at this stage, and therefore emphasising the need to treat this figure with caution, the 124 jobs created to date by the programme are estimated to have generated £8.5 million net direct and indirect/induced GVA.

5.29 Consultation with eight Growth Deal funded projects identified a wide range of qualitative impacts achieved or anticipated due to project activity. These impacts are varied dependent on project type, but examples include: enhanced linkages between SMEs and research experts; the development of a test bed for enhanced vehicle technologies with associated commercialisation opportunities; the creation of a facility to enable sustained research collaborations within the transport design field; increased connectivity and access between key locations for residents and businesses; the opening up of land for development purposes; and the development of localised business support facilities incorporating Growth Hub provision.

Recommendations

5.30 A series of recommendations are outlined below for consideration by the CWLEP and its partners.

- The success of the Growth Deal to date, in terms of decision making, governance and management, highlights the importance of utilising a locally-based approach to delivering programme interventions. The CWLEP should retain control of funding due to:
  - the significant progression it has demonstrated, and its associated expertise
- a recognition of significant sub-regional differences across the WMCA, together with the local knowledge LEPs hold
- the significant involvement of both the private sector and public sector within its governance and decision making

- A key strength of the CWLEP is the robust leadership provided by private sector Board members’ involvement within key decision making. The LEP needs to ensure this is maintained moving forward. It is imperative that the Programme Delivery Board retains its focus upon the detail of the Growth Deal Programme, providing challenge and support to the Programme Management Team.

- Based on a review of the government’s National Assurance Framework, as well as other LEPs’ Local Assurance Frameworks, the CWLEP should consider the following:24
  - Additional details within the Local Assurance Framework of the process and methods for appointing Board members (it is recognised there is reference to the LEP’s Diversity and Equality Policy here)
  - Further details within the Local Assurance Framework of the CWLEP’s approach to cross-LEP working
  - Ensuring continual update and improvement of its website, recognising BEIS’ transparency agenda. Whilst there have been significant improvements to the site, further enhancements could include:
    - updating the details of the CWLEP’s Business Groups (these do not reflect the current groups), as well as when they meet and how to apply/join
    - specific details of project-level output and outcome targets, and progress against these
    - provision of terms of reference for different groups within the LEP’s governance structure (and/or as appendices to the Local Assurance Framework)
    - relevant templates, for example the EOI form and full business case template
    - in addition to minutes and agendas, the provision of supporting papers and comments (redacted if necessary)
    - the CWLEP’s Communications Strategy

- To support the above recommendation, the CWLEP could consider the development of a ‘dashboard reporting’ approach, as used by the Black Country LEP. This is produced fortnightly and details performance for all LEP programmes and their individual projects. The LEP’s website also includes an Excel document detailing each funded project including details of: project name; sponsor; theme; geography; status; completion state; funding levels; output targets; and summary.

- Wherever possible, the CWLEP needs to reduce the proportion of expenditure in the final two quarters of each financial year; at present there is a large proportion of funding

24 It is recognised that the recently published Review of Local Enterprise Partnership Governance and Transparency is likely to lead to a revised National LEP Assurance Framework in 2018. This will provide further guidance relating to this recommendation.
within Quarters 3 and 4 for 2017/18. Reducing these proportions will lower the risk of non-defrayal and bring forward the achievement of outputs and outcomes. The CWLEP should also reduce the level of technical capital management used wherever possible.

- Recognising the natural time-lag regarding the achievement of outputs and outcomes, the CWLEP should challenge projects to identify and evidence these as early as possible. This particularly relates to key targets such as housing and jobs, many of which are currently profiled in 2020/21 and 2021/22. Achieving more of these outputs and outcomes at an earlier stage will demonstrate positive achievement to BEIS.

- The new Executive Group should be utilised to ensure all local authority partners have full visibility of new developments, activities and decisions related to the LEP as early as possible.

- The following recommendations are relevant the CWLEP’s Business Groups:
  - Greater clarity regarding the opportunity for, and mechanisms to enable, cross-communication and visibility between the groups; it is recognised that some activity is occurring here, but a more systematic approach would be beneficial. Other LEPs have utilised cross-working via standard agenda items and specific workshops.
  - Clearer mechanisms for individual Business Groups to feed into, and influence, the CWLEP’s decision making, including to the overall CWLEP Board and within key processes such as the SEP refresh.
  - It is unclear whether there is LEP Executive attendance at all Business Groups; if this is not the case, it would be beneficial for some presence to enable a coordinated approach wherever possible. This would be an ‘ideal’ approach; it is recognised that the LEP Executive has limited resource.

- If possible, both the individual projects and the Programme Management Team would benefit from greater alignment of Programme Delivery Board and overall CWLEP Board meetings so that the former of these occurs after the quarterly claim submission by individual projects. This would avoid projects having to report on two separate occasions and would ensure the Programme Delivery Board receive confirmed/up to date reports on project progress.

- The CWLEP should work with the Skills and Productivity Business Group to identify more transformational, cross-institutional skills projects; for example, involving different organisations and both FE and HE provision across the CWLEP geography.

