



**GREATER  
CAMBRIDGE  
CITY DEAL**

Securing future prosperity

**Report To:** Greater Cambridge City Deal Executive Board

13 October 2016

**Lead Officer:** Tanya Sheridan – City Deal Director

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## **Independent economic assessment panel update**

### **Purpose**

1. This report provides an update on the procurement of the independent economic assessment panel, which will undertake the gateway review to which future City Deal tranches are subject, as well as relevant background information about that panel, the gateway review process and the link between these and the infrastructure scheme prioritisation.

### **Recommendations**

2. It is recommended that the Executive Board:
  - (a) Notes the overview of the gateway review process for future tranches of funding;
  - (b) Notes the progress on the procurement of the Independent Panel on the Evaluation of Local Growth Interventions;
  - (c) Endorses the preferred tenderer status;
  - (d) Notes the links between the Economic Assessment panel and the prioritisation of City Deal infrastructure investments.

### **Background**

#### *Overview of gateway review process*

3. In order to access tranche 2 funding (up to £40 million per year from 2020/21 to 2024/25), Greater Cambridge will be assessed in 2019 against 'triggers' agreed with Government. There will also be a similar process undertaken in 2024 to determine the release of tranche 3 funding (up to £200 million from 2025 over 5-10 years). These assessments (hereafter referred to as "gateway reviews") will be carried out by an independent economic assessment panel (see below and Appendix 1 for further details).
4. The 2019 gateway review is expected to involve evaluation of the following (which are explained further in Appendix 2):
  - (a) Delivery of prioritised schemes on track and on budget (according to their full business cases).
  - (b) Realisation of benefits forecast for those schemes that have been delivered in time to measure this (again according to their full business cases).
  - (c) Wider economic impacts – the independent economic assessment panel will be asked to advise on whether or not it will be possible to discern and measure wider economic impacts by the time of the 2019 gateway review.

*Background to independent economic assessment panel and procurement*

5. As mentioned above, the gateway reviews will be conducted by an independent economic assessment panel. This involves the procurement of a panel of experts, potentially drawn from academic and consultant circles who are able to devise and apply a methodology for assessing economic impacts at a local level, taking into account specific local circumstances.
6. The requirement to commission an independent economic assessment panel is derived from the Greater Cambridge City Deal document, which states the following as a Greater Cambridge commitment:  
  
*“Commission an independent assessment of the economic benefits and economic impact of the first tranche of transport investments.”*
7. Greater Cambridge is working with eight other Localities around the UK, as well as HM Government and the Scottish Government, to procure a single economic assessment panel that will develop a generic methodology for evaluating local economic impacts and tailor that methodology to carry out each Locality’s specific evaluation. The Localities involved all have City Deals/Growth Deals/Devolution Deals that include an investment fund with a similar payment-by-results mechanism, so have all agreed that collaboratively procuring an expert panel would be best for all involved due to:
  - (a) The fact that this is expected to reduce the costs that each Locality would otherwise expect to face in this procurement; and
  - (b) The limited pool of experts available in this specific area of work, for whom we would otherwise all be competing.
8. To serve the needs of all nine Localities the panel’s work will focus on two different but related areas of work:
  - (a) The development of a core monitoring and evaluation framework, to underpin the approaches to each Localities’ gateway reviews; and
  - (b) The development of local monitoring and evaluation frameworks, drawing heavily upon the core framework but tailoring it to local circumstances, so that each Locality’s gateway review can be driven by a Locality-specific framework.
9. The procurement submissions have now been evaluated, with a preferred bidder emerging. At this point it is not possible to confirm the preferred bidder publicly, as at the time of writing notification has not yet been given. This is expected to be completed by early October, so by the time of this Executive Board meeting the relevant notifications should have been given, and the mandatory 10 day stand still period is expected to be in effect. Once that stand still period is complete the contract will be awarded, and work with the panel will begin.
10. Some Localities have to seek approval from investment committees or other bodies before they can confirm their sign up to the contract, so that approval is currently being sought at the time of writing. The Executive Board has approved a budget of £10,000 per year for five years for this work, with the Chief Finance Officer of Cambridgeshire County Council given delegated responsibility to incur any essential expenditure to deliver the agreed budget (agreed at the Executive Board’s meeting on 28 January 2015).

## Considerations

### *Economic assessment panel timeframes*

11. The procurement specification made clear that the following are expected to be achieved by the panel within one year of its appointment:
  - (a) Devise and agree with the Localities and Government(s) a robust core impact monitoring and evaluation framework and associated methodology.
  - (b) Undertake a scoping of the evaluation practices and processes in place in the Localities to inform the development of the Local Frameworks.
  - (c) Apply this core methodology coherently and consistently across the Localities, to create local monitoring and evaluation frameworks.
  - (d) Identify an appropriate range of metrics for evaluating the relative impact of interventions.
  - (e) Provide advice on the measures/metrics that are appropriate for evaluating impact.
  - (f) Set out processes and timescales for contact with individual Localities, their representatives and Government. This should be prioritised with regard to the timings of five-year gateway reviews. A schedule of meetings with each Locality should be initiated by the Panel within the first two months of appointment.
12. The panel will be expected to undertake the gateway reviews for all nine Localities on a phased programme, based on the details of their specific deals. The gateway review for Greater Cambridge will take place in 2019.
13. Precise timings for detailed work will emerge once the contract has been awarded and the panel has been established.

### *Budget for independent economic assessment panel*

14. The Executive Board initially set a budget of £10,000 per year for five years for the work of the independent economic assessment panel. As reported in June, it has become apparent that the budget for this work will need to be revisited once the panel is established and its work becomes clearer. This is likely to come with a different profile of spend to that originally envisaged, with the costs being spread less evenly across the budgeted years and the money budgeted for 2015/16 spent later, because the work of the panel is likely to be front-loaded for the work on the core framework (as described in paragraph 8). Transport for Greater Manchester, who are managing the contract, have given a wide estimate for the total contract value; our budget is at the lower end of this and we will need to monitor costs and requirements closely and ensure value for money.
15. We are expecting to be in a position to propose a revised budget at the Executive Board's January meeting. This depends on:
  - (a) Timely completion of the procurement process; and
  - (b) When we are able to discuss and agree details of the Greater Cambridge-specific contract, recognising that there are nine Localities calling upon this framework contract.

### *Fit with infrastructure scheme prioritisation*

16. Appendix 3 contains information about infrastructure scheme prioritisation, including key considerations and decision points. Given that the panel will be expected to evaluate those schemes in the context of the criteria explained in paragraph 4, these

pieces of work are inherently linked. The work of the panel and the gateway review provides the context within which prioritisation decisions should be seen and taken.

### **Implications**

17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications.

### **Background Papers**

Greater Cambridge City Deal document:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/321722/Greater\\_Cambridge\\_City\\_Deal\\_Document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/321722/Greater_Cambridge_City_Deal_Document.pdf)

9 June 2016 Executive Board City Deal progress report:

<http://scams.moderngov.co.uk/documents/s94665/City%20Deal%20progress%20report.pdf>

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## Report on the Procurement of the Independent Economic Assessment Panel

### 1. Introduction

- 1.1. UK Government has awarded certain localities with a new Investment Fund grant (also known as 'Gain Share' or 'Earn Back') through City, Growth and Devolution Deals, to invest in interventions that will have a positive impact on economic growth.
- 1.2. These Investment Funds are subject to gateway reviews every five years. Gateway reviews will feature formal reports by an Independent Evaluation Panel, submitted to government and the localities on the impact of the interventions funded by the new investment grant. Ministers will then make a decision on future funding levels for the next five-year period.
- 1.3. UK Government requested that a locality lead the procurement of the Independent Evaluation Panel. Following an unsuccessful procurement earlier this year which Greater Cambridge conducted on behalf of the 9 localities, Transport for Greater Manchester (TfGM) conducted a procurement on behalf of the Greater Manchester Combined Authority (GMCA), eight other localities and the UK and Scottish Governments, a summary of which, along with the outcome, is provided below.

### 2. Background and Overview of the Procurement Process

- 2.1. An Invitation to Tender (ITT) for the procurement and establishment of a single-supplier framework for an independent advisory panel ('the Panel') to support United Kingdom (UK) city-regions or counties as part of individual City, Growth and Devolution Deals agreed with Government ('Localities') was issued by TfGM in June 2016.
- 2.2. The framework will be open principally to the nine Localities listed below, as well as any other Localities that agree a similar funding mechanism for local growth interventions during the terms of the framework; the existing Localities are:
  - Glasgow City Region
  - Greater Cambridge
  - Greater Manchester
  - Leeds City Region
  - Liverpool City Region
  - North East
  - Sheffield City Region
  - Tees Valley
  - West Midlands
- 2.3. If further City, Growth or Devolution deals award further Localities with a mechanism of this sort, the monitoring and evaluation frameworks produced through this work will guide their respective evaluations.

### 3. Headline Costs and Funding

- 3.1. The total value of procurements for the entire duration of the framework agreement was estimated in the Contract Notice published in the Official Journal of the European Union to range between £500,000 and £2,500,000.

- 3.2. The precise cost to each Locality will depend on the work the Locality requests from the Panel and the costs of core work (to be shared equally between the nine localities).
- 3.3. It is currently estimated that the annual average cost for each locality will be no more than £50,000. More precise costs will emerge during the first year of the contract, which will enable more informed budgeting in subsequent years. Contract costs may differ across the years, due to the weight of work in the first and final years of the contract (with establishing evaluation procedures and conducting Gateway Reviews, respectively).

#### **4. Deliverables**

- 4.1. The Chair of the Panel will be accountable for maintaining the full service of the contract.
- 4.2. The Specification set out that the Panel must achieve key project deliverables within one year of appointment, including the following:
  - 4.2.1. Devise and agree with the Localities and Government(s) a robust core impact monitoring and evaluation framework and associated methodology representing best practice in the field, drawing on the Localities' expertise and sources of evidence and analysis on the evaluation challenge.
  - 4.2.2. Undertake a scoping of the evaluation practices and processes in place in the Localities to inform the development of the Local Frameworks.
  - 4.2.3. Apply this core methodology coherently and consistently across the Localities, to create local monitoring and evaluation frameworks and associated methodologies, including defining counterfactuals, to account for local circumstances and specific local growth interventions.
  - 4.2.4. Identify an appropriate range of metrics (including formative criteria and proxy indicators to estimate costs and benefits where economic growth outcomes may not be observable by the first summative five-year Gateway Reviews) for evaluating the relative impact of interventions.
  - 4.2.5. Provide advice on the measures / metrics that are appropriate for evaluating impact. These will be gathered by the Localities, and provide an ex ante view of the levels of each that are likely to be demonstrated at different points in time. On an ongoing, regular basis, the Panel will need to monitor data-gathering processes. In doing so the Panel will need to have regard to factors such as the availability of data, the potential for baselining, regional and local issues and the ability to attribute changes in outcomes to interventions and consideration of appropriate control groups / the counterfactual position. This advice will:
    - (i) Identify the availability of data sets for each Locality.
    - (ii) Appropriately utilise existing locally-gathered data, recognising local operational, resource and value for money requirements.
    - (iii) Propose the cost and feasibility of different methodologies to reflect individual local circumstances.
    - (iv) Draw on the latest theory and methods from spatial and urban economics, as well as lessons from evaluations of similar interventions.
    - (v) Be standardised as far as possible as per the core monitoring and evaluation framework to facilitate cross-intervention and cross-area analysis if required.

- 4.2.6. Set out processes and timescales for contact with individual Localities, their representatives and Government. This will be prioritised with regard to the timings of five-year Gateway Reviews. A schedule of meetings with each Locality will be initiated by the Panel within the first two months of appointment. Formal contact will:
- (i) Agree project timings with regard to five-year Gateway Reviews.
  - (ii) Give progress updates.
  - (iii) Discuss research requirements.
  - (iv) Provide verbal advice.
  - (v) Communicate findings from the evaluations including providing the Localities with the opportunity for clarification and review of the submission of documentation and data for five-year Gateway Reviews.
- 4.2.7. On an ongoing, regular basis quality assure gathered metrics, formative proxy indicators and metric / data gathering processes. These data sets will be used to assess the long term local, regional and national economic consequences of interventions at Gateway Review points. This could be in the form of interim reports which also outline progress to the localities, where agreed locally.
- 4.2.8. At five-year Gateway Review points, submit a formal Gateway Review report to both the relevant Locality and Government to assess whether interventions in each Locality have provided cumulative positive impact upon economic growth based on metrics, indicators and any relevant mitigating factors. These will inform decision-making by Government ministers regarding future funding. Drafts of the report will be made available to individual localities and Government for comment in advance of final submission.

## **5. Tender Evaluation**

- 5.1. Tenderer responses were subject to a two-stage 'selection' and 'award' evaluation process; TfGM reserved the right to include clarification interviews with tenderers who met the interview criteria set out in the ITT.
- 5.2. The selection stage required tenderers to provide evidence of economic and financial standing, and evidence of relevant technical and professional ability and experience; this was evaluated on a pass/fail basis, with tenderers' achieving a 'pass' then being evaluated against qualitative and quantitative award criteria set out in the ITT on a 70/30 qualitative/quantitative basis.
- 5.3. TfGM, with support from New Economy, conducted the selection stage evaluation. All tenderers achieved a 'pass' in this stage and were progressed to evaluation against the award criteria.
- 5.4. Quantitative responses were evaluated by TfGM.
- 5.5. Qualitative responses were evaluated by representatives from UK and Scottish Governments, and the nine localities identified in 2.2 above; provisional scores were submitted to TfGM for review and identification of any outlier scores; a moderation discussion call was held with all evaluators to discuss identified outliers.
- 5.6. The interview panel, chaired by TfGM and mandated to represent UK and Scottish Governments, and the nine localities, comprised evaluators from Glasgow City

Region, Greater Manchester, Liverpool City Region, North East, and UK Government; additionally, UK Government provided an observer.

## **6. Key Contract Elements**

- 6.1. GMCA will act as Contracting Authority on behalf of UK Government and the Parties.
- 6.2. TfGM will manage the contract on behalf of the Parties.
- 6.3. The successful bidder will be engaged under a single supplier framework. The term of the framework will be four years, however contracts awarded during the term of the framework can extend beyond the four-year framework term.
- 6.4. Under the framework each of the Parties will be able to draw down one or more services contracts with the successful bidder to carry out some or all of the activities outlined in their response to the service specification.
- 6.5. A small annual rebate will be collected by GMCA based upon the annual cumulative value of business across all localities to fund TfGM's contract management activities. The maximum annual rebate achievable will be capped at £15,000 each year.

### Greater Cambridge City Deal Gateway Review 2019

The Government has agreed with Greater Cambridge that for the 2019 Gateway Review, the Economic Assessment Panel will produce a report covering assessment of up to three elements (“triggers”). They are:

**Trigger 1 – Outputs (“on track & on budget”)** – the extent to which the schemes programmed for delivery in the first tranche are being developed and delivered on track and on budget against milestones in the final business cases and projects plans; Data to assess this trigger will be drawn from the regular capital reports that are prepared by the Greater Cambridge City Deal Partners, as per the Assurance Framework agreed with the Department for Transport.

**Trigger 2 – Outcomes (direct benefits realisation)** – the extent to which the schemes programmed for delivery up to 31 March 2018 have achieved the outcomes forecast in their final business cases to be achieved in their first year of opening;

Given the likely delivery dates of the schemes, whether this trigger is viable, and the weighting that should be applied to it, will need to be assessed with Government, and with the advice of the panel as appropriate, once all the business cases for the schemes have been worked up.

The precise data sources to be used will be determined by the Full Business Cases. This is expected to be drawn from existing local monitoring, as per the Assurance Framework.

If it transpires that no direct (or wider) benefits are realisable or suitable for assessment in 2019, then local partners and Government will review the weighting between the triggers with the starting assumption that the weighting on the assessments in Gateway 1 will be 100% on Trigger 1.

**Potential trigger 3 – Wider economic impacts** – the Panel will be invited to advise on whether it will be possible to discern and measure (with a sufficient degree of robustness to make release of future funding reliant on it) wider economic impacts from the investment programme by 2019. If the panel advises that this is possible, they will advise on the methodology by which a trigger based on this measure would be devised. This could then form a third trigger in 2019, subject to agreement by all parties. If the panel advises that this is not possible or realistic in 2019, the triggers will be set out as above.

The weighting attached to the triggers will be agreed by Greater Cambridge and the Government once the Panel have advised on the viability of any trigger 3, and once the viability and extent of trigger 2 has become clear at the final business case stage.

## Summary of independent economic assessment panel's fit with infrastructure prioritisation

### Tranche 1 investment programme prioritisation

1. In January 2015 the Executive Board agreed a prioritised investment programme for the first phase of the City Deal, which sees the five City Deal partners receive £20 million per year from HM Government from 2015/16 to 2019/20. This followed on from the commitment made in the Deal Document to agree the prioritised programme on this timeframe, in order to ensure that efforts could be focused on the prioritised programme from April 2015 as the beginning of the tranche 1 period.
2. The long list of schemes proposed for the City Deal infrastructure programme were the subject of an independent assessment of anticipated economic impacts to inform this prioritised programme reflecting the greater Cambridge City Deal Agreement, that we will invest in the infrastructure to drive economic growth in the Greater Cambridge area. This enabled a comparison of the relative impacts of the schemes on housing and employment growth in Greater Cambridge, in accordance with the Cambridge City and South Cambridgeshire District Local Plans.
3. The assessment of relative anticipated impacts was paired with an evaluation of deliverability, with the prioritised tranche 1 programme being a result of this combination and therefore presenting a robust and deliverable programme for the tranche 1 period. Given the amount of work as well as the timescales needed to develop and deliver detailed schemes and the need to demonstrate that the City Deal partners are capable of delivering a transformative infrastructure investment programme, it was considered necessary to include deliverability in consideration of the tranche 1 programme.
4. It was noted at the time, and continues to be the case, that the timeframes involved for delivery are ambitious. It should therefore not be expected that all schemes will be implemented by the end of the tranche 1 period.
5. The approach taken to prioritisation allows the programme to be focused on delivering the vision in the Deal Document of a transport network that links areas of population and employment within the City Deal area, including a comprehensive network of pedestrian and cycle route within Cambridge and high quality bus priority measures on the main radial routes. This supports the development strategy within the Local Plans by transforming connectivity within and beyond the City Deal area, supporting the strategy of development in satellite settlements and maintaining Cambridge as a compact city rather than accommodating growth in the Green Belt.
6. The initial prioritisation decision, decisions that have been taken with regard to the investment programme since then, and those that will be taken in future sit within the context of the Assurance Framework, which was agreed with the Department for Transport (DfT) on the basis of a predominantly standard approach to infrastructure scheme decisions, although with tweaks to reflect local circumstances where necessary. The agreement of the Assurance Framework allowed these decisions to be taken locally, rather than to rely on DfT oversight at every step, and the tools used to inform decisions are consistent with that document.

### Decision points for infrastructure schemes

7. In general terms there are five key decision points that each transport infrastructure scheme is expected to be subject to at the Executive Board.
  1. Project scope setting – this was decided in January 2015.
  2. Approval to consult on selected options.
  3. Selection of preferred option for design and consultation.
  4. Approval of preferred option for detailed design, statutory processes and procurement method.
  5. Approval of project implementation.
8. Where a scheme involves building a link outside of the boundaries of the public highway, this will also be subject to a planning decision. The City Deal partner Councils have delegated the responsibility for determining planning consent for City Deal infrastructure schemes to the Cambridge Fringes Joint Development Control Committee.
9. Alongside the five key decision points listed above, there may be a need for further Executive Board decisions around exercising powers delegated to the Board by the Councils, particularly deciding on objections to Traffic Regulations Orders lodged to allow schemes to be delivered. Conversely, in the case of smaller schemes (e.g. some cycling schemes) it may not be necessary to take all of the steps listed in paragraph 7, and instead to move directly from decision point 1 to decision point 3.
10. For tranche 1 of the investment programme, key decision 1 was taken in January 2015 when the prioritised programme was agreed. The accompanying papers for that decision, and the minutes of the meeting, can be found at:  
<http://scamb.moderngov.co.uk/ieListDocuments.aspx?CId=1074&MId=6514&Ver=4>

### **Selection of preferred options for infrastructure schemes**

11. The City Deal has now reached the point where it has either agreed a preferred option for the tranche 1 infrastructure schemes or is expected to be asked to agree a preferred option in the coming months. These preferred options are then to be developed into detailed schemes to be delivered, following the relevant approvals (including future Board decisions and planning consent for schemes outside the public highway).