

Interim Evaluation of the North East Strategic Economic Plan: Executive Summary

Purpose

An independent Interim Evaluation was commissioned by the North East Local Enterprise Partnership (North East LEP) to assess the effectiveness and impact of the North East Strategic Economic Plan (SEP) and its implementation on the region's economy, and to assess the impact of the role of the North East LEP in co-ordinating and delivering the SEP.

The work was undertaken by Steer Economic Development (Steer-ED) between June 2018 and October 2021 over three annual stages, involving a mix of evaluation methods, including logic model development, qualitative and quantitative analysis, and case study development. A summary of the evaluation tools and processes used is included in Table 1 overleaf.

The findings of this study are being used to establish and embed evaluation processes and procedures, ensuring a strong and structured approach to evaluation across the North East LEP, and will enable a Final Evaluation, timetabled to complete in 2025, which will assess the impact of the SEP's delivery over the full 10 year first phase period between 2014 and 2024.

The Strategic Economic Plan

Spanning the period 2014-2024, the North East SEP has the following objectives:

- Increase the number of jobs in the North East economy by 100,000 by 2024;
- Ensure that 70 per cent of the jobs' growth is in better jobs¹;
- Reduce the gap in private sector employment density by 50 per cent by 2024;
- Close the gap in the employment rate for people aged 16-64 by 100 per cent by 2024;
- Reduce the gap in economic activity for people aged 16-64 by 50 per cent by 2024; and
- Reduce the gap in GVA per hour worked by 50 per cent by 2024.

The SEP was refreshed in 2017 and 2019, reflecting contextual changes and lessons learned from delivery at that point.

The SEP is underpinned by the North East LEP's structures of governance, leadership and coordination, five Programmes of Delivery (PoDs, Business Growth, Innovation, Investment & Infrastructure, Skills Employability Inclusion & Progression and Transport Connectivity), the Areas

of Strategic Importance (ASIs, Advanced Manufacturing, Digital, Energy, and Health & Life Sciences), the Strategy, Policy and Analysis activities, and Communications.

Delivery of activity across the North East LEP is extremely varied, with the North East LEP pulling different levers at different points in programmes and projects, subject to the nature of the intervention and available resource. For instance, this includes the direct delivery or funding of certain activity or more strategic inputs such as coordinating partners, leveraging additional resources, and providing a cohesive strategic narrative across the region.

Activities are organised by the five PoDs and are therefore the primary means by which the SEP's strategic objectives are to be realised.

¹ This target was revised upwards from 60 per cent at the point of the 2017 refresh.

Table 1: Summary of Evaluation Activities

	Baseline Report (2014)	Year 1 Evaluation Report (2018-19)	Year 2 Evaluation Report (2019-20)	Year 3 Evaluation Report (2020-21)
Logic Model Development	<ul style="list-style-type: none"> • Generation of SEP-level and PoD-level logic models considering interventions in the context of the SEP's inception in 2014. 	<ul style="list-style-type: none"> • Update of SEP- and PoD-level logic models 	<ul style="list-style-type: none"> • Update of SEP- and PoD-level logic models 	<ul style="list-style-type: none"> • Update of SEP- and PoD-level logic models
Qualitative Assessment	<ul style="list-style-type: none"> • Qualitative assessment as part of the evaluation of Strategic Added Value. • Qualitative analysis of POD reporting to the North East LEP 	<ul style="list-style-type: none"> • Qualitative analysis of PoD reporting to the North East LEP Board (29 November 2018); • Interviews with key stakeholders involved in the SEP's development, and the implementation of its PoD • Interim Process Evaluation of the Local Growth Fund (LGF) Programme 	<ul style="list-style-type: none"> • Assessment of qualitative deliverables set out in the SEP through a review of board reporting and supplemented through PoD level consultations • Consultations with strategic partners • Consultations with the communications team 	<ul style="list-style-type: none"> • Assessment of qualitative deliverables set out in the SEP through a review of board reporting and supplemented through PoD level consultations • Consultations with the communications and Strategic Policy and Analysis team
Quantitative Assessment	<ul style="list-style-type: none"> • A set of quantitative indicators were identified and agreed based on the outputs and outcomes identified in the 2014 SEP, its subsequent 2017 refresh and each PoD's logic model. • Baseline Dashboards were produced to report on performance in the wider PoD ecosystem for the North East and comparative LEPs. 	<ul style="list-style-type: none"> • Assessment on performance against PoD Indicators. • Assessment on performance against Baseline Indicators for each PoD. 	<ul style="list-style-type: none"> • Update of PoD dashboards to include outcome indicators identified in the 2019 SEP refresh. • Assessment on performance against PoD Indicators. • Assessment on performance against Baseline Indicators for each PoD. • An assessment of all PoD evaluations to see assess the viability of an aggregated EIA for each PoD • An aggregated EIA assessment for Business Growth (insufficient project evaluation material available for other PoDs) 	<ul style="list-style-type: none"> • Assessment on performance against PoD Indicators. • Assessment on performance against Baseline Indicators for each PoD. • An interim evaluation of the two largest investment programmes for delivering the SEP (the LGF and Enterprise Zone [EZ] programmes) including a VfM assessment
Case Study Development	N/A	N/A	<ul style="list-style-type: none"> • SAV case studies of (i) preparations for leaving the EU; (ii) the role of communications in SEP delivery; (iii) the evolution of the Gatsby pilot; and the development of the energy for growth strategy • Mini evaluations of (i) Go Ultra Low North East; (ii) the North East Growth Hub and RTC North and ScaleUp North East; (iii) the Incubator Support Fund; (iv) the Hope Street Xchange; (v) the Innovation SuperNetwork; and (vi) the North East Satellite Applications Centre of Excellence and Space and Satellite Applications Hub 	<ul style="list-style-type: none"> • A SAV case study on COVID-19 response including the delivery and integration of a survey on the effectiveness of Growth Hub's work in COVID-19 response has been for businesses and the provider network.

