

AGENDA ITEM 11

REPORT TO THE TEES VALLEY COMBINED AUTHORITY CABINET

28 MARCH 2018

REPORT OF THE STRATEGY DIRECTOR

PERFORMANCE, EVALUATION AND RESEARCH FRAMEWORK

SUMMARY

This paper sets out a Performance, Evaluation and Research Framework (the Framework) for Tees Valley Combined Authority. The Framework will ensure that the Combined Authority builds on its present evidence based approach to decision making and embeds further mechanisms that demonstrate it is making a meaningful impact in delivering the key priorities in the Strategic Economic Plan (the SEP). The paper covers:

- Key purpose of the Framework;
- Activity and progress to date;
- External requirements for evaluation;
- Priority projects and research activity for 2018; and
- Governance and reporting.

RECOMMENDATIONS

It is recommended that Cabinet notes the content of this report and agrees:

- i. Priority projects and areas of research activity (Section 6);
- ii. To receive separate updates on individual areas of activity as required;
- iii. That the Combined Authority Annual Report includes performance information and identifies research and evaluation needs for 2018/19.

PURPOSE OF THE FRAMEWORK

1. The Performance, Evaluation and Research Framework will ensure that the Combined Authority takes an evidence based approach to policy making and commissioning activity. Ultimately it will support the policy making role of Cabinet, provide assurance to decision making, and demonstrate the organisation's role in delivering the Strategic Economic Plan (SEP). It will also support a more efficient approach to managing performance, research and evaluation across the region, reducing the need for consultancy by drawing on collective resources and increasing knowledge exchange. Activity will:

- Report against agreed organisational objectives for the Combined Authority;
- Provide an overview of progress and performance to deliver SEP priorities;
- Provide post-evaluation of projects and key areas of Combined Authority activity (including use of devolved funds); and
- Provide strong analysis to inform future priority setting and commissioning of activity (including funding and investment activity).

ACTIVITY AND PROGRESS TO DATE

2. This Framework builds on existing activity delivered by Combined Authority, including:

Performance

- **Economic Assessment and Quarterly Economic Review** - the Combined Authority uses a wide range of national, regional and local data sources, analysis and research reports to provide a detailed economic commentary for the region, including historical and emerging trends for the priority themes in the SEP. The Economic Assessment and the Quarterly Economic Reviews are published on the Combined Authority website;
- **Monthly Update Report** - a monthly narrative report provides key progress updates on priority themes in the SEP. This is circulated to Local Authorities and key partners;
- **Annual Report** - the Combined Authority and Tees Valley LEP have previously produced an Annual Report covering key areas of progress and performance against key metrics. This has included jobs and investment measures, as well as wider economic trends such as GVA and uptake of research, development and innovation. Case studies have been provided on projects and successes, and the report also identifies areas of focus for the coming year; and
- **Business Plan** - an annual Business Plan is produced for the financial year covering all areas of the Combined Authority's work. All actions are reviewed and risk is assessed on a monthly basis with the respective project owners. This is an internal reporting document shared at monthly performance meetings with Combined Authority Directors.

Evaluation

- Where we use our Investment Funds to support pilot programmes, they are designed to generate good quality evaluation findings, to allow a decision to be made as to whether to extend beyond the pilot phase;
- We adhere to national best practice in our existing evaluation activity, including the Treasury's 'Green Book' and Department of Transport's WebTAG appraisal process. We have successfully used strong local evidence to make the case for funding, powers and responsibilities to be devolved to Tees Valley; and
- In areas such as skills, education and employment, where we have received new devolved powers, we have set aside funding to ensure that we don't simply replicate the process set by government, but instead make better informed decisions about local priorities.