- All projects must be made accountable for the outputs, outcomes and impacts stated in their original business plan, through agreement of contracted targets and monitoring requirements prior to delivery commencing. This may include the provision of: a tailored form for beneficiaries/end users to complete; the agreement of specific ‘impact sites’ for projects which are designed to unlock development; and an agreed split of housing and employment outcomes if more than one Growth Deal project is unlocking access to these.
Clear and relevant project-level evaluation plans should be agreed at the start of the project to inform an initial evaluation framework and associated data collection (aligned with monitoring requirements). Projects may need additional guidance, capacity and capability here to ensure consistency. The structure of such evaluations could include the following sections:

- Introduction, including purpose of the evaluation and methodology used
- Project description and background
- Project performance against milestones/timescales
- Project financial performance, demonstrating Growth Deal and other funding sources
- Project output and outcome performance (contracted targets); as well as basic value for money calculations
- Wider achievements and outcomes (non-contracted), including specific data and narrative (incorporating views of end users if relevant etc.)
- Effectiveness of project management and delivery methods
- Key project successes
- Lessons learnt
- Project sustainability

It is worth considering the implementation of robust impact evaluations for a small number of Growth Deal projects. These would be for larger transformational projects expected to create significant indirect outcomes and impacts, for example employment, housing and GVA. If undertaken at project-level, these evaluations could incorporate methods to measure the counterfactual; for example, the engagement of a control group (using surveys), or measurement against a pre-defined baseline.

Aligned to effective ongoing monitoring activity, more robust project-level evaluations could incorporate consultation with a minimum sample of end-users (for example via short surveys) or other data collection methods to support the calculation of:

- Gross GVA generated from a project, using jobs created and/or turnover data together with relevant sector ratios from the Annual Business Survey
- Net GVA generated from a project, incorporating deadweight, leakage and displacement levels
- Levels of land value uplift, as a result of the project

Future programme-level evaluations of the Growth Deal could also utilise project-level data (from monitoring and/or evaluation) to identify outcomes and impacts; for example, providing accurate job and sector data would enable evaluators to estimate the level of GVA generated by a project.
Appendix A

Project Review Sampling Framework
Project Reviews - Sampling Framework

This paper provides a sampling framework to enable a representative sample of eight projects to be selected for detailed review as part of the evaluation.

The current evaluation will not undertake detailed reviews of any Round 3 projects, given their relative infancy in relation to Growth Deal expenditure. Based on information provided by Coventry City Council/CWLEP, there are therefore 20 projects relevant for the sampling framework. These projects are shown in Figure A1 below, which also includes three specific categories used within the sampling framework (CWLEP Growth Deal theme/priority, amount of Growth Deal funding, and type of sponsor organisation).

Figure A1: Projects considered within the sampling framework, and sampling framework categories

<table>
<thead>
<tr>
<th>Project</th>
<th>CWLEP Growth Deal Theme/Priority*</th>
<th>Growth Deal Funding</th>
<th>Sponsor organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice Centre (GD01)</td>
<td>Growing our Talent</td>
<td>£0.77m</td>
<td>City College</td>
</tr>
<tr>
<td>Venture House (GD04)</td>
<td>Growing our SMEs</td>
<td>£0.45m</td>
<td>Stratford DC</td>
</tr>
<tr>
<td>Coventry A45 Corridor (GD05)</td>
<td>Unlocking Growth Potential</td>
<td>£0.95m</td>
<td>Warwickshire CC</td>
</tr>
<tr>
<td>R&amp;D Steel (GD06)</td>
<td>Advanced Manufacturing &amp; Engineering (AME)</td>
<td>£1.0m</td>
<td>Warwick Manufacturing Group (WMG)</td>
</tr>
<tr>
<td>Duplex Fund (formerly Business Innovation Fund) (GD08)</td>
<td>Growing our SMEs</td>
<td>£1.3m</td>
<td>Coventry CC</td>
</tr>
<tr>
<td>Trident (GD09)</td>
<td>AME</td>
<td>£1.3m</td>
<td>Warwickshire College</td>
</tr>
<tr>
<td>Coventry A5 Corridor (GD10)</td>
<td>Unlocking Growth Potential</td>
<td>£2.0m</td>
<td>Warwickshire CC</td>
</tr>
<tr>
<td>Construction Centre Expansion (GD21)</td>
<td>Growing our Talent</td>
<td>£0.24m</td>
<td>Warwickshire College</td>
</tr>
<tr>
<td>City College STEM Phase 1</td>
<td>Growing our Talent</td>
<td>£0.22m</td>
<td>City College</td>
</tr>
<tr>
<td>Unlocking Development Sites (several 'sub-projects' within this)** (GD18)</td>
<td>Unlocking Growth Potential</td>
<td>£3.57m</td>
<td>Coventry CC</td>
</tr>
<tr>
<td>Very Light Rail (GD12)</td>
<td>Unlocking Growth Potential</td>
<td>£2.46m</td>
<td>Coventry CC</td>
</tr>
<tr>
<td>Dynamic Routing (GD13)</td>
<td>Unlocking Growth Potential</td>
<td>£2.49m</td>
<td>Coventry CC</td>
</tr>
<tr>
<td>A46 N-S Corridor (Stanks) (GD14)</td>
<td>Unlocking Growth Potential</td>
<td>£4.1m</td>
<td>Warwickshire CC</td>
</tr>
<tr>
<td>Kenilworth Station (GD15)</td>
<td>Unlocking Growth Potential</td>
<td>£3.49m</td>
<td>Warwickshire CC</td>
</tr>
</tbody>
</table>