Source: Steer-ED, 2021

Performance against Objectives

The level of the SEP

A summary of how the North East LEP is performing against its objectives (as set out above) is included in Table 2. In assessing performance against objectives, it is important to remember that this is an Interim Evaluation and there are three further years for the SEP to deliver against its objectives. Data availability also means that the assessment to date is often only reflective of the mid-way point for SEP-delivery in 2019.

Performance against each objective is prescribed a 'Red/Amber/Green' (RAG) rating as below:

- Red: Objective unlikely to be achieved;
- Amber: Objective could still be achieved, but there are concerns around timelines; and
- Green: Objective has been achieved or is on course to be achieved in the expected timeframe.

The SEP is progressing to target in two of the six headline objectives, these are relating to job creation (increase of 69,500) and the proportion of these jobs being better jobs (increase in better jobs of 78,800).

The SEP is moving in the right direction for two further objectives. These objectives are reducing the employment and economic activity gap with the level of England excluding London. Despite employment increasing by 28,000 and the economically active increasing by 32,000, they are not currently at the expected pace to reach targets by 2024.

Table 2: Summary of Evaluation Activities

Objectives	Actual	Target	Progress	RAG
Increase in the number of more and better jobs	69,500	100,000	69.5%	● Green
Number of all jobs to be better jobs	78,800	70,000	113%	● Green
Reduce the 2014 gap in the private sector employment density between the North East LEP and England excl. London	Increase of 14%	Reduction of 50%	As per actual	● Red
Reduce the 2014 aged 16-64 employment gap between the North East LEP and England excl. London	Reduction of 21%	Reduction of 100%	As per actual	● Amber
Reduce the 2014 aged 16-64 economic activity gap between the North East LEP and England excl. London	Reduction of 23%	Reduction of 50%	As per actual	● Amber
Reduce the 2014 gap in GVA per hour worked between the North East LEP and England excl. London	Increase of 19%	Reduction of 50%	As per actual	● Red

Source: <https://www.northeastlep.co.uk/the-plan/our-targets> [Last updated March 2020]

The two final objectives are currently underperforming; similarly, whilst productivity per hour has increased by £3 and private sector employment has increased by 10,000, the productivity gap and the gap in private sector employment density with England excluding London has increased since 2014.

These data were last updated in March 2020, so the impact of COVID-19 has not yet been captured within the numbers above.

The assessment in Table 2 has been calculated using national-level data sources rather than an aggregation across project-level data of SEP activities. These data, therefore, have considerable limitations for the purpose of evaluation as it both cannot be attributed to North East SEP activity or be interrogated to understand what activities are driving or undermining performance. The work that is being undertaken to create a centralised dataset of all project-level monitoring data for the North East LEP should

continue to be assembled so that these outputs can be aggregated for the Final Evaluation of the SEP.

The PoDs

Each of the five PoDs have stated objectives. A summary assessment of activity against these is set out below. Objectives are monitored by the same RAG ratings as with the SEP-level objectives. An overview of how the PoDs are performing against their objectives is included in Table 3. In summary:

- **Business Growth:** All Business Growth PoD objectives are largely performing well against the objectives having improved against the baseline. The notable exception is the density of scaleup businesses which has not grown near to the level expected at this stage, however, there is a considerable time lag on the availability of these data so there may have been positive changes that are not captured in this table;
- **Innovation:** All Innovation PoD objectives with the exception of increasing the share of per-capital government innovation expenditure have missed targets or are tracking behind expectations. Two additional SEP objectives are not included in the table due to datasets being discontinued and no alternative established methods for collecting data. These are increasing the proportion of businesses engaged both in process innovation and/or 'wider innovation' and increasing the gross number of innovation active businesses by 550 (this is only currently available as a proportion of total);
- **Investment and Infrastructure:** The Investment & Infrastructure PoD continues to move in the right direction against all of their stated objectives although there is still a good proportion to be delivered in leveraging additional public and private investment;
- **Skills, Employment, Inclusion and Progression:** There is a mixed picture for performance with the Skills, Employment, Inclusion and Progression PoDs, with progress reported in reducing skill gaps and shortages, but the gaps against national averages in employment and economic activity rates are increasing. Additionally, there are also objectives that are not captured as there are no established metrics. Specifically, these are, improving the proportion of individuals with digital skills², the perceptions of the North East as a place to build a career for individuals and employers³ and establishing the North East as a key location for piloting new approaches to skills, employment, progression and inclusion⁴; and
- **Transport Connectivity:** The Transport PoD is performing well against all KPIs with the exception of road journey time reliability which has worsened since the baseline.

