



Combined Authority Board

16 October 2024

Title:	Gateway Review Mid Term Report Findings
Report of:	Jules Ient, Head of Policy, Insight and Performance
Lead Member:	Mayor Nik Johnson
Public Report:	Yes
Key Decision:	No
Voting Arrangements:	N/A

Recommendations:

A	To note the findings of the Ministry for Housing, Communities & Local Government (MHCLG) Gateway Review 2 (GR2) Mid-Term Report for the period 2020/21-2025/26.
B	To note how the Combined Authority is responding to themes from the Gateway Review 2 Mid-Term report.
C	To note planned next steps prior to submission of the GR2 Final Report in October 2025.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Achieving ambitious skills and employment opportunities
X	Achieving good growth
X	Increased connectivity
X	Enabling resilient communities
X	Achieving Best Value and High Performance

1. Purpose

1.1	The Cambridgeshire and Peterborough Combined Authority Investment Fund (Investment Fund, known as 'Gainshare'), is a 30-year, £600 million fund that began in 2016/17. It forms part of the Cambridgeshire and Peterborough Devolution Deal. The Combined Authority is required by MHCLG to commission a five-yearly, independent review of the impact that this core funding has made on economic growth in the Cambridgeshire and Peterborough (C&P) region. The current Gateway Review (GR2) covers the period 2020/21- 2025/26.
1.2	The Combined Authority is currently at the mid-way point of GR2, having completed the Mid Term Report. The Mid Term Report was prepared by an Independent Evaluation Panel (IEP) commissioned

	<p>by the Department for Levelling Up, Housing and Communities (DLUHC, now MHCLG) and led by DLUHC’s consultants SQW. SQW submitted the Mid Term Report to DLUHC in May 2024 which:</p> <ul style="list-style-type: none"> • provides an overview of progress to date • identifies progress and issues in the delivery of 23 agreed interventions • presents emerging findings from impact evaluations and capacity development research • updates plans for the final evaluation evidence
1.3	The Combined Authority’s timely completion of a comprehensive Mid Term Report will ensure that robust plans and data are in place to support effective, independent Final Report evaluations.
1.4	<p>The paper presented today summarises the Mid Term Report.</p> <ul style="list-style-type: none"> • Section 2 below explains what the Gateway Review comprises. • Section 3 summarises the key findings from the Mid Term Report. • Section 4 sets out how the Combined Authority is responding to these findings. • Section 5 sets out the next steps to the GR2 Final Report.

2. What the Gateway Review Covers

2.1	<p>The overall approach to evaluation for GR2 is set out in the National Evaluation Framework (NEF), finalised by DLUHC in January 2023. The specific approach for Cambridgeshire and Peterborough was then agreed in a Local Evaluation Framework (LEF) produced by the Combined Authority and submitted to DLUHC in July 2023.</p> <p>GR2 consists of a number of different phases of work as shown below:</p> <pre> graph LR A[Local Evaluation Framework Submitted July 2023] --> B[Mid-Term Report Submitted May 2024] B --> C[Final Report Due to be submitted October 2025] </pre>										
2.2	<p>The Local Evaluation Framework sets out the planned approach to the evaluations required for GR2, in three main categories:</p> <ul style="list-style-type: none"> • Impact Evaluation: This focuses on assessing the direct outcomes and long-term impacts of interventions, particularly those linked to economic growth metrics such as Gross Value Added (GVA), employment, and new housing. Interventions are eligible if they are expected to deliver observable outcomes within the timescale of the Gateway Review. • Progress Plus Evaluation: Applied to interventions where it may be too early to demonstrate full impacts but where significant progress, financial scale, strategic importance, or novel delivery methods are evident. This evaluation identifies emerging outcomes and anticipates future beneficial impacts. • Progress Evaluation: Focuses on reporting the progress of interventions in terms of expenditure, delivery milestones, and output generation. This evaluation is conducted on all interventions within the scope to provide a comprehensive overview of the programme's current status. 										
2.3	<p>41 interventions have been approved since the Investment Fund’s launch and have drawn on Gainshare funding. Of these, the following 23 interventions are in scope for GR2:</p> <table border="1"> <thead> <tr> <th>Theme</th> <th>Intervention</th> </tr> </thead> <tbody> <tr> <td>Business Support</td> <td>Business Growth Fund Covid Micro Grants</td> </tr> <tr> <td>Digital</td> <td>Digital Connectivity Strategy</td> </tr> <tr> <td>Education & skills</td> <td>University of Peterborough Phase 1</td> </tr> <tr> <td>Energy usage</td> <td>Care Homes Climate Change Investment Programme Waterbeach Depot Solar PV Smart-grid Project</td> </tr> </tbody> </table>	Theme	Intervention	Business Support	Business Growth Fund Covid Micro Grants	Digital	Digital Connectivity Strategy	Education & skills	University of Peterborough Phase 1	Energy usage	Care Homes Climate Change Investment Programme Waterbeach Depot Solar PV Smart-grid Project
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Environment	Greater Cambridge Chalk Streams Huntingdonshire Biodiversity for All Logan's Meadow Local Nature Reserve Wetland Extension Natural Cambridgeshire Nature and Environmental Investment Fund Net Zero Villages Programme
Housing & commercial property	Community Land Housing Meanwhile at Core Sight
Local economies	Market Towns Phase 1 Market Towns Phase 2
Transport	A605 Oundle Road Widening: Alwalton-Lynch Wood Active Travel Cambridgeshire Bus Reform Programme Fletton Quays Footbridge Soham Railway Station Peterborough Green Wheel Regional Transport Model

