LLEP INVESTMENT PANEL

3pm 18 November 2021

MS Teams Call

AGENDA

TIME		ITEM	REPORT	DECISION / INFORMATION	LEAD
15.00	1.	Welcome and Apologies		Information	Chair
15:05	2.	Declarations of Interest		Information	All
15.10	3.	Minutes of LLEP Investment Panel 22nd July 2021	Paper A	Decision	Chair
15.15	4.	MIRA Enterprise Zone Investment **NOT FOR PUBLICATION** **By virtue of paragraph 3 as defined at Annex 7 of the** **Local Assurance Framework**	Paper B	Decision	Mandip Rai Andy Macdonald
15.45	5.	Historical EZ Rates Project Change Request	Paper C	Decision	Cheryl Maguire
16.00	6.	Growing Places Fund Haywood Estates Update **NOT FOR PUBLICATION** **By virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework**	Paper D	Information	Andy Rose
16.15	7.	AOB		Information	All

NB: In line with our Local Assurance Framework (LAF) these minutes are published as a draft record until formal ratification at the subsequent meeting.

LLEP INVESTMENT PANEL

Minutes of the Meeting

22 July 2021

Attendance and Apologies:

Members		**Representing**	
Andy Reed OBE	**AR**	LLEP Board of Directors	Chair
Emma Anderson	**EA**	LLEP Board of Directors	
Sonia Baigent	**SB**	LLEP Board of Directors	
Ajmer Kaur Mahal	**AKM**	LLEP Board of Directors	
Cllr Terry Richardson	**TR**	LLEP Board of Directors	
Officers			
Sharif Chowdhury	**SC**	LLEP	
Cheryl Maguire	**ChM**	LLEP	
Andy Rose	**ARo**	LLEP	
Colin Sharpe	**CS**	Leicester City Council – Accountable Body	
Sue Tilley	**ST**	LLEP	
Simon Weaver	**SW**	LLEP	

Minute		Action
1.	**Welcome and Apologies**	
1.1	AR welcomed those present to the meeting.	
1.2	There were Apologies for Absence from NK, NM and JD.	
2.	**Declarations of Interest**	
2.1	There were no Declarations of Interest.	
3.	**Minutes of LLEP Investment Panel 22nd July 2021**	
3.1	The meeting was recorded as a true and accurate record.	
4.	**GPF update on Haywoods, Gresham and Broadnook**	
4.1	ARo provided a summary on three Growing Places Fund schemes - Haywoods, Gresham and Broadnook.	
4.2	ARo reported Haywoods Estates has made progress by completing three further sales repaying £139k, with two further sales projected by the end of July paying £130k of the capital debt and leaving an eventual balance of £68k. Two premium sites currently valued at a combined £327k remain available for sale.	
4.3	ARo informed the Board that efforts to retrieve the full capital investments are on track. However, there will remain the issue of securing payments of accrued interest expected to be approximately £140k. ARo anticipates a proposal from Haywoods to reduce interest levels. ARo confirmed any proposals received will be reviewed by the LLEP and AB. ARo proposed to bring the full report on the capital repayment and accrued interest position to the next Investment Panel meeting.	**ARo**
4.4	ARo updated on the Gresham project where a site visit was made with the City Mayor. ARo reported successful progress in refurbishing the building, amongst the numerous engineering challenges to deliver the project. The developers have been successful in avoiding supply issues by purchasing in advance and holding the materials on site. ARo updated that the LLEP receive comprehensive monthly monitoring reports, which so far have no flagged concerns.	
4.5	ARo highlighted the projected completion timeframe of early September, which is an overall three-month delay to the original business proposal. Discussions have begun with the developers to set out the timetable and mechanisms to repay the £4m GPF loan alongside the £8m loan facility from Maslow Capital. The developers are confident that repayments will be made before the contractual deadline, two years from the completion date. The expectation is that £2m would be repaid by September 2022, and the remaining £2m by September 2023. ARo reiterated the developers intend to repay prior to the final dates to avoid high interest repayments.	
4.6	ARo shared details that the current valuation of the entire operation upon completion is expected at £17m, affording some clearance for the for the current £12 million debt, expected to increase once the commercial operations begin. The bookings of apartment hotel received and lettings for retail spaces is expected to increase the overall plot valuation.	

2

Minute		Action
4.7	The Investment Panel agreed recouping initial investments within the two-year date was preferred, rather than benefiting from accrued interests received as the amounts will allow funding further schemes. The Investment Panel highlighted the positives in the Gresham projects remaining on course for the September opening, despite challenges all businesses are facing in securing building supplies and contractors.	
4.8	ARo provided updates on developments within Broadnook, where detailed Heads of Terms have now been prepared and are awaiting signatures by the applicants. The terms which were guided by the previous comments of the Investment Panel and advice from the accountable body lawyers and financial officers.	
4.9	ARo alerted members that the planned July 2021 start will require rephasing which will be agreed within the formal Loan Agreement which will be determined upon acceptance of the Heads of Terms.	
4.10	ARo further explained an expression of interest has been received for a Coalville Depot. Initial early discussions and negotiations have been held; the organisation requests £1.5m investment for a £3m build. A further business case has been requested from the applicant to provide the satisfactory level of information for assessment by the AB and Investment Panel to decide whether this project is of interest, before carrying out due diligence.	
4.11	ARo provided an overview on an Open Call facility which provides a platform for potential applications to submit expressions of interests, following into the project pipeline to establish the investment appetite across the city and county and quickly match with any funding made available by the government. ARo made the panel aware that applications are being received, although there is no further information from the government on the role of LEPs going forward regarding capital funding or whether the government will channel significant capital funding through LEPs in future. ARo offered the suggestion to suspend the Open Call facility until an announcement is provided as it raises the expectations of funding.	
4.12	The Investment Panel decided to share the analysis on the Open Call facility with the LLEP Board, with a potential recommendation to remove the Open Call policy from the LLEP website to avoid raising expectations if funding is not available.	
5.	**Update on Enterprise Zones** *At this point TR joined the meeting.*	
5.1	CM updated on the Enterprise Zone projects. The Charnwood Campus' project on the Medicinal and Synthetic Chemistry Research Center has commenced with the official start date of 1st of April. A projected completion date is intended for early 2022. The site is expecting a refurbishment October month-end for occupancy. An official is expected with a ministerial visit subject to restrictions in November.	
5.2	CM provided an update on the MIRA project which has two approved projects by the LLEP Board including phase one infrastructure project, and the Low Carbon Innovation Hub. Negotiations are ongoing between the LLEP, Hinckley and the City Council regarding contracts about forward funding.	
5.3	CM updated on a business start-up project which has now been contracted and the project is being run by Charnwood Borough Council and managed by LUSEP on a day to day business.	

Minute		Action
6.	**Getting Building Fund Update**	
6.1	AR introduced SW to the meeting who is taking over from Cathy Martin on Getting Building Fund projects.	
6.2	SW referred to Paper B where the first table presents the defrayment in financial year 2021, where defrayed costs are £120k over the forecast due to Saint Margaret's claim for more funds than they originally forecast. SW updated that the remaining budgets will be reprofiled over the remaining quarters of 2021-22.	
6.3	SW alluded to the second table which presents the claims submitted for spend up until the 30th of June 2021, totalling over £500k, significantly less than the original forecast of £2.5 million. SW is currently reforecasting the spend to push the difference into the remaining quarters of 2021-22.	
6.4	SW updated that the programme for SportPark Pavilion 4 was behind schedule. The construction schedule has been moved back, meaning that the full allocation of £6m cannot be claimed in 21/22. Under the powers of freedoms and flexibilities held by the managing authority, Leicester City Council, an agreement has been reached to reforecast £3m of spend into 22/23 financial year. The project is currently proceeding at risk in appointing a contractor ahead of planning permission being achieved in late August 2021.	
7.	**AOB**	
7.1	AR expressed thanks on behalf of the board to all the LLEP team for the hard work given the challenges faced with staffing.	
7.2	Next meetings for the Investment Panel to occur on the 16th of September and 18th of November.	

4

PAPER B

NOT FOR PUBLICATION
By virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework

LLEP INVESTMENT PANEL

18 NOVEMBER 2021

Decision Report

ENTERPRISE ZONES – MIRA ENTERPRISE ZONE INVESTMENT

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1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

i. update the Investment Panel on the negotiations of the Forward Funding Agreement (FFA) with HBBC regarding the two MTP EZ projects, Low Carbon Innovation Hub and Phase One Infrastructure;

ii. seek the Investment Panel's agreement to recommend to the LLEP Board an interest rate payable to HBBC on the forward funding; and

iii. seek the Investment Panel's agreement to advance funding from the historic Enterprise Zone rates receipts currently held by the LLEP for the Phase One Infrastructure Project.

2. RECOMMENDATION

2.1 The Investment Panel is recommended to:

i. note the negotiations of the Forward Funding Agreement (FFA) with HBBC regarding the two MTP EZ projects, Low Carbon Innovation Hub and Phase One Infrastructure;

ii. consider the interest rate of 4% above the Public Works Loan Board rate being sought by HBBC and agree to recommend to the LLEP Board an interest rate payable to HBBC on the forward funding; and

iii. agree to advance funding of £100k from the historic Enterprise Zone rates receipts currently held by the LLEP for the Phase One Infrastructure Project.

3. BACKGROUND INFORMATION

3.1 MIRA Technology Park (MTP) EZ is one of two Enterprise Zones in the LLEP area. MTP EZ is a single site located in Hinckley & Bosworth, which has been operational since 1st April 2013 and the extension since 1st April 2016.

3.2 National EZ policy allows for local retention of 100% of the business rates uplift generated at an EZ site, accrued over a baseline, over a 25-year period. The principles for the retention and investment of the retained business rates are set out in the EZ Business Rates Agreements between each of the EZ billing authorities (Leicester City Council, Charnwood Borough Council and Hinckley & Bosworth Borough Council), the LLEP and Leicester City Council as Accountable Body.

3.3 The business rates retention enables forward funding mechanisms such as prudential borrowing to be undertaken to allow investment into the EZ sites ahead of the rates being realised. This supports the advancement of site developments towards achieving the rapid jobs growth forecast in the implementation plans.

3.4 In December 2019, the Board approved in principle a programme of projects for the Loughborough and Leicester EZ, and also reaffirmed its commitment to supporting the MTP EZ infrastructure programme which was originally submitted by MIRA and approved by the board in 2016/17.

3.5 Since this time the MTP EZ infrastructure programme has been phased into two parts, as noted below, with Phase One Infrastructure and a Low Carbon Innovation Hub (LCIH) project being brought forward. Both projects have previously been considered by the Panel and approved by the LLEP Board for investment totalling £8.75m for phase one and the low carbon hub.

- **Phase One Infrastructure** - new gatehouse, road infrastructure and utilities requiring an EZ rates investment of £6.25m.

- **Low Carbon Innovation Hub** – infrastructure for hydrogen and EV capacity in support of the Innovation Hub development requiring an EZ rates investment of £2.5m.

3.6 The MTP EZ Business Rates Agreement between the LLEP and the Billing Authority (HBBC) was finalised in March 2021 and relates to all rates generated from 1st April 2020. The agreement stipulates that 85% of the rates (the total uplift minus the billing authority's retention of 15%) could be utilised to repay any forward funding by local authority partners for investing in EZ projects subject to a small reduction for the LLEP's own costs.

3.7 It should be noted that monies from actual rates receipts from the LLEP portion of the Historic EZ rates and the estimated 2020/21 rates return amounting to £596,000 are available to put towards funding the projects. Therefore, the forward funding from HBBC for the projects is reduced from the full project ask to £8.2m.

4. FORWARD FUNDING AGREEMENT

4.1 As per the terms of the Business Rates Agreement (BRA), HBBC must be given first option to enter into a Forward Funding Agreement (FFA) to invest in projects in advance of retained Business Rates being realised although the LLEP and the AB are responsible for determining the terms on which it is sought. Following Board approval of the two MTP EZ projects HBBC were approached regarding an FFA.

4.2 A report on the proposed investment was submitted by HBBC officers to their Full Council. The report was exempt from publication, and the AB has been unable to see it. A risk assessment was also submitted (Appendix 1) which considered that due to the level of funding, length of loan and security of repayment the investment was perceived as high risk by HBBC. It was agreed that the proposal would be brought back to a future meeting of HBBC's Council for final sign-off after actions to reduce the investment risk had been taken.

Guarantee

4.3 HORIBA MIRA were approached to provide a guarantee for this investment which would be included in the FFA. Initially a Parent Company Guarantee (PCG) from HORIBA Group, based in Japan, was offered, however, the complexities and uncertainties of enforcing a PCG against an international company meant this would not reduce the level of investment risk. Following negotiations between the parties, supported by the LLEP, a bank guarantee has now been offered which is being assessed by HBBC's legal team and subject to agreement.

Interest Rate

4.4 The provision of funding by HBBC will be through a fixed rate loan from the Public Works Loan Board (PWLB). The monies will then be passed to the City Council as LLEP accountable body and then paid by the City Council as a grant to HORIBA MIRA. The PWLB loan will incur an interest rate, which would be 1.6% at today's rates unless HBBC succeed in securing a lower "local infrastructure" rate which would save 0.2%, and HBBC have proposed that in recognition of the perceived risks an interest rate of PWLB+4% is made on the payment to the City Council. The repayments are underpinned by the forecast MTP EZ business rates growth, as agreed by HORIBA MIRA and HBBC. These are based on known rates receipts already being received and forecast valuations of future buildings onsite, which have varying degrees of certainty.

4.5 Draft cashflow projections have been put forward by HBBC for the repayment of the loan (Appendix 2). These are based on the full future planned development of the site and highlight that during the first few years the Authority expects a negative cashflow in the repayments. These projections forecast that the loan, including interest at PWLB+4%, will be repaid by 2037/38. Based on these figures, funding for further EZ projects or other LLEP priorities is expected to become available in 2025/26. The repayment schedule remains to be negotiated and is to some extent dependent on the amount of interest payable to HBBC. This negotiation is not expected to present difficulties.

4.6 HBBC has provided the commentary below in addition to the risk assessment (Appendix 1) to support their request for an interest of 4% above the PWLB rate:

"In agreeing to invest up to £8.2m of the councils funding to facilitate investment into Horiba Mira EZ the HBBC requires to set an interest rate of 4% above PWLB rates to reflect the risks in this project. A detailed risk assessment has been submitted by HBBC and assessed by Officers of the Accountable Body. In summary the loan facility would be on unsecured debt which is inherently more risky; the bank guarantee offered by Horiba Mira is not secured on assets in the UK; The registered branch of the Japanese bank along with Mira Ltd (the company looking to secure the investment) have a low 'D' credit score; The business rate income would be variable and may not cover the costs of the debt, particularly if growth is slower than predicted; There remains uncertainties over rate reform and rates potentially not materialising; The loan would represent 80% of HBBC's net budget requirement therefore presenting a high risk for the council; It should be noted that the rates will be below normal commercial rates; The LLEP will be requiring to take no risks on this investment."

5. PHASE ONE INFRASTRUCTURE ADVANCED FUNDING

5.1 The timing of the Phase One Infrastructure project is key to ensure that the opportunities it will unlock, through the expansion of existing tenants and confirmation of new tenants to the site, can be capitalised on. The ongoing delays in the agreement of the FFA have meant that the project is now at a critical point as to whether these opportunities will be captured or missed. Commentary on this is included at Appendix 3.

5.2 The next stage of design and planning for the road and gatehouse infrastructure must be progressed during November and December for the current programme targets to remain achievable, and for the infrastructure to be completed prior to the Phase 2 buildings being operational. This work largely focusses on progressing the detailed design of the infrastructure and preparation of a planning application to be submitted in December. The costs will consist of technical team consultant fees and the relevant surveys to support the application.

5.3 As part of the EZ Business Rates legal agreement negotiations it was agreed by the LLEP Board, that 50% of the rates collected between 2017 and 2020 should be ring-fenced for activities to aid Covid-19 recovery for businesses on and connected to the EZ through programmes of support. After deductions this resulted in £295,911 being allocated to fund a Covid-19 recovery project at MIRA. The remaining 50% was to be held by the LLEP and used towards EZ projects at MIRA.

5.4 The LLEP funds were subsequently allocated to be used within the boundaries of the FFA for the Phase One Infrastructure and LCIH projects. However, to enable the project programme to proceed on schedule it is now proposed that a portion of this available funding is granted in advance. Confirmation of interim funding will allow the technical team to be mobilised immediately to progress the necessary work.

5.5 It is therefore proposed that £100k of the £295,911 EZ business rates currently available to the LLEP is granted to HORIBA MIRA.

6. NEXT STEPS

6.1 After consideration of this report, the next steps will be:

- The LLEP Chief Executive to advise HBBC regarding the interest rate to be offered
- If this is acceptable to HBBC, negotiation over further terms of the FFA
- HBBC's Council to consider the proposed investment terms
- The LLEP Chief Executive and AB to agree the FFA contract with HBBC
- Phase One Infrastructure interim funding grant contract agreed with MIRA for the LLEP held EZ rates

7. COMMENTS OF THE ACCOUNTABLE BODY

7.1 As detailed in the report, HBBC is proposing an interest rate at 4% above its actual cost of PWLB borrowing (5.6% at today's rates), based on its perceived risk factors. Assuming the rates growth is secured, this will provide income to HBBC of £3m in excess of PWLB repayments over the lifetime of the arrangement. Correspondingly, this will reduce funds available to the wider LLEP area for development (as all the money comes from the same pot).

7.2 The proposed rate is higher than that agreed by Charnwood Borough Council on its EZ, which is 1.89%. The MIRA investment is longer term and potentially carries a higher level of risk. However, the difference should be noted and considered.

7.3 All of HBBC's payments to the PWLB can be met by rates growth already secured or on developments nearing completion assuming these developments are valued for rating purposes at the expected amounts. This is a significant mitigation, which does not appear to be adequately reflected in the risk assessment (although it is noted that a significant development has not yet been valued by the Valuation Office Agency). Additionally, a short-term cash flow difference would give rise to a small interest cost but does not affect risk.

7.4 The loan facility would be secured via a bank guarantee which Horiba Mira and HBBC are currently negotiating. Though less favourable than a charge against land, it is a substantially improved position from the parent guarantee offered with their international parent company, which would have presented enforcement difficulties.

7.5 The Accountable Body therefore has significant concerns over the appropriateness of the proposed 4% above PWLB.

7.6 It should be noted that the request for 4% above PWLB is in the context of other changes and negotiations concerning the term of the agreement with HBBC and the resulting grant agreement to Horiba Mira. HBBC have requested the ability to directly enforce the terms of the agreement between the AB and Horiba Mira. At present this has been resisted due to difficulties this could present in conflicting interests of HBBC whose primary focus is to recover and the AB/HBBC whose primary focus will be delivery (given this is a grant and not a loan, there will be minimal driver on the part of the AB and LLEP for recovery.) Such terms were not ones included in the agreement with Charnwood.

7.7 The AB will therefore be focused on ensuring that the terms of the agreement reflect the priorities of the LLEP and the AB in terms of the primary function.

Colin Sharpe, Deputy Director of Finance
Emma Jackman, Head of Law (Commercial, Property and Planning)

Summary of appendices:

1. HBBC's Risk Assessment
2. HBBC's Loan Repayment Forecast
3. Phase One Infrastructure Development Funding Summary Report

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HBBC Horiba MIRA EZ Loan Risk Assessment

The three main areas are assessed as follows:

Probability of Default

- The probability of default, or likelihood the borrower will make scheduled debt payments. This will be informed by a Credit rating agencies score.
- There are multiple factors that could affect this, rates reform, the rates not materialising, a significant delay in rates coming on stream.

Loss Given Default

- The higher the amount needed, the higher the risk. The Loan would be about 80% of our net budget requirement.

Exposure at Default

- Similar to above but is aimed at the total loss exposure a lender is exposed to over time. The Loan is not a short term loan, so exposure is for a longer period than one financial year. Also, in the earlier years, there is a risk that the rates will not cover the cash flow costs incurred by the Council.

Key factors that underpin the interest rate requirement

The points below give the main concerns from this as to why we want the want 4% above PWLB rates interest is noted below.

1. We need to take a PWLB loan to cover this, so we will need a return above our costs which reflects our perception of risk.
2. We still propose a rate which is lower than many normal commercial rates when considering the issues below
3. The amount we are investing is four times higher than Charnwood’s and any agreement is bespoke, so whatever Charnwood agreed sets no precedent
4. The loan funding would be an unsecured debt, so inherently more risky. We are trying agreeing a bank guarantee, which is not secured on assets in the UK, but is a promise by their bank, which has a registered branch in the UK but is a Japanese bank. It has a D credit Score. Therefore the loan is not secured on assets. We are waiting on legal advice for how easy it is to ensure a bank guarantee will be honoured in the situation being suggested. This may require some rewording to the FFA.
5. The rates income is variable and may not cover the costs of debt, particular in the early years if growth is slower than expected. This is is relation to cash flow (see Appendix 1)
6. The funding is mainly for infrastructure, which only indirectly leads to income generation.
7. MIRA Ltd itself does not have a strong credit score so we have to rely on the parent company’s ongoing support.
8. MIRA Ltd already has and net working capital liabilities of -£72,175,000 in its last set of published accounts. Mainly caused by a bank loan (£26.75m) and loans from undertakings (£54m). This increases the risk. (This is public knowledge and can be obtained from Companies House).
9. The future of LEP is not guaranteed for the life of the EZ.

10. There is the risk of unknown changes to business rates via government intervention during the life of the EZ, hence future rates income in not guaranteed
11. The LLEP is transferring their risk to us, hence more risky.

Therefore on balance, 4% above the PWLB rate at the time of the loan, appears a reasonable level for the risk faced, even though the main aim of the loan is regeneration assistance.

HBBC Draft Loan Repayment Forecast

This assume funds will be provide over 3 years, fist year £1,558,000, second year, £5,025,000, and the third year £1,575,000. It also assume constant PWLB rates, which may alter. The flow of fund on the Column “Balance of rates available (What HBBC will need to retain)” will need to be covered by any guarantee finalised.

Year now expected	Rates HBBC ideally wish to retain to service their debt+ 4% for risk	Rates growth available forecast	Rates Less MIRA cost (negative indicates cash flow shortfall)	Our Cost of PWLB Debt	Cash flow shortfall on HBBC PWLB Debt	Cost to MIRA "Annualised" Loan	Balance of rates available (What HBBC will need to retain)	Amount over paid to HBBC (to manage early years position)	Under Paid	Net Over/Under
2021/22	£155,940	**£300,126**	£144,186	£117,386		£155,940	**£300,126**	£144,186		£144,186
2022/23	£658,890	**£432,179**	-£226,711	£495,990	-£63,811	£658,890	**£432,179**		-£226,711	-£82,524
2023/24	£816,531	**£583,545**	-£232,986	£614,657	-£31,112	£816,531	**£583,545**		-£232,986	-£315,510
2024/25	£816,531	**£968,261**	£151,730	£614,657		£816,531	**£968,261**	£151,730		-£163,780
2025/26	£816,531	**£2,088,063**	£1,271,532	£614,657		£816,531	**£980,311**	£163,780		£0
2026/27	£816,531	**£2,706,210**	£1,889,679	£614,657		£816,531	**£816,531**			£0
2027/28	£816,531	**£3,074,939**	£2,258,408	£614,657		£816,531	**£816,531**			£0
2028/29	£816,531	**£3,376,679**	£2,560,148	£614,657		£816,531	**£816,531**			£0
2029/30	£816,531	**£3,504,882**	£2,688,351	£614,657		£816,531	**£816,531**			£0
2030/31	£816,531	**£3,678,311**	£2,861,781	£614,657		£816,531	**£816,531**			£0
2031/32	£816,531	**£3,753,590**	£2,937,059	£614,657		£816,531	**£816,531**			£0
2032/33	£816,531	**£3,828,869**	£3,012,338	£614,657		£816,531	**£816,531**			£0
2033/34	£816,531	**£3,904,147**	£3,087,617	£614,657		£816,531	**£816,531**			£0
2034/35	£816,531	**£3,979,426**	£3,162,895	£614,657		£816,531	**£816,531**			£0
2035/36	£816,531	**£4,060,978**	£3,244,447	£614,657		£816,531	**£816,531**			£0
2036/37	£660,591	**£4,142,530**	£3,481,939	£497,271		£660,591	**£660,591**			£0
2037/38	£157,641	**£4,224,082**	£4,066,441	£118,667		£157,641	**£157,641**			£0
	£12,247,962	**£48,606,815**		£9,219,855		£12,247,962	**£12,247,962**			

EZ Infrastructure funding

Exec summary

The investment in the low carbon innovation hub (LCIH) and associated low carbon infrastructure, together with the road infrastructure act as related catalysts to a major phase of growth at Mira Technology Park (MTP). These investments deliver key initiatives that are central to the EZ growth, leveraging further private sector investment, employment and ultimately growth in business rates.

The lack of capacity, demand for space and the significant growth of companies (particularly in the low carbon sector) already on site at Mira presents opportunities for the EZ. This is illustrative of the technological transformation in the automotive industry and the successful growth in technology “disruptors” who are focused on the low carbon sector including electric vehicles (EVs), autonomous systems and other energy vectors ie. hydrogen.

The LCIH provides capacity for these companies to establish a base and grow at Mira, and in the short term provides essential interim growth space for a leading EV manufacturer of a c.75,000sqft bespoke facility within the phase 2 (plot 6) development. This not only underpins the initial success of the LCIH, but also secures additional growth rates and approximately 200 jobs in the short term.

The associated low carbon infrastructure delivered through the match-funding of the LCIH provides essential assets required urgently to accommodate the level of activity in electrification, but also the growing prevalence of hydrogen as a green energy source. This allows the EZ cluster to continue to attract R&D investment in the low carbon sector but also will promote Mira nationally as a key hub for investment in alternative fuels, particularly hydrogen.

The delivery of phase 2 is dependent on the redeveloped access and security interchange and the surrounding road infrastructure. The construction of this infrastructure must be brought forward in the very short term in order to complete before the adjoining facilities (Bespoke EV facility on plot 6) are complete and operational. The programme for these works is already delayed due to the issues in concluding the funding agreements, which impacts both the delivery cost due to inflation and the timeline required by the engineering companies. A knock-on consequence is the space subsequently released by the relocation of the anchor, which would otherwise be available earlier for other companies to locate and grow at the EZ.

So we are at a pivotal point within the technology sector relative to the interlinked opportunities (LCIH, low carbon assets and plot 6 anchor) which have been nurtured to the stage of delivery to exploit the future growth. These initiatives are the immediate gains for the EZ but will propel further growth by companies from both within and outside the EZ cluster. Timing is critical given the lead-in of planning and construction and with the impacts of inflation. Having ridden the challenges of Brexit and COVID, it is within the gift of the EZ stakeholders to unlock the funding and deliver successful growth over the next few years, but also position for the longer term.

Specifically:

- Planning and detailed design work for the road and Gatehouse civil infrastructure must proceed in November to achieve the Q2 2023 operational date required by the EV manufacturer.
- A short term funding proposal is requested to allow the Nov/Dec immediate work to proceed to hold the programme.
- The LCIH must be complete in order to accommodate their interim growth at Mira
- Order lead-time for EV infrastructure means early commitment to EV charge farm which is urgently required by growing cluster of EV R&D
- A solar and green hydrogen investment due to be committed shortly will capitalize on the hydrogen ready infrastructure to be funded through the EZ. This will place the EZ at the forefront of hydrogen R&D in the UK.
- The growing requirement for space at Mira in the short term is constrained by the unavailability of facilities as dominant companies grow on site.
- All of these opportunities are deliverable assuming the Funding Agreements can be concluded in November.

Andy Macdonald
Development Director

A HORIBA COMPANY MIRA

PAPER C

LLEP INVESTMENT PANEL

18 NOVEMBER 2021

Decision Report

PROJECT CHANGE REQUEST – COVID-19 MIRA PROJECT

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1. PURPOSE OF REPORT

1.1 The purpose of this report is to seek approval from the Investment Panel on the Project Change Request (PCR) for the COVID-19 MIRA project.

2. RECOMMENDATION

2.1 The Investment Panel is recommended to approve the PCR.

3. BACKGROUND INFORMATION

3.1 As part of the EZ Business Rates legal agreement negotiations it was proposed, and subsequently agreed by the LLEP Board, that 50% of the rates collected between 2017 and 2020 should be ring-fenced for activities to aid Covid-19 recovery for businesses on and connected to the EZ through programmes of support.

3.2 After the deduction of the proportion to be retained by the billing authority and the debt owed from historic business rates by HBBC, the accumulated EZ business rates collected from the MTP EZ amounted to £591,822. Applying the 50% split resulted in a fund of £295,911 for interventions to aid Covid-19 recovery for qualifying businesses and individuals.

3.3 A business case for the use of the funding was prepared by HBBC in conjunction with MIRA and the MTP EZ Steering Group. The project was a programme of interventions to support business recovery through a soft-landing grants package, investor marketing activities, career development skills support and employment support though a 'bounce back' programme. A support officer post was also to be supported to manage the overall programme and deliver its outputs. The project was approved by Board in February 2021.

4. PROJECT CHANGE REQUEST

4.1 Since the project was approved the Covid-19 economic recovery situation has evolved and a clearer picture is emerging of the impact of the pandemic on the Enterprise Zone sites and the businesses located there. As this project has not yet been contracted it has been proposed that it is revised so that the funding can be used for greater impact in the current climate.

4.2 Within the project programme, funding of £22,500 was allocated to provide 'bounce back' support for individuals made redundant due to the pandemic. It was to provide support through targeted engagements linking with work coaches to boost confidence and increase employability. An allocation of £40,000 was also made for a Project Support Officer at 0.4 FTE over the lifetime of the project to manage and deliver the full programme of interventions.

4.3 As the furlough scheme and other Covid-19 measures began to wind down it became increasingly clear that the levels of redundancy at MTP EZ were minimal. Whilst this was positive news it meant that there was no requirement for the 'bounce back' intervention. It is therefore proposed that this element is removed from the project and the funding reallocated. Consequently, with this element being removed the level of direct management needed for the programme is reduced and it is proposed that the support officer post is reduced from 0.4 FTE to 0.2 FTE at a revised cost of £20,000.

4.4 One of the impacts of the pandemic has been that the large majority of office staff have been working from home, and this has been no exception at MTP EZ. This has continued to be the norm for a period far greater than initially anticipated with some still having not yet returned to the office after 19 months. The compound impacts of long-term home working have affected both physical and mental health. Companies are also having to work harder to attract existing employees back to the office and create a much richer working environment to attract new employees.

4.5 To counter these issues a series of physical site improvements to provide a thriving campus environment, which will additionally support attracting new inward investment, are proposed. The funds made available in the programme for re-allocation amounts to £42,500 which will be used to provide a range of outdoor health and wellbeing facilities to enhance the current campus amenity offering. These include new seating areas to encourage more time to be spent outdoors and open-air fitness equipment which will be used to provide fitness sessions for tenant staff as well as for ad-hoc use.

4.6 In addition to the above amendments' additional outputs from within the funding allocation for skills development are being proposed. In the programme an allocation of £90,700 was made to support the future pipeline of employees for companies based on the site, and within the automotive sector. The original outputs included TeenTech and Speed Networking events based on previous successful activity, and Primary and Secondary Engineering programmes and Leadership programmes. Additional outputs are now proposed including a work experience programme, 5 short topic-specific information sessions, and a 'festival' event linking EZ employers with delegates looking to enter, train or re-train within the sector.

5. SUMMARY OF CHANGES

5.1 A summary of the proposed project changes is noted below:

Outputs	Original Project	PCR	Funding
Bounce Back programme of support for those made unemployed at MIRA and newly unemployed	Support 100 individuals per year of project to get back into local employment.	Intervention to be removed	-£22,500
Project Support Officer	1 x 0.4 FTE post for 2 years, 6 months	1 x 0.2 FTE post for 2 years	-£20,000
Creation of outdoor seating and wellbeing areas	0	10	£10,000
Installation of open-air fitness assets	0	1 suite of equipment 36 bootcamp sessions per year	£32,500
A programme of events to support employability, skills and career development.	3 Teen Tech events involving 16 schools per event 6 speed networking events involving 10 schools per event Series of 50 career development events for the Primary and Secondary Engineering Programmes and Leaders Programmes	1 additional festival event with 200 delegates 5 x 1.5hr additional topic-specific events for 250 delegates Additional Employer Work Experience Programme, supporting 60 individuals	No change

Summary of appendices:

1. COVID-19 MIRA Recovery Project Logic Chain
2. Project Change Request Application

For further information please contact:

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Enterprise Zone Programme Coordinator
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Project Name	MIRA Technology Park Enterprise Zone - COVID Recovery
Name and email address of contact	Stephen Meynell stephen.meynell@hinckley-bosworth.gov.uk
Date	29 January 2021

Problem to address	Inputs	Activities	Outputs	Outcomes	Impact
A significant number of businesses in the borough are connected with the motor industry and in particular 38 of these companies are based at the MIRA Enterprise Zone. The pandemic and wider economic impact has and continues to cause the failure of businesses (two tenant companies withdrawing and one scaling back operations at MIRA) resulting in unemployment and a significant economic shock as demonstrated by the loss of jobs. Pre pandemic these companies had 1142 people employed on the EZ (end Q4 2019) but by the end of Q4 2020 (provisional data) there were only 1094 people employed a loss of 58 posts	Total cost of the project is £395,000 including matched funding of £100,000 so £295,000 minimum funding. **SOFT LANDING PACKAGE.** £200,000 with £100,000 coming from matched funding.	**BUSINESS SUPPORT THEME** **Financial Support** To provide a flexible funding facility targeted to support the soft landing of new arrivals and to help to retain existing tenants and encourage further expansion. Support 10 businesses, through capital grants and training grants up to a maximum of £10K matched on a 50/50 basis. It will provide a flexible funding facility with intervention identified on a case by case basis and presented through a simple proforma	Safeguarding 5 jobs and creating 10 Full Time Equivalent jobs within the automotive (motor vehicle) sector by the end of 2021.	Increased investment enquires Retention of existing jobs Creation of new jobs	The Benefit Cost Ratio (BCR) for this project is based on the project safeguarding 5 jobs and creating 10 FTE jobs within the automotive (motor vehicle) sector by the end of 2021. **GVA uplift on the grant request (£100,000)** This is estimated at **£1.33m** for the sub-regional economy over a 3-year period. Using a 3-year persistence in benefits factor the **BCR is 13.34**. **GVA uplift on total public spend (£200,000)** shows these posts will support **£1.33m** of GVA for the sub-regional economy over a 3-year period and a

Please send completed logic chain to admin@llep.org.uk

Paper C - Apx1

		justification to the EZ Steering Group for decision by the unconflicted members of that committee.			BCR on the total public spend of **6.67.**
MIRA have identified a thinning of demand from occupiers as many potential tenant companies have had to refocus on survival at the expense of the more strategic plans for growth and expansion. There were 39 enquiries in 2019 but only 22 in 2020. In relation to the inward investment intervention, MIRA have focused on their distinctive, positive economic characteristics and USPs that best help promote a positive impression of MIRA as a place for business in a post Covid/Brexit environment. MIRA is recognised by the Department for International Trade as High Potential opportunities for Automotive Vehicle Simulation	**INVESTOR MARKETING** A targeted programme (£41k)	Marketing initiatives grouped into three areas: Digital marketing, marketing asset creation and market research To support the LLEP's planned recovery and economic growth MIRA will showcase the area as a great place to live so that our housing growth continues and new firms are attracted– providing the right talent to attract and support businesses to grow or invest.	Increase baseline of investment enquiries per year from the 22 open enquiries for space on the Park in 2020 to at least the 2019 figure of 39 enquiries	New businesses attracted MIRA expect to see 2 new tenants joining the EZ and hopefully have no more than 1 further tenant exit	Promotion of the EZ and restoration of the pipeline of interest.
The issue of attracting young people into the types of jobs available on the MIRA EZ	**CAREER DEVELOPMENT**	Using regular local career networking events and Teen Tech	Number of events – propose 3 teen tech and 6 speed	Increased employability of individuals through	The various career related events and schools engagement events will

To help to help reduce NEEt To attract a pipeline of young people in to the jobs that are being created in the area. The employability of individuals through their limited skills and career development causing recruitment and retention issues. The opportunities for young people within the motor industry and in particular within the companies at MIRA have been disproportionately affected by COVID	A 3 year programme of events: career networking, teen tech primary and secondary engineers and Leaders award programmes (£90,700)	events, building on the success of events convened in 2018/19 and 2019/20 at the MIRA Technology Institute (MTI). Also with events through the Primary and Secondary Engineering Programmes and the Leaders Programme.	networking over the 3 years. Propose 16 schools per teen tech with speed networking 10 local schools. Propose 160 pupils per teen tech with 30/40 for Engineering speed networking and 120 for all careers speed networking Total of 320 students per year with 960 before 31 December 2023. For Primary and Secondary Engineering Programmes and the Leaders Programme a series of over **50** events over the 3 years.	upskilling and career development. Monitor thorough the number of individuals going through programmes and attending events and finding employment.	open the eyes to local students on the opportunities available locally. Additionally they will have a positive impact on career choices of individuals and provide an opportunity for young people disproportionately affected by coronavirus.
Mental health positivity advice is even more of an essential requirement due to COVID. DWP, Higher Education, and HBBC Officers have identified a	**EMPLOYMENT SUPPORT THEME** **Positive well being** A Bounce Back programme. (£22,500)	A Bounce Back programme of support for those made unemployed at MIRA and newly unemployed to boost their confidence	Target 100 individuals per year with an average of 3 engagements with clients. (ie 33 people	The project aims to get targeted people back into local employment ASAP via a series of bespoke well being measures.	Aim to increase clients feeling of 'self worth' and how good they are and how employable they are. It will have a positive effect on the businesses and

gap for those made unemployed at MIRA and the newly unemployed. The local Employment & Skills Operational Task Group included it in their Action plan.		and link with work coaches to bridge identified gaps	with 3 engagements each)		employees at MIRA EZ plus their supply chain and associated businesses.
The capacity to manage the programme of projects.	**WHAT'S ON OFFER THEME** **Support Officer** 1 x 0.4 FTE post for 2 years 6 months Dependent on grade - **£32,000 - £40,000 including oncosts**	To manage the programme of projects, providing regular reports and returns on the individual elements and the programme as a whole.	Programme management through the life of the project.	The outputs and outcomes of the programme of projects are delivered	Providing regular reports and returns on the individual elements and the programme as a whole.

Please send completed logic chain to admin@llep.org.uk

Project Change Request

When completing the application please ensure that responses are completed in full.

Change Summary

Project Change Request Date	**2 November 2021**	
Report Author	Stephen Meynell	
Project Code		
Project Name	COVID- 19 MIRA Enterprise Zone Project	

Please confirm the key change(s) proposed to the project

Please confirm the key change(s) to the project, selecting all that apply	Other (amendments to programme within project)	Choose an item.
	Choose an item.	Choose an item.
	Choose an item.	Choose an item.
	Choose an item.	
Please summarise the change and the reason(s) for the changes	Change Amendments to the programme of initiatives to reflect current issues. This consists of a revision to the expenditure on the project officer, the removal of the Bounce back loan element and the inclusion of the Campus enhancement initiatives plus refinement of the Skills component of the funding is used. Reasons The rise of the COVID pandemic in early 2020 has had a significant impact on the health and wellbeing our of society on a global scale. It has been indiscriminate in its spread and has affected us all as individuals, businesses and humanity as a collective. Businesses and their employees have had to respond dynamically to maintain base levels of continuity to protect the business, economy and jobs. The primary outcome of this has been, where possible, home working for the large majority of office staff, which has continued to be the norm for a period far greater than initially anticipated, some still having not yet returned to the office after 19 months.	

	The compounded impacts of long-term home working have affected both physical and mental health; Physical health • Lockdown has, at a very high level, meant significantly less access to sports and fitness facilities and amenities. With COVID restrictions many of the businesses offering these services have closed and upon reopening have had to do so in restricted numbers and with limitations in place. Individuals have also been resistant to partake in fitness activities in confined space due to fear of heighten risk of transmission. The impacts of continued working from home offices has also led to muscle and skeletal issues cause by poor work setups and limited movement • A recent Royal Society for Public Health (RSPH) survey found, of those questioned that 46% were taking less exercise and, 39% were developing musculoskeletal problems. One of RSPH's subsequent suggestions was the need for *"all employees to have access to equipment to support them with their physical health"* Mental health • The impact of home-working on mental health relates to themes of isolation and confinement. RSPH reports that 59% felt more isolated from their colleagues working from home, 67% saying they felt less connected to their colleagues and 56% saying they found it harder to switch off • This has been tempered with 74% of people enjoying having the flexibility to split their time between home and the office, but expect working from an office to provide a more engaged and exciting environment to justify the journey. With COVID resulting in homeworking for significant proportions of the working population companies at MIRA are having to work harder to attract existing employees back to the office and create a much richer working environment to attract new employees. This is particularly apparent in the emerging technology areas and with the growing tenants e.g. Polestar, REE, Clearmotion etc.
Please detail any changes to the agreed nature, purpose or location of your project below	
Location of project	MIRA Technology Park Enterprise Zone

PROJECT OVERVIEW

Project Overview Please highlight any changes to the original overview in bold.	A programme of projects to support the recovery of the MIRA Enterprise Zone and neighbouring areas from the effects of the Covid-19 pandemic through employment and skills initiatives and specific Enterprise Zone delivery projects **including health and wellbeing**

Please detail and explain any proposed changes to the original project start and end dates.	
Original Project Start Date	After LLEP approval - February 2021
Original Project End Date	31 December 2023
Revised Project Start Date	December 2021
Revised Project End Date	31 December 2023
Please explain any changes to the original project dates	The intended start date was after the LLEP Board approval. However delays to completing documentation and to finalising details of the programme of projects to be included have necessitated these change requests. The end date is still the same.

Please update the project milestones and activities if necessary.

Project Milestones/Activities				
Description	**Start Date**	**End Date**	**Press Release?**	**Please provide details of the communication**
Additional. To provide a range of outdoor health and wellbeing equipment to enhance the current campus amenity offering. To create a thriving campus environment for both existing and prospective employees. To provide assets that promote the mental and physical health and wellbeing of those based onsite	December 2021	March 2022	No	

Target 36 boot camp sessions per year and adhoc use for the open-air fitness equipment 10 outdoor seating units to be delivered				
Removal Milestone relating to Bounce back programme Target 100 with an average of 3 engagements with clients	December 2021	December 2023	No	

STRATEGIC CASE
Detail any changes in the strategic external drivers for this investment, with particular reference to the aims of the LLEP Strategic Economic Plan and evidence base, relevant local authority spatial and economic plans and any relevant Government policies and programmes. These should align to the LLEP objectives and priorities detailed in the LLEP SEP document.

Please update the following sections from your original Business Case if necessary. HIGHLIGHT ANY CHANGES IN BOLD.	
Project Objectives	The project is a programme of actions that aim to support the businesses and individuals of the MIRA Enterprise Zone recover from the effects of the Covid- 19 pandemic through employment and skills initiatives and specific Enterprise Zone delivery projects. This will be by the attraction and retention of jobs through a soft landing package and the retention and creation of jobs through various initiatives and the upskilling of individuals. Every effort will be made to retain the existing businesses and the jobs they provide. Jobs will be regularly tracked and reported to LLEP so any change will be evident. COVID grant interventions will be used if a tenant company has valid issues that could be mitigated to help them retain jobs.

	The individual elements are tied into the key themes identified in the SEP Local Investment in People • To support delivery of the Employment Strategy for the EZ and local businesses. • Development and roll-out of regular local career networking events and Teen Tech events, building on the success of events convened in 2018/19 at the Mira Technology Institute (MTI). • Development and delivery of Primary and Secondary Engineering Programmes, building on the success of the Primary Engineers Programme rolled out in 2018/19. • Development of further school engagement events to promote opportunities and pathways to engineering careers on the EZ. Initially these may be delivered remotely • Delivery of the Hinckley & Bosworth Employment and Skills Action Plan to boost careers in high tech engineering and support services to service the EZ. Local Investment in Business • Support inward investment from overseas and elsewhere in the UK with grants and business rate discounts. • Support development of bespoke investor marketing material for the area. • Provision of advice and guidance and relevant sign-posting to local Growth Hubs and Government Agencies. The project will provide • Financial support to companies arriving and expanding onsite. • Opportunities for people to upskill to meet new needs and skills for businesses through work preparedness and career development eg various events, teen tech, speed networking primary engineering through the various training programmes and presentations • It will also allow MIRA to meet changing timescales and requirements from customers and the need to make sure colleagues are multi-skilled to meet demand through the various training programmes • The ability to support new emerging skills needs within advanced engineering automotive industry, through training • Provision of digital promotion to support marketing of MIRA through the information theme

	A dedicated support officer to bring forward the programme
Aim of the project	

ECONOMIC CASE
If the Output / Outcome profiles need to be changed please consider the following: ▪ **Is the output still on track to be delivered within the original timeframe?** ▪ **If not, why? Update the <u>Forecast Date</u> and provide justification for slippage** ▪ **Has the output been achieved?** ▪ **If yes, update the <u>Actual Date</u> the output was achieved** ▪ **Has the <u>number of units</u> of outputs to be delivered increased / decreased?** ▪ **If yes, provide justification for change** ▪ **Are there any additional outputs / outcomes expected as a result of the change?** ▪ **If yes, please add** ▪ **Have any additional <u>risks / issues</u> been identified that could / will impact realisation?**

Outputs and Outcomes: specific deliverables from the overall project	
Outputs & Outcomes Category	Land & Commercial Property
Detailed Description	New initiative To provide a range of outdoor health and wellbeing equipment to enhance the current campus amenity offering. £32,500 of costs to install open air fitness assets onsite £10,000 to create 10 outdoor seating units and wellbeing areas across the site Additional output – To create a thriving campus environment for both existing and prospective employees. To provide assets that promote the mental and physical health and wellbeing of those based onsite Target 36 boot camp sessions per year and adhoc use for the open-air fitness equipment
Baseline Value	0
Output / Outcome	Outcome

How will the output / outcome be measured?	Support in the acquisition of new tenants and the expansion of existing customers
Measurement Source	
Who is responsible for measuring the benefit?	MIRA
Assumptions	
What are the risks / issues to realising the benefit?	

Measures		
Period	**Units**	**Target**
Choose an item. **Choose an item.**	**Choose an item.**	

Outputs & Outcomes Category	Other
Detailed Description	Removal of Bounce Back loans element within the employment support theme It was proposed to be a programme of support for newly unemployed and those made unemployed at MIRA to boost their confidence and link with work coaches to bridge identified gaps. This type of support had been discussed at the local Employment & Skills Operational Task Group and is included in their Action Plan . The need stems from discussions with reps from Higher Education, DWP and HBBC Officers. It was felt that health and well being advice is even more of an essential requirement due to Covid. This was evidenced through cross referencing the Economic Dashboard and Universal Credit documents which are shared at Task Group meetings. We recognised the increase in Universal Credit claims. 2,500 of these claimants are in the intensive work category. Approximately 22% are 18-24 year olds and these are being supported by work coaches. This new offer was to complement existing support packages. Work Coaches would have targetted recently unemployed who were previously working within the MIRA site and those who become unemployed at the site. The project would have been coordinated by Local Authority Officers and will be supported from an array of trusted stakeholders, such as DWP, VSC, Private and health professionals. DWP would have been able to identify clients .

	Through research via colleagues on the local Employment & Skills Network it was recognised there was an opportunity to develop a support package based on wellbeing and in particular the importance of mental positivity. It is well documented that Covid has had a dramatic impact on not only the unemployment figures but also how the newly unemployed are feeling. This Bounce Back project aims to get targeted people back into local employment ASAP via a series of bespoke well being measures. Costs based on an average cost of £75 per engagement and an average of 100 engagements per year (ie 33 people with 3 engagements each) so three years at £7500pa
Baseline Value	Total cost of £22,500 to be removed from the programme
Output / Outcome	Outcome
How will the output / outcome be measured?	The project aimed to get targeted people back into local employment ASAP via a series of bespoke well being measures This has now been overtaken by events in that the level of unemployed at MIRA has not been as great as anticipated and opportunities within the technology park has allowed redeployment plus other support and schemes have already come on stream. It is not now economically relevant or potentially value for money.
Measurement Source	
Who is responsible for measuring the benefit?	
Assumptions	
What are the risks / issues to realising the benefit?	

Measures

Period	Units	Target
Choose an item. **Choose an item.**	**Choose an item.**	

Outputs & Outcomes Category	Other
Detailed Description	The programme of projects includes under the 'What's on offer theme' for a support officer that was originally going to start earlier this year and be in post for 2.5 years. The post is now for a shorter period of 2years and will have less direct management of the programme (deletion of Bounce back loans)

	so the proposal is to reduce the hours from 0.4 FTE to 0.2 FTE and reduce the budget accordingly so 40 % ie £16,000 to £20,000. Below are the original details of the post *1 x 0.4 FTE post for 2 years 6 months Dependent on grade - £32,000 - £40,000 including on costs It is based on a 2 day week for 30 months. The job is indicatively shown as a Scale 5/6 (HBBC Spinal CP 14-27) but would need to go through a job evaluation process.*
Baseline Value	Total cost of between £16-20,000 to be removed from the programme
Output / Outcome	**Choose an item.**
How will the output / outcome be measured?	
Measurement Source	
Who is responsible for measuring the benefit?	
Assumptions	
What are the risks / issues to realising the benefit?	

Measures		
Period	**Units**	**Target**
Choose an item. **Choose an item.**	**Choose an item.**	

Outputs & Outcomes Category	Skills

Detailed Description	Refinement in how the Skills component of the funding is used and the outcome that it is targeted at generating. Centred on a Festival and Fringe approach. Broken down as follows: **Festival event** - A full day event aimed at linking EZ employers with job and skills shortage areas with delegates look to enter, train or re-train within the sector. Split into 2 half-days with a target of 200 delegates across the day. **Fringe Events** - Short sessions on key topic areas inc. recruitment skills and process (inc IR35), interview skills, apprenticeship levy usage (employers), training & skills development (employer + delegate sessions). 5 X 1.5 hours sessions with peripheral support for approx. 250 delegates **Employer work experience programme** - EZ Employer Work Experience Programme. Funded to work experience placements to provide those entering jobs market with exposure to the work place and a variety of company experiences. 1 week programme with visits to up to 10 employers. Funding to enable employers to support the programme and have access to potential apprentice and early career candidates. 3 different cohorts of 20 with 5 days experience in each.
Baseline Value	
Output / Outcome	Output
How will the output / outcome be measured?	Increased onsite community engagement
Measurement Source	Attendance at events
Who is responsible for measuring the benefit?	MIRA
Assumptions	
What are the risks / issues to realising the benefit?	Limited take up

Measures		
Period	**Units**	**Target**
Choose an item. **Choose an item.**	**Choose an item.**	

FINANCIAL CASE
Demonstrate the changes to the project costs and funding strategy. You will be expected to deliver the scheme within the cost profile when agreed. Confirmation will be required that any cost overruns will be met by the project sponsor.

What is the total cost of the project (£'s)?	£395,000 including matched funding

Funding Requirements and Match Funding	
Approved Funding Amount	£295,000
Additional Funding Requested	None
What is the total Match Funding that will be provided? (£'s)	£100,000
Reason for request	N/A

Sources of Funding (£'s)				
Please update the sources of funding and show the impact on the financial profile and cashflow				
Funding Source	**Description of Funding Source**	**Amount (£'s)**	**Percentage of Budget (%)**	**Confirmed?**
Choose an item.	N/A as the proposals are within the approved financial envelope.			**Choose an item.**

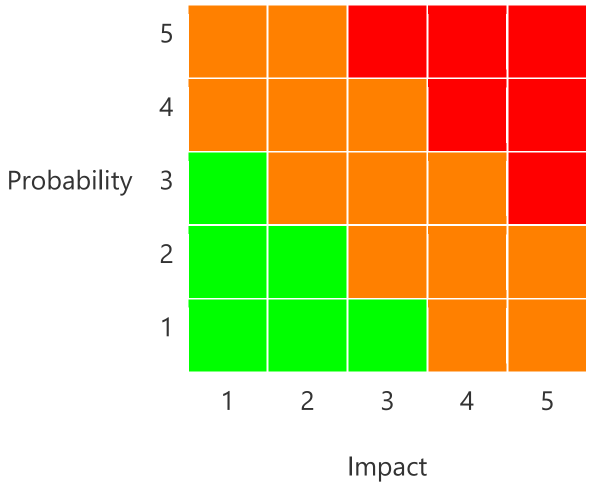
Financial Profile (£'s)			
For each Funding source identified below, please provide the amount of funding required for each Financial Year.			
Period – select March as end of Financial Year	**Description**	**Planned amount (£'s) – Only include VAT if not recoverable**	**Funding Source**
Choose an item.			

Choose an item.			
Choose an item. **Choose an item.**			
Choose an item. **Choose an item.**			
Choose an item. **Choose an item.**			

Project Cashflow (£'s)					
Period – select March as end of Financial Year	**Projected Cashflow (£000s)**	**Actual Cashflow (£000s)**	**Reference**	**Funding Source**	**Reason for Deviation**
Choose an item. **Choose an item.**					
Choose an item. **Choose an item.**					
Choose an item. **Choose an item.**					
Choose an item. **Choose an item.**					

COMMERCIAL AND MANAGEMENT CASE
Demonstrate any changes to the deliverability and management structures for the project and risks associated with that delivery. If the request involves a fundamental change to the way the project is being delivered, please describe this in full.

Risks

Risk Name	Reputational risk
Description of risk including potential impact.	Non delivery of MIRA’s commitment to create a world leading campus would adversely affect their credibility.
Probability & impact (please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	
Assessment	**Low**
Mitigating Action	Campus enhancement initiatives
Assessment Post Mitigation	**Low**

DECLARATION
To submit your Project Change Request to the LLEP for approval please select the 'Submit for Approval' option from the 'Project Change Request Actions' menu

Any personal data that you provide will be processed in accordance with current data protection laws. It will be used by Leicester and Leicestershire Enterprise Partnership Ltd and our partners to deliver and improve services and fulfil our contractual duties. We will not disclose any personal information to anyone else unless required or allowed to do so by law. Read more about how we use personal data in our Privacy Notice on our website https://llep.org.uk/privacy-policy/
By submitting this Project Change Request you are confirming that, to the best of your knowledge, the information included within this form is accurate.

PAPER D

NOT FOR PUBLICATION
By virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework

LLEP INVESTMENT PANEL

18 November 2021

Information Paper

GROWING PLACES FUND – HAYWOOD ESTATES LOAN UPDATE

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1. PURPOSE OF REPORT

1.1 This report presents a review of the overall progress of the Haywood Estates scheme at Old Dalby and their request that Investment Panel and LLEP Board consider two options they have submitted relating to accrued interest outstanding and the loan interest rate.

2. RECOMMENDATIONS

2.1 Investment Panel is recommended to consider the Haywood Estates options and advise on the further information required and what other options should be investigated prior to consideration by LLEP Board Directors.

3. HAYWOOD ESTATES LOAN - BACKGROUND INFORMATION

3.1 Investment Panel (IP) will be familiar with the progress of the scheme and its consideration and associated agreed actions by the former LLEP Programme Board, Investment Panel and Board. A summary of the background and the schedule of LLEP decisions over the years is presented at Appendix 1.

3.2 It is perhaps useful in this continuing difficult set of circumstances to remind IP that the parties to the GPF Loan Agreement are Haywood Estates (UK) LLP and Leicester City Council as the Accountable Body (AB). Haywood Estates are therefore a debtor of the AB, which has an over-riding fiduciary duty to maximise recovery of the debt.

3.2 Board has previously stressed that the debt position cannot be left to continuously drift unchecked. Clearly it is potentially reputationally damaging for the AB and Board not to be seen to be taking decisive actions to recover a substantial debt outstanding for over four and a half years. It will be recalled that Board approved an extension of the Loan Agreement stipulating that the GPF debt must cleared by 28th February 2022. It is assumed that Board would be very unlikely to approve a further extension, if indeed the

Investment Panel recommended this as a course of action. and that this matter should be brought to a close by February 2022.

3.3 Sales have progressed well since the extension agreed by the Board. The current position is that Haywood Estates are due to repay the remaining £68,000 loan capital and £145,000 accrued loan interest – a total debt liability of £213,000. There are two plots that remain to be sold which were on the market for a combined value of £350,000. However, previous and current negotiations with prospective purchasers suggest that the realisable sale value is unlikely to reach Haywood's expectations. Construction costs have substantially increased over the last 18 months which is impacting on land values particularly for this sort of development where SME's are the target market. Haywood's report on-going and unbudgeted land remediation and stabilisation costs. A market whose interest in this development has 'ebbed and flowed' since the outset and shows no sign that this will change in the short term.

3.4 With the February 2022 deadline approaching and in anticipation that Haywood Estates might be in default a request was made, some months ago, that the Haywood partnership submit a comprehensive report as to how they propose to settle the debt by the deadline. This request has been repeatedly made and Haywood Estates are aware that this an urgent request given the time constraints and the IP and Board meetings schedule up to February next year.

3.5 In response Haywood Estates have recently submitted a letter proposing two options, (attached as Appendix 2 and included as a PDF file in the IP Agenda pack). The letter is self-explanatory as a summary of their position and the options they would naturally favour. However, without the detailed background as to how they have reached these conclusions it is not possible for the LLEP and AB to undertake a robust analysis (both legal and financial) to provide IP with the information it needs to consider fully the options as outlined in the letter. Nonetheless, it is felt that the letter should be presented to LLEP directors, by way of an update, to seek a steer, and because the letter concludes by offering discussions and detailed figures if a write-down of interest is itself of interest.

3.6 The penultimate paragraph of the letter presents a third option – placing the business into administration: again, granular detail on the implications of this for the company and its remaining assets is required to enable the AB to assess its position as creditor and first charge holder.

3.7 The principal partner, Roy Haywood, in previous recent discussions had indicated that to progress matters that he would clear the outstanding capital loan sum (£68,000) from refinancing other personal assets. Clearing the capital debt would then focus attention on resolving the outstanding interest due and practically illustrate a commitment to resolution of the remaining liabilities. However, this repayment has not been received to date and it is suggested that the detailed consideration of the remaining debt should be conditional that this, albeit informal, pledge from Mr. Haywood is honoured.

3.8 The letter concludes with an assurance that the required detail will follow. The supporting detail was received on the evening of 8th November – we have not had an opportunity for LLEP and AB officers to review this information prior to the dispatch of this report. However, while a comprehensive response cannot be tabled at this IP meeting it is nevertheless prudent for an early discussion to establish an approach to be adopted. The information submitted by Haywood Estates is attached to this report as Appendix 3(a) & 3(b).

4. COMMENTS OF THE ACCOUNTABLE BODY

4.1 As the report seeks a steer from the Panel, no specific comments are offered on the options / proposals at this stage. However, as noted in the report, the AB ultimately has to maximise recovery of the debt. To this end, directors are asked to note that the AB is unlikely to wish to take possession of the remaining two plots, which could bring wider responsibilities and liabilities at the site.

4.2 It would be advised that, regardless of the options and proposals from the board an up to date valuation is obtained in relation to the remaining land to ascertain the value of the security. In addition, a title check would be advisable to ensure that the property has not had any encumbrances since the last time due diligence was carried out. These will be required to inform whatever options are available.

Emma Jackman, Head of Law (Commercial, Property & Planning)
Colin Sharpe, Deputy Director of Finance, Leicester City Council.

5 CONCLUSION

5.1 While the focus over the years has been on the difficulties which have beset the delivery of this scheme there are nevertheless a number of positives. The site, bar two remaining plots, has been built out, or are currently under construction. A total of 10 SME's have purchased and occupied sites and have created over 11,000 m2 of employment space over a range of bespoke buildings – an infrastructure legacy which will be available to the market for 20 to 30 years and beyond.

Summary of Appendices:
Appendix 1: History of Haywood Scheme & LLEP Decisions
Appendix 2: Haywood Estates options letter 26th October 2021
Appendix 3a & 3b: Haywood Estates supporting information

For further information please contact:

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APPENDIX 1

A BRIEF HISTORY OF THE HAYWOOD SCHEME

The developer, Haywood Estates (UK) LLP, applied for up to £950,000 of GPF loan funding to essentially cash flow the infrastructure works to create the platform for an 'Enterprise Village'. The loan and interest (3.84%) would be repaid from the proceeds of the commercial plot sales. The GPF loan was secured with a first ranking charge over the whole site (the charge is relinquished on individual plots upon sale completion).

The original business case suggested that the site works would be completed in seven months and that the first plot sale would be in August 2015 and the last October 2017. The original cash flow estimated that plot sales secured by December 2016 would be sufficient to pay the GPF loan and interest then accrued. The original loan agreement was framed on this premise. The final amount of the loan was £950k, which was due for repayment, along with accrued interest, by December 2016.

The timelines in the original loan agreement were considered ambitious, but achievable if the development went to plan. However, the project experienced several issues which severely impacted upon meeting the original timetable of full repayment by December 2016.

To summarise the issues, inclement weather, challenging ground conditions, delays in diverting a water main and installing a new supply to service the site which resulted in a total delay against the original plan of 18 months. In addition, the original expectation that the plots would be attractive to micro SME's seeking bespoke premises to grow-on has not been borne out and the actual market interest is from larger SME's requiring bigger premises and corresponding larger plots.

LLEP Board / Programme Board & Investment Panel Decisions: 2014 - 2021

The original GPF loan and terms were approved by LLEP Board in December 2014 and the loan agreement was sealed on 7th January 2015.

A request for an extension to the deadline for the full repayment of the loan and accumulated interest to no later than 31st August 2019 was approved by Programme Board on 7th March 2017 and the Loan Agreement was amended accordingly.

A request for a further two-year extension to August 2021 was considered by Programme Board on 20th November 2018 but was not approved. It was noted that the loan position and the anticipated situation as of 31st August 2019 would be subject to monthly monitoring culminating in a formal review in April 2019, the outcome of which would be reported to Programme Board, which, in May 2019 extended the repayment deadline to 31st December 2019.

LLEP Board subsequently approved a further extension to the repayment deadline with an extension to 16th September 2020.

Once again it was apparent that the September 2020 deadline would not be met, and Board agreed (August 2020) to further extend the loan repayment deadline to February 28th, 2022.

In March 2021 LLEP Directors approved, under Written Procedure, that the percentage sale receipt for three plots under offer would be reduced from 85% to 50% to enable Haywood Estates to cash flow £95,000 of site works required to facilitate

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Colin Sharpe

Deputy Director of Finance, Leicester City Council

LFRS Pension Scheme Manager

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26th October 2021

Dear Sirs

Re: Development at the Enterprise Village, Old Dalby ref:

The above project has been a difficult development and has taken an enormous amount of time and resources to bring it to the market and substantially complete the sale of the developed plots.

During this journey we have encountered a number of significant issues all of which relate back to the project initiation and a critical timescale that caused the project start to be delayed and pushed into a winter period in 2015/16.

This is a long time ago and we have written reports at length outlining all the circumstances relating to the site development.

In addition, at the outset the market was very cautious about the development, and this was reflected in very low valuation figures at the outset. This position applied primarily to potential occupiers who wanted to purchase a plot with the aid of leveraged finance or mortgages/pensions.

It has taken 4 years to get this market to understand the product and accept the site. Only recently are we seeing the level of returns needed to secure a successful scheme.

However, through the project we have encountered a number of significant and costly problems and had to accept lower than projected sales figures combined, leading to a project that will provide a negative return.

Over the past year we have tried to find ways and to engage with the LLEP in finding a way to complete the scheme successfully. Whilst we have had the ear and sympathy of some of the LLEP actors we have not had any substantial responses that have allowed us to see a clear way through to completion.

The current position is now beyond critical, and we cannot proceed any further without some agreement on the outcome with the funding and particularly the interest burden on the scheme. Our original budget identified that we would pay circa £30k for interest and current we owe circa £140k having already paid over £30k. (The reasons for the delays and longer period have been provided in numerous reports and updates that my team have supplied over the last 3 years).

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We have been reasonably successful in selling the majority of the plots with just one larger plot on the Upper Plateau now remaining to be sold. We have had reasonable interest but noticed that this has dropped off in the very recent past. This is partly due to the market generally which has had to take account of significantly higher build costs. This not only is delaying decisions but also deflating land prices as the additional build costs are being used to reduce site values.

We had received offers for the last plot in the last 3 months that are below our recently selling prices per m2 and our target to enable the project to close the gap of potential losses.

Currently we have certain responsibilities to the plot purchasers to complete the site works in conjunction with the plot development. The cost of such sites works is increasing rapidly in the current construction environment.

We are now in the position where we cannot proceed to the next plot purchase without the assistance of LLEP.

If we were to proceed to conclude the last plot sale we will be in a position where the LLEP can recover its debt against this sale which would include the repayment of the final capital sum (circa£68k) and all the calculated interest (a further circa £140k) reducing the funds available from the sale. This residual amount is not enough to cover the costs of completing the infra-structure, hard and soft landscaping, and final access road connections.

This would leave HE(UK)LLP in the position where it was knowingly exceeding its capacity to fund such completion works.

If we cannot proceed to sale for the last plot the project will fail and all the efforts of the last 5 years will be lost.

The only way out of this position is to ask the LLEP to consider the efforts to complete the site despite the loss-making nature and allow either or:

- a grant to be considered to assist in offsetting the interest charges
- a reduction in the rate of interest such that the interest burden sits with the interest already paid i.e.: a reduction to 1%

The huge benefits of concluding the site in this manner will afford HE(UK)LLP the opportunity to complete the project and deliver in all cases better outcomes than the project originally projected which will be a great result for all in very challenging circumstances.

We urgently need to understand what is possible to achieve as there are really no other options than for the partners to place the business into administration which will prevent a managed and controlled exit from the project.

I am available to discuss this proposal and if this is of interest, I will get my team to provide the detail behind the figures that fully explain our position.

Yours Sincerely,

Roy Haywood

Registered in England and Wales No: OC383735 | VAT Registration No: 161 7397 92

OLD DALBY ENTERPRISE VILLAGE (ODEV)

FINANCIAL SUMMARY & POTENTIAL OUTCOMES for HAYWOOD ESTATES (UK) LLP (HELLP)

REPORT DATED 8th November 2021

for Leicestershire Local Enterprise Partnership (LLEP)

BACKGROUND

ODEV is the development of a derelict hillside brownfield site in Old Dalby Leicestershire.

HELLP have established a successful commercial business park providing development plots for enterprising local businesses where there is little or no small scale development available or land for private commercial development.

The LLEP (like HELLP) saw the potential for utilising the derelict hillside site and re-developing this for use by SME's. A significant characteristic of the scheme was that the site would be developed with access roads and services and the resultant land disposed of as small development plots for to support local SME's.

LLEP FUNDING

The development was facilitated by the LLEP providing a significant loan (£950k) to support the necessary site development works required to create the development space.

The key criteria for this loan was the inability of the developers to raise the development finance in the financial markets due to the site risks and the scale of the developers business.

In this respect the LLEP facilitated the development and were very supportive of the priority to create, in the rural environment, the essential small plots for enterprising SME's to develop their own facilities.

THE PROJECT

The original plan was to create 30 small plots on 3 tiers of newly created "plateau's" on the existing hillside site providing a total of 10,500m2 of development area and affording 4,200m2 of new floor space.

The project was delayed at the outset due to the delay in LLEP funding (project submission was for a September 2014 start but first loan drawdown was not until January 2015) which was crucial to the development. As a result the initial works started in the winter period and this resulted in the ground conditions deteriorating from the initial soil reports and surveys which led to a succession of additional works, resultant delays and significant extra costs. These circumstances are fully outlined and disclosed in the previous reports and papers provided and especially report dated 22nd February, 2017.

ADDITIONAL COSTS/DELAYS

The above reports identified the additional timescale to complete the main works of 18 months with resultant costs to the project of £409k with £148k of mitigation and a net over-run of budgets of £261k.

Despite these draw-backs and the additional time required to carry out the soil stabilisation retaining walls and service diversions the project was readied for occupation and marketed from July 2016. The first plot sale was delivered in December 2016.

The balance of works will also be affected by recent significant increases in material and construction costs. These will affect land values and also the site works completion costs.

SALES & MARKETING

The project was ground breaking in more than just the physical development issues. The site elevation provided a cause for initial concerns but the work completed to stabilise the ground help to contribute towards a “gradual” acceptance by potential occupiers that the solution was appropriate for the plot developments. This coupled with the general reluctance of smaller SME purchasers to commit to the such an obligation and the that the initial plot sales were hampered by their valuers not accepting the site values that would deliver the outcomes required.

Furthermore the plot sizes will be larger than originally anticipated and this has also impacted on plot sales values.

It has taken the full period of the project to gradually increase the sales values to a level where they originally projected sales figures can be achieved. Along the way this has meant that HELLP have accepted lower values to help meet cashflow targets and the LLEP’s repayment expectations.

The plot sales were marketed from 2014 and the first sale was achieved in December 2016. The final plot sale is in negotiation and so the sales and marketing period has taken a total of circa 5 years all of which has involved significant additional costs in resources and administration.

CURRENT POSITION

The last plot sale of UP03 is in progress although not agreed and the potential purchaser has asked for a delayed payment of part of the completion monies to assist with holding costs while the planning and initial development is undertaken.

The outcomes for the project will exceed the agreed deliverables and make available now 11,900m2 of site area (an increase 13.5% and 1,400m2) and circa 6,200m2 of new floor space (an increase of 45% and 2,000m2). In addition the project will provide £7m of construction works in the local community and a commensurate increase in local rates charges.

The costs of completing the necessary infra-structure and the repayment of capital and interest due to the LLEP mean that the project will financially make a significant loss.

HELLP does not have the resources to cashflow all these remaining resources to successfully complete the project.

OPTIONS

The primary criteria has been, despite the difficulties with the project, for the HELLP team to continue to work and strive to deliver a successful project.

The current position is as follows:

1. HELLP do not have the resources (cash or otherwise) to fund the completion of the project. Without assistance from the LLEP the project will fail and HELLP will have to seek administration as it will in effect at some point become unable to meet its obligations. This will result in a failure of the project and considerable costs in defining the route to final disposal and the residual responsibility for completing the site works.
2. It has been muted that a grant may be available to assist with the redevelopment of this site due to its special nature. To date nothing has been forthcoming as to the mechanism and how this could be achieved to support this project.
3. Having regard to the above the only option available and that is the purpose of this proposal is to seek a reduction in the interest rate for the loan as the risk can now be considered removed by completing the project and repaying the capital due. The amount of the reduction will need to be to about 1% for the loan duration. This still delivers considerably more interest than the original loan application identified.

In the circumstances any further progress on the site will need to be delayed until all possible outcomes have been explored.

This has come about because in the current circumstances the LLEP (rightly) can instigate the revised loan conditions and secure 85% of the sales proceeds which will then not leave enough residual funds for HELLP to complete the site works. An event that will also likely trigger administration and a failure of the project.

Allowing this course of action does not seem to be an appropriate social solution on the whole for all concerned and will lead to a failed project outcome if not only in the sense that opportunities to make the project a success were over-risen by pure financial gain and that gain will not be with HELLP.

<u>FINAL PROPOSAL</u>

A number of reports and proposals have been submitted to the LLEP and requests for assistance in the past and in due time to anticipate this current position. No response apart from continue with the repayments has been received. This cannot now be achieved.

HELLP are on the cusp of achieving a successful outcome but will need the LLEP to assist. The methodology for this assistance is based on a reduction in the interest rate charged now that the outcome is no longer the risky project it was at the outset and can be delivered. It would seem unreasonable for HELLP to suffer the full burden of the interest having also suffered the costs of the losses and paying significant interest for the longer period of the loan.

A reduction to 1% interest rate fro the loan element after repayment of the capital will assist in ensuring the project can be completed. Any solution that delivers a similar level of assistance can be considered and will help to resolve these outcomes successfully.

The final results and financial position is summarised on the attached schedule.

ODEV Project Deliverables

		Previous Reports	Current Results	Comments
Jobs connected with the intervention	116	26	**111**	-4.3% slight reduction in target as some units not yet completed or occupied
Jobs safeguarded	36	5	**20**	Estimated, comments as above.
Collection method for jobs data				Currently estimated based on discussions with occupiers
Site acquisition	2.60Ha		**2.60Ha**	
Site preparation	2.60Ha	remodelled	**2.60Ha**	
Site Protection	N/A	N/A	N/A	
Site Access	1.2km of new access roads provided	COMPLETE less wearing courses	**1.3km of new access roads**	**Approx 9% increase in Access Roads to cater for additional space created**
New Office Buildings	N/A	N/A	N/A	
Mixed Development	new development space	4,200	**6,294**	**49.9% increase in commercial floor space**
	Remodelled land	10,500	**11,915**	**13.5% increase in developable land created**
Transport Infrastructure	N/A			
Type of service improvements	N/A			
Environmental improvements/ public realm	N/A			
Construction Activity	not an original metric	project in progress	**£ 6,895,834**	Economic activity created based on construction works to facilitate development
Gross development Values	£ 2,072,000	£1,732,500	£ 1,864,000	Values reduced as market was for larger plot/unit sizes - smaller private developments were difficult to bring to the market at the outset. The project set the parameters and showed that smaller developments could be achieved by owner occupiers.

Deliverables Summary

Plot Reference	Sub-unit	Address	Occupier	Plot Area	Freehold Land Sales Value	Value/m2	Building Footprint (m2)	Upper Floors (m2)	Building Areas (sf)	Building Estimated Cost	Property Development Estimate	Employ-ment	Provisional Figures	Rateable Value/ Council Tax	Completion Status
LP01	**-**		**Direct Trade Bags Limited**	1,582	£ 190,000	£120.10	961	100	*11,421*	£55.00	£ 628,133	6			
LP02	**-**		**Milestone Communications Limited**	967	£ 130,000	£134.44	368		*3,956*	£75.00	£ 296,683	8			
LP03	**A**		Lanecliffe Limited	225	see Compachire below				*0*		£ 0	4			
LP03B	**B**		Approach Print Limited	225	see Compachire below				*0*		£ 0	3			
LP03C	**C**		Construct-IT Limited	225	see Compachire below				*0*		£ 0	2			
LP03D	**D**		**Compachire Limited**	230	£ 145,000	£160.22	272	272	*5,851*	£95.00	£ 555,874	3			
MP01	**-**		**Metalworld Limited**	1,250	£ 142,000	£113.60	350	50	*4,306*	£65.00	£ 279,864	6			
MP02	**P**		**Parking for MP03**	200	£ 20,000	£100.00			*0*		£ 0	n/a			
MP03	**1**		**Direct Trade Bags Limited**	2,240	£ 325,000	£145.09	720	63	*8,428*	£65.00	£ 547,834	4			
	2		**Dalby Land & Property Limited**				250	45	*3,175*	£65.00	£ 206,400	4			
	3		**Dalby Land & Property Limited**				150	32	*1,959*	£65.00	£ 127,338	4			
MP05	**-**		**Little Yellow Patisserie**	315	£ 62,000	£196.83	149	0	*1,604*	£90.00	£ 144,345	3	*		
MP06A	**-**		**Blue Waste Oil**	350	£ 62,000	£177.14	120		*1,292*	£55.00	£ 71,042	2			
MP06B	**-**		**Snowden Medical**	352	£ 70,000	£198.86	100	90	*2,045*	£90.00	£ 184,064	6	*		
MP07	**A**		**Jim Freeman**	254	£ 40,000	£157.48	100	43	*1,539*	£90.00	£ 138,533	4			
	B		**Jim Freeman**	231	£ 40,000	£173.16	100	43	*1,539*	£90.00	£ 138,533	3			
MP08	**A**		**Leicestershire Properties**	173	£ 150,000	£867.05	91	45	*1,464*	£85.00	£ 124,432	3			
	B		**Leicestershire Properties**	160	see Leicestershire Properties a		91	45	*1,464*	£85.00	£ 124,432	3	*		
	C		**Leicestershire Properties**	160	see Leicestershire Properties a		91	45	*1,464*	£85.00	£ 124,432	3	*		
	D		**Leicestershire Properties**	160	see Leicestershire Properties a		91	45	*1,464*	£85.00	£ 124,432	4	*		
	E		**Leicestershire Properties**	170	see Leicestershire Properties a		91	45	*1,464*	£85.00	£ 124,432	4	*		
UP01	**-**		**Seal Calibrations**	336	£ 65,000	£193.45	144	72	*2,325*	£90.00	£ 209,252	8			
UP02	**-**		**Seal Calibrations**	360	£ 78,000	£216.67	144	72	*2,325*	£90.00	£ 209,252	8	*		
UP03	**-**		***Potential Sale at £345k***	*1,750*	£ *345,000*	*£197.14*	*700*	*105*	*8,665*	*£85.00*	£ *736,527*	*16*	*		
			TOTAL AREA PROVIDED	**11,915**	**£ 1,864,000**	**£156.44**	**5,082**	**1,212**	**67,750**	**£75.22**	**£ 5,095,834**	**111**			
			TARGET DELIVERABLES	**10,500**			**4,000**	**200**	**45,209**			**116**			
			EXCEEDING REQUIREMENTS	**1,415**	13.5%				**22,541**	49.9%		**-5**	**-4.3%**	*	

Paper E

Leicester & Leicestershire Enterprise Partnership

Local Growth Fund Evaluation

Evaluation Report

October 2021

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Contents Page

Appendices

Executive Summary

The Government awarded a total of £126 million of Local Growth Fund (LGF) funding to the Leicester and Leicestershire 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. It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension as the programme remained on target throughout.

The current approved programme of 20 projects focusses on four key priority areas identified in the Leicester and Leicestershire Strategic Economic Plan 2014-2020:

- Enhancing transport connectivity, reducing congestion and enabling the development of major sites for housing and employment.
- Investing in skills infrastructure and business support to deliver skills and support that meets employer needs.
- Extending the availability of superfast broadband across the city and county.
- Investing in flood risk management to reduce the risk to homes and businesses in Leicester.

The Local Growth Fund has the capacity to delivery over 7,000 new jobs, over 9,000 new homes and over 25,000 square metres of commercial floorspace in Leicester and Leicestershire by 2025/26.

The Local Growth Fund Evaluation Plan

In June 2021, Leicester & Leicestershire Local Enterprise Partnership (LLEP) appointed Focus Consultants to undertake a programme level evaluation of the Leicester & Leicestershire (LLEP) Local Growth Fund (LGF) programme to articulate how the Growth Deal has delivered change in the LLEP area with a primary focus on identifying the impact of the programme, but also to learn the lessons and identify areas of learning for future delivery.

This programme level evaluation of the Leicester & Leicestershire (LLEP) Local Growth Fund (LGF) is the most recent element of the Local Growth Fund Evaluation Plan.

Carney Green and the Centre for Business in Society at Coventry University were commissioned in December 2016 to conduct the initial evaluation of the LGF, with a remit to develop a Theory of Change model, and to determine the outputs and outcomes to be expected from this. In May 2019, Focus Consultants was appointed by LLEP to undertake and mid-term evaluation in order to establish what had been the impact to date of the investment; what difference has the investment made to date on the relevant Transformational Priorities as set out in the LLEP Strategic Economic Plan, and what difference could be anticipated by the end of the programme.

Key Figures

Transport, Housing and Employment Land - £94.9m

Skills Infrastructure and Business Support - £30.6m

Flood Risk Management - £7.5m

Superfast Broadband - £3.1m

£126m Programme

£288m Total Project Value including match

20 Projects Across Four Themes

1,646 new jobs created. Expected to create 6,649 by 2025/26*

1,741 new housing units created. Expected to create 4,113 by 2025/26

60,427m² of commercial floorspace created/refurbished

1,842 homes brought out of flood risk

Every £1 of LGF will generate £1.28 of additional spend

38.75km of new cycle ways

2,215 new learners assisted. Expected to assist 6,118 by 2025/26

4,322m² of new/improved learning/training floorspace created

10.38km of new or resurfaced roads

Return on Investment to date is estimated to be circa £8.38 for every £1 invested over 10 years including ripple and multiplier effects**

*Includes construction jobs

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

Estimated economic benefits achieved in the LLEP area to date as a result of LGF Investment:

- **Additional Spend in the Local Economy by New Households:** circa £10.25m per annum.
- **Jobs GVA:** an additional circa £69.65m increase in GVA per annum.
- **Learners Economic Benefits:** 2,215 learners have been trained/are in training to date. When they have completed their training, it is estimated that as a result of increased income, there could be an additional £3.44m spending locally per annum.
- **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum, delivering superfast fibre broadband to homes and businesses that did not have access to it before due to market failure.
- **Commercial Floorspace:** to date the LGF investment has created sufficient floorspace to accommodate circa 1,272 employees.
- **Private Sector Match Funding:** It is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment. Assuming £300m to date, this equates to £2.30 per £1 of LGF investment.
- **Train Time Savings:** the time saved as part of the Market Harborough Line Speed Improvement project is valued at £133.3m.

Potential economic benefits to be achieved in the LLEP area by 2025/26

- **Additional Spend in the Local Economy by New Households:** potential £48.23m per annum.
- **Jobs GVA:** a potential additional £408.27m increase in GVA per annum.
- **Learners Economic Benefits:** 6,118 learners will have been trained/be in training by 2025/26. When they have completed their training, it is estimated that as a result of increased income, there could be an additional circa £8.29m spending locally per annum.
- **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum, which will continue to boost GVA, improving the region's competitiveness and increasing jobs, especially in light of the Covid-19 pandemic's impact on levels of homeworking.
- **Private Sector Match Funding:** It is estimated that by 2025/26, the LGF will have contributed to attracting £500m, which equates to £3.90 per £1 of investment.

Based on the calculations undertaken as part of this evaluation, this suggests a Return on Investment currently of nearly £8.50 for every £1 of LGF investment to date and this could increase to a Return on Investment of nearly £36 for every £1 of LGF investment by 2025, once all outputs have been achieved and all the match funding has been spent and over a period of 10 years. The programme has increased the Return on Investment from £3.64 for every £1 of LGF (2019), and has far exceeded the potential calculated at the Mid-Term Evaluation.

Outcomes

The evaluation has identified the key outcomes delivered or expected to be delivered through the project through a combination of analysis of output data and consultation with projects. The outcomes are strongly aligned to the ambitions of the Strategic Economic Plan.

Ambition	Programme Outcomes
Investing in our Place to unlock key development sites and improve public realm and connectivity to enable the efficient transport of people and goods	• Positioning the region to maximise the opportunities offered through Enterprise Zones. • Improved connectivity between key development and employment sites. • Facilitating innovative collaboration between industry and education • Raising the profile and ambition of the area and attracting private sector investment • Improving connectivity with improved sustainable transport options and reduced travel delays • Unlocking sites for development and facilitating future growth of the city through infrastructure and flood prevention • Providing security from flooding for existing homes and businesses • Improving the amenity of town and city centre environments • Delivering high quality sustainable buildings • Creating new and improved green spaces and natural habitats and biodiversity improvements
Investing in our Businesses by providing a comprehensive business support service for our SMEs to accelerate growth of our priority sectors	• Enhancing digital infrastructure • Addressing skills gaps and developing skills needed by local industry • Supporting innovative key sectors in the Leicester and Leicestershire economy including automotive and space through training, workspace and public awareness • Supporting businesses to grow

Ambition	Programme Outcomes
Investing in our People to equip local people with the relevant skills that our businesses need	• Creating new employment opportunities • Providing career paths for young people in high skilled sectors such as automotive and space • Creating new opportunities to young people in Leicester who may not otherwise have the means to embark on pathways to school, college and university courses • Supporting young people to be ready for a professional work environment and raising aspirations • Increase in female participation in engineering and automotive sectors • Development of highly skilled workforce to meet current and future economic needs with a focus on STEM. • Creating improved natural environments and improved access to nature to support wellbeing • Raising environmental awareness within learning and public environments • Training in skills needed by industry to meet net zero carbon targets

Reflections

Delivering Change Through the Growth Deal

The Growth Deal is delivering growth by providing additional funding and leveraging investment to deliver key transport improvements, by unlocking housing and employment land and providing new homes and space for businesses, and by providing high-quality skills and training facilities across Leicester and Leicestershire. Closely aligned to the strategic priorities published in the Strategic Economic Plan (2014), growth is being achieved by concentrating investment on four key priority areas: the enhancement of transport connectivity, reduction of congestion and enabling of the development of major sites for housing and employment; investing in skills infrastructure and business support; extending superfast broadband; and investing in flood risk management.

The substantial investment from Government through the Local Growth Fund is also bringing forward additional investment from local partners and the private sector. The £126m invested in Leicester and Leicestershire has levered £162m of match funding at an average intervention rate of 44% - i.e., for every £1 of LGF spend, a further £1.28 of match funding will be spent to deliver the projects by the end of the programme. The programme has and continues to lever significant private sector investment into the city through projects such as Leicester Waterside Regeneration Area and A511 Growth Corridor.

By 2025/26, the LGF programme is expected to deliver over 9,649 new jobs, 9,403 new housing units and assisted 6,118 new learners.

Outputs and Outcomes

Evidence from project consultation and the nature of the outputs delivered would suggest that the LGF programme will have likely contributed to significant job creation and reduction in youth unemployment, evidenced by Leicestershire reaching near full employment prior to the Covid-19 pandemic. The projects are making significant contributions to future connectivity, sustainability, health and wellbeing, on top of the creation of new homes, jobs and development of employment sites. The LGF investments have also given the private sector the confidence to invest in the area too, through reducing risk and market failure by investing in infrastructure and roads for example and giving confidence to the private sector to invest.

As well as attracting inward investment, the programme has also had a big impact on indigenous businesses, especially in terms of providing skills capital, developing a future workforce, and through improvements to connectivity and infrastructure.

The programme has already achieved all direct outputs relating to the construction of commercial floorspace, new or improved roads and cycleways, and flood risk areas. To date, the programme has overachieved (105.1%) in terms of new or improved learning/training floorspace. Since the Mid-Term Evaluation, the programme has made significant progress in terms of creating commercial floorspace, the building of new roads, and the provision of access to broadband for businesses.

The Local Growth Fund is producing cumulative benefits across integrated projects and locations in Leicester and Leicestershire, with neighbouring projects generating added value for each other in terms of public realm enhancements, place development and access improvements. The LEP has the strategic advantage of being able to integrate different projects across a wider scale; projects such as the River Soar Flood Strategic Risk Management programme adds value to the parallel LGF investments at Pioneer Park, Leicester Waterside, and other development areas along the River Soar and Grand Union Canal. The impact of the programme is quite clearly bigger than the sum of its individual projects

Project Performance

To date, the programme has achieved 100% of its expenditure, with all projects having receiving their full complement of funding already. At a programme level, all outputs relating to construction have been achieved. However, there is a shared understanding that with large-scale capital infrastructure programmes, the benefits and impacts are often not realised until some years after the initial investment, particularly in terms of job and housing creation. With construction completed, all projects expect to have achieved their contracted outputs by 2025/26.

The case studies and project consultation undertaken as part of this evaluation has highlighted a number of specific successes. The River Soar Flood Risk Management project has delivered each of its c.40 projects, developing 1.3km of new cycleways and 7.8km of towpath improvements, and safeguarding 1,852 homes from flooding.

The Leicester North West Major Transport Investment Corridor completed all but one of the highway infrastructure elements included in its original scope, already reducing congestion, improving the flow rate of traffic, and supporting the development of over 2,000 homes and potentially 75,000sqm of commercial workspace. The Dock2 project completed construction in February 2021, and is already 60% let, having created 40 jobs to date.

Since it first opened its doors, the MTI has welcomed over 8,000 students and delegates. The MTI has already seen more than 6,500 automotive professionals take part in professional development activities. The LGF investment at MIRA Technology Institute has provoked considerable inward investment as a result of the pipeline of skills and workforce developed for the companies that have located on MIRA. 1,200 new jobs have already been created at the wider Enterprise Zone, despite Covid-19 disrupting the delivery of courses and forcing learning to be conducted remotely.

Some projects are yet to realise all of their key outputs; for example, the National Space Centre has delivered a 4800m^2 state-of-the-art, high-tech facility for research, development and manufacturing, representing the core of the Space Park. The Reality Lab opened for operation in January 2020 and has been working at full capacity ever since, but the final element of the Mission Space project is a new Space Flight Simulation exhibition, which is on track for audience testing in September 2021 and launch in time for October half-term. The second phase – Project Marble – comprising a new exhibition gallery, workshop space, event facilities, as well as a new planetarium show and educational and community work, is still to be delivered.

Wider Outcomes and Impacts

According to the project questionnaire, Local Growth Fund investment has strengthened the local economy, speeded up the delivery of economic development and growth projects; provided an improved transport network; improved connectivity and commutability; and increased housing stock and career opportunities. The investments have also reduced journey times, unlocked housing and employment land, reduced unemployment, encouraged inward investment, developed a strong local workforce, encouraged active and sustainable travel, and incentivised skills and apprenticeship training.

Consultation with projects revealed a range of environmental and social impacts of the LGF investment. Environmental benefits have included air quality improvements, improved accessibility to sustainable travel, tree planting, flood risk prevention, and improvements to natural habitats and biodiversity. The programme is also supporting projects that are creating more inclusive and accessible pathways for people to access green engineering courses, as well as science and innovation-based education.

Social impacts discussed included broad benefits to residents' quality of life, be that through reduced journey times or through improvements to the public realm. Some projects supported the development of local skills through seminars, site visits and virtual placement weeks for university and engineering students. Other projects engaged with the local community during delivery – through volunteering, charity collections and fundraisers.

As well as social and environmental impacts, the programme has also had significant strategic impact. For example, the growth accelerated by the LLEP Local Growth Fund has also contributed to the successful bid between LLEP and D2N2 for Freeport status. Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure. The new development could present important opportunities in collaboration with the new Space Park Leicester site, which is due to open in summer 2021.

Key Successes

Although the LEP priorities have evolved slightly somewhat over the period of the programme as reflected in local economic growth plans, it is important to note that no projects have been lost or withdrawn from the programme, which is testament to both the quality of projects selected and the management of the programme.

It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension to the programme offered by Government as the programme remained on target throughout. This shows that the programme is performing very well in this respect. The programme has very effectively used freedoms and flexibilities to accommodate and balance budgets and spends.

Based on the calculations undertaken as part of this evaluation, this suggests a Return on Investment currently of nearly £8.50 for every £1 of LGF investment to date and this could increase to a Return on Investment of nearly £36 for every £1 of LGF investment by 2025, once all outputs have been achieved and all the match funding has been spent and over a period of 10 years. The programme has increased the Return on Investment from £3.64 for every £1 of LGF (2019), and has far exceeded the potential calculated at the Mid-Term Evaluation.

The data analysed as part of the evaluation demonstrates that the programme has delivered more key outputs – new jobs, new housing units, new learners – at a better cost per output than was forecast in the Mid-Term Evaluation.

The Future

Despite being a time of uncertainty due to the LEP Review being undertaken by the Cities and Local Growth Unit, Leicester and Leicestershire Enterprise Partnership has been able to make significant contributions to future connectivity and sustainability in the area, whilst creating new jobs, homes and developing employment sites. At a strategic level, the Local Growth Fund investment will continue to deliver significant impacts to the area for many years to come, regardless of what shape or form the LEPs take in the future.

The LLEP Local Growth Fund projects form a key part of local economic growth plans and the future priorities for the LEP area.

The new Growth Strategy states an aim to support Leicester and Leicestershire to be a world class business location for science, technology and professional services; in support of this, LGF investment aims to deliver Space Park Leicester as a centre for excellence for earth observation and satellite technology, and to develop and expand the facilities at the MIRA Technology Park. The LLEP's Growth Deal 3 projects also include a wider range of innovative activity than the previous two Deals and as the LLEP was proactive in developing a pipeline of projects, this has provided a wide range of opportunities and also developed a pipeline of strategically aligned projects well placed to access future funding opportunities. It is also hoped that Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure.

1.0 Introduction

In June 2021, Leicester & Leicestershire Local Enterprise Partnership (LLEP) appointed Focus Consultants to undertake a programme level evaluation of the Leicester & Leicestershire (LLEP) Local Growth Fund (LGF) programme to articulate how the Growth Deal has delivered change in the LLEP area with a primary focus on identifying the impact of the programme, but also to learn the lessons and identify areas of learning for future delivery.

Specifically, LLEP wanted the evaluation to consider the following:

- Were the right projects supported?
- How well are the projects and programme as a whole aligned to the Strategic Economic Plan?
- How well are the projects and programme as a whole aligned to the priorities of LLEP?
- Should different kinds of projects have been funded?
- What are the main outputs and outcomes of the programme to date?
- Were there any unexpected outcomes?
- What are the main long-term impacts of the LGF investment in the LLEP area?
- What are the main social and environmental impacts of the LGF investment?
- Are there lessons to be learned for future delivery?

This is therefore both a strategic and impact evaluation and was undertaken through the following:

- A review of the strategic policy context and how it has evolved since the Mid Term Evaluation.
- Consultation with staff in LLEP including the Chief Executive, Project Manager and Project Officer.
- Analysis of financial and output reports for the programme.
- Online questionnaire sent to all projects supported through the programme.
- One to one consultation with a selection of supported projects.

1.1 Local Growth Fund

Following the review on local economic growth by Lord Heseltine in 2012, the Government created a £12bn 'Local Growth Fund'; all 39 LEPs across the UK bid for a share of the funds. The LGF aimed to drive growth across areas by providing additional funding and leveraging investment to provide employment, new homes and space for businesses, provide high quality skills and training facilities and deliver key transport improvements across the area.

Local Growth Deals provided LGF funds from Central Government to LEPs for projects that benefit their local area and economy. To secure funds, LEPs were required to submit a portfolio of projects to Government. After being assessed by Government, the first Growth Deal projects were announced in July 2014. Growth Deal 2 projects were announced in January 2015 and finally Growth Deal 3 projects were announced in March 2017.

The first round of LGF was linked to the preparation of a Strategic Economic Plan for each LEP area. Rounds 2 and 3 had to align with the Strategic Economic Plan but projects were essentially selected by Government with the funding then managed by LEPs. Following the announcement of LGF Round 3, LEPs were given more freedom to manage the funding and the projects as a programme, as well as more freedom to select projects that aligned with local priorities.

The Government awarded a total of £126 million of LGF funding to the LLEP 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. It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension as the programme remained on target throughout.

Growth Deal 1 (July 2014)	Growth Deal 2 (Jan 2015)	Growth Deal 3 (Nov 2016)
£80 million	£20.3 million	£25.87 million
Total Award: £126.17 million		

The Growth Deal brings together local, national and private funding as well as new freedoms and flexibilities to focus on four key priority areas as identified in the LEP's Strategic Economic Plan. There are 20 projects within the programme covering skills capital works, large scale infrastructure works and regeneration schemes across these four themes. The number of projects has stayed the same, with no projects lost or withdrawn, which in our experience is very rare and testament to both the quality of projects selected and the management of the programme.

The themes and the level of investment into each theme is shown below:

Theme	LGF Investment
Enhancing transport connectivity, reducing congestion and enabling the development of major sites for housing and employment.	£84.9m
Investing in skills infrastructure and business support to deliver skills and support that meets employer needs.	£30.6m
Extending the availability of superfast broadband across the city and county.	£3.1m
Investing in flood risk management to reduce the risk to homes and businesses in Leicester.	£7.5m

The Local Growth Fund is supporting 20 projects which together have the capacity to deliver over 7,000 new jobs, over 9,000 new homes and over 25,000 square metres of commercial floorspace by 2025/26.

The range of projects is diverse and has evolved over time as the strategic context for the area has developed. Examples of projects funded include the development of Space Park Leicester, new commercial workspace in Coalville and at Pioneer Park, enhancements to sustainable travel corridors, a new skills and innovation college, and a multitude of transport infrastructure improvements.

1.2 The Local Growth Fund Evaluation Plan

The appointment of Focus Consultants to undertake a programme level evaluation of the Leicester & Leicestershire (LLEP) Local Growth Fund (LGF) programme in June 2021 is the most recent element of the Local Growth Fund Evaluation Plan.

Carney Green and the Centre for Business in Society at Coventry University were commissioned in December 2016 to conduct the initial evaluation of the LGF, with a remit to develop a Theory of Change model, to determine the principal outputs and outcomes to be expected from this, to support the development of simple value for money measures, and to capture good practice and lessons learnt.

In May 2019, Focus Consultants was appointed by LLEP to undertake and mid-term evaluation of the LLEP's Local Growth Fund in order to establish what had been the impact to date of the LLEP's Local Growth Fund investment; what difference has the investment made to date on the relevant Transformational Priorities as set out in the LLEP Strategic Economic Plan, and what difference could be anticipated by the end of the programme.

The key findings from the evaluations in 2016 and 2019 can be found in Appendix 1.

2.0 Strategic Context

During the period of the LGF programme, LLEP has published a number of core economic strategies for Leicester and Leicestershire: The Strategic Economic Plan (2014), Strategic Growth Plan (2018), an Energy Infrastructure Strategy (2018), and a Local Skills Report (2021). The key document which drove the strategy for the LGF Programme was the Strategic Economic Plan (2014); this is summarised below.

2.1 Strategic Economic Plan (2014)

The initial Growth Deal for the LLEP area, agreed with Government and which released LGF funding, was based on the 2014 Strategic Economic Plan (SEP). The SEP provides the framework to 'To create a vibrant, attractive and distinctive place with highly skilled people making Leicester and Leicestershire the destination of choice for successful businesses'.

The SEP articulates LLEP's ambitious plans to deliver 45,000 new jobs, lever £2.5 billion of private investment, and increase GVA by £4 billion – from £19 billion to £23 billion.

The SEP was developed alongside an ESIF strategy and City Deal, with the three strategies completely aligned. The SELP identifies key priorities for the LLEP area and sets out the 'asks' of the Single Local Growth Fund (SLGF). Activities and interventions described in the SEP are funded through a combination of SLGF, ESIF, City Deal and local resources.

The SEP commits to delivering flagship programmes for each theme; the City Deal delivers flagship programmes for Business (Leicester & Leicestershire Business Growth Hub) and People (Leicester & Leicestershire Employment and Skills Hub). The Growth Deal provides the resources to deliver the Place flagship programme – Infrastructure to support Growth Areas and Transformational Priorities. This ensured projects were strategically aligned to broader economic priorities and supported the implementation of a robust and transparent decision-making process for LGF project selection. The LLEP also used an open call to encourage initial project applications, leading to several projects led by 'external' organisations (rather than solely local authorities).

Investing in Place aims to unlock key development sites and improve public realm and connectivity to enable the efficient transport of people and goods. In doing so, the LLEP pledges to:

- Unlock key housing and employment sites across Leicester and Leicestershire.
- Develop the Leicester Launchpad as a major Transformational Priority creating a thriving, dynamic leading UK city for work, living and cultural activity.
- Enhance Leicestershire's role as a major economic centre, with an innovative and vibrant city at its core.
- Unleash the innovative potential of the three Universities and deliver the Loughborough University Science and Enterprise Parks extension.
- Develop high quality transport infrastructure to unlock development opportunities and reduce congestion.

The strategic direction for LLEP was a focus on releasing employment and housing sites, accommodating growing businesses and supporting business productivity. The SEP adopts a spatial and thematic approach, prioritising investment to 2020 through five Growth Areas; four Transformational Priorities and two Growth Programmes.

The Growth Areas, Transformational Priorities and Growth Programmes are:

Growth Areas	Leicester Urban Area
	East Midlands Enterprise Gateway
	Coalville Growth Corridor
	Loughborough
	South West Leicestershire
Transformational Priorities	Leicester Launchpad
	East Midlands Gateway Strategic Rail Freight Interchange
	Loughborough University Science and Enterprise Parks
	MIRA Technology Park Enterprise Zone
Growth Programmes	Market Towns and Rural Leicestershire
	Infrastructure, Workspace and Cultural Development

2.2 Alignment with the Local Growth Fund

- The strategic review demonstrates that there is strong alignment between the SEP priorities and the projects supported through the LGF. Both the LLEP SEP and the LGF strategically prioritised releasing employment and housing sites, accommodating growing businesses and supporting business productivity. The Leicester Waterside and Space Park projects are principally designed to create new housing units and commercial floorspace, whilst the River Soar Floor Risk Management Strategy unlocks significant areas for housing.

- The programme contains a number of projects which centre on developing high quality transport infrastructure, both improving connectivity and reducing congestion – such as the A511 Growth Corridor and the Leicester North West Majors Transport Corridor. The MIRA Technology Institute and Leicester College (Skills and Innovation Village) both benefit from significant Local Growth Funds, each supporting the SEP objective to unleash innovation. The ambition for Leicestershire to be a major economic centre is boosted by investments into Superfast Broadband, the development of the Midland Mainline, and the public realm improvements in the Connecting Leicester project.

- All projects were selected between 2014 and 2017 and therefore are reflective of the 2014 Strategic Economic Plan. Although the LEP priorities have evolved slightly somewhat over the period of the programme as reflected in local economic growth plans, it is important to note that no projects have been lost or withdrawn from the programme.

- The original LGF projects were designed to meet and address the criteria of the Growth Deal funders – the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), and from the Ministry of Housing, Communities and Local Government (MHCLG).

Round 3 was aligned to accelerating the development of the Enterprise Zone sites and the creation of higher value jobs around areas and sectors of advantage. The composition of projects reflects the three funders, demonstrating a clear emphasis on transport, skills and regeneration. The variety of projects funded is seen as a strength of the LLEP Local Growth Fund.

3.0 Programme Performance

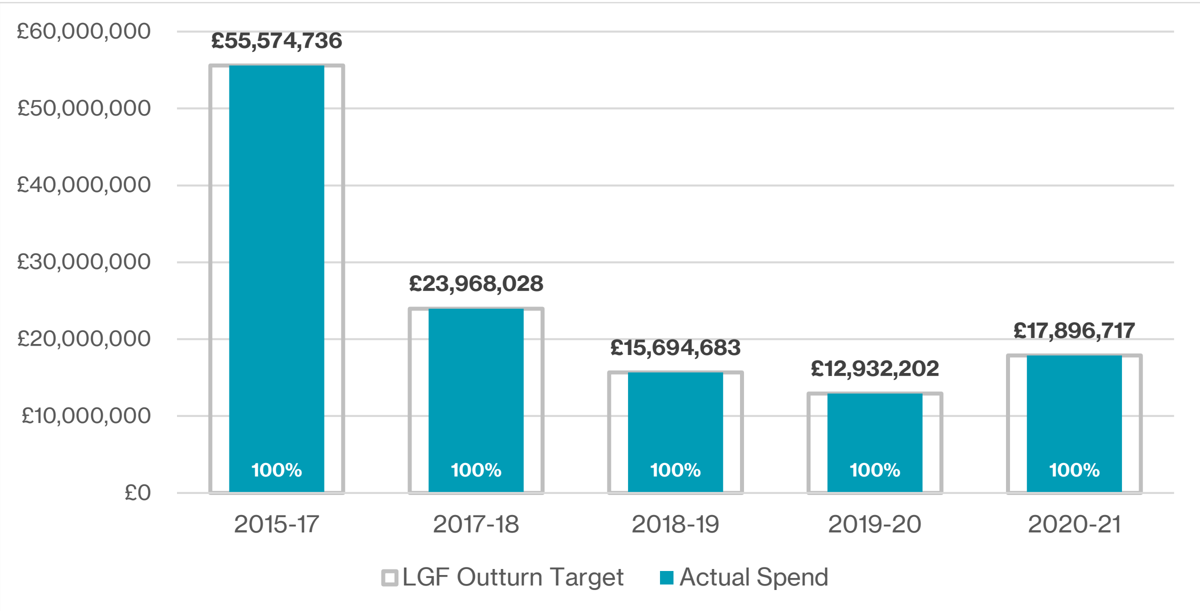
Having established the nature of the programme and how it developed and built up over time, this section considers how well the LLEP LGF Programme has delivered on its expenditure and output targets. A full analysis of programme performance was undertaken as part of the Mid-Term Evaluation (2019). The aim of this evaluation is to provide a programme wide assessment of how the Growth Deal has delivered change in the LLEP area with a primary focus upon identifying the impact of the programme. As part of this evaluation, we have summarised the programme position to date.

3.1 Overall Programme Expenditure

The total LGF investment awarded to projects in LLEP is £126m. The table below shows the annual LGF allocation to LLEP for projects managed through the LEP.

Year	2015-17	2017-18	2018-19	2019-20	2020-21	Total
LGF Outturn Target	£55,574,736	£23,968,023	£15,694,683	£12,932,202	£17,896,717	**£126,066,366**
Actual	£55,574,736	£23,968,023	£15,694,683	£12,932,202	£17,896,717	**£126,066,366**
Progress Towards Target	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The chart below shows the profile of LGF allocation and actual spend achieved for the period up to and including March 2021.



The data shows that LLEP has achieved 100% of its total LGF expenditure. This shows the exceptional performance of the programme in terms of meeting expenditure forecasts.

3.2 Detailed Financial Analysis

This section considers where, and for what purposes, the LGF grants have been awarded at both the programme and project level. It considers the split of projects by Growth Area.

3.2.1 LGF Grants by Investment Theme

The current approved programme of 20 projects is delivered under 13 themes as allocated on LLEP's Data Return:

- Transport
- Skills
- Regeneration
- Housing
- Tourism
- Cultural Sector
- Public Realm
- Digital/Internet Infrastructure
- Flood Management
- Enterprise
- Business Support
- Innovation
- Employment
- Enabling Work

The table below shows the breakdown of LGF grants by investment theme:

Note: Some projects are allocated two themes; where this is the case, the LGF grant for each project has been equally divided between the allocated themes.

Local Growth Fund Allocation by Theme		
Theme	**LGF Allocation**	**LGF Allocation**
Transport	£32,785,000	26.0%
Housing	£19,945,000	15.8%
Skills	£13,919,712	11.0%
Regeneration	£13,600,000	10.8%
Public Realm	£12,560,000	10.0%
Flood Management	£7,500,000	5.9%
Employment	£6,578,327	5.2%
Enabling Works	£5,000,000	4.0%
Innovation	£4,087,580	3.2%
Enterprise	£3,500,000	2.8%
Digital/Internet Infrastructure	£3,100,000	2.5%
Business Support	£2,490,747	2.0%
Cultural Sector	£500,000	0.4%
Tourism	£500,000	0.4%
Total	**£126,066,366**	

The table in Appendix 2 shows the breakdown of LGF grants by investment theme on a project-by-project basis.

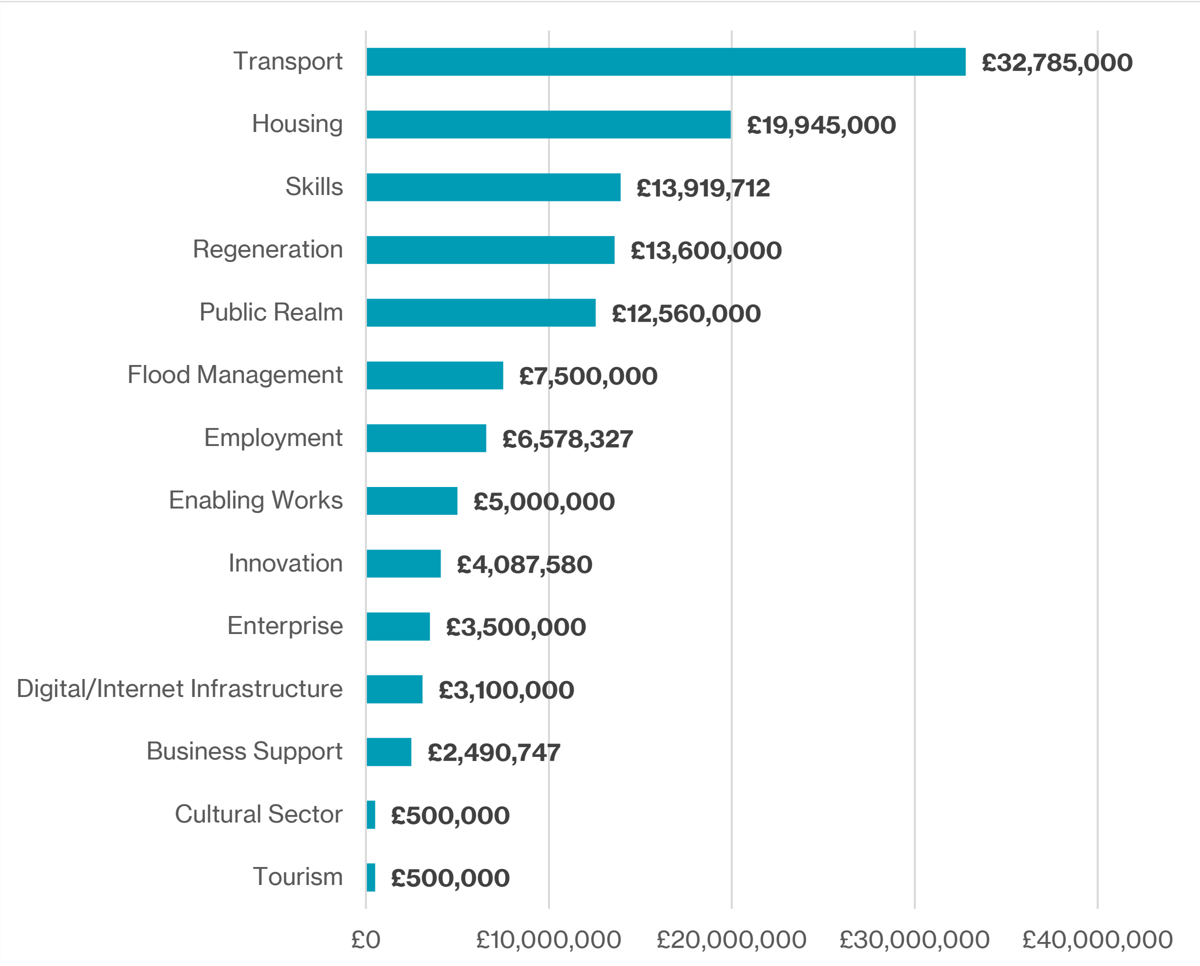
26.0% of LLEP's LGF budget is allocated to projects with a Transport theme, totalling over £32m. Housing (£19.9m, 15.8%) and Skills (£13.9m, 11.0%) also account for a significant portion of the budget.

The thematic analysis aligns with the key themes of the Strategic Economic Plan, namely: the enhancement of transport connectivity, reduction of congestion and enabling of the development of major sites for housing and employment; investing in skills infrastructure and business support; extending superfast broadband; and investing in flood risk management.

The original LGF projects were designed to meet and address the criteria of the Growth Deal funders – the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), and from the Ministry of Housing, Communities and Local Government (MHCLG). Round 3 was aligned to accelerating the development of the Enterprise Zone sites and the creation of higher value jobs around areas and sectors of advantage. The composition of projects reflects the three funders, demonstrating a clear emphasis on transport, skills and regeneration.

It must be acknowledged that the Local Growth Fund has been used to fund a diverse range of projects across 13 different themes, even taking into account Flood Management (£7.5m, 5.9%), internet infrastructure (£3.1m, 2.5%) and a substantial investment in the Public Realm (£12.6m, 10.0%).

This data is illustrated in the graph below:



3.3 Match Funding Analysis

Programme Level Match Funding

The table below shows the amount of LGF awarded and the match funding anticipated to be levered in by the end of the programme.

Local Growth Fund – Match Funding Intervention Rate			
LGF Allocation	Match Funding	Intervention Rate = LGF/(LGF+Match)	£1 of LGF brings £x Match
£126,066,366	£161,601,309	44%	£1.28

The average intervention rate across all themes for the LGF is 44% – i.e., for every £1 of LGF spend, a further £1.28 of match funding will be spent to deliver the projects by the end of the programme; this is higher than the £1.13 generated for every £1 of LGF spend at the time of the Mid Term Evaluation.

Match Funding by Theme

The table overleaf shows the LGF match funding awarded by theme. Each theme has been calculated in terms of the total match funding that will be generated for every £1 of LGF invested by the end of the programme. We can see that the projects under the Digital/Internet Infrastructure (£3.02 for every £1 spent), Transport (£2.63 for every £1 spent) and Innovation (£1.57 for every £1 spent) will generate the most match funding.

The Tourism and Cultural Sector themes return the highest rate of match funding at £5.48 for every £1 spent, and are related to the Bridging the Gap project only.

The breakdown of match funding by theme and by project can be found in Appendix 3.

Local Growth Fund - Match Funding by Theme				
Theme	LGF Allocation	Match Funding	Intervention Rate = LGF/(LGF+Match)	£1 of LGF brings £x Match
Transport	£32,785,000	£86,189,000	28%	£2.63
Skills	£13,919,712	£5,973,000	70%	£0.43
Regeneration	£13,600,000	£4,700,000	74%	£0.35
Housing	£19,945,000	£11,698,500	63%	£0.59
Tourism	£500,000	£2,740,001	15%	£5.48
Cultural Sector	£500,000	£2,740,001	15%	£5.48
Public Realm	£12,560,000	£7,200,000	64%	£0.57
Digital Infrastructure	£3,100,000	£9,372,501	25%	£3.02
Flood Management	£7,500,000	£9,000,001	45%	£1.20
Enterprise	£3,500,000	£1,700,000	67%	£0.49
Business Support	£2,490,747	£2,644,153	49%	£1.06
Innovation	£4,087,580	£6,400,000	39%	£1.57
Employment	£6,578,327	£9,044,153	42%	£1.37
Enabling Works	£5,000,000	£2,200,000	69%	£0.44
Total	**£126,066,366**	**£161,601,309**	**44%**	**£1.28**

3.4 Output Analysis and Value for Money Assessment

This section analyses the key outputs that projects are contracted to deliver, those outputs that have been achieved and those that are forecasted to be achieved in the future.

The most up to date data has been used where possible, with outputs achieved to date accounting for those achieved by the end of Q4 2021. The forecasts used also reflect the most up to date estimation of anticipated outputs to be achieved by 2025. It is important to acknowledge that in some cases, projects forecast outputs to 2026 instead of 2025.

3.4.1 Programme Level Outputs

The table below summarises the key outputs achieved to date and at the time of the Mid-Term Evaluation across the programme against the overall target and shows levels of achievement as a percentage. Forecasts shows outputs anticipated to be achieved by 2025/26 as per those reported at the end of Q4 2021.

To date, the programme has already achieved all of its forecast outputs with regards to the creation of new/refurbished roads, cycleways, commercial floorspace and homes safeguarded from flood risk, as well as overachieving in terms of the creation of new/improved learning/training floorspace.

Since the Mid-Term Evaluation, the programme has made significant progress in terms of creating commercial floorspace, the building of new roads, and the provision of access to broadband for businesses.

Programme Level Outputs - Key Outputs

Output	Achieved at Mid-Term	Achieved to Date	Achieved since Mid-Term	Expected to be Achieved by 2025/26	% Achieved
Jobs (including Apprenticeships)	1,152	1646	494	9649	17.1%
Housing Units Completed	898	1741	843	9403	18.5%
Area of new or improved learning / training floorspace (sqm)	4,322	4322	0	4113	105.1%
New Learners Assisted	1,149	2215	1066	6118	36.2%
Length of Road Resurfaced	5.91	8.39	2.48	8.39	100.0%
Length of Newly Built Road	0.28	1.99	1.71	1.99	100.0%
Length of New Cycle Ways	33.62	38.75	5.13	38.75	100.0%
Commercial Floorspace Created	21,937*	59577	38,490	59577	100.0%
Commercial Floorspace Refurbished		850		850	100.0%
Commercial Broadband Access	10,951	38,258	27307	38258	100.0%
Reduced Flood Risk Homes	1,792	1842	50	1842	100.0%

**At the time of the Mid-Term Evaluation, the outputs for commercial floorspace created/refurbished were reported as combined.*

It should be noted that by their nature, LGF programmes comprise a wide range of projects which are responsible for reporting their own outputs, which can result in some inconsistencies. It is important to acknowledge that there has been a lack of clarity from government on some output definitions such as the counting of direct and indirect jobs; for example, in some cases, construction jobs might be detailed as direct outputs. The Economic Impact Assessment in Appendix 7 considers a wide range of consequential or induced effects, applying displacement, leakage, multiplier effects and deadweight factors to account for this.

A table detailing outputs achieved to date as of Q4 2020/21, and cumulative outputs forecast to be achieved by 2025/26 at a project level is included overleaf.

Project Level Outputs - Forecasts and Actuals

Outputs	Jobs (including Apprenticeships)		Housing Units Completed		Area of new or improved learning / training floorspace (sqm)		New Learners Assisted		Length of Road Resurfaced		Length of Newly Built Road		Length of New Cycle Ways		Commercial Floorspace Created		Commercial Floorspace Refurbished		Commercial Broadband Access		Reduced Flood Risk Homes	
Projects	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26	Achieved to Date	Expected to be Achieved by 2025/26
A50/A6 Improvements	0	0	0	0	0	0	0	0	5.35	5.35	1.55	1.55	7.55	7.55	0	0	0	0	0	0	0	0
Skills Training Centre	16	11	0	0	2400	2191	801	5300	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Waterside Regeneration	200	455	0	350	0	0	0	0	0	0	0	0	0	0	1858	1858	0	0	0	0	0	0
Skills and Innovation Village	0	0	0	0	1922	1922	1414	818	0	0	0	0	0	0	992	992	0	0	0	0	0	0
Bridging the Gap	0	57	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Sustainable Transport Fund Round 2	0	0	0	0	0	0	0	0	0	0	0	0	26.7	26.7	0	0	0	0	0	0	0	0
North City Centre Access IP	0	0	0	0	0	0	0	0	2.38	2.38	0.1	0.1	2.32	2.32	0	0	0	0	0	0	0	0
Accelerated Broadband	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38258	38258	0	0
Strategic Flood Risk Management	0	0	0	0	0	0	0	0	0	0	0	0	1.3	1.3	0	0	0	0	0	0	1842	1842
A511 Growth Corridor	860	299	1265	3093	0	0	0	0	0.193	0.193	0	0	0	0	0	0	0	0	0	0	0	0
Lubbesthorpe	0	1600	476	1960	0	0	0	0	0.099	0.099	0.16	0.16	0	0	40191	40191	0	0	0	0	0	0
Connecting Leicester	499	811	0	0	0	0	0	0	0.365	0.365	0.18	0.18	0.88	0.88	6000	6000	0	0	0	0	0	0
Melton Cattle Market	15	191	0	0	0	0	0	0	0	0	0	0	0	0	4295	4295	0	0	0	0	0	0
Coalville Workspace Programme	10	207	0	0	0	0	0	0	0	0	0	0	0	0	3788	3788	0	0	0	0	0	0
Market Harborough Line Speed Improvement	0	113	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developing Commercial Workspace, Pioneer Park	40	0	0	0	0	0	0	0	0	0	0	0	0	0	2453	2453	0	0	0	0	0	0
National Space Centre: Vision 2025	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	850	850	0	0	0	0
National Space Park / Pioneer Park Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Space Park Leicester	1	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
M1 J23 and A512 Improvements	0	5700	0	4000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**1646**	**9649**	**1741**	**9403**	**4322**	**4113**	**2215**	**6118**	**8.387**	**8.387**	**1.99**	**1.99**	**38.75**	**38.75**	**59577**	**59577**	**850**	**850**	**38258**	**38258**	**1842**	**1842**

3.4.2 Costs per Output – Value for Money

An analysis of the outputs forecast to be achieved by the end of the programme has been undertaken to determine value for money on a "cost per output" basis, focusing on the core LGF outputs of jobs, homes and learners.

By looking at the projects contracted to deliver these core outputs and comparing the LGF funding awarded with the total forecast outputs, the average cost per output has been calculated based on the LGF grant element alone. This does not take account of the match funding element as the government allows all outputs to be attributed to the LGF programme.

- Based on all projects, the average cost per job across the whole programme (assuming that targets are reached by 2025/26) will be £8,125. At the time of the Mid-Term Evaluation, the expected cost per job by the end of the programme was £8,269.
- Based only on projects that are contracted to enabling housing, the average LGF grant per new house will be £4,242 (assuming that targets are reached by 2025/26). At the time of the Mid-Term Evaluation, the expected cost per job by the end of the programme was £5,138.
- Based only on projects that were contracted to deliver new learners we can see that the average cost per new learner will be £2,087 (assuming that targets are reached by 2025/26). At the time of the Mid-Term Evaluation, the expected cost per job by the end of the programme was £11,114.
- The data demonstrates that the programme has delivered more key outputs – new jobs, new housing units, new learners – at a better cost per output than was forecast in the Mid-Term Evaluation. In terms of core outputs, the programme has therefore delivered excellent value for money since the Mid-Term Evaluation.

It should be noted that these calculations are based on forecast outputs and therefore an element of caution must be applied. It is also important to acknowledge that there has been a lack of clarity from government on some output definitions such as the counting of direct and indirect jobs. Therefore, it is difficult and unhelpful to compare projects directly as projects are delivering a mix of direct and indirect outputs. However, analysis of the LGF 'cost per output' across the programme as a whole provides some useful programme level benchmarks.

In 2013, Regeneris, as ex-ante evaluators, were appointed by the Department of Communities and Local Government to research the unit cost of a number of key economic outputs. This work involved analysing data from 1,185 previous projects from across the English regions. This analysis suggested that the median figure of £26,000 gross cost per job is used as the starting point for any quantification. However, the unit costs would typically be considerably above these figures for capital intensive projects (linked to transport or property development for instance).

It has not been possible to source benchmark data for new learners and new houses but evaluations of other LGF programme undertaken by Focus have identified the average cost per new house as being between £3,800 and £6,000 and the average cost per new learner as between around £1,500 and £3,000.

Overall, against these core LGF outputs it is considered that the LLEP programme represents good value for money. The wider outcomes and impact of these outputs is reviewed at Section 5.0.

Summary – Programme Performance

- The data shows that LLEP has achieved 100% of its total LGF expenditure. This shows the exceptional performance of the programme in terms of meeting expenditure forecasts.

- 26.0% of LLEP's LGF budget is allocated to projects with a Transport theme, totalling over £32m. Housing (£19.9m, 15.8%) and Skills (£13.9m, 11.0%) also account for a significant portion of the budget. The thematic analysis aligns with the key themes of the Strategic Economic Plan, namely: the enhancement of transport connectivity, reduction of congestion and enabling of the development of major sites for housing and employment; investing in skills infrastructure and business support; extending superfast broadband; and investing in flood risk management.

- The Local Growth Fund has been used to fund a diverse range of projects across 13 different themes, even taking into account Flood Management (£7.5m, 5.9%), internet infrastructure (£3.1m, 2.5%) and a substantial investment in the Public Realm (£12.6m, 10.0%).

- All projects were selected between 2014 and 2017 and therefore are reflective of the 2014 Strategic Economic Plan. Although the LEP priorities have evolved slightly somewhat over the period of the programme as reflected in local economic growth plans, it is important to note that no projects have been lost or withdrawn from the programme.

- The average intervention rate across all themes for the LGF is 44% – i.e., for every £1 of LGF spend, a further £1.28 of match funding will be spent to deliver the projects by the end of the programme. The projects under the Digital/Internet Infrastructure (£3.02 for every £1 spent), Transport (£2.63 for every £1 spent) and Innovation (£1.57 for every £1 spent) will generate the most match funding.

- The programme has already achieved all direct outputs relating to the construction of commercial floorspace, new or improved roads and cycleways, and flood risk areas. To date, the programme has overachieved (105.1%) in terms of new or improved learning/training floorspace. Since the Mid-Term Evaluation, the programme has made significant progress in terms of creating commercial floorspace, the building of new roads, and the provision of access to broadband for businesses.

- Based on all projects, the average cost per job across the whole programme will be £8,125; the average cost per new house will be £4,242; the average cost per new learner will be £2,087 (assuming that targets are reached by 2025/26). The data demonstrates that the programme has delivered more key outputs – new jobs, new housing units, new learners – at a better cost per output than was forecast in the Mid-Term Evaluation. In terms of core outputs, the programme has therefore delivered excellent value for money since the Mid-Term Evaluation.

- Comparing cost per output data against benchmarks provided by Regeneris and Focus Consultants, it is considered that the LLEP programme represents good value for money, particularly in the case of new jobs created.

4.0 Consultation

Having looked at the performance of the programme in terms of expenditure and outputs, this section considers how the programme aligns with the LEP's strategic priorities, the challenges to delivery faced by the programme, any successes and any lessons learnt. This section also considers the impacts and outcomes of the LGF investment. The analysis of the programme is drawn from consultation with staff involved in the programme and representatives from projects supported.

The first phase of the evaluation was focused on project process and the appropriateness of delivery and management arrangements, while the second phase has centred on understanding the impacts and outcomes of the Local Growth Fund investment. To inform this, consultation was undertaken with representatives from the LLEP team.

Discussions with the consultees are summarised thematically below. The responses represent an accumulation of issues and ideas proposed throughout the interviews, and are not attributed to any individuals.

4.1 Strategic Alignment

The LGF programme was secured over 3 rounds of Growth Deals, underpinned by the Strategic Economic Plan which was submitted to government in 2014. In order to align with the SEP, the LLEP Local Growth Fund submission was designed to prioritise investment in the creation of jobs, housing, inward investment, business growth and tourism.

The key contributors to the c.£2bn Local Growth Fund were the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), and from the Ministry of Housing, Communities and Local Government (MHCLG). There was therefore an expectation that the projects would be designed to meet and address the criteria of each funding body – DfT sought transport-related projects, BIS were interested in skills capital-orientated investments, whilst MHCLG were interested in regeneration and projects that unlocked significant employment land and housing growth. The LLEP produced a balanced list of projects for Growth Deal 1 that fit the broad criteria, featuring the likes of MIRA Technology Institute and Leicester College's Skills Innovation Village to placate BIS, a raft of transport projects to appease DfT, all paired with the flagship Waterside regeneration project.

In 2014, when the first SEP was published, Leicestershire was home to just one Enterprise Zone at MIRA Technology Park. 2016 saw the LLEP submit an application for a second Enterprise Zone (EZ) comprising four sites, including the Space Park, Charnwood Campus, and Loughborough University Science and Enterprise Park. The LGF Round 3 was centred on providing a strategic vision for Leicestershire, with the funding aligned to accelerating the development of the Enterprise Zone sites – Space Park and the M1 J23 and A512 Improvements projects formed the core of the investment. The four EZ sites have a discrete sector focus, and prioritise collaboration with universities, focussing on R&D and innovation. The four locations boasted different sector specialisations: space technologies, life sciences and biopharming, and low carbon data and technologies, each complementing the first Enterprise Zone's designation around automotive technologies.

This selection process has ensured that the projects selected remain as relevant now as they did when originally selected in 2014, with the Enterprise Zones allowing Leicestershire to focus investment in areas of advantage, where there is significant scope for growth. Looking at the next SEP, the LLEP won't depart from the same objectives and trajectory; the 4 EZs will remain the key focus, and represent long-term objectives that will collectively create 20,000 high value jobs.

The LEP recognise that where Leicester and Leicestershire are quite diverse in terms of their industrial structure, there is a recognition that the area was middling in terms of productivity. The LGF has therefore centred on creating higher value jobs. The fact that the region boasts three high profile universities that between them generate 17,000 graduates each year, having a close alignment between the R&D and the research and the job creation at the EZs will continue to be the LEP's ambition for the next 10 years.

The LLEP's Growth Deal 3 projects include a wider range of innovative activity than the previous two Deals and as the LLEP was proactive in developing a pipeline of projects, this has provided a wide range of opportunities and also developed a pipeline of strategically aligned projects well placed to access future funding opportunities. The variety of projects is seen as a strength of the LLEP Local Growth Fund, especially when considering other LEP's LGF investments, it was suggested that LLEP has been able to invest in wider-reaching and more diverse projects.

As the programme as evolved, it has progressively adopted more of an environmental angle, increasingly pursuing the sustainable elements of the SEP as they have become more and more relevant over the course of the programme. Environmental impact has since become a golden thread across each of the key investment themes. The main pillars of the current strategy are around productivity, inclusivity, and sustainability; it is important for the LLEP to align their local objectives with the government's decarbonisation agenda and 10 Point Plan. The transition to a low carbon society is now a main priority for the LEP. The LEP already benefits from a wealth of natural capital assets and some of the expertise in green technologies at their universities; the LEP will be looking to commercialise such expertise moving forwards.

4.2 Key Successes

The Government awarded LGF funding to the LLEP from 2015 to 2021, which was extended to March 2022 to account for the pandemic's impact on delivery. It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension as the programme remained on target throughout. There is a strong sense of achievement throughout the LLEP LGF team, with successful projects regularly publicised by the marketing team in the media and on the website.

This can partly be attributed to Leicester City Council's role as Accountable Body, which has allowed the use of freedoms and flexibilities to accommodate and balance projects that might have reported under- and over-spends respectively, shifting money from year to year when required, which has been very helpful. Leicester and Leicestershire Local Enterprise Partnership also have flexibility over the management of the projects in order to deliver the greatest economic benefits to the area, which allowed the projects to adapt and evolve where required.

The fact that none of the LGF projects were withdrawn or have failed to meet their budget requirements is testament to the strength of projects selected, the effective management of project and spend timescales, and to the flexibility of the overall programme to accommodate so many variables over the past few years. The government's focus has always been on financial spend rather than the outputs; however, for a private-sector-led board, the LEP is concerned more with outputs. In light of this focus, the achievements surrounding completing spend are even more impressive.

Leicester and Leicestershire Local Enterprise Partnership has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration.

Staff and stakeholders highlighted some examples of projects that represent successes for the programme:

- Leicester Waterside is regenerating an area that was in dire need of investment. Aligned with the Mayor's vision, the project has acted as a catalyst for significant private sector investment in the area, including hotels along the waterside, as well as office space, which has in turn unlocked large-scale housing development in the area. The project has levered in £150m of public and private sector investment.

- The LGF investment at MIRA Technology Institute has provoked considerable inward investment as a result of the pipeline of skills and workforce developed for the companies that have located on MIRA. 1,200 new jobs have already been created at the wider Enterprise Zone. The MTI project itself has attracted that investment, as the OEMs and the R&D companies on the EZ have influence on the types of curricula delivered at MTI from further education to Level 5 qualifications.

- The Space Park represents significant commitment from the university and major employers, including Thales and Airbus. The projects at the Space Park form part of a long-term ambition to become a global leader in space technologies; the LGF funding has helped to pump-prime such ambition, which will help to lever in significant private investment.

- Investment of around £12m in the M1 J23 project has levered in a similar amount from the public sector, and will unlock significant housing growth of 4,000 homes in the sustainable urban extension in the northern part of the county, which is a key growth area.

4.3 Challenges

One minor issue was the forward funding of some projects; although the capacity to be flexible in accommodating under- and over-spend is a key strength of the programme, forward funding in some cases meant projects could have been allocated funds before providing evidence. In any future funding programmes, all parties would benefit from regular meetings with the project, especially in light of any staff changes, to ensure clarity in terms of any evidence required.

This is particularly important for any projects that might receive their LGF funding early in project delivery.

Future funding programmes would benefit from the freedoms and flexibilities allowed around spending, although especially establishing accurate spend profiles for partners that the LEP itself has very little control over can be challenging. A single-pot approach would allow for greater flexibility in the future.

The uncertainty and unpredictability surrounding the UK's withdrawal from the European Union created a few issues for contractors, primarily with procurement of materials from Europe, resulting in longer lead-in times in some cases.

Impact of Covid-19 on Programme Delivery

The Covid-19 pandemic has had a varying level of impact across different projects, with infrastructure and construction projects seemingly more capable of adapting to changes in delivery enforced by social distancing requirements than those reliant on visitors or traditional working behaviours. For some projects, outputs were mitigated, and there was some uncertainty around staffing and potential closures in the future. Overall, the programme has demonstrated significant resilience and adaptability, with individual projects changing and evolving where required.

One example of such adaptability is that of the National Space Centre: Vision 2025 project. With the Covid-19 pandemic restricting any visitors to the attraction, the centre rescoped their LGF project to instead utilise their existing space more flexibly, creating new, more relevant exhibitions, all whilst safeguarding jobs that otherwise would have been lost.

Overall, the Covid-19 pandemic had little impact on the delivery of the LGF programme itself, largely because most of the money had already been allocated and spent. The biggest impact was on project reporting; some projects provided delayed or reduced figures at target dates as a result.

4.4 Impacts

The partners reported that there are real tangible benefits to be seen from the project in terms of businesses investing in the area and creating jobs. The LGF has delivered the job creation set out initially, but has evolved to focus on increasing productivity through high level jobs around the Enterprise Zones and the capabilities and expertise of the universities. It has been important for the programme to recognise that job creation is important at all levels, whilst also acknowledging the importance of productivity, as established in the Local Industrial Strategy, as well as retaining the talent generated by the universities in the area.

The Local Growth Fund was designed to deliver over and above the tangible outputs that the programme is contracted to deliver. As well as delivering good value for money against the quantifiable economic outputs, the variety of business cases that make up LLEP's growth deal make a much larger contribution to the Leicester and Leicestershire area, with the projects making significant contributions to future connectivity, sustainability, health and wellbeing, on top of the creation of new homes, jobs and development of employment sites.

Private sector confidence to invest in those areas has been ramped up by the investments made though the LGF. The LGF programme, as well as attracting inward investment, has a big impact on indigenous businesses. The wide-ranging investment programme, because of its strategic focus, provides a linkage of benefits to businesses in Leicester – for example, local businesses benefit from recruiting from a larger pool of better-trained employees produced by skills capital projects, whilst their operation and delivery is improved by reduced travel times resulting from investment in roads and infrastructure. Workforces, supply chains and overall infrastructure has been improved by the LGF programme.

The project will have a long-term impact as well as delivering short term outputs as some of the work undertaken in raising the profile of the area and initiating discussions with businesses will come to fruition beyond the period of the project. The mechanism of the LGF means investment is disseminated strategically, benefitting a much wider area, with interlocking schemes that are designed to create impact for local people and businesses over a longer period of time. There was a shared understanding that with large-scale capital infrastructure programmes, the benefits and impacts are often not realised until years after the initial investment.

4.5 Unexpected Outcomes

In some cases, the programme has over-delivered with regards to outputs; the A511 Growth Corridor project was prescribed to produce improvements to a certain length of road according to government metrics, but that investment has since unlocked significant private sector investment, particularly the £10m Amazon warehouse in north west Leicestershire, an indirect outcome of the programme. A further example is the MIRA Technology Institute, which despite Covid-19 restricting the delivery of in-person courses, has exceeded expectations in all aspects.

Another example of the LGF investment resulting in expected added value has been at Pioneer Park, where new commercial workspace is contributing to a clustering of businesses in the space, science and innovation sector. Collaboration between the tenants was an unexpected but important part of the Dock2 project. Anecdotal evidence suggests that businesses working in Dock1 and Dock2 have been collaborating and generating further economic and social impacts for each other.

4.6 Environmental and Social Impacts

At the time the Strategic Economic Plan was produced, the LEP was middling in terms of productivity and performance, with 30,000 people on out-of-work benefits, 50% youth unemployment issues; in response, the Local Growth Fund focused on job creation. Prior to Covid-19, the LEP were at what could be regarded as full employment levels, with 7,000 people on out-of-work benefits, which can in part be attributed to the investments made through the LGF in terms of job creation and reducing youth unemployment.

The National Space Centre project includes an extensive two-year community engagement programme, providing opportunities to young people in Leicester who may not otherwise have the means to embark on pathways to school, college and university courses.

The MTI project also aims to widen its participation to be more inclusive, and is contributing to an increase in female participation in engineering and automotive courses.

As a result of the alignment between the LGF and the SEP, the investment prioritises four priorities in five Growth Areas, including the MIRA Technology Park Enterprise Zone, which is the largest transport sector R&D technology park in Europe. The project supports the MTI to offer courses and education into subjects such as electric and hybrid vehicles, sustainable transport and battery storage, all of which are incredibly important as the UK government looks to be net carbon zero by 2050. Similarly, the new exhibitions developed at the National Space Centre focuses on the health of the planet and climate change, whilst the community programme will continue to encourage those without the means to typically engage with their offer, and inspire communities to better look after the environment.

A number of projects have improved accessibility to sustainable travel, including through the development of new cycle corridors and walkways via the River Soar project, as well as through improvements to the public realm. The River Soar project also combine improvements to biodiversity and flood attenuation, and will have a positive impact on both the environment and health and wellbeing by improving natural habitats. A number of the projects also boast sustainable design features, such as the EV charging points, solar panels and low-level lighting at the MIRA Technology Institute.

4.7 Lessons Learnt

It should be recognised that in many of the LGF funded projects there have been several changes of personnel and this has resulted in some challenges as new staff have to build their understanding of the project and the reporting procedures and processes. A lesson for future funding programmes is that long-time project monitoring and evaluation should be built into business cases, with a framework set up with any relevant partners at a much earlier stage to build-in monitoring and reporting of spend profiles.

4.8 The Future

Despite being a time of uncertainty due to the LEP Review being undertaken by the Cities and Local Growth Unit, Leicester and Leicestershire Enterprise Partnership has been able to make significant contributions to future connectivity and sustainability in the area, whilst creating new jobs, homes and developing employment sites. At a strategic level, the Local Growth Fund investment will continue to deliver significant impacts to the area for many years to come, regardless of what shape or form the LEPs take in the future.

The growth accelerated by the LLEP Local Growth Fund contributed to the successful bid between LLEP and D2N2 for Freeport status. The East Midlands put forward a proposition based around the East Midlands Airport and Gateway Industrial Cluster (EMAGIC) in North West Leicestershire, Uniper's Ratcliffe-on-Soar Power Station site in Rushcliffe in Nottinghamshire and the East Midlands Intermodal Park (EMIP) in South Derbyshire. At the heart of the bid is the opportunity to accelerate the region's commitment to decarbonisation and boost the area's status as a leading innovation hub for green energy.

Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure. The Freeport clearly recognises the key role that advanced logistics and a freeport has to play in the future in terms of creating a significant volume of jobs.

The new Freeport will play an important role in supporting local businesses through generous tax reliefs, customs benefits and wider government support, whilst bringing in essential investment, trade and jobs to the region – including within Leicester and Leicestershire. In addition, the new development could present important opportunities in collaboration with the new Space Park Leicester site, which is due to open in summer 2021.

4.9 Summary

- The original LGF projects were designed to meet and address the criteria of the Department for Transport (DfT), the Department for Business, Innovation and Skills (BIS), and from the Ministry of Housing, Communities and Local Government (MHCLG). Round 3 was aligned to accelerating the development of the Enterprise Zone sites and the creation of higher value jobs around areas and sectors of advantage. The composition of projects reflects the three funders, demonstrating a clear emphasis on transport, skills and regeneration. The variety of projects funded is seen as a strength of the LLEP Local Growth Fund.

- It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension as the programme remained on target throughout. This shows that the levels of LGF expenditure are high and in this respect the programme is performing very well. This can partly be attributed to Leicester City Council's role as Accountable Body, which has allowed the use of freedoms and flexibilities to accommodate and balance projects that might have reported under- and over-spends respectively, shifting money from year to year when required, which has been very helpful.

- Staff and stakeholders highlighted four main projects that represent key successes for the programme. Leicester Waterside, MIRA Technology Institute, Space Park Leicester, and the M1 J23 project have levered in significant amounts of public and private sector investment, unlocked large-scale housing development, pump-primed Leicester's ambition to become a global leader in space technologies.

- The LGF programme has seen significant job creation and reduction in youth unemployment, evidenced by Leicestershire reaching near full employment prior to the Covid-19 pandemic. In recent years, the programme has evolved to focus on increasing productivity through high level jobs around the Enterprise Zones and the capabilities and expertise of the universities.
- The projects are making significant contributions to future connectivity, sustainability, health and wellbeing, on top of the creation of new homes, jobs and development of employment sites. The LGF investments have also given the private sector the confidence to invest in the area too. As well as attracting inward investment, the programme has also had a big impact on indigenous businesses, especially in terms of providing skills capital, improvements to connectivity and infrastructure.

- The programme is supporting projects that are creating more inclusive and accessible pathways for people to access green engineering courses, as well as science and innovation-based education. A number of projects have improved accessibility to sustainable travel, including through the development of new cycle corridors and walkways, as well as providing improvements to biodiversity and natural habitats.

- The mechanism of the LGF means investment is disseminated strategically, benefitting a much wider area, with interlocking schemes that are designed to create impact for local people and businesses over a longer period of time. There was a shared understanding that with large-scale capital infrastructure programmes, the benefits and impacts are often not realised until years after the initial investment.

- Overall, the programme has demonstrated significant resilience and adaptability in response to the Covid-19 pandemic, with individual projects changing and evolving where required.

- It should be recognised that in many of the LGF funded projects there have been several changes of personnel and this has resulted in some challenges as new staff have to build their understanding of the project and the reporting procedures and processes. a lesson for future funding programmes is that long-time project monitoring and evaluation should be built into business cases, with a framework set up with any relevant partners at a much earlier stage to build-in monitoring and reporting of spend profiles.

- The main challenge to delivery has been applying the freedoms and flexibilities around spending, especially establishing accurate spend profiles for partners that the LEP itself has very little control over. There have also been minor challenges around forward funding. The uncertainty and unpredictability surrounding the UK's withdrawal from the European Union also created a few issues for contractors, primarily with procurement of materials from Europe, resulting in longer lead-in times in some cases.

- The growth accelerated by the LLEP Local Growth Fund contributed to the successful bid between LLEP and D2N2 for Freeport status. Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure. The new development could present important opportunities in collaboration with the new Space Park Leicester site, which is due to open in summer 2021.

5.0 Programme Outcomes and Impact

This section seeks to understand whether the programme has reached its desired outcomes in the LLEP area. It is worth noting that at the time of writing, some projects are not complete and some delivery and outputs have been delayed because of the Covid-19 pandemic. Therefore, this section considers actual and projected outcomes. It draws on the findings from an online questionnaire with projects and more detailed consultation with six selected projects plus the findings from completed evaluation reports.

To investigate the wide-ranging impact of the programme, this section details the results of consultation with representatives of the projects involved. The consultation took two forms:

Online Questionnaire for Projects – A questionnaire was circulated to projects that were funded by the Local Growth Fund, capturing details about the impact that the investment has had on their businesses.

Case Studies of Beneficiary Businesses – A number of projects were also identified for a 'deeper dive' to understand the outcomes and impacts of a number of individual investments. These projects were:

- MIRA Technology Institute (MTI)
- National Space Centre: Vision 2025
- River Soar Strategic Flood Risk Management
- Leicester North West Major Transport Investment Corridor
- Leicester Pioneer Park – DOCK2
- Market Harborough Line Speed Improvements

The case studies are included at Appendix 5.

This section also looks at the key outcomes/outputs that have either been achieved, or are forecast to be achieved through the LGF programme, and calculates their potential wider economic benefits for the LLEP economy. The calculations consider multipliers, adjust for the leakage of the benefits outside of the LLEP area and apply displacement and deadweight factors.

5.1 Questionnaire for Projects

As part of this evaluation a survey was developed to engage and seek feedback from the LLEP Local Growth Fund projects. The survey was designed in consultation with project staff and an electronic survey link was circulated to projects to take part in the survey.

In total, 11 projects completed the questionnaire. The detailed findings of the report are shown in Appendix 6.

The key findings are below:

- 100% of respondents said that the correct type of projects was prioritised for investment. One respondent said that their transport infrastructure project had been needed for a long time, particularly in light of the housing and commercial growth in Leicestershire.

- Key successes for projects included the way their project adapted and delivered successfully despite the Covid-19 pandemic; the impact on the economy; improvements to transport journey times; the way different organisations with different governance structures worked together; as well as wider community benefits that were part of their scheme.

- Key challenges for projects ranged from the Covid-19 pandemic to the combining of processes of different organisations; from timeframes to budgets. Most projects were commissioned and largely delivered before the real impacts of either Covid-19 or Brexit could be felt. In some cases, projects needed to adapt to social distancing requirements, especially construction projects that needed to find new ways of working.

- 80.0% of projects said that all project outcomes had been achieved already. The nature of infrastructure funding programmes is that outputs and outcomes are often realised years after the initial investment; the responses evidence this, suggesting that in one case, jobs and houses outcomes are expected to be realised over the next 4-5 years.

- The main impacts discussed as part of the questionnaire are: reduced journey times, reduced emissions, unlocking of housing land, economic growth, creation of jobs reducing unemployment, encouraging inwards investment, development of a strong workforce, encouragement of active travel, and the incentivising of skills and apprenticeship training.

- From a programme perspective, it was suggested that the Local Growth Fund investment would strengthen the local economy; speed up the delivery of economic development and growth projects; provide an improved transport network; improve connectivity and commutability; and increase housing stock and career opportunities.

- Whether part of the scope or not, projects funded by the LGF programme have delivered a range of environmental benefits, including air quality improvements, support of sustainable transport, tree planting, flood risk prevention, and improvements to habitats and biodiversity. A number of projects were concerned with enhancements to transport corridors and connectivity, which will have an impact on congestion and journey times, which in turn will reduce pollution and emissions.

- Projects listed a number of social impacts, including the broad benefits to residents' quality of life, be that through reduced journey times or through improvements to the public realm. Some projects supported the development of local skills through seminars, site visits and virtual placement weeks for university and engineering students. Other projects engaged with the local community during delivery – through volunteering, charity collections and fundraisers.

- For future funding programmes, it was suggested that projects would benefit from simpler, less complex agreements between government-funded bodies.

5.2 Outcomes

Before outlining the outcomes identified through the evaluation, it is worth reconfirming the desired outcomes from the programme as set out in the 2014 Strategic Economic Plan

- Investing in our Place to unlock key development sites and improve public realm and connectivity to enable the efficient transport of people and goods
- Investing in our Businesses by providing a comprehensive business support service for our SMEs to accelerate growth of our priority sectors
- Investing in our People to equip local people with the relevant skills that our businesses need

The evaluation has identified the main economic, social and environmental outcomes of the programme have been or are anticipated to be as follows:

Economic

- Creating new employment opportunities.
- Enhancing digital infrastructure.
- Positioning the region to maximise the opportunities offered through Enterprise Zones.
- Addressing skills gaps and developing skills needed by local industry.
- Improved connectivity between key development and employment sites.
- Facilitating innovative collaboration between industry and education.
- Enhancing the reputation of the area for innovation and embracing new technology.
- Supporting innovative key sectors in the Leicester and Leicestershire economy including automotive and space through training, workspace and public awareness.
- Contributing to a clustering of businesses in the space, science and innovation sector, as well as the automotive engineering sector.
- Supporting businesses to grow.
- Raising the profile and ambition of the area and attracting private sector investment.
- Improving connectivity with improved sustainable transport options and reduced travel delays.
- Unlocking sites for development and facilitating future growth of the city through infrastructure and flood prevention.

Social

- Providing career paths for young people in high skilled sectors such as automotive and space.
- Creating new opportunities to young people in Leicester who may not otherwise have the means to embark on pathways to school, college and university courses.
- Supporting young people to be ready for a professional work environment and raising aspirations.
- Increase in female participation in engineering and automotive sectors.
- Development of highly skilled workforce to meet current and future economic needs with a focus on STEM.

- Creating improved natural environments and improved access to nature to support wellbeing.
- Providing security from flooding for existing homes and businesses.
- Improving the amenity of town and city centre environments.

Environmental

- Training in skills needed by industry to meet net zero carbon targets.
- Raising environmental awareness within learning and public environments.
- Delivering high quality sustainable buildings.
- Created new and improved green spaces and natural habitats and biodiversity improvements.

Wider impacts

- Additional funding has been attracted off the back of the investment from the LGF Programme. The A511 Growth Corridor project has unlocked significant private sector investment in the shape of the £10m Amazon warehouse in north west Leicestershire, whilst the Leicester Waterside area has attracted hotel developments and commercial tenants. The Space Park project has also levered £5m of private sector funding.

- The growth accelerated by the LLEP Local Growth Fund contributed to the successful bid between LLEP and D2N2 for Freeport status. Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure.

- The Local Growth Fund produces cumulative benefits across integrated projects and locations in Leicester and Leicestershire, with neighbouring projects generating added value for each other in terms of public realm enhancements, place development and access improvements. The LEP has the strategic advantage of being able to integrate different projects across a wider scale; projects such as the River Soar Flood Strategic Risk Management programme adds value to the parallel LGF investments at Pioneer Park, Leicester Waterside, and other development areas along the River Soar and Grand Union Canal.

The table below shows how the outcomes of the Local Growth Fund Programme are strongly aligned to the ambitions of the Strategic Economic Plan.

Ambition	Programme Outcomes
Investing in our Place to unlock key development sites and improve public realm and connectivity to enable the efficient	• Positioning the region to maximise the opportunities offered through Enterprise Zones. • Improved connectivity between key development and employment sites. • Facilitating innovative collaboration between industry and education.

Ambition	Programme Outcomes
transport of people and goods	• Raising the profile and ambition of the area and attracting private sector investment. • Improving connectivity with improved sustainable transport options and reduced travel delays. • Unlocking sites for development and facilitating future growth of the city through infrastructure and flood prevention. • Providing security from flooding for existing homes and businesses. • Improving the amenity of town and city centre environments • Delivering high quality sustainable buildings. • Created new and improved green spaces and natural habitats and biodiversity improvements. • Stimulated additional private sector investment in key development sites.
Investing in our Businesses by providing a comprehensive business support service for our SMEs to accelerate growth of our priority sectors	• Enhancing digital infrastructure. • Addressing skills gaps and developing skills needed by local industry. • Supporting innovative key sectors in the Leicester and Leicestershire economy including automotive and space through training, workspace and public awareness. • Supporting businesses to grow.
Investing in our People to equip local people with the relevant skills that our businesses need	• Creating new employment opportunities. • Providing career paths for young people in high skilled sectors such as automotive and space. • Creating new opportunities to young people in Leicester who may not otherwise have the means to embark on pathways to school, college and university courses. • Supporting young people to be ready for a professional work environment and raising aspirations. • Increase in female participation in engineering and automotive sectors. • Development of highly skilled workforce to meet current and future economic needs with a focus on STEM. • Creating improved natural environments and improved access to nature to support wellbeing. • Raising environmental awareness within learning and public environments. • Training in skills needed by industry to meet net zero carbon targets.

5.3 Economic Impact

This section aims to quantify the potential wider economic impacts of the LGF funded projects on the LLEP economy. This considers the wider ripple effects of expenditure by new residents and the GVA of employees in new commercial workspace constructed through the programme and the lifetime benefits for learners for example.

The study takes the key outputs that have either been achieved or are forecast to be achieved through the LGF programme, and calculates their potential wider economic benefits utilising published benchmark data. The calculations consider multipliers, adjust for the leakage of the benefits outside of the LLEP area and apply displacement and deadweight factors. The calculations undertaken consider the potential economic impact of:

- New homes built
- New jobs created
- New learners supported
- Additional commercial floorspace
- New apprenticeships created through the projects
- Impact of R&D.

Note: this is only a high-level economic impact so this study focusses on understanding the impacts of the key outputs. A more detailed study would be needed to fully capture the whole impact of the individual projects.

The detailed economic analysis calculations and assumptions are set out at Appendix 7. These include multiplier effects as well as a consideration of what would have happen anyway without the grant intervention, the impacts that have displaced impacts elsewhere in the LLEP area and the proportion of impacts that are delivered within the LLEP area but the benefit is felt outside the area.

The key findings are:

Estimated economic benefits achieved in the LLEP area to date as a result of LGF Investment:

- **Additional Spend in the Local Economy in the LLEP area by New Households:** circa £10.25m per annum.
- **Jobs GVA:** an additional circa £69.65m increase in GVA per annum.
- **Learners Economic Benefits:** 2,215 learners have been trained/are in training to date. When they have completed their training, it is estimated that as a result of increased income, there could be an additional £3.44m spending locally per annum.
- **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum.
- **Commercial Floorspace:** to date the LGF investment has created sufficient floorspace to accommodate circa 1,272 employees. No further building is planned for the rest of the programme.

- **Private Sector Match Funding:** it is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment to Leicester and Leicestershire. Assuming £300m to date, this equates to £2.30 per £1 of LGF investment.
- **Cycling and Walking:** the time saved as part of the Market Harborough Line Speed Improvement project is valued at £133.3m.

Potential economic benefits to be achieved in the LLEP area by 2025/26 as a result of LGF the Investment:

- **Additional Spend in the Local Economy in the LLEP area by New Households:** potential £48.23m per annum.
- **Jobs GVA:** a potential additional £408.27m increase in GVA per annum.
- **Learners Economic Benefits:** 6,118 learners will have been trained/be in training by 2025. When they have completed their training, it is estimated that as a result of increased income, there could be an additional circa £8.29m spending locally per annum.
- **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum, which will continue.
- **Commercial Floorspace:** by 2025/26, the LGF investment is forecast to have created sufficient floorspace to accommodate nearly 1,272 employees.
- **Private Sector Match Funding:** It is estimated that by 2025/26, the LGF will have contributed to attracting £500m, which equates to £3.90 per £1 of investment.
- **Additional Visitors:** an additional 30,000 visitors and a further 7,200 school visitors have the potential to generate an additional £1.66m for the local economy by 2025 per year.
- **Cycling and Walking:** the time saved as part of the Market Harborough Line Speed Improvement project is valued at £133.3m.

Note: although some projects have reported output forecasts for 2026, for clarity, we have assumed all outputs forecast will be achieved by 2025.

5.4 Return on Investment

The findings of the economic impact assessment can be considered in relation to Return on Investment, i.e., considering the total economic impact of the investment rather than direct outputs alone. Below we have estimated return on investment to date, and by the end of the programme. We have calculated the return on investment over a 10-year period into the future using the following calculation:

Return on Investment = (Total Economic Impact - LGF Investment) / LGF Investment)

Return on Investment of LLEP LGF		
Additional Spend per annum	**Achieved to Date**	**Forecast to be Achieved by 2025**
Additional spend by new households	£10,247,820	£48,230,472
Potential additional GVA as a result of new jobs	£69,654,752	£408,269,856
Additional spend from new learners	£3,443,783	£8,289,122
Additional GVA from investment in Superfast Broadband	£35,478,610	£35,478,610
Additional spend from new visitors	£0	£1,657,200
Total	£118,824,965	£501,925,260
Economic Impact per annum x 10 Years (Discounted over 10 years at 3.5%)	**£1,022,808,048**	**£4,320,415,289**
Private sector R&D	£300,000	£500,000
One-off additional GVA from housebuilding and Section 106	£33,529,309	£180,640,563
Total	**£1,056,637,357**	**£4,501,555,852**
LGF Investment	£126,066,366	£126,066,366
ROI per £1 of investment	**£8.38**	**£35.71**

Based on the calculations undertaken as part of this evaluation, this suggests a Return on Investment currently of nearly £8.50 for every £1 of LGF investment to date and this could increase to a Return on Investment of nearly £36 for every £1 of LGF investment by 2025, once all outputs have been achieved and all the match funding has been spent and over a period of 10 years. This far exceeds the expectations calculated at the Mid-Term Evaluation (2019), suggested a Return on Investment of £3.64 per every £1 of LGF at the time, potentially rising to £8.29 per every £1 of LGF. The Mid-Term Evaluation also forecast a potential for the Return on Investment to increase to £28.21 per £1 on LGF investment. The programme has therefore exceeded expectations, and achieved returns at a greater rate since the Mid-Term Evaluation.

This takes account of the total economic impacts including ripple effects in the economy as set out at Appendix 7. It also assumes that all outputs reported by projects are attributable to the LGF programme, no assumptions have been made in terms of the potential for double counting of outputs by other funders.

6.0 Reflections and Summary

6.1 Reflections

Delivering Change Through the Growth Deal

The Growth Deal is delivering growth by providing additional funding and leveraging investment to deliver key transport improvements, by unlocking housing and employment land and providing new homes and space for businesses, and by providing high-quality skills and training facilities across Leicester and Leicestershire. Closely aligned to the strategic priorities published in the Strategic Economic Plan (2014), growth is being achieved by concentrating investment on four key priority areas: the enhancement of transport connectivity, reduction of congestion and enabling of the development of major sites for housing and employment; investing in skills infrastructure and business support; extending superfast broadband; and investing in flood risk management.

The substantial investment from Government through the Local Growth Fund is also bringing forward additional investment from local partners and the private sector. The £126m invested in Leicester and Leicestershire has levered £162m of match funding at an average intervention rate of 44% - i.e., for every £1 of LGF spend, a further £1.28 of match funding will be spent to deliver the projects by the end of the programme. The programme has and continues to lever significant private sector investment into the city through projects such as Leicester Waterside Regeneration Area and A511 Growth Corridor.

By 2025/26, the LGF programme is expected to deliver over 9,649 new jobs, 9,403 new housing units and assisted 6,118 new learners.

Outputs and Outcomes

Evidence from project consultation and the nature of the outputs delivered would suggest that the LGF programme will have likely contributed to significant job creation and reduction in youth unemployment, evidenced by Leicestershire reaching near full employment prior to the Covid-19 pandemic. The projects are making significant contributions to future connectivity, sustainability, health and wellbeing, on top of the creation of new homes, jobs and development of employment sites. The LGF investments have also given the private sector the confidence to invest in the area too, through reducing risk ad market failure by investing in infrastructure and roads for example and giving confidence to the private sector to invest.

As well as attracting inward investment, the programme has also had a big impact on indigenous businesses, especially in terms of providing skills capital, developing a future workforce, and through improvements to connectivity and infrastructure.

The programme has already achieved all direct outputs relating to the construction of commercial floorspace, new or improved roads and cycleways, and flood risk areas. To date, the programme has overachieved (105.1%) in terms of new or improved learning/training floorspace. Since the Mid-Term Evaluation, the programme has made significant progress in terms of creating commercial floorspace, the building of new roads, and the provision of access to broadband for businesses.

The Local Growth Fund is producing cumulative benefits across integrated projects and locations in Leicester and Leicestershire, with neighbouring projects generating added value for each other in terms of public realm enhancements, place development and access improvements. The LEP has the strategic advantage of being able to integrate different projects across a wider scale; projects such as the River Soar Flood Strategic Risk Management programme adds value to the parallel LGF investments at Pioneer Park, Leicester Waterside, and other development areas along the River Soar and Grand Union Canal. The impact of the programme is quite clearly bigger than the sum of its individual projects

Project Performance

To date, the programme has achieved 100% of its expenditure, with all projects having receiving their full complement of funding already. At a programme level, all outputs relating to construction have been achieved. However, there is a shared understanding that with large-scale capital infrastructure programmes, the benefits and impacts are often not realised until some years after the initial investment, particularly in terms of job and housing creation. With construction completed, all projects expect to have achieved their contracted outputs by 2025/26.

The case studies and project consultation undertaken as part of this evaluation has highlighted a number of specific successes. The River Soar Flood Risk Management project has delivered each of its c.40 projects, developing 1.3km of new cycleways and 7.8km of towpath improvements, and safeguarding 1,852 homes from flooding. The Leicester North West Major Transport Investment Corridor completed all but one of the highway infrastructure elements included in its original scope, already reducing congestion, improving the flow rate of traffic, and supporting the development of over 2,000 homes and potentially 75,000sqm of commercial workspace. The Dock2 project completed construction in February 2021, and is already 60% let, having created 40 jobs to date.

Since it first opened its doors, the MTI has welcomed over 8,000 students and delegates. The MTI has already seen more than 6,500 automotive professionals take part in professional development activities. The LGF investment at MIRA Technology Institute has provoked considerable inward investment as a result of the pipeline of skills and workforce developed for the companies that have located on MIRA. 1,200 new jobs have already been created at the wider Enterprise Zone, despite Covid-19 disrupting the delivery of courses and forcing learning to be conducted remotely.

Some projects are yet to realise all of their key outputs; for example, the National Space Centre has delivered a 4800m² state-of-the-art, high-tech facility for research, development and manufacturing, representing the core of the Space Park. The Reality Lab opened for operation in January 2020 and has been working at full capacity ever since, but the final element of the Mission Space project is a new Space Flight Simulation exhibition, which is on track for audience testing in September 2021 and launch in time for October half-term. The second phase – Project Marble – comprising a new exhibition gallery, workshop space, event facilities, as well as a new planetarium show and educational and community work, is still to be delivered.

Wider Outcomes and Impacts

According to the project questionnaire, Local Growth Fund investment has strengthened the local economy, speeded up the delivery of economic development and growth projects; provided an improved transport network; improved connectivity and commutability; and increased housing stock and career opportunities. The investments have also reduced journey times, unlocked housing and employment land, reduced unemployment, encouraged inward investment, developed a strong local workforce, encouraged active and sustainable travel, and incentivised skills and apprenticeship training.

Consultation with projects revealed a range of environmental and social impacts of the LGF investment. Environmental benefits have included air quality improvements, improved accessibility to sustainable travel, tree planting, flood risk prevention, and improvements to natural habitats and biodiversity. The programme is also supporting projects that are creating more inclusive and accessible pathways for people to access green engineering courses, as well as science and innovation-based education.

Social impacts discussed included broad benefits to residents' quality of life, be that through reduced journey times or through improvements to the public realm. Some projects supported the development of local skills through seminars, site visits and virtual placement weeks for university and engineering students. Other projects engaged with the local community during delivery – through volunteering, charity collections and fundraisers.

As well as social and environmental impacts, the programme has also had significant strategic impact. For example, the growth accelerated by the LLEP Local Growth Fund has also contributed to the successful bid between LLEP and D2N2 for Freeport status. Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure. The new development could present important opportunities in collaboration with the new Space Park Leicester site, which is due to open in summer 2021.

Key Successes

Although the LEP priorities have evolved slightly somewhat over the period of the programme as reflected in local economic growth plans, it is important to note that no projects have been lost or withdrawn from the programme, which is testament to both the quality of projects selected and the management of the programme.

It a significant success to highlight that the programme was able to achieve full spend by March 2021, having not needed to take advantage of the extension to the programme offered by Government as the programme remained on target throughout. This shows that the programme is performing very well in this respect. The programme has very effectively used freedoms and flexibilities to accommodate and balance budgets and spends.

Based on the calculations undertaken as part of this evaluation, this suggests a Return on Investment currently of nearly £8.50 for every £1 of LGF investment to date and this could increase to a Return on Investment of nearly £36 for every £1 of LGF investment by 2025, once all outputs have been achieved and all the match funding has been spent and over a period of 10 years. The programme has increased the Return on Investment from £3.64 for every £1 of LGF (2019), and has far exceeded the potential calculated at the Mid-Term Evaluation.

The data analysed as part of the evaluation demonstrates that the programme has delivered more key outputs – new jobs, new housing units, new learners – at a better cost per output than was forecast in the Mid-Term Evaluation.

The Future

Despite being a time of uncertainty due to the LEP Review being undertaken by the Cities and Local Growth Unit, Leicester and Leicestershire Enterprise Partnership has been able to make significant contributions to future connectivity and sustainability in the area, whilst creating new jobs, homes and developing employment sites. At a strategic level, the Local Growth Fund investment will continue to deliver significant impacts to the area for many years to come, regardless of what shape or form the LEPs take in the future.

The LLEP Local Growth Fund projects form a key part of local economic growth plans and the future priorities for the LEP area. The new Growth Strategy states an aim to support Leicester and Leicestershire to be a world class business location for science, technology and professional services; in support of this, LGF investment aims to deliver Space Park Leicester as a centre for excellence for earth observation and satellite technology, and to develop and expand the facilities at the MIRA Technology Park. The LLEP's Growth Deal 3 projects also include a wider range of innovative activity than the previous two Deals and as the LLEP was proactive in developing a pipeline of projects, this has provided a wide range of opportunities and also developed a pipeline of strategically aligned projects well placed to access future funding opportunities. It is also hoped that Freeport status will enable the LEP to continue the legacy and objectives of the SEP and the Local Growth Fund in the driving of the region's economy, increase in job opportunities, driving of investment as well as improvement of infrastructure.

The consultation highlighted the benefits of a single-pot approach, with freedoms and flexibilities allowed around spending and to allow funding to respond to changing needs and circumstances. It was also noted that long-time project monitoring and evaluation should be built into business cases, with a framework set up with any relevant partners at a much earlier stage to build-in monitoring and reporting of spend profiles.

Appendix 1

Local Growth Fund Evaluation Plan

The Local Growth Fund Evaluation Plan

The appointment of Focus Consultants to undertake a programme level evaluation of the Leicester & Leicestershire Enterprise Partnership (LLEP) Local Growth Fund (LGF) programme in June 2021 is the most recent element of the Local Growth Fund Evaluation Plan.

Carney Green and the Centre for Business in Society at Coventry University were commissioned in December 2016 to conduct the initial evaluation of the LGF, with a remit to develop a Theory of Change model, to determine the principal outputs and outcomes to be expected from this, to support the development of simple value for money measures, and to capture good practice and lessons learnt.

In May 2019, Focus Consultants was appointed by LLEP) to undertake and mid-term evaluation of the LLEP's Local Growth Fund in order to establish what had been the impact to date of the LLEP's Local Growth Fund investment; what difference has the investment made to date on the relevant Transformational Priorities as set out in the LLEP Strategic Economic Plan, and what difference could be anticipated by the end of the programme.

The key findings from the evaluations in 2016 and 2019 can be found below:

Local Growth Fund Evaluation (2016)

Carney Green and the Centre for Business in Society at Coventry University were commissioned in December 2016 to conduct the initial evaluation of the LGF. Their remit for the evaluation was:

- To develop the Theory of Change model for the programme and identify how each of the projects fits into this.
- To determine the principal outputs and outcomes to be expected from this Theory of Change, including through agreement of a final list of outputs with each of the projects.
- To support the development of simple value for money measures for the projects, considering the relationship between the project costs, anticipated benefits and wider socio-economic impacts expected.
- To capture good practice and lessons learnt, and to provide recommendations on the programme delivery practices.

The evaluation methodology included a wide range of research on the projects within the LGF programmes including documentary research, interviews with all projects as well as interviews with other stakeholders including members of the LLEP team, the LLEP chair and representatives from BEIS. In addition, a review of good practice from other LEPs across the Midlands took place.

Headline findings from the evaluation were:

1. The LLEP LGF programme successfully defrayed its full allocated expenditure during 2015/16. This represented a positive achievement, with one project completed in 2016/17.

2. Central to this achievement has been the flexibility of the programme, specifically through the accountable body and individual projects led by Leicester City Council, in terms of bringing forward LGF funding to compensate for delays in expenditure within other projects. Whilst some of these delays were due to external factors, they were also linked to lengthy contracting processes.

3. Despite some delays, the programme is progressing well, with projects delivering effectively and a series of achievements already evident. There is a feeling of positivity across the programme regarding project activity.

4. The governance of the programme has been strong, as recognised through the Annual Conversation with BEIS. Programme management has evolved continually throughout the development and delivery of the Growth Deal. The LLEP has sought to improve its processes, for example those related to contracting, reporting and monitoring. Central to this was the then LGF Programme Manager, who had worked to improve relationships with projects and ensure increasingly robust processes are in place.

5. Moving forward, BEIS will be increasingly focused on programme performance regarding the achievement of output and outcome targets, particularly its core metrics related to jobs, housing and leverage. It is important that the LLEP LGF programme mirrors this focus and ensures systems are in place at project and programme level for monitoring and evaluation. The LGF Programme Manager has already undertaken considerable work towards this, and the Programme Board will need to ensure it also focuses increasingly on achievement of metrics.

The evaluation found that spend was generally as planned and some early outputs and outcomes were being realised. There was slