

# Local Growth Fund Evaluation

An independent report  
by Focus Consultants

July 2021





# Executive Summary

The Government awarded a total of £265 million of Local Growth Fund (LGF) funding to the South East Midlands (SEM) area from 2015 to 2021 for capital projects to support growth. This has now been extended to March 2022 to take account of the pandemic's impact on delivery.

The current approved programme of over 50 projects is delivered under three themes:

- **Business:** supporting productivity
- **People:** enhancing skills
- **Place:** building transport schemes and enabling housing and employment infrastructure.

The Local Growth Fund investment programme aims to deliver over 40,000 homes, 22,000 jobs and 9,000 learners by 2030.

The full Evaluation Report, with details on the method of research, is available at [www.semlep.com](http://www.semlep.com).

**£265m**

Programme

**£645m**

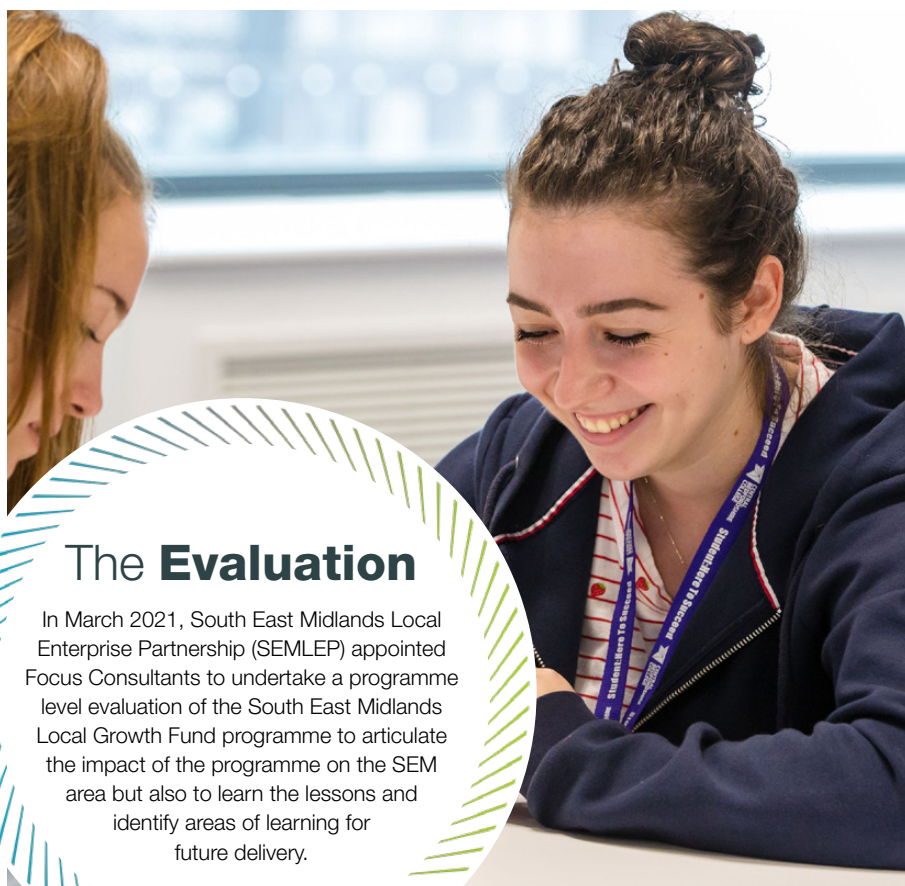
total project value including match

**55 projects**

across three themes

**£90m**

investment to private sector\*



## The Evaluation

In March 2021, South East Midlands Local Enterprise Partnership (SEMLEP) appointed Focus Consultants to undertake a programme level evaluation of the South East Midlands Local Growth Fund programme to articulate the impact of the programme on the SEM area but also to learn the lessons and identify areas of learning for future delivery.



Growing Business

**£57m**



Growing People

**£37m**

Growing Places

**£139m\*\***

\* private sector includes Higher and Further Education.  
\*\* thematic analysis excludes the DfT retained M1 A6 project and therefore does not align with the 265 total.



By 2030,

Every £1 of LGF will generate **£1.42 of additional spend**

**Private  
sector projects  
lever £1.57 for  
every £1  
of LGF**

**Public  
sector projects  
lever £1.25 for  
every £1  
of LGF**

Average spend  
per head is

**£153**

Average spend per  
business is

**£3370**

Return on investment  
to date is estimated  
to be circa

**£9 for  
every £1**

invested over 10 years  
including ripple and  
multiplier effects\*



Academic Centre, MK Hospital

\*The research undertaken has been designed to estimate the total effect of the programme considering a wide range of consequential or induced effects as well as the immediate effects.





# Economic Impact

The evaluation estimated the potential facilitated wider economic impacts of the LGF funded projects on the SEM economy. This considers the wider ripple effects of expenditure by new residents and the GVA of employers in new commercial workspace constructed through the programme and the lifetime benefits for learners for example. The key findings are:

**Estimated facilitated economic benefits achieved in the SEM area by the end of 2020, as a result of LGF Investment:**

Additional spend in the local economy in the area by new households:

**circa £25m per annum.**

Jobs GVA:  
an additional

**£173m increase**  
in GVA per annum.

Commercial Floorspace:  
to date the LGF investment has created sufficient floorspace to accommodate circa **3,500 employees.**

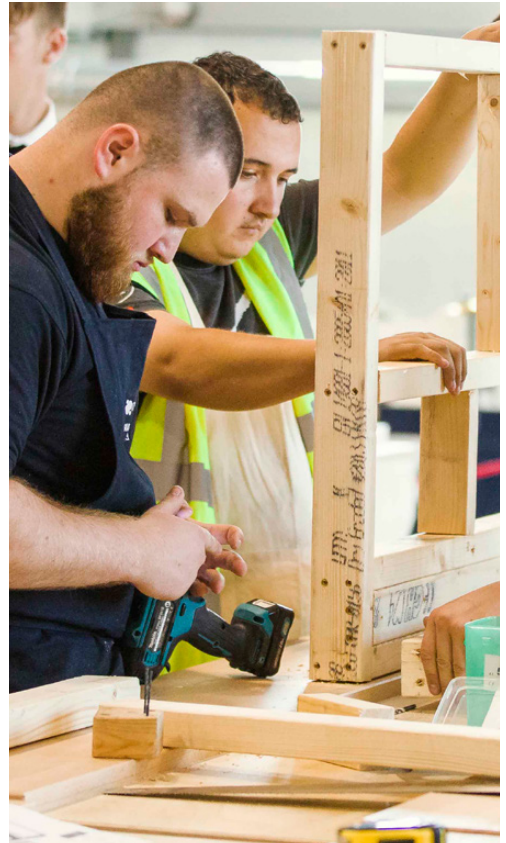
Research and Development:  
**£5m of private sector R&D.**



Cranfield University Forensic Institute



Educational Acceleration in Digital Skills, MK:U



Advanced Engineering Centre, Northampton College

Learners economic benefits:

**5,523 learners have been trained**

/ are in training to date. When they have completed their training, it is estimated that as a result of increased wages/income, there could be an additional £5.9m spending locally per annum.

Apprentices:

**484 apprentices**

have started their training to date. When they have completed their apprenticeships, it is estimated that they will have the potential to **increase productivity by £3.8m** for the SEM economy per annum.

**Potential economic benefits to be achieved in the SEM area by 2030 as a result of LGF the investment and inclusive of the impacts above:**



A421

Additional spend in the local economy in the SEM area by new households:

**potential circa £186m per annum.**

Jobs GVA:  
a potential additional

**£656m increase**  
in GVA per annum.



Vulcan Works

Learners economic benefits:

**8,989 learners**

will have been trained/be in training by 2030. When they have completed their training, it is estimated that as a result of increased wages/income, there could be an additional circa £8.5m spending locally per annum.



MK Gallery

Commercial floorspace:  
by 2030, the LGF investment is forecast to have created sufficient floorspace to accommodate nearly

**4,000 employees.**

Research and Development:  
**£26m of private sector R&D.**



Advanced Engineering Centre, Bedford College

Apprentices: By 2030,  
**1363 apprentices**

are forecast to have started their training. When they have completed their apprenticeships, it is estimated that they will have the potential to **increase productivity by around £9.5m** for the SEMLEP economy per annum.



Engineering and Construction Skills Centre





# Outcomes

Programme outcomes as identified through the evaluation are clearly linked to the aspirations of the 2019 South East Midlands Local Industrial Strategy:

## Ideas

- Stimulating markets and acting as a catalyst for further investment.
- Developing new technologies through Research and Development.
- Further building the knowledge cluster and world leading research facilities.
- Enhanced reputation of the area for innovation and embracing new technology.

## People

- Addressing skills gaps and developing skills needed by local industry including digital skills.
- Improving employability and creating new employment opportunities and reducing the number of residents commuting out of the area for employment.

## Infrastructure

- Enhanced digital infrastructure.
- Positioning the region to maximise the opportunities of investments such as East-West Rail.

## Business environment

- Raising the profile and ambition of the area through investment.
- Attracting businesses to the region to undertake Research and Development.
- New businesses started and supported to grow.

## Places

- Development of new products and processes helping to meet climate change requirements.
- Improved connectivity with improved sustainable transport options and reduced travel delays.
- Improved town centre environments.

## Net Zero Carbon

- The development of technologies and processes, particularly in transport and advanced engineering but also agriculture to reduce environmental impact of key industries.
- An increasing focus on investing in projects which contribute to the region's transition to net zero carbon including R&D and testing of electric vehicles and other low-carbon automotive technologies and vertical farming.
- Investment in 5G infrastructure in Milton Keynes which will result in applications which will accelerate mass uptake of low-carbon energy solutions.
- Improved sustainable transport options with improved conditions for walking/cycling and encouraging the use of and making it easier to travel on public transport.



Luton Hat District

## Sustainable Communities

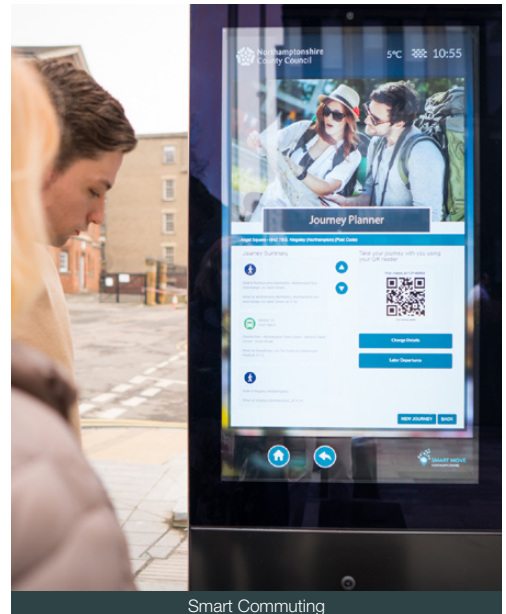
- Supported social mobility through education and training provision with a focus on the skills needed by local companies.
- Trained 80 new doctors through the Academic Centre MK Hospital project resulting in 80 additional doctors working in local wards during the Coronavirus pandemic.
- Funded a project with a school which was designed to see if funding a school has a direct economic impact. Whilst it's too early to say what the impact has been, funding such a project demonstrates innovation in the use of funding to achieve diverse outcomes.
- Investment in 5G infrastructure in Milton Keynes resulting in trialling of applications focused on health and wellbeing such as supporting access to efficient healthcare services and testing new methods of diagnosis.
- Funded investment which resulted in residential and non-residential properties being protected from future flooding, delivering huge social and economic benefits for property owners and occupants.



# Key Findings

Key findings of the evaluation are as follows:

- Return on investment to date is estimated to be circa £9 for every £1 invested over 10 years including ripple and multiplier effects.
- Whilst at first the projects funded had a strong focus on transport due to much of the LGF budget coming from the Department for Transport, there has been a clear shift in line with the Local Industrial Strategy with an increasing focus on business, innovation, low carbon and related skills and significantly increased private sector involvement.
- Increasingly significant investment in time to promoting the bidding rounds, supporting projects through the pre application and due diligence process. This is considered an example of very good practice and this level of pre application engagement has not been evident or as evident elsewhere.
- Engagement and appraisal processes are considered an example of very good practice with a focus on bringing forward projects that are strategically aligned, deliverable and essentially 'fundable'.
- Programme management is overwhelmingly seen as extremely strong and an example of best practice. Relationship building and beginning to end involvement is exemplary and considered a key contributor to the success of the programme.
- Exceptional performance in terms of meeting expenditure forecasts.
- There has been a very successful drive for more private sector involvement following a steer at LGF 3.
- Although spread across the whole of the SEM area, Central Bedfordshire and West Northamptonshire have received the most LGF.



Smart Commuting



STEM Teaching Block Provision, Mark Rutherford School



Real Driving Emissions Centre, MAHLE Powertrain



# Feedback from projects

“On a scale of 1-5 how well do you rate the overall programme management of the LGF programme? 5 being very high, 1 being very low”

Of those that answered,

**100%** gave a rating of either 4 or 5.

“Do you think that the relationship with the LGF Programme team at SEMLEP has helped or is helping you to deliver the project?”

Of the people that answered this question,

**90%** said yes.

“The LGF Programme Team at SEMLEP has been extremely supportive throughout the whole process from application throughout the delivery stages of the project.”

“I much prefer the milestone payments approach; it is much easier to understand and focused discussions on progress to reaching each milestone.”

**“They are very invested in and good at developing relationships and this is very helpful in managing the programme. They are a pleasure to work with.”**

“The Programme Management Board meetings have been very valuable indeed. Key benefits include: opportunities for a valuable inter-face with other project managers which in turn enables intelligence, delivery experiences and challenges to be shared and, importantly, the cross-fertilisation of ideas.”

“SEMLEP have established a robust and objective application and evaluation process which is clearly explained from the outset.”





# Lessons Learnt

Overall, the findings of the evaluation have been very positive and learning has been built into the programme. A small number of suggestions were made or identified which could inform future programmes:

- The Board recognises that LGF started as a public sector funding stream but welcome the focus on Local Industrial Strategy more recently and want to see this diversity continue.
- Build net zero carbon into the application and appraisal process as a gateway criterion, aligning with the Green Book update where there is increasing focus on the net zero commitment.
- Depending on the LEP Review findings, ensure a strong pipeline of projects is in place. This will build on the region's success in securing funds from the Getting Building

Fund in 2020 which was in part due to having a strong pipeline.

- To address any unevenness in successful applications, SEMLEP could take a more targeted approach to encourage applications from those areas with fewest applications and offer pre-application support to them.
- Some projects did suggest that there are too many meetings but the flexibility of the contact plan approach perhaps means the frequency of meetings can be adjusted as necessary whilst continuing to manage risk.



Catesby Aerodynamic Research Facility



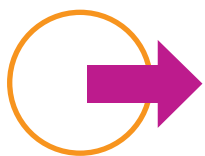
Enterprise Centre, East Northants



Food and Drink Innovation Centre, Moulton College



I-Worx, Bedford



# The Future

A number of recommendations and suggestions for the future have been identified through the evaluation. These are listed in priority order below and are subject to the outcome of the 2021 LEP Review.



Wellingborough Campus Renewal, Tresham College



The Exchange, Aylesbury

1. It is clear that there is a huge amount of experience, expertise and recognised good practice in the programme management approaches applied to the LGF programme which could and should be utilised to manage similar investment programmes. This could include for example a role in independently managing investment in the Oxford-Cambridge Arc and supporting Local Authorities in the management of Levelling Up Fund investment and the delivery of Town Investment Plans.
2. To maximise impact, it is considered that any future funding should come with flexibility for LEPs to develop and deliver a programme that is specific to and meeting the needs/opportunities of their area – an approach which has proved successful for SEMLEP.

For the SEM area, future funding clearly needs to align with the Economic Recovery Strategy with a focus on economic recovery and growth through innovation and commercialisation and green recovery and growth and particularly in the context of being the core of the Oxford-Cambridge Arc.

3. Future funding opportunities should consider geographical spread and targeted approaches to ensure that funding reaches and targets the greatest priorities in the region. This will help to address the uneven geographical spread seen in the LGF programme and ensure areas that have received a low proportion of funding are able to access future funds to address the greatest priorities in these areas.

4. It was also suggested that future programmes should focus more on productivity measures rather than job creation metrics alone. Productivity effects will typically lead to higher wages, rather than higher employment and increasing productivity underpins the SEM Local Industrial Strategy.



MUEAVI





Intertek, Milton Keynes



YMCA, Milton Keynes

5. The fact that each project needs to produce an evaluation plan and evaluation reports is considered a strength. Potentially, more could be done to review the evaluation plans periodically to ensure appropriate baseline information is being collected and ensure opportunities to gather evidence is not being lost.
6. Projects supported through the LGF are delivering wider social and environmental benefits and these are not necessarily getting captured and reported formally as this is not required by Government. Although it is recognised that projects are encouraged to collect and report information on wider impacts. For future funding programmes, SEMLEP could consider the development of an evaluation framework which emphasises the importance of evaluating social and environmental impacts.
7. The strong private sector involvement in the programme is a success which can be built upon. If the structure of the LEP allows, there may be opportunities for the LEP to consider profit share arrangements with suitable projects which could generate funds to support programme management and investment in projects.
8. There was some concern raised regarding some funding going into companies that have been successful in securing more than one grant. Whilst it is recognised that assurance processes are strong, this point should be considered in the future to ensure a range of different businesses are aware of funding opportunities. This would build on the excellent private sector engagement work already undertaken by SEMLEP.
9. Linked to this, there is an opportunity to respond to the findings of the Equality Diversity & Inclusion research and activity commissioned by SEMLEP to maximise inclusion across the region and ensuring people who haven't engaged previously are aware of the opportunities and supported to apply where there is alignment with SEMLEP priorities.
10. SEMLEP introduced a two-stage application process which has meant it is easier for applicants to make an application without huge amounts of resource. One suggestion identified through the consultation was whether there was an opportunity for a very simple initial process that would help organisations quickly eliminate themselves or decide to pursue further discussion by answering some simple questions.

“The strong private sector involvement in the programme is a success which can be built upon.”



# SEMLEP's LGF Programme

SEMLEP would like to thank all of the projects', their project managers and teams' for their contribution to the delivery of the programme and their participation in this evaluation.

M1 A6

A45 – Daventry Development Link

A43 – Phase 1b Northampton to Kettering Improvements

A43 – Phase 2 - Northampton to Kettering improvements

Stanton Cross

Bedford Western Bypass

Daventry Campus

Engineering and Construction Skills Leighton Buzzard

Woodside Link

Luton Highway Access

A421 dualling

Moulton College Food and Drink Innovation Centre

Smart Commuting

Smart Corridors

MUEAVI

Advanced Engineering Centre, Bedford College

I-WORX

The Exchange, Aylesbury

MK Gallery Expansion

Millbrook Innovation Centre

Vulcan Works

Catesby Aerodynamic Research Facility

Luton Hat District

MAHLE Real Driving Emissions Centre

Millbrook HGV Emissions

Transporting Bedford 2020

Bedford College Wellingborough (Skills Capital Fund)

Northampton College ACE (Skills Capital Fund)

Northampton College Test & Training Centre

Houghton Brook Flood Relief Scheme

Intertek CoE

K Block

YMCA MK

Enterprise Centre East Northants

Mahle Road to Zero

Catesby Innovation Centre

STEM teaching block

Smart Ticketing

KWS Digital Manufacturing Innovation Centre

Dunstable High Street

Hydroponics

MK5G

Northampton College Digital Skills Academy

3C Test Facility

Electric Powertrain Test Facility

Cranfield University Forensic Institute

MK:U

JRM Centre of excellence

Signal Park (The Knoll)

Northampton NW Relief Road

Wootton Hall Access Improvements

Leyland Trading Estate

Academic Centre, Milton Keynes Hospital

Growing Bletchley Station

Smarter Routes to Employment