Research

- A Market Assessment was completed in February 2018 into business access to finance. This identified levels of need and gaps in existing funding products, which will be used to set up a new flexible fund that meets the needs of Tees Valley Businesses;
- A detailed assessment of the skills gap in the Construction sector was commissioned jointly by the Combined Authority and CITB in October 2017. This identified the employment and skills opportunities for the construction industry in Tees Valley, which were further tested at a Construction employer engagement event in February 2018; and
- Visitor research by NGI Solutions has been carried out on two strands:
 - A Visitor Survey in 2017 across Tees Valley involved face to face interviews with visitors, to understand where people were visiting from, how long they were staying, what they were spending and their motivations to make the trip. This is likely to be repeated in 2018;
 - Inputs have been gathered to inform the STEAM research model for the years 2015 and 2016. STEAM is an economic impact model used to measure visitor numbers, expenditure and employment. STEAM is a bottom up model using local data sources where available. It provides a clear and reliable picture of visitor volume and value in Tees Valley and will be repeated on an annual basis to track growth.

EXTERNAL REQUIREMENTS

3. A new Framework for Performance, Evaluation and Research will strengthen existing activity and increase the transparency of the Combined Authority's work. It will also be driven in part by external obligations for monitoring and evaluation. This includes the 5 Year Gateway review for devolved Investment Funds.
4. Tees Valley, in conjunction with the 8 other Combined Authorities¹ in receipt of City Growth Deals/Devolution deals have to develop a methodology and appropriate metrics to consistently evaluate the impact of the financial support within the respective Single Pots of said 9 bodies. The proposed evaluation framework is in two parts. It will cover all activities supported under the Single Pot and subsequently contribute to the first Gateway Review (August 2020), including:
 - National Performance: Using an agreed list of metrics, the evaluation will assess performance of Tees Valley against key indicators, in order to assess progression; and
 - Local Performance: In order to provide 'local granularity and assess value for money' the specialist panel of external evaluators, will develop a local evaluation methodology, incorporating the national performance indicators but augmented

¹ Glasgow and Clyde Valley, Greater Cambridge, Greater Manchester, Liverpool, North East, South Yorkshire, West Midlands and West Yorkshire

by outputs and impacts specific to the range of projects supported by the Tees Valley single pot.

5. Outputs and impacts highlighted in the SEP logic model, augmented by assessment frameworks developed by the six working groups within Tees Valley, will inform the subsequent external evaluation of the Single Pot.

PRIORITY PROJECTS AND AREAS OF ACTIVITY

6. The Framework will incorporate a series of mechanisms to collate data and intelligence, and support local decision making. Further details are provided below.
 - We will develop an Information Portal that incorporates a local company database, together with a Customer Relationship Management Tool and enhanced Data Visualisation facility. This will include a self-service facility, which will allow us to provide partners with real time information about business performance and experiences in the regional economy. The Portal will align with Local Authority systems and connections with business as far as possible, and will allow for joint access to information;
 - Baseline Analysis and Target Setting for 2018/19 will provide us with a strengthened mechanism to manage our performance. This will take place in discussion with constituent Local Authorities, will include comparisons to statistical neighbours and will be reported more widely through the Combined Authority's Annual Report. This will also provide an evidence base to prioritise spend for devolved activities, in particular the Adult Education Budget (to be devolved from 2019/20);
 - Programme Evaluation will be developed in line with the National Gateway Evaluation Framework for the following projects:
 - Superfast Broadband;
 - Salters Lane Ingenium Park;
 - AGE Grant Extension;
 - New Apprenticeship Grant;
 - Routes to Work;
 - Transforming Tees Fund Match; and
 - Culture: Destination Marketing Programmes.
 - We will continue to undertake bespoke research:
 - A Science and Innovation Audit for the Chemicals Sector will ensure that the Northern Powerhouse contributes to the successful delivery of the UK Strategy for Chemistry fuelled growth, which aims to deliver 'by 2030, chemistry using industries will increase their contribution to the UK economy from £195billion to £300 billion;
 - We will explore developing an Urban Transport Management System for Tees Valley, to allow the different applications used in modern traffic management systems to communicate and share information with each other;
 - As an early priority, we will commission research into the commercial property market across the Tees Valley to assess any gaps in existing/planned provision and identify possible development models necessary to address market failures in the commercial property sector. We will explore the option