25 Note this excludes the ‘Connectivity to UK Central’ project as this has no spend allocated to it at present
<table>
<thead>
<tr>
<th>Sampling categories</th>
<th>Variables for each category</th>
<th>Proportion of programme (based on the number of projects across the 20 projects above)</th>
<th>Number of projects from this category for evaluation project reviews (based on total of 8 projects)</th>
</tr>
</thead>
</table>
| CWLEP Growth Deal Theme/Priority | 1. Unlocking our Growth Potential  
2. Advanced Manufacturing and Engineering (AME)  
3. Growing our Talent  
4. Growing our SMEs | 1. Unlocking our Growth Potential: 50%  
2. AME: 20%  
3. Growing our Talent: 20%  
4. Growing our SMEs: 10% | 1. Unlocking our Growth Potential: 4 projects  
2. AME: 1-2 projects  
3. Growing our Talent: 1-2 projects  
4. Growing our SMEs: 1 project |
| Growth Deal allocation/ funding level (£) | 1. <£2.0m  
2. £2.0m-£3.99m  
3. £4.0m+ | 1. <£2.0m: 50%  
2. £2.0m-£3.99m: 30%  
3. £4.0m+: 20% | 1. <£2.0m: 4 projects  
2. £2.0m-£3.99m: 2 projects  
3. £4.0m+: 2 projects |
| Project sponsor organisation | 1. Coventry City Council  
2. Warwickshire County Council  
3. Warwickshire College  
4. Other (with less than 3 projects each) | 1. Coventry City Council: 30%  
2. Warwickshire County Council: 25%  
3. Warwickshire College: 15%  
4. Other: 30% | 1. Coventry City Council: 2-3 projects  
2. Warwickshire County Council: 2 projects  
3. Warwickshire College: 1 project  
4. Other: 2-3 projects |

* the ‘Culture and Tourism’ theme has not been included here as its only existing project is a Growth Deal 3 project

** includes: Priory Square Studley; Bridge to Living Nuneaton; Cathedral Lanes; Public Realm 4; Bermuda Park Nuneaton; Nuneaton Town Centre Access

Source: Data provided by Coventry City Council/CWLEP (April 2017)
Note: whilst some of the above 20 projects were consulted during the Year 1 evaluation, these did not form full project reviews; hence this has not been taken into consideration in this sampling framework.

Based on the number of projects required per category in Figure A2 above, Figure A3 below provides suggested projects to be reviewed within the 2016/17 evaluation, demonstrating their adherence to the sampling framework. These have been randomly selected whilst ensuring the sampling category requirements are met.

**Figure A3: Projects to be reviewed**

<table>
<thead>
<tr>
<th>Project</th>
<th>CWLEP Growth Deal Theme/Priority</th>
<th>Growth Deal Funding</th>
<th>Sponsor organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>North South Rail &amp; Coventry Station (GD19)</td>
<td>Unlocking our Growth Potential</td>
<td>£4.0m+</td>
<td>Coventry City Council</td>
</tr>
<tr>
<td>Intelligent Variable Message Systems (GD13)</td>
<td>Unlocking our Growth Potential</td>
<td>£2.0m-£3.99m</td>
<td>Coventry City Council</td>
</tr>
<tr>
<td>Coton Arches (GD11)</td>
<td>Unlocking our Growth Potential</td>
<td>&lt;£2.0m*</td>
<td>Warwickshire County Council</td>
</tr>
<tr>
<td>Kenilworth Station (GD15)</td>
<td>Unlocking our Growth Potential</td>
<td>£2.0m-£3.99m</td>
<td>Warwickshire County Council</td>
</tr>
<tr>
<td>National Transport Design Centre (GD17)</td>
<td>AME</td>
<td>£4.0m+</td>
<td>Other</td>
</tr>
<tr>
<td>R&amp;D Steel (GD06)</td>
<td>AME</td>
<td>&lt;£2.0m</td>
<td>Other</td>
</tr>
<tr>
<td>Construction Centre Expansion (GD21)</td>
<td>Growing our Talent</td>
<td>&lt;£2.0m</td>
<td>Warwickshire College</td>
</tr>
<tr>
<td>Venture House (GD04)</td>
<td>Growing our SMEs</td>
<td>&lt;£2.0m</td>
<td>Other</td>
</tr>
</tbody>
</table>

*This project’s level of Growth Deal funding is exactly £2m*
Appendix B

Annual Conversation - Key Messages
Annual Conversation – Key Messages

This paper provides a series of key messages for the CWLEP to support its 2017 Annual Conversation. The messages have been derived from the 2017/18 evaluation and are provided within the format of the 2017 Annual Conversation Preparation Paper.

### Governance

1. **How effectively have the accountability and decision-making arrangements in your LEP’s Local Assurance Framework operated over the last 12 months, including engagement with the Section 151/73 officer?**

**Response:**

The CWLEP updated its Assurance Framework during 2017 to reflect not only changes to the National Assurance Framework, but also to ensure it was fully up-to-date with current CWLEP structures and operations.