There are ongoing challenges in the collection of some data where the LEP is not directly delivering a project or programme, and therefore has little access to the data and cannot capture progress. The extent of this varies considerably across PoDs depending on how directly they are delivering activities.

² IPPR North recently published a report looking at the digital divide across the North East which complements and aligns to a recent report published by the North East LEP on behalf of the Skills Advisory Panel, looking at digital exclusion in the North East LEP area, focussed on education and skills. The intention is that strategic partners (including North of Tyne Combined Authority (NTCA), VONNE, Milfield House Partnership, etc) will

develop a regional strategy on digital exclusion, based on the recommendations from both reports. A key action area from this work is around embedding digital skills across all subject areas within formal education. As this strategy moves into delivery, the development of a suitable indicator should be considered and ideally developed for the Final Evaluation.

³ There is no established indicator for this objective. The development of a suitable indicator should be considered and ideally developed for the Final Evaluation.

⁴ Qualitative evidence of the North East being used as a location for piloting new approaches is evidenced within the Gatsby primary and secondary pilots as included in the SAV assessment.

Table 3: PoD KPIs

PoD	Objectives	Target	Baseline	Actual	Source	RAG
Business Growth	Increase the density of scaleup businesses	50% increase from baseline	35.8 [per 100k people] [2014]	36.8 [per 100k people], 3% increase [2018]	ERC	● Amber
	Create additional jobs through inward investment	4,000 per year	-	2,991 [2015] 4,609 [2016] 2,379 [2017] 2,188 [2018] 2,979 [2019] 1,373 [2020]	DIT	● Amber
	Increase the numbers of scale-up businesses	Higher than baseline	700 [2014]	730 [2018]	ERC	● Green
	Increase GVA per hour worked	Higher than baseline	27.6 [2014]	30.8 [2019]	ONS	● Green
	Increase the number of businesses trading outside the North East	Higher than baseline	5,000 [2016]	5,000 [2019]	ONS	● Amber
	Increase the proportion of 'innovation active' businesses	Higher than baseline ⁵	56% [2014]	41% [2019]	UKIS	● Red
Innovation	Reduce the gap in average business expenditure on R&D between the North East ⁶ and the UK	Reduction of 50%	£3.98m [2014]	22% increase [2019]	ONS	● Red
	Increase investment in business R&D as a proportion of GVA	50% increase from baseline	0.6% [2014]	0.8%, 33% increase [2019]	ONS	● Amber
	Increase the share of per-capita government expenditure on R&D secured by the North East ⁶	Higher than baseline	£0.11m [2014]	£0.27m [2019]	ONS	● Green
	Increase total R&D investment as a proportion of GVA	2.4% [by 2027]	1.1% [2014]	1.4% [2019]	ONS	● Amber
Investment & Infrastructure	Create additional gross jobs on direct employment sites [by 2025]	10,000	-	8,118	LGF & EZ	● Green
	Secure additional public sector funding	£260m	-	£67m	LGF & EZ	● Amber
	Secure additional private sector investment	£830m	-	£369m	LGF & EZ	● Amber
	Deliver new or refurbished commercial floor space	430,000m ²	-	348,425	LGF & EZ	● Green
	Unlock additional brownfield land	50ha	-	>200ha	LGF & EZ	● Green

⁵ This indicator has decreased within all comparator areas: Tees Valley from 52% to 31%, Liverpool City Region from 57% to 24%, Sheffield City region from 57% to 52%, D2N2 from 57% to 41%, Eng Excl. London from 54% to 38%

⁶ NB. Data is available at the North East NUTS3 regional level only

Skills, Employment, Inclusion & Progression	Increase the number of employers signed up to the 'good work' pledge	Higher than baseline	-	[TBC]		● Green
	Reduce the employment gap for the population aged 16-64 between the North East LEP and England excl. London	Reduction from baseline	35.2% [2014]	4.1%, 21% reduction [2019]	APS	● Green
Inclusion & Progression	Reduce the gap in economic activity rates for the population aged 16-64 between the North East LEP and England excl. London	Reduction from baseline	2.6% [2014]	2.0%, 23% reduction [2019]	APS	● Green
	Reduce skills gaps (measured by proportion of employers reporting skill gaps)	Lower than baseline	13% [2015]	12% [2019]	UKCES	● Green
	Reduce skills shortages (measured by proportion of employers reporting skill shortages)	Lower than baseline	6% [2015]	4% [2019]	UKCES	● Green
	Secure funding through Transforming Cities Fund	£130m	-	£146m ⁷ [2020]	LGF	● Green
	Improve the reliability of road journey time (measured through average delay time in minutes)	Lower than baseline	30.1 [2015]	31 [2019]	ONS	● Red
	Increase satisfaction with the transport network (measured through survey satisfaction rates with Metro)	Higher than baseline	7.8 [2018]	7.9 [2020]	NEXUS ⁸	● Green
	Increase public investment in transport	Higher than baseline	624 [2014]	1,310 [2018]	ONS ⁹	● Green

Source: Steer-ED, 2021

⁶ Total funding

⁷ Metro Satisfaction

⁸ Public expenditure on transport

Strategic Added Value and Wider Benefits

The Strategic Added Value concept was originally developed for the evaluation of Regional Development Agencies. Its purpose is to capture how stakeholders have been engaged and influenced, how funding has been secured, information shared, decisions made, and outcomes achieved [Table 4].

Table 4: Strategic Added Value

SAV	Description	SEP activity
Leadership	Articulating and communicating the strengths, weaknesses, opportunities and threats, including the identification of shared strategic objectives with partners and stakeholders.	Championed the North East economy's development/ opportunities/needs to internal and external audiences.
Influence	Carrying-out or stimulating activity that gets partners and stakeholders to commit to respond to shared strategic objectives, for example, by changing behaviour, and allocating resources based on shared strategic objectives.	Stimulated partners to work together on the delivery of the North East SEP.
Leverage	Providing and/or securing financial other incentives to mobilise partner and stakeholder resources; equipment and people, as well as funding.	Secured funding and/or financial incentives to deliver/enable partners to implement the North East SEP.
Synergy	Using organisational capacity, knowledge and expertise to improve: [1] information exchange and knowledge transfer between partners and stakeholders; [2] coordination of partners and stakeholder activity; and [3] integration of the design and delivery of interventions/activity between partners and stakeholders. Potentially achieving a 'catalytic effect'.	Shared information and/or coordinated activity amongst partners to provide greater impact in delivery of the North East SEP.
Engagement	Setting-up and maintaining mechanisms and/or incentives for more effective and deliberative engagement of stakeholders in the design and delivery of policies, guidance, research, programmes, and projects.	Engaged partners in the co–design/co-production of effective programmes/projects to implement the North East SEP.

Source: Steer-ED

The North East LEP has clear strengths in developing and maintaining strategic relationships for which it has been characterised as a 'stand-out' across multiple consultations and case studies. This directly translates into greater partner buy-in into the SEP and associated activity. The development of the Energy for Growth strategy and COVID-19 Response and Recovery strategy are strong examples of leadership, engagement and synergy, developing a unifying vision for the North East that closely aligns to SEP objectives. Consultation with stakeholders suggest that these examples illustrate wider practice.

A review of the North East LEP's preparations for exiting the European Union and the response to the COVID-19 pandemic demonstrates quick and effective response to change and evidence of the North East LEP being able to take a more active/leading policy role. These activities also provide an example of pivoting the SEP to appropriately respond to emerging challenges/economic shocks; using the SEP's overarching framework to organise response activity and get 'back on track' to SEP targets for growth. The process undertaken has also worked as an opportunity to improve partnership working and buy-in to the SEP.

There are also examples of the North East LEP informing and influencing national policy through its programmes. This includes the Gatsby benchmark pilots¹⁰ and current work with Tees Valley LEP piloting a new approach to recommending business support that considers a business's future growth potential or their 'anticipated future state'¹¹. These are strong examples of SAV in strategic influence.

The North East LEP's evidence-based approach continues to stand out to consultees when compared with LEP comparators. Investment decisions are clearly grounded in the North East LEP area's economic strengths and weaknesses, with a particular emphasis on maximising the ASIs. This is well evidenced in the LGF and EZ programmes where the North East LEP has concentrated resource in unlocking key investment sites such as for the Automotive/Advanced Manufacturing sectors in the A19 Corridor, and for the Energy/Low Carbon sectors in the Blyth Estuary.

All of the component parts of the SEP are well understood internally and externally alike as has been evident in consultations undertaken throughout this study where even external partners have known and

could articulate the ambitions of the SEP and any underpinning strategy work, e.g., North East's Trade Report 'Global North East: Driving growth in North East trade and exports'¹² published in June 2021 and the bid for the North East England Freeport¹³. Communications operates in a very unique way compared to other LEPs as it is completely embedded in all North East LEP activity and critical to its delivery. The step change and impact that the refresh in 2017 and iteration of the SEP in 2019 has had compared to before these processes were properly implemented in 2014 are clear and this has had a direct impact on the North East LEP's impact as a leader, coordinator, and advocate.

The greatest challenge consistently across North East LEP strategic and PoD activity is a lack of decentralised resource to enable decision-making, funding and delivery activity to happen more efficiently; at scale and at pace to external challenges. To help mitigate for this and ensure delivery of the SEP, the North East LEP has successfully leveraged additional sources of UK funding. This has included utilising existing funding streams and 'bending' these to align to the objectives of the SEP, as well as securing investment into specific

projects or programmes such as in the Innovation Supernetwork. The North East LEP has also undertaken wider strategic work to strengthen pipelines in preparation for new funding streams. This has successfully been undertaken in developing a pipeline of projects for the Energy for Growth strategy. This work positioned the North East LEP well in securing funding from the Getting Building Fund (GBF), meaning a higher proportion of successful funding then elsewhere. Similarly, the North East LEP is continuing to develop a pipeline of projects for applying into the UK Shared Prosperity Fund (UKSPF).

Conversely, the North East LEP has used considerable time and resource on unsuccessful opportunities, for instance, the bid to establish one of the eight national free trade zones in the North East in March 2021. This was unsuccessful despite having one of the highest scoring bids due to national political decision making.

¹⁰ The landmark education programme to drive careers aspirations through close working with local employers in schools from primary and secondary schools that was piloted in the North East and now a part of national policy.

¹¹ The Business Growth PoD team is currently liaising closely with BEIS on the results of this pilot as it seeks to define the future of the business support landscape nationally.

¹² <https://www.northeastlep.co.uk/wp-content/uploads/2021/06/North-East-trade-and-export-report-FINAL.pdf>

¹³ <https://northeastenglandfreeport.co.uk/our-bid/>

Indicative Value for Money Assessment

A full SEP-wide assessment of Value for Money (VfM) is not yet available at this stage due to a combination of the stage in project delivery and data quality. A roadmap to ensure that this is available for the Final Evaluation of the SEP is included as part of this programme of work.

However, an indicative VfM assessment has been undertaken on the two largest investment programmes for the North East LEP, namely the Local Growth Fund (LGF) and the Enterprise Zone (EZ) programmes. To date, the LGF and EZ programmes have invested £270m and £69m respectively since 2013, with further investment expected on EZ sites of £97m (62% of overall programme spend) up to 2028.

Both of these programmes are still in delivery which limits the scope and robustness of this assessment. A more comprehensive assessment of programme VfM will be undertaken in 2025 as part of the final evaluation of LGF and EZ programmes. The prospective VfM analysis has been undertaken at a programme level, using anticipated job creation targets and applying 'ready reckoner' additionality assumptions to move from 'gross' to 'net additional outputs'. Table 5 presents the potential combined VfM position of the programmes.

Table 5: Value for Money Analysis

VfM Measure	Anticipated Public Cost per Net Job	Anticipated LGF (and EZ for last row) cost per Net Job
LGF Total jobs and total costs	£37,659	£15,863
LGF Economic Infrastructure jobs & costs only	£27,695	£8,872
Total jobs & costs (LGF & EZ)	£30,901	£16,694

Source: Steer-ED, 2021

Overall, the public cost per net job is broadly in line with established benchmarks for Regional Growth Fund projects. If the programmes meet their forecast outcomes, these SEP programmes will represent good value for money.

¹⁴ A full mapping of investment activity is needed to be undertaken before the Final Evaluation to understand the exact proportion of SEP activity spend these programmes equate to.

¹⁵ For both programmes, deadweight, leakage, displacement (including substitution) and multiplier assumptions have been drawn from the HCA Additionality Guide and are assumed to be 20%, 10%, 25% and 1.44 respectively for LGF and 20%, 10%, 50%, and 1.44 for EZ. The EZ displacement figure is higher, based on evidence from wider literature around historic EZ programmes highlighting high levels of displacement.

¹⁶ Not including projects that are primarily targeting skills and transport benefits rather than job creation.

¹⁷ <https://www.nao.org.uk/report/the-regional-growth-fund/>: To note this report stipulates £33k but applying the inflation rate from 2013 this is calculated as £37k.

¹⁸ The LGF total jobs and costs does sit at the upper end of benchmark levels and therefore any substantive reduction in jobs created and/or any increase in public sector costs could result in poor value for money outcomes. There is some headroom for further project slippage/disruption when considering the LGF economic infrastructure specific projects and the total projects across LGF and EZ programmes.

Table 6: Performance RAG Action Area

Action area	Programme Delivery	Programme Outcomes	Overall comments
Business growth	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> The collaborative approach employed by the Growth Hub, RTC North and ScaleUp North East has resulted in increased engagement with solution providers with proven scaleup services, which in turn has eased the route by which businesses navigate the region's business ecosystem as evidenced in the mini evaluation Aggregated EIA looking at forecasted targets estimated good to very good VfM. The Growth Hub team has had to be extremely responsive to a changing context due to Brexit and COVID-19, a survey of businesses supported has demonstrated that this has provided a positive impact. 	<p>RAG Rating: ● Amber</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> 12% increase in GVA per hour worked (of £3.2) Moderate increase in the density of scaleup businesses Annual average of 2,750 jobs created through FDI (2015-2020) against an annual target of 4,000 Moderate 4% increase in scale-up businesses (of 30) A lack of movement in the number of businesses trading with the North East LEP (since 2016) 	<ul style="list-style-type: none"> The Business Programme has delivered a high level of impact to date with strong project delivery and evidence of good VfM at a project-level. There is strong evidence of impact through additional case study work including supporting resilience and recovery from the impact of COVID-19 and partnership working between RTC North and ScaleUp North East. Performance against objectives is mixed with mostly moderate improvements or poor performance against targets.
Innovation	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> Consultations have evidenced good examples of partnership working e.g., with National Centre of Rural Enterprise and Innovation Super Network although further work to be done to build collaborative relationships nationally. Mini evaluations have shown strong evidence of working towards expected outcomes and direct delivery against the SEP objectives (inc. Satellite Applications Hub, Innovation Supernetwork and Hope St Exchange). 	<p>RAG Rating: ● Amber</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> 33% increase in Business R&D investment as a proportion of GVA Moderate £0.16m increase in the share of per-capita gov. expenditure on R&D Moderate 0.3pp increase in total R&D investments as a proportion of GVA Fall in % of 'innovation active' businesses by 15pp Increase in the gap in average business expenditure on R&D between the North East and the UK by 22% 	<ul style="list-style-type: none"> The Innovation programme has delivered a medium level of impact to date with strong alignment to SEP objectives. However, delivery mostly has a long-term focus, and it is difficult to assess impact to date. Aligned to this, there is a mixed story for performance against PoD objectives, with most objectives performing poorly against targets.
Investment & Infrastructure	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> Consultations evidence the management of multiple funds effectively, maximising their investment opportunity and aligning to the SEP's strategic priorities. Interim LGF/EZ VfM assessment forecasting good VfM Significant SAV of targeted investment in key strategic sites through strategic deep dives undertaken as part of the interim LGF/EZ evaluation Examples of using funding to develop local project pipelines in incubator support fund mini evaluation. 	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> An additional 8,113 gross jobs on direct employment sites against a total target of 10,000 Leveraging an additional £67m of public sector funding and £369m of private sector investment 348,000m2 of new or refurbished commercial floor space delivered, tracking positively against targets Significant brownfield land unlocked 	<ul style="list-style-type: none"> The Investment & Infrastructure PoD has delivered a high level of impact to date with the delivery of significant investment funds [LGF, EZ and NEIF] directly translating to achieving objectives. All PoD objectives are tracking positively against targets with the exception of funding leveraged - this is moving in the right direction although not yet at the expected pace.

<p>Skills, Employment, Inclusion & Progression</p>	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> Stakeholder consultations have praised the PoD's strategic vision and relationship development and partnership working. Consultees also commented that the North East LEP stands out when compared to other LEPs for its focus on education and skills, which deliver outcomes over the long rather than the short term. This PoD demonstrates exceptional SAV, influencing national strategy on careers provision, based on the initial Gatsby pilot. This project is also directly addressing the PoD's specified outcomes, specifically around raising young people's aspirations due to good careers guidance and exposure to industry. 	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> Increase in the number of employers signed up to the 'good work' pledge Reduction of the employment gap for the population aged 16-64 by 21% Reduction of the gap in economic activity rates for the population aged 16-64 by 23% Reduction in the skills gap of 1pp Reduction of reported skills shortages by 4pp 	<ul style="list-style-type: none"> The Skills PoD has delivered a high level of impact to date with strong levels of SAV and performance against qualitative deliverables including securing North East as a 'the place to go' as an education testbed. All PoD objectives are tracking positively against targets
<p>Transport Connectivity</p>	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> Consultations as part of the LGF Interim Evaluation evidenced a strong pipeline of transport projects that supported PoD strategic priorities and worked to unlock strategic investment sites that supported other SEP priorities e.g., supporting the A19 corridor. Case study of Go Ultra Low North East showing significant progress in improving Electric Vehicle infrastructure in line with PoD ambitions. This PoD has made considerable progress with project delivery with the majority of LGF transport projects well underway or completed and consistently meeting delivery targets. 	<p>RAG Rating: ● Green</p> <p>Evidenced by:</p> <ul style="list-style-type: none"> £146m of Transforming Cities Funding secured (112% of target) Increase in satisfaction rates with the transport network Doubling of public investments into transport (from £624m to £1.3bn) Moderate increase in average delay times on A roads of 54 seconds 	<ul style="list-style-type: none"> The Transport PoD has delivered a high level of impact and is performing well against all qualitative deliverables including securing significant funding locally (most notably through the Transforming Cities Fund) and aligning work to strategic priorities. The 2019 SEP showed an increased focus to clean growth and sustainability, this activity is also being demonstrated at a project level, with a review of the Go Ultra Low North East showing positive performance that reflects the ambitions of the SEP. The North East Transport Plan has been developed in close alignment to the SEP despite being the only PoD where delivery sits outside the LEP The PoD has performed well against objectives, with the exception of one which has moderately deteriorated in performance.

<p>Strategy, Policy & Analysis</p>	<p>RAG Rating: ● Green Evidenced by:</p> <ul style="list-style-type: none"> • Consistent messaging from stakeholder consultations that the North East LEP has played a critical role in SEP delivery, including through an partnership working, policy development, developing a unifying narrative and communicating the needs of the North East LEP area [inc. through a consistently evidence-based approach]. • SPA activity demonstrated excellent examples of all elements of SAV [Leadership, Influence, Leverage, Synergy and Engagement] across case studies on across preparations for EU exit, the development of the energy for growth strategy and COVID-19 response and recovery. • Significant work to date has been undertaken to bolster the evidence base for the SEP and for evaluative assessment [these include the development of logic models and a continued increase in evaluation activity at a project and programme-level] but there are still key areas to build upon to ready the SEP for the Final Evaluation. The SPA team must continue to play a key role in supporting the organisation to embed evaluation best practice. 	<p>RAG Rating: N/A No objectives assessment</p>	<ul style="list-style-type: none"> • The SPA has delivered a moderate to high level of impact to date, demonstrating significant strengths in developing and maintaining strategic relationships and has been characterised as a 'stand-out' by stakeholders with regional/national oversight. • Significant SAV has also been exemplified across a number of case studies taken over a two year period. • There has been considerable headway in embedding evaluation principles across the North East LEP since 2014, and that there are notable positives to acknowledge before heading into the Final Evaluation. These include the development of logic models and a continued increase in evaluation activity at a project and programme-level. This early work in aligning to evaluation good practice has put the North East LEP in a good position moving forward and embedded best practice internally throughout the organisation. This activity should continue. • SPA does not have explicit objectives in the SEP to assess outcomes against and outcomes are primarily assessed through the SAV workstream.
<p>Communications</p>	<p>RAG Rating: ● Green Evidenced by:</p> <ul style="list-style-type: none"> • Consultations with internal and external partners have shown a strong awareness of the SEP and it's ambitions internally and externally. • SAV Deep Dive into the role of Communications in the delivery of the SEP has shown that it has played a critical role in the development and delivery of the SEP including significant SAV, specifically in strategic influence, leadership and engagement. The team has also provided effective data and analysis in relation to communications activity to promote and engage businesses and education and training providers to help maximise the impact of specific programmes and projects delivered as part of the PoD. 	<p>RAG Rating: N/A No objectives assessment</p>	<ul style="list-style-type: none"> • The communications have delivered a high level of impact to date supporting the execution of individual PoDs as well as the promotion of the SEP as a leading document. • The North East LEP's investment in building its Communications is completely embedded in all North East LEP activity and critical to its delivery, and communications capability has had a direct impact on the North East LEP's impact as a leader, coordinator, and advocate. • Communications does not have explicit objectives in the SEP to assess outcomes against.

Source: Steer-ED, 2021

Next Steps and a Framework for Future Evaluation

Whilst the core principles of evaluation remain consistent, the methodological landscape for evaluation studies itself continues to develop and become more sophisticated. This includes revisions to HMT guidance on how to appraise and evaluate policies, projects and programmes¹⁹ as well as more emphasis on the Maryland Scientific Methods Scale (SMS). SMS defines minimum quality thresholds for evaluations, with expectations from government for a minimum Level 3 scale for evaluation studies becoming the norm.

Due to the varied nature of the SEP and the activities delivered by the PoDs, there is a need for logic models at the level of each PoD. As articulated in Table 1, logic models were developed as part of the Baseline Report and have been updated annually as part of the evaluation process. Going forward, these logic models (for the SEP overall and for the PoDs individually), should not be static, but rather continue to be deployed and refreshed as 'living and breathing' documents that respond to the wider context. These can be both 'fundamental' (e.g., macroeconomic shocks such as the COVID-19 pandemic), and 'incidental' (e.g., readjusting activities to changing requirements from funders²⁰). Together both SEP- and PoD-level logic models inform the LEP's overarching Monitoring and Evaluation (M&E) Framework.

There has been considerable headway in embedding evaluation principles across the North East LEP since 2014, and that there are notable positives to acknowledge before heading into the Final Evaluation. These include the development of logic models and a continued increase in evaluation activity at a project and programme-level. This early work in aligning to evaluation good practice has put the North East LEP in a good position moving forward and embedded best practice internally throughout the organisation. This activity should continue. Specifically, continuing to update logic models to contextual change and continuing to undertake and learn from project and programme-level evaluative assessment where possible (including further case studies to evidence Strategic Added Value). Evaluation activity should continue to be published and communicated to partners and government for full transparency on progress and to promote evaluation best practice.

Additionally, however, there are a number of challenges where further targeted work is needed to assure a more robust, representative, and evidence-based Final Evaluation that builds on good work to date. These challenges are:

- **Difficulties in establishing a centralised database for monitoring data because of the availability of data from delivery projects** and therefore the ability to establish a bottom-up assessment of

SEP activity using project-level data: An ongoing challenge for evaluative assessment of the SEP is that there is not a centralised source of data and a cohesive framework which monitors data from a PoD level to the SEP-level, although significant work has been undertaken to assemble this and innovative methods use to compensate. Due to the varied nature of delivery, there are some challenges in accessing, collating, and aggregating certain data, but this should be addressed for all available data. This will allow the Final Evaluation to provide an assessment of overall SEP-objectives as an aggregation across project-level data rather than using national-level data sources;

- **Clarity around how PoD objectives directly align to the delivery of the SEP-level objectives:** Critically, PoD logic models should feed directly into the objectives of the SEP with a clear line of sight in how each PoD is delivering on SEP-level objectives. A comprehensive mapping exercise of PoD-level objectives against SEP-level objectives is needed to better understand how progress against each PoD objective is contributing to those at a SEP-level. This mapping should be undertaken before the Final Evaluation and should build upon the early work as part of the Baseline Report to look at the links between inputs and outcomes at a PoD-level;

- **PoD-level objectives are not all consistent or SMART** (Specific, Measurable, Achievable, Realistic and Timebound) with particular gaps in objectives being Measurable and Timebound: Across the PoD there are challenges around objectives not being consistently SMART. Ideally, all PoD objectives would be revised to be SMART before the upcoming SEP refresh. This will allow for a better assessment of activity within the Final Evaluation of the SEP. The Innovation PoD has recently gone through this process of updating its objectives which will be implemented in the next iteration of the SEP. It should be noted that the annual delivery plan is SMART and that this needs to be reflected back into the SEP; and
- **Current lack of project-level evaluations for Economic Impact Assessment (EIA), due to position in SEP delivery timeframe:** There have been ongoing challenges in conducting an EIA due to a lack of evaluation evidence. This will need to be addressed through both continuing to increase the number of project level evaluations internally, but also through working with relevant government departments to get further evaluation and data for evaluation activity that is being progressed through delivery partners. To note, there will likely continue to be some continued challenges in delivering an EIA for some delivery areas due to the nature of outcome indicators for some PoDs, most notably for skills and innovation.

¹⁹ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

²⁰ To note, it is the evaluators view that the North East SEP should not be re-baselined due to COVID-19 and the impact of COVID-19, as with other shocks, should be told through the narrative.

Conclusions

The North East LEP has a wealth of evidence showing SAV across its areas of delivery. The role it plays working with partners, providing a cohesive strategic narrative and communicating the needs and strengths of the locality to central government have continually been highlighted as core strengths for the North East LEP internally and externally alike.

There is a mixed picture in terms of performance against SEP- and PoD-level objectives. Whilst every PoD can evidence successes, there are also key challenges for which to focus North East LEP attention and resource for the final years of delivery. Detailed recommendations are set out for each PoD in the main report and a summary assessment of performance is included in Table 4. This includes a Red, Amber and Green RAG assessment reflecting limited, moderate and high levels of supporting evidence.

The North East SEP has undoubtedly played a key role in the economic development of the North East LEP, particularly in the development of a cohesive and unifying voice and set of objectives across a historically fragmented political area.

The challenges in establishing a centralised source of data and a cohesive framework which monitors data from a PoD level to the SEP-level continues to be a key challenge for evaluation, and whilst more could be done by the LEP internally, this highlights an issue for national policy makers with respect of the structure of funding programmes. Evaluation sampling through mini evaluations and the Interim VfM assessment of the LGF and EZ programmes have indicatively shown good to very good VfM in line with national benchmarks. However, as we approach the final evaluation, we recommend a further comprehensive review of data availability to confirm activity across the SEP at the Final Evaluation.

In order for this to be achieved, we recommend the following is undertaken by the North East LEP:

- Undertake a mapping exercise prior to undertaking the Final Evaluation which reviews how all component PoD activities are delivering to the SEP objectives;
- All PoD objectives should be reviewed according (likely as part of the SEP 2021 refresh) and revised to ensure they are SMART;
- All project- or programme-level evaluation activity delivered across the SEP, including by each PoD to be collated centrally for use in the Final Evaluation; and
- Ongoing activities to improve the quality of consistency of data to continue including the centralisation of all monitoring data.

Undertaking these tasks will continue to embed evaluation good practice within the North East LEP and build on positive work to date.

The importance of the role of the North East LEP and the SEP is brought into even sharper focus going forward due to the COVID-19 pandemic. How the North East LEP continues to deal with COVID-19 Response and Recovery is mission critical for the SEP, with downturns expected across all SEP targets as a result of the Pandemic. To curb this expected and apparent decline in jobs, economic activity, innovation and entrepreneurship, following the impacts of the pandemic, the bringing together of partners in this way; around a strategic framework and shared vision for recovery, actively linking businesses to suitable support, ensuring a robust evidence-based approach and securing a recovery and renewal deal with central government.

Critically, the key SAV pillars of Leadership, Influence, Leverage, Synergy and Engagement will be key, and the North East LEP will need to continue to exercise these to ensure a proactive Recovery Response.

Whilst the North East LEP has evidence of effectively driving economic growth in the North East, the scope of its role is still limited by restricted allocation and responsibility to LEPs from central government, in order to decision-make, fund and deliver response efforts at scale and at pace. The North East LEP should continue to advocate more decentralised resource locally to drive forward SEP activity and work towards the SEP's stated objectives.