- for this to include a focus on land availability and appropriateness for sectors to grow, which can be used for more targeted activity with business; and
- We will collate housing market intelligence at a regional level (influenced by the SEP) to reinforce Local Plans, and provide a clear understanding of emerging housing demand. This will include an emphasis on what is attractive to businesses and investors, to ensure that future activity is targeted appropriately.
- Mayoral Challenge Initiatives²: Building on good practice identified in Bristol and London, where the respective Mayors have developed challenge funds, the proposed programme will encourage industry, university and government (local and national) collaboration to address specified research challenges related to economic, environmental, or community issues. The programme will identify research challenges and then provide facilitation and business case support ultimately leading to the development of a number of implementation plans. There will be an initial focus on digitisation and the circular economy;
 - We will continue to respond to government consultations, including Congestion, Capacity, Carbon: Priorities for National Infrastructure; and the International Trade White Paper. Alongside this, we will undertake our own engagement and consultation, to ensure that our priorities and approach reflect the needs and interests of local stakeholders. For example, in developing our Education Employment and Skills Strategy; consulting with businesses in preparation for devolution of the Adult Education Budget, consulting with residents and businesses regarding our emerging transport strategy and to understanding the impacts of Brexit on Tees Valley businesses. Our consultation approach will engage through existing forums across the region and in individual Local Authorities; and
 - We will develop performance metrics for key areas of activity, including the impact of investment activity. These will be reported through existing management structures, involving Local Authorities, and be communicated more widely through the Combined Authority Annual Report
 - Sector Action Plans – will drive forward our approach to growth in priority sectors for the region. These will form a robust evidence base, co-developed between the Combined Authority, Local Authorities and industry experts on which to base our future interventions.
7. To ensure that the Combined Authority accesses specialist knowledge and expertise as required, a research procurement framework will be established for:
- Economic Modelling and Forecasting ;
 - Specialist Appraisal and Evaluation;
 - Data Analytics, Programming and Visualisation; and
 - Specialist research and policy design for all thematic areas.

GOVERNANCE AND REPORTING

² Not funded from the Research Budget

8. The Framework will help ensure that the Combined Authority drives forward an effective and relevant policy agenda, which is underpinned by a robust evidence base, can respond to economic and policy change, and the impact of local and national interventions/ economic shocks. The Combined Authority Cabinet will have responsibility and oversight of the Framework, and it will inform their policy setting and decision making roles. Joint areas of work will be developed with Local Authority staff, to ensure that the framework is fit for purpose and also adds value to individual Local Authorities.
9. The Combined Authority will also work with an Expert Advisory Group, to help shape the on-going approach. This will include relevant experts from academia and industry. Alongside this, the Combined Authority will continue to engage with relevant organisations, and draw on the support available to Mayoral Combined Authorities (e.g. Bloomberg, Centre for Cities / Boston University and the UK leading research group of Universities). We will also work with local research partners, including Teesside University and Durham Universities, to harness their research expertise and local intelligence. This will include accessing longitudinal studies about social and economic impact in Tees Valley. Internal resources will be used where possible.
10. The Combined Authority Annual Report will include a performance dashboard that will provide an overview of economic trends and local impact. The Annual report will also identify areas where there are increased needs for research and evaluation to strengthen reporting and enhance the impact of local activity.

(See appendix A for diagram of governance and reporting structures).

FINANCIAL IMPLICATIONS

11. A budget of £600,000 for three years was identified in the Investment Plan for research and evaluation. Combined Authority procurement procedures will be followed to ensure that value for money is demonstrated in all activity. There is no requirement for external due diligence. It is proposed that the resources are apportioned as below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Information Portal	£40K	£25K	£25K	£30K	£30K
Baseline Analysis and target setting	N/A	N/A	N/A	N/A	N/A
Programme Evaluation	£75k	£100k	£125k	£75k	£75k
Bespoke Research and Events	£100k	£50k	£60K	£50K	£50K
Total	£215K	£175K	£210K	£155K	£155K

LEGAL IMPLICATIONS

12. There are no direct legal implications.

RISK ASSESSMENT

13. Without a robust Framework for Performance, Evaluation and Research, there is a risk that the Combined Authority does not take an evidenced based approach to priority setting, investment and commissioning of activity. This would fail to maximise the resources and opportunities to maximise the economic growth potential of the region.

CONSULTATION

14. This paper brings together areas of activity that have been consulted on separately, therefore no consultation took place for this report.

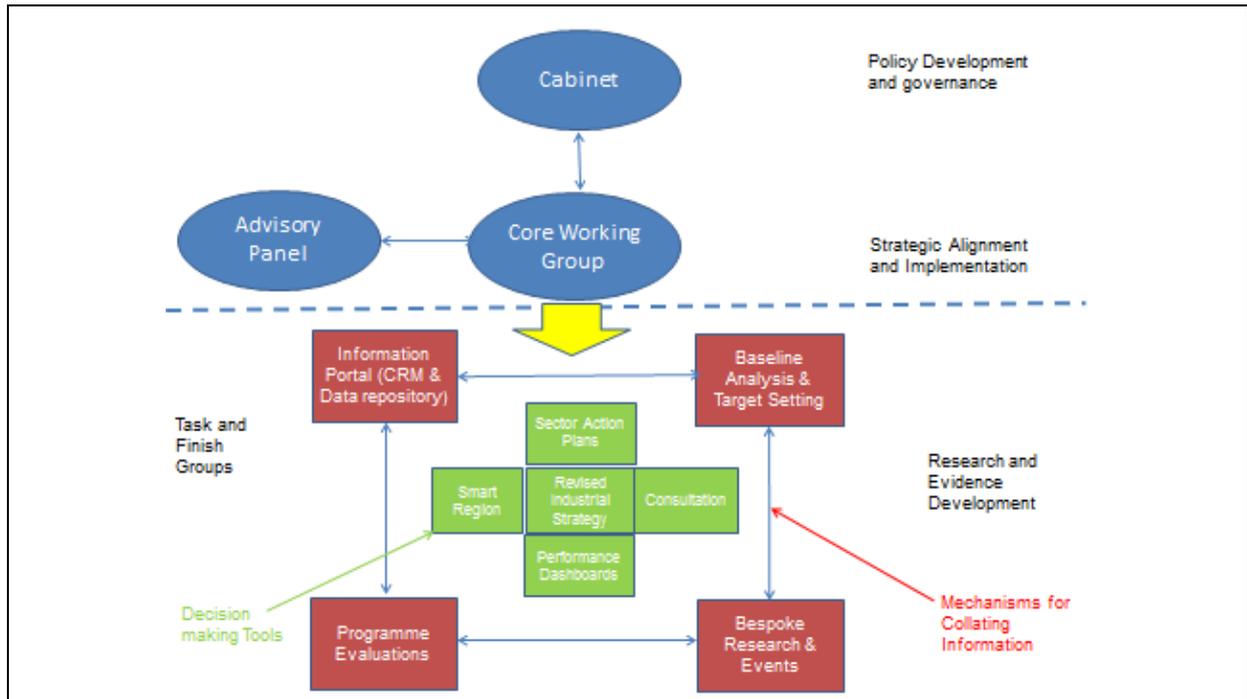
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Appendix A



Activity	Resource	Budget
Advisory Group		
<p>The remit of the group is:</p> <ul style="list-style-type: none"> • Inform a five year research agenda for the Tees Valley; • Highlight emerging policy, and potential areas of influence; and • Develop a high level 'Theory of Change' for the Tees Valley. 	<p>Policy Manager.</p> <p>It is envisaged that the group will include the following:</p> <ul style="list-style-type: none"> • Combined Authority Managing Director / Strategy Director • Mayor and Council Leads • Up to six academics / experts covering the six themes of the SEP. 	<p>No direct financial implications.</p>
Core Working Group		
<p>The remit of the group is:</p> <ul style="list-style-type: none"> • To review emerging/existing interventions and determine the evaluation and research needs of each project/programme/theme; • Establish longitudinal studies; • Develop high level theory of change for each of the themes and the complementarity of thematic monitoring and evaluation activities; • Sign off outline terms of reference for pipeline of evaluations and bespoke research studies; and • Agree annual research and evaluation budget. 	<p>Strategy Director Lead/ Policy Manager.</p> <p>It is envisaged that the group will include the following:</p> <ul style="list-style-type: none"> • Thematic Heads; • Policy Manager, Investment Manager and Economic Strategy Manager. 	<p>No direct financial implications.</p>