The revised CWLEP Assurance Framework is compliant with the National Assurance Framework, providing further assurance and transparency in relation to the governance of the LEP and the use of funding. In some areas this has ensured that the CWLEP’s Framework goes beyond the guidance of the National Framework, examples being:

- Rather than local audit and scrutiny, the CWLEP is committed to external independent audits of value for money and governance, incorporating capital and revenue strands of Growth Deal; in addition to regular external evaluations.
- Three, rather than one, CWLEP Board members are nominated SME leads.
- Significant details are provided regarding project contracting, management and monitoring procedures, for example including a full escalation policy.
- Significant details are provided regarding decision making procedures and methods of assessing proposals.

The application of the new CWLEP Assurance Framework has been effective, ensuring clear accountability and transparency regarding decision making. The governance structure demonstrates clear links from the overall CWLEP Board to the Programme Delivery Board, which is the body that oversees delivery of the Growth Deal Programme. This is closely supported by the Finance and Governance Board, which provides further assurance and scrutiny. These processes were exercised during the Growth Deal Round 3 project selection process, which incorporated enhanced clarity regarding decision making procedures; for example, the use of a separate Moderation Group with involvement from a variety of stakeholder organisations, as well as use of the HM Treasury five case business model; projects involved in Round 1-2 and Round 3 Growth Deal applications referred to improved decision-making processes within Round 3.

All decisions, including those related to Growth Deal funds held by the Accountable Body on behalf of the CWLEP, follow formal procedures passed through the CWLEP Board and/or the Programme Delivery Board (where decision making is delegated). This is a key element of the CWLEPs Assurance...
Framework and ensures all decisions are fully transparent and occur via formal procedures. The Accountable Body, supported by the Finance and Governance Board, ensures the decisions and activities of the LEP conform with legal requirements. Over the last 12 months, the CWLEP has strengthened its processes to ensure absolute transparency and consistency across all projects regarding their engagement with the LEP; in particular for Coventry City Council-led projects. This is important for transparency reasons regarding the dual role of the Accountable Body in providing overall scrutiny and assurance whilst also being a project delivery organisation.

A clear decision-making process is identified and utilised within the CWLEP for Growth Deal project activity. Day-to-day monitoring occurs via the Growth Deal Programme Management Team, which liaises closely with the CWLEP’s Programme Delivery Board, led by private sector CWLEP Board members (and specifically the overall CWLEP Chair). Recognising the varied and substantial commitments of the Board, and its strategic focus, the CWLEP provides delegated authority to its Programme Delivery Board to oversee the Growth Deal Programme. The Programme Delivery Board, through formal bi-monthly meetings and more regular informal communication, maintains a robust and detailed review of individual project expenditure and performance, as well as for the programme overall. In the event of major concerns, a formal escalation policy will refer projects to the CWLEP Board. During the past year, project-specific issues have been addressed through the Programme Management Team and Programme Delivery Board.

The revised Assurance Framework was developed by the Accountable Body in consultation with the CWLEP Executive and the Finance and Governance Board; its development and sign-off therefore incorporated a range of key stakeholders, including from the private sector. During consultation within the 2016/17 Coventry and Warwickshire Growth Deal evaluation, Board members, key stakeholders and staff provided significant awareness of the new Assurance Framework, which is available on the CWLEP website.

Minutes and agendas of all Board meetings, and Programme Delivery Board meetings, are made publicly available on the CWLEP website. The website has been enhanced significantly to ensure greater transparency; for example, it now includes more detailed and widespread information regarding projects, details of Board members’ register of interests, and minutes/agendas of Programme Delivery Board meetings. It is evident that the website has been updated on several occasions during the period of the current (2016/17) evaluation.

The Coventry and Warwickshire Growth Deal benefits from the positive working relationship between the Accountable Body and the CWLEP. This is partly facilitated by several members of the CWLEP’s Executive team being seconded from Coventry City Council; this ensures close working with the Programme Management Team, which is central to this relationship. It also enables a responsive and effective approach to engaging with wider Accountable body functions such as finance, legal and procurement. Crucially, it supports effective incorporation of the Section 151 Officer within the LEP’s governance and decision-making structures. Documentary and anecdotal evidence also demonstrates close joint working between the Accountable Body and the Finance and Governance Board. An example of this was a specific paper presented to the Finance and Governance Board by the Programme Management Team in January 2017. This identified required changes to the Local Assurance Framework and requested review and sign-off from the Finance and Governance Board.
Whilst there are no obvious areas of weakness, a review of other LEPs’ Local Assurance Frameworks indicates that the CWLEP could consider the following enhancements:

- Provision of terms of reference for different groups within the LEP’s governance structure to be provided on the LEP website and/or as appendices to the Local Assurance Framework
- Additional details within the Local Assurance Framework of the process and methods for appointing Board members (it is recognised that there is reference to the LEP’s Diversity and Equality Policy here)
- Further details within the Local Assurance Framework of the CWLEP’s approach to cross-LEP working
- In addition to minutes and agendas, the provision of supporting papers and comments (redacted if necessary) on the CWLEP website
- The CWLEP’s Communications Strategy to be provided on its website

2. What are the strengths and weaknesses of the LEP’s governance structure?

Response:
The CWLEP demonstrates robust and transparent governance processes. A key strength of its structure is the detailed involvement of the Programme Delivery Board regarding the Growth Deal, and specifically its regular review of overall programme and individual project performance. The Programme Delivery Board supports the Programme Management Team, particularly in its liaison with Growth Deal Projects, by providing additional robustness and challenge regarding performance. The clear link between the Programme Delivery Board and Programme Management Team/Accountable Body is a strength of the CWLEP.

The Programme Delivery Board, previously the Growth Deal Sub-Committee, was reviewed and renamed in 2016/17. This led to its own formal terms of reference and delegated authority to manage capital funding allocated to the CWLEP. As such, it is now positioned to oversee delivery of other CWLEP programmes as well as the Growth Deal, for example strategic road and rail activity. To support this wider remit, the Growth Deal Programme Management Team now provides the Programme Delivery Board with a regular Funding Delivery Paper, which includes input from other programme management teams for a range of different interventions. This ensures the Programme Delivery Board has a wider understanding of relevant activity.

Private sector representatives have significant roles and responsibilities within the key structures of the CWLEP. Central to the role played by the Programme Delivery Board is its membership, being chaired by the private sector Chair of the overall CWLEP, and attended by the CWLEP private sector Vice-Chair. This is a very effective means of ensuring the private sector undertakes a central role within ongoing programme monitoring and decision making, providing strong and effective leadership. The Programme Delivery Board is also attended by representatives of the Growth Deal Programme Management Team/Accountable Body, and the CWLEP Executive. It therefore provides continuity between the overall CWLEP Board and the Growth Deal Programme Management Team.

The Vice-Chair of the LEP also chairs the Finance and Governance Board, which is attended by several other Board members, including others from the private sector. Once again, this ensures consistency and understanding across the CWLEP’s governance structures.
In addition to the significant private sector involvement within the Programme Delivery Board and Finance and Governance Board, each of the CWLEP’s Business Groups also include private sector representation, and where appropriate, a private sector CWLEP Board member; at least four of the groups are currently chaired by private sector Board members. The CWLEP has also identified three CWLEP Board members as nominated SME leads.

Regarding opportunities to enhance and strengthen the governance structure, the following could be considered:

- Continue to develop the approach, implemented from early 2017, whereby individual projects are invited to attend (on a one-off basis) the Programme Delivery Board and discuss progress and performance; this helps to forge closer links and understanding from both the project side and for members of the Programme Delivery Board.
- Identify specific mechanisms for cross-working between the CWLEP Business Groups (where appropriate), and enhance the visibility of their activities and impacts.
- Attendance at the Programme Delivery Board of a single representative from across the different local authorities within Coventry and Warwickshire; however, any conflicts of interest relating to projects being delivered by such organisations would need to be carefully considered.
- Develop a programme dashboard which is made publicly available, highlighting the progress of individual projects regarding achievement of outputs, outcomes and expenditure.

The current CWLEP Board provides a diverse range of expertise. Specifically, this includes:

- Each individual local authority within the LEP area having a formal seat on the Board; this was introduced in 2017, with both Coventry City Council and Warwickshire County Council ‘giving up’ one of their two seats each on the Board.
- Higher and further education representatives.
- Wide ranging private sector representation, including SMEs and large companies.
- Representation from key employers, and sectors, within the LEP locality; for example, Jaguar Land Rover and the Royal Shakespeare Company

3. What can Government do to better support your governance?

Response:

To be added by the CWLEP
**Delivery**

1. **What in your investment programme has gone well?**

**Response:**
The Coventry and Warwickshire Growth Deal Programme has, overall, progressed well to date. Most projects have remained on schedule against original timescales, partly due to the robustness of programme governance, and the flexibilities used by the CWLEP. The projects which have experienced delays have primarily been affected by external factors beyond the project control, for example issues relating to external stakeholders such as Network Rail and Highways England. This highlights the difficulties of managing particularly large and complex infrastructure projects, which incorporate a range of different stakeholders and funding sources. The CWLEP has a disproportionately large number of significant and ambitious infrastructure projects, hence it carries greater risk here.

Key achievements within 2017 to date include:
- Nine Growth Deal projects are now complete in expenditure terms.
- Official opening of the National Transport Design Centre at Coventry University; a state-of-the-art facility to explore and influence future transport design, supporting enhanced collaboration between academia and industry.
- Wide ranging examples of enhanced collaboration between research institutes and businesses, for example via the R&D Steel project.
- Through the Intelligent Variable Message Systems (iVMS) project, an enhanced vehicle technologies ‘host and testbed’ facility has been developed in Coventry.
- Despite delays, progress has been made towards the opening of Kenilworth Station in December 2017.
- Increasingly robust assessment of projects regarding their achievement of outputs and outcomes; in parallel with greater robustness of targets and evidence requirements at the contracting stage for new projects.
- The 2016/17 Growth Deal evaluation, when compared with the findings of the 2015/16 evaluation, found some evidence of cultural change among project sponsor organisations, whereby they were increasingly recognising the need to be accountable for spend in terms of outputs and outcomes.
- Nine new projects funded through Growth Deal Round 3, incorporating greater emphasis on larger and more transformational projects, as well as new thematic areas relating to broadband and culture/tourism.

Output data demonstrates that the Coventry and Warwickshire Growth Deal programme performed positively against its targets for key outputs during 2015/16 and 2016/17. Across these two financial years, the following performance is evident:
- 124 jobs created against a profiled target of 34
- 5,296m² commercial/skills/space developed against a profiled target of 3,104m²
- 63 businesses supported against a profiled target of 61
• 1,310 apprenticeships against a profiled target of 1,641

Data for the first half of 2017/18 shows the following progress against the total target for the whole of 2017/18 (hence there remains six months of output achievements to be added to these):
• 19 jobs created during the year to date (against a total 2017/18 target of 120)
• 40 businesses supported during the year to date (against a total 2017/18 target of 84)
• 838 apprenticeships during the year to date (against a total 2017/18 target of 916)
• Zero commercial/skills/space developed during the year to date (against a total 2017/18 target of 6,469m²)

The targets for the programme increase significantly over time, due to the time lag between activity and outcomes. This is particularly relevant for jobs created and space developed, with large numbers expected in 2020/21 and 2021/22. There are no profiled targets for homes built until 2020/21.

The spending profile for 2017/18 demonstrates some slippage against forecasted spend at project level for Quarters 1 and 2; in total, £4.081 was spent, with £1.932m of this in Quarter 2 against a forecast of £2.403m for that Quarter. The forecasted spend for Quarter 3 and Quarter 4 combined is £11.222m. In achieving its target spend for 2017/18 of £23.123m, the Growth Deal expects to utilise £7.819m technical capital management.

The CWLEP Growth Deal 3 award provides a greater emphasis on larger transformational projects, for example contributing towards mixed-use regeneration and new housing; this represents an increasingly large scale and strategic focus, in line with the 2016 SEP. The inclusion of the Nuneaton Town Centre project also addresses limited previous activity within that geographical area. The projects are closely aligned to the strategic priorities set out in the 2016 refreshed SEP. Within the Round 3 projects there are two projects which represent new areas for the Growth Deal in Coventry and Warwickshire, reflecting identified priorities. These are the CSW Broadband Project and the Warwick Arts Centre 2020 project.

2. What has not gone well and what problems have arisen in the last 12 months?

Response:

Coventry and Warwickshire’s Growth Deal is funding a large proportion of significant infrastructure projects. These carry specific risks in terms of factors outside of individual projects’ immediate control. Where possible, the CWLEP has worked closely with project sponsors to address specific issues that have emerged; for example, the need to amend the location of the National Transport Design Centre (NTDC) following identification of an underground high voltage cable on the initial site. However, some projects have faced issues relating to influential external stakeholders; this has been a particular issue for rail-based projects, which have been affected by delays resulting from Network Rail processes and decisions, and other factors such as London Midland’s franchise ending. The CWLEP has sought to address these issues through various means, including engaging with the DfT via the support of BEIS.
As of November 2017, the following projects were rated Red by the programme, linked to financial and deliverability issues:

- A5 Corridor Project
- Unlocking Development Sites
- Rugby Parkway Station

The CWLEP’s escalation processes have been implemented to address delays with projects; this has included monthly reporting and detailed reviews at the Programme Delivery Board. Relevant projects have received letters stating that their funding is at risk and will be withdrawn unless satisfactory progress is made, in line with the CWLEP’s Assurance Framework. If required, the CWLEP’s project pipeline may be used to re-allocate funding.

Moving forward, the programme can reduce risk by ensuring the proportion of profiled expenditure within the final quarter of each financial year is lowered, and also by reducing the proportion of annual spend which is technical capital management. As indicated above, the spending profile for 2017/18 demonstrates some slippage against forecasted spend at project level for Quarters 1 and 2; in total, £4.081 was spent, with £1.932m in Quarter 2 against a forecast of £2.403m for the quarter. The forecasted spend for Quarter 3 and Quarter 4 combined is £11.222m. This shows that expenditure is weighted in the final two quarters, which the CWLEP will need to manage closely. In achieving its target spend for 2017/18 of £23.123m, the Growth Deal expects to utilise £7.819m technical capital management.

3. How effective have the LEP’s performance management processes, as set out in the Local Assurance Framework, been?

Response:

The Programme Management Team maintains a continual oversight of projects. The Team was praised by individual projects and stakeholders during both the 2015/16 and 2016/17 Growth Deal evaluations. Specifically, it was viewed as being supportive and flexible, whilst also ensuring projects remained accountable. Project oversight occurs formally through quarterly monitoring reports and subsequent meetings; however, projects (and the Programme Management Team) referred to more regular informal communication, particularly during key periods. In some cases, formal monitoring occurs on a monthly basis. This has been assisted by a more stable team during the second half of 2017, which has also included an additional member.

The Programme Management Team provides formal progress reports, for expenditure and outputs, to the Programme Delivery Board; these also support the CWLEP Executive’s reports to the overall CWLEP Board. It is evident that these progress reports are robust, and provide a particular focus (with additional detail) on projects deemed Amber or Red due to either deliverability or expenditure concerns.

The Programme Delivery Board provides full scrutiny of the overall programme performance relating to expenditure and output performance, including reviewing individual projects. Particular discussion occurs in relation to projects rated Amber or Red. This process provides additional support and direction for the Programme Management Team in terms of its communication with individual projects. The Programme Delivery Board has, during 2017, implemented a new feature
whereby an individual Growth Deal project is asked to present its progress and performance to date.

The CWLEP has a formal escalation process whereby projects are required to undertake more regular (monthly) meetings if they are deemed higher risk; this relates to the CWLEP’s traffic light system. A project is classed as Amber if up to 10% of expenditure slips into future quarters but does not impact end of year spend profile. Where a project is Amber, it requires a recovery plan, which incorporates monthly review meetings. This has occurred for several projects during 2016 and 2017. Continuously Amber or red Projects are discussed in detail at the Programme Delivery Board. This occurs where expenditure slips more than 10% into future quarters and/or where Project forecasts are missing end of year spend target. Where the Programme Delivery Board identifies specific concerns with a project, it reports the project to the overall CWLEP Board; this has not yet been required, due to the following factors:

- Positive communication, and support, between the Programme Management Team and individual projects
- Robust project oversight from the Programme Delivery Board, which maintains a strict focus on expenditure
- Supportive and responsive activity from individual project sponsor organisations

Risks identified during 2017 have primarily related to delays to large infrastructure projects because of external factors; particularly rail and road-based projects. These have been continually discussed at Programme Delivery Board meetings, with a series of actions taken to encourage progression. Moving forward, the CWLEP is keen to identify any additional support it can obtain from BEIS in relation to liaising with relevant departments and bodies, specifically Network Rail and Highways England.

As the programme has developed, there has been an evident increase in the focus of the Programme Management Team and the Programme Delivery Board towards assessing performance against output and outcome targets. This is now a formal item for discussion at Programme Delivery Board meetings, and there is evidence that projects are increasingly recognising their need to achieve targets. This focus needs to continue and become increasingly prevalent. As identified above, there is some evidence that, between the 2015/16 and 2016/17 evaluations, cultural change is beginning to occur whereby project sponsor organisations increasingly recognise the need to demonstrate accountability. Despite this, some projects clearly have less focus on measuring and reporting outcomes following completion of their capital spend. Positively, Round 3 projects, within contract negotiations, are being asked to provide a greater focus upon their outputs, outcomes and project-level evaluations.

The achievement of the programme’s overall expenditure target for 2016/17 was supported by close performance management of projects during the second half of the financial year. Examples included:

- Intelligent Variable Messages System (iVMS): In March 2017, this project was rated ‘red’ due to previous defrayal problems and changing project management staff. The Growth Deal Programme Management Team subsequently worked closely with the project, ensuring accurate and timely invoicing of partner spend. It ultimately defrayed £532,000 in Quarter 4 against a previous forecast of £400,000.
• North South Rail and Coventry Masterplan: This project was rated ‘amber’ in March 2017, but accelerated spend in Quarter 4 through close liaison between the Growth Deal Programme Management Team, the Project Delivery Team and Coventry City Council Finance.

These represent examples of the effectiveness of the programme governance and management function, in particular the Programme Delivery Board working closely with the Programme Management Team, which in turn works closely with individual projects.

The National Transport Design Project provided another example of effective performance management from the CWLEP/Accountable Body. Due to issues with the original site of the project, it experienced a series of delays. The Programme Management Team subsequently provided absolute clarity regarding the spend requirements of the project, including its risk of losing funding. This led to monthly performance meetings between the Programme Management Team and the project manager. The project manager commented that this regular communication was very helpful, providing clarity and effectively concentrating their attention on ensuring achievement of spend. They found the Programme Management Team to be clear and robust, but at the same time supportive and helpful.

4. How effective has the LEP been in assessing value for money and strategic fit in business cases and in developing a high quality project pipeline?

Response:
The CWLEP’s Assurance Framework details its approach to assessing project applications for funding; strategic fit and value for money form key components of this. Expressions of Interest are assessed through the SEP assessment criteria, namely: ambition and rationale; value for money; and delivery. For transport projects a high-level WebTAG assessment is provided.

Full business cases submitted within the Growth Deal Round 3 process were assessed using the HMT’s five case model, specifically exploring: the strategic case; the economic case; the commercial case; the financial case; and the management case. This approach formed the core component of assessment. Projects consulted during the Growth Deal evaluation clearly recognised the need for their projects to fit strategically with the Coventry and Warwickshire SEP; it is evident from reviewing projects that they do provide this strategic fit.

The methodology used by the CWLEP to assess the value for money of the full business cases is based upon guidance from Central Government; this approach is compliant with DfT WebTAG guidance for Transport projects and HM Treasury Green Book for economic development projects. The approach therefore not only assesses the projected quantitative benefits relative to the levels of public funding requested, but also ensures that a range of more qualitative factors are considered based on deliverability. Benefit cost ratios (including allowance for deadweight, displacement and multiplier effects) are also utilised within the value for money assessment; several projects consulted during the evaluation referred to their expected ratios based on their business cases. The value for money assessments are reviewed and appraised by the Accountable Body using available guidance from the government, such as Homes and Communities Agency Additionality Guidance. They are subsequently signed off as true and accurate by the Programme Management Team.
There was less evidence during the evaluation of individual projects undertaking ongoing reviews of value for money. Many stated that this would form part of their end of project evaluations; transport projects will use their standard methodologies to assess this. Central to assessing value for money will be the final output and outcome data associated with individual projects; this will be particularly relevant in project-level evaluations as well as future programme evaluations when more data is available.

The CWLEP, positively, has developed a strong pipeline of projects through its Growth Deal selection processes. It has sought to encourage projects to continue developing their project ideas wherever possible, and has provided associated support. As a result, it has a significant pipeline of projects in place if required, incorporating projects which have already been assessed by the CWLEP.