3. Mid Term Report Findings

3.1	<p>Covid Micro Grants Impact Evaluation</p> <p>Covid Micro Grants was the only intervention subject to impact evaluation at Mid Term Reporting stage. Key findings were:</p> <ul style="list-style-type: none"> • This intervention provided capital grants of up to £5,000 to 129 businesses (sole traders, small businesses and partnerships) during the Covid-19 pandemic. • The intervention was subject to high demand with all grant funding allocated within days of launching and fully spent within a six-month period from May 2020. • The scheme helped to generate some intended economic outcomes that may not have been achieved without the intervention. These included 354 jobs retained and 29.5 created. • Other benefits included increased turnover, improved business survival rates, new/improved products entering the market, and new/improved processes adopted.
3.2	<p>Updates to impact evaluations approaches</p> <p>The evaluation approaches for the three interventions that will be subject to impact evaluations at the GR2 final reporting stage were further scoped. Key findings were:</p> <ul style="list-style-type: none"> • The original approach to the impact evaluation of the Digital Connectivity Strategy Delivery project remains valid. Data provision is good and as expected, with only minor issues identified. • The approach to the impact evaluation of the Market Towns phase 1 project has been further developed. A programme-level assessment of key data on outputs and outcomes across the 11 towns will be combined with more in-depth evaluation for three of the towns. • A revised methodology is being developed for the impact evaluation of the University of Peterborough Phase 1, following further scoping work to address constraints on data and primary research. This approach will help to consider how the university campus is helping to address the higher education cold spot identified.
3.3	<p>Progress Plus Evaluation</p> <p>One intervention, Market Towns Phase 2, is subject to progress plus evaluation. Key findings were:</p> <ul style="list-style-type: none"> • Delivery began in July 2023. There was an overall underspend against planned spend in 2023/24 of 64% at December 2023 due to delays in delivery. • It is expected that the intervention will catch up in 2024/25.
3.4	<p>Progress Evaluation</p> <p>Key findings were:</p>

	<ul style="list-style-type: none"> • 41 interventions have been approved since the Investment Fund’s launch, of which 11 had been completed at September 2023. • Of these, 23 interventions are in scope for GR2, six of which are complete. The £24.3m spend to September 2023 on these 23 interventions represents 85% of target spend to September 2023 and is expected to increase to £63.4m by GR2 in October 2025. • Of the total Investment Fund pot, £80.9m had been spent to September 2023, with this expected to rise to £185.5m by 2025 (GR2). Some of this expenditure covers core costs for the Combined Authority and interventions that are not in scope for GR2 e.g. business cases. • Delivery for some interventions is not aligned with initial timelines. Of the 17 ongoing interventions: <ul style="list-style-type: none"> ○ 7 are delivering to budget. ○ 8 interventions met agreed delivery targets. ○ 6 interventions have delivered outputs. ○ 4 interventions have delivered outcomes as anticipated to date. • Reported fund level outputs included jobs created, education floorspace created, businesses assisted and infrastructure outputs. • It was not possible to quantify achievement of fund level outputs for some output metrics due to lack of availability of data. • The main reasons for projects falling behind link to delays associated with the pandemic, rising costs or changes in project design. • Despite these delays, all but one of the 23 interventions in scope are on track to meet original objectives.
3.5	<p>Process Review: Capacity Development and Partnership Working</p> <p>Consultations, e-surveys and case studies were used to gather views on the contribution that the investment fund has made to changes in the behaviours, perspectives and decisions of actors across the Cambridgeshire and Peterborough economic development landscape. Key findings were:</p> <ul style="list-style-type: none"> • The Combined Authority has made significant changes to its structure and governance, informed by an external audit and subsequent development of an Improvement Plan. Phase 1 of the improvements included changes to governance and operational procedures. Phase 2 has centred around developing three new frameworks: a Single Assurance Framework (SAF), a Risk Management Framework (RMF) and a Performance Management Framework (PMF). • Recent changes at the Combined Authority are beginning to positively impact how the organisation is perceived and how it engages with stakeholders. • There has been favourable feedback regarding new senior appointments and an improved level of stakeholder engagement. • Challenges remain in achieving buy-in and consensus on strategic priorities, due to the diverse socio-economic characteristics and political leadership across the area. • More should be done to define strategic priorities and ensure they are reflected in the project decision-making process.
3.6	<p>Findings from Contextual Economic Forecast of the Cambridgeshire and Peterborough Area</p> <p>The baseline forecasts from Gateway Review 1 (GR1) were compared with actual outturns to date, using 2021 as the most recent available data and analysing changes from 2015-2021. The report recognises that differences between the forecast and actual out-turn performance of the Cambridgeshire and Peterborough economy will be caused by multiple factors, of which the Investment Fund is only one. Key findings are:</p> <ul style="list-style-type: none"> • Employment in C&P increased by 38,000 jobs, representing 8.7% growth between 2015 and 2021. This outpaced the 6% national growth rate, indicating robust job creation in the region. • GVA in C&P grew by £2.4 billion, a 10.4% increase over the same period. This rate of growth was significantly higher than the UK average of 4.5%. • Productivity in C&P increased by 1.6%, contrasting with a 1.4% decline in productivity across the UK.

	<ul style="list-style-type: none"> • The region faces significant disparities, particularly among Greater Cambridge, Greater Peterborough, and The Fens. This inequality is exacerbated by varying levels of connectivity, which limits access to opportunities and resources. • The economic forecasts underscore increasing costs of living and doing business in the region, particularly in areas like Cambridge, where housing affordability is a significant issue. • The region's commitment to transitioning to Net Zero and adapting to climate change is highlighted in the forecasts. However, this transition poses several challenges, including high levels of emissions per capita and significant risks related to flooding.
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4. Responding to the Findings

4.1	The capacity development and partnership working stakeholder feedback is largely positive and evidences the ongoing improvement journey of the Combined Authority across a number of areas. The adoption of the Single Assurance Framework (SAF), Performance Management Framework (PMF) and Risk Management Framework (RMF) in November 2023 and the refreshed Corporate Strategy in January 2024 are examples of these. In light of the Best Value Notice expiring, the focus remains on embedding these improvements, recognising that better never stops.
4.2	The Mid Term Report provides the Combined Authority with constructive challenge on whether or not some interventions are strategically aligned to the Devolution Deal and able to deliver significant economic growth. These are decisions which predate the Combined Authority's new SAF process. Implementation of the SAF is key to ensuring that future interventions robustly demonstrate their alignment to the devolution deal and their ability to drive inclusive growth. This will deliver better outcomes for the residents and businesses of Cambridgeshire & Peterborough.
4.3	The Mid Term report highlights concerns in relation to the delay in delivery of some interventions. Both the global pandemic and rapid rise in costs have been recognised in our Mid Term Report, along with other Gateway Reviews covering this period. Embedding the SAF, RMF and PMF are key to enabling improvements to delivery, not only to newly approved interventions but also those programmes and projects currently in delivery.
4.4	The report noted gaps in output data for some projects. Addressing these gaps will be addressed as part of the preparation for submission of the Final Report evidence papers. Work is already underway to ensure this happens. A refresh of the Combined Authority's Monitoring & Evaluation Framework, a key activity for 2024/25, is under way. Delivering this is a key commitment to continuous improvement. Furthermore, reviews of the Combined Authority's Performance Management and Evaluation and Programme Management Office (PMO) capacity was undertaken in late 2023, this has resulted in a restructure of the Combined Authority's Policy, Insight and Performance team. The team is now in place, with all posts recruited to by September 2024. Capacity is also being increased within the PMO.