5. What can Government do to better support your delivery?

Response:

To be added by the CWLEP

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**Strategy**

1. **What is the vision for your place to 2030? How is the LEP going to get there? What are your key short-term objectives and priorities?**

Response:

The CWLEP refreshed its Strategic Economic Plan (SEP) in 2016. The process used for the SEP refresh involved an initial update of the economic evidence base to identify key areas of economic need and opportunity within the CWLEP area, followed by the open call for Round 3 projects and the subsequent project selection process. This approach meant that the SEP was guided by key needs which emerged from the open call. It also meant that projects within the Growth Deal Round 3 bid were aligned to the most up-to-date priorities for the region; for example, the refreshed SEP included a greater focus upon culture and tourism in relation to the Coventry 2020 City of Culture bid. The refresh enabled greater alignment with emerging priorities within the WMCA and Midlands Engine and evolving national policies.

A SEP Refresh Group led the process of updating the SEP. This included representation from the University of Warwick, Coventry University, Warwickshire County Council, Coventry City Council and several district councils; it ensured a wide and independent group undertook moderation. The process also involved widespread consultation, including a large event at Warwick Racecourse.

The refreshed SEP has been well received by stakeholders and provides clarity regarding the core priorities of the locality. Funded projects are closely aligned to this strategic framework.
2. **How successful has the LEP been at engaging local partners and the wider community in delivering local growth? How successfully have you worked with different political entities in your area?**

**Response:**

A significant change to the structure of the CWLEP Board in 2017 has been to ensure all local authorities within the LEP area have a vote; this involved Coventry City Council and Warwickshire County Council ‘giving up’ one of the two seats each they previously held. In addition to attendance at Board, local authorities are also heavily involved within all the CWLEP’s Business Groups, with three of these being co-chaired by local authority representatives.

At local authority executive level, the 2016/17 evaluation identified that the majority of local authorities felt they had sufficient opportunity to engage with the LEP, for example to feed in their views and understand LEP activities. Several local authorities meet regularly with members of the LEP Executive. A minority of local authority representatives stated they would benefit from an official forum to engage with the LEP more regularly; it is understood that a new Executive Group is being established to address this.

There have been examples of local authorities working together within the Growth Deal Programme; this is particularly the case for Coventry City Council and Warwickshire County Council. The County Council supported the process of identifying the most effective methods of capturing and evidencing outcomes for the programme, as well as strengthening output definitions; and developed a paper for the Board in relation to this.

The CWLEP reviewed its SEP during 2015; this process sought to obtain views from a wide range of partners, through various consultation events. It was also led by a SEP Refresh Group, which included representation from the University of Warwick, Coventry University, Warwickshire County Council, Coventry City Council and several district councils; this ensured a wide and independent group oversaw the refreshed SEP.

Although based on a limited sample, there appears to be mixed levels of engagement with MPs in the area. The current evaluation of the Coventry and Warwickshire Growth Deal included consultation with two MPs; these provided relatively opposing views, whereby one felt they had the opportunity to communicate and engage with the LEP on a regular basis, while the other felt that the LEP had not sought to communicate with them sufficiently.

The CWLEP has undertaken significant improvements to its website, for example more detailed and widespread information regarding projects, details of Board members’ register of interests, and minutes/agendas of CWLEP Board and Programme Delivery Board meetings. This is supported by the ongoing work of Advent Communications, the CWLEP’s communications partner. Furthermore, the CWLEP is supporting improved links with businesses through the facilitation of the Coventry and Warwickshire Business Festival in late November 2017. The CWLEP’s Growth Deal Round 3 process incorporated an open call, whereby any organisation had the opportunity to submit a project application. This was a transparent process that was widely publicised.
All Growth Deal funded project have communications plans. They also provide the Programme Management Team with planned communications activity, and work closely with Advent Communications; an example was provided (during the 2016/17 evaluation) by one of the projects regarding how it engages directly with both Advent and the Programme Management Team regarding publicity and communications activities. Projects consulted within the evaluation stated they had clear guidance here, and demonstrated a good understanding of publicity and branding requirements; it is also noted that a letter was sent to projects in late 2016 to remind them of the need to comply with Growth Deal publicity requirements.

The CWLEP, and stakeholders from its locality, have engaged significantly with the WMCA to date. This includes Board members of the CWLEP sitting on key combined authority groups, while the CWLEP’s Operations Director has significant involvement within the WMCA through being a member of its management board, an observer of its overall board, and attending various sub-groups. The leader of Coventry City Council is portfolio lead for Skills and Productivity, while the leader of Warwickshire County Council, a non-constituent member, is portfolio lead for Finance and Investments.

3. How successful have you been in working across borders and project types?

Response:
The 2015/16 and 2016/17 Coventry and Warwickshire Growth Deal evaluations involved consultation with several other LEPs to support the identification of best practice and comparative assessment. LEPs consulted have included:
- Black Country LEP
- Greater Birmingham and Solihull LEP
- Leeds City Region
- Leicester and Leicestershire LEP
- Worcestershire LEP

The 2015/16 evaluation included a separate paper providing a review of Growth Deals and their implementation across different LEPs. Furthermore, initial communication has occurred between the CWLEP and the Black Country LEP to explore implementing some of the areas of best practice that were identified.

4. How can Government support you in the next 12 months?

Response:

*To be added by the CWLEP*