5. Next Steps to GR2 Final Report

5.1	The planned timeline to the Final Report is:																		
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5.2	<p>The evidence papers for the Final Report will comprise:</p> <ul style="list-style-type: none"> • Digital Connectivity Strategy Delivery impact evaluation • Market Towns Phase 1 impact evaluation • University of Peterborough impact evaluation • Market Towns Phase 2 progress plus evaluation • Progress Evaluation (for all projects in scope) • Case Studies (University of Peterborough, Business Growth Fund, Soham Station and Huntingdonshire Biodiversity for All) • Process Review and Capacity Development and Partnership Working • Socio-economic Context and Investment Fund Deployment (including economic forecasts to 2030)
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6. Background	
6.1	<p>The Combined Authority's Devolution Deal commits a £20m per annum Investment Fund (also referred to as Gainshare) to the Combined Authority over 30 years. This funding is subject to five-yearly independent Gateway Reviews to assess the impact the Investment Fund has made in the local area on economic growth. DLUHC appointed a consultancy, SQW, in 2022, to prepare a National Evaluation Framework (NEF) against which all deals will be assessed. The NEF was published in January 2023.</p>
6.2	<p>Areas are divided into Cohorts according to the start date of their Investment Funds. Some Areas, including Combined Authority, have already passed their first Gateway Reviews (GR1). All Areas within a given Cohort will follow the same process and timeline in the run-up to their first/next Gateway Review. Combined Authority is in Cohort 2 and submitted its GR1 in November 2020.</p>
6.3	<p>Economic forecasts are a core part of Gateway Reviews. Their purpose is to provide the context for how the economy in Cambridgeshire and Peterborough was expected to develop at the time the Investment Fund was approved. At GR1, forecasts for employment, GVA and productivity were developed for Cambridgeshire and Peterborough by Cambridge Econometrics, using 2016 as the base year. These baseline forecasts were compared with actual outturns using 2019 as the most recent available data.</p>
6.4	<p>Monitoring information comprising financial and delivery data for all projects in receipt of Gainshare funding has been submitted by Combined Authority to MHCLG's (previously DLUHC's) consultants SQW six monthly since April 2023, as required by MHCLG.</p>
6.5	<p>Ekosgen were appointed as contractors to the Combined Authority to produce the Mid Term Report evidence papers through an open procurement process in October 2023. The evidence papers are used by MHCLG to produce the independent Mid-Term report. SQW completed this work on behalf of MHCLG.</p>
6.6	<p>The evidence papers were produced between November 2023 and March 2024. Independent evaluations were led by ekosgen, with project oversight by the Combined Authority. Data collection involved officers from across the Combined Authority, external delivery partners and other stakeholders. The Mid Term Report evidence papers are:</p> <ul style="list-style-type: none"> • Covid Micro Grants Programme Impact Evaluation • Digital Connectivity Strategy Delivery Impact Evaluation Update • Market Towns Phase 1 Impact Evaluation Update • University of Peterborough Impact Evaluation Update and Next Steps • Market Towns Phase 2 Progress Plus • Progress Evaluation • Contextual Economic Forecasting • Process Review, Capacity Development and Partnership Working

6.7	Regular monthly meetings were held between the Combined Authority, ekosgen and SQW, at which SQW provided check and challenge on evaluation methodology and guidance on process and timelines.
6.8	The evidence papers were reviewed by an independent academic panel appointed by DLUHC in March 2024 and notes shared with Combined Authority and ekosgen in April 2024. The evidence papers were amended in response to comments received.
6.9	The evidence papers were approved, summarised into the Mid Term Report and submitted to DLUHC by SQW in May 2024.
6.10	A lessons learnt review was undertaken in April 2024 involving ekosgen, the Combined Authority GR2 delivery team and project leads for in-scope projects. Findings from the lessons learnt review were summarised and expectations for the final report reported by ekosgen in May 2024.
6.11	The Mid Term Report and lessons learnt findings were reviewed by Combined Authority Corporate Management Team in May 2024, and CPPSB and LSM in September 2024. There was a delay between May and September due to the pre-election period.

7. Appendices

7.1	Appendix A. Evaluation of the Cambridgeshire and Peterborough Combined Authority Investment Fund Mid Term Report
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8. Implications

Financial Implications

8.1	There are no immediate direct financial implications as a consequence of the delivery of this report.
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Legal Implications

8.2	There are no direct Legal implications as a consequence of the delivery of this report.
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Public Health Implications

8.3	This report does not have direct public health impacts.
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Environmental & Climate Change Implications

8.4	This report does not have direct environmental & climate change impacts. Among the 23 interventions in scope for GR2, five had a specific focus on the environment, two related to energy use and eight related to improvements in transport or digital connectivity. The direction provided by work on the Shared Ambition, recommended for approval at the Combined Authority Board meeting on 16 October, includes a 'Resilient' outcome which would focus on local energy, advanced water management and letting nature and biodiversity flourish.
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Other Significant Implications

8.5	There are no immediate equality, diversity and inclusion implications as a consequence of the delivery of this report.
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Background Papers

8.6	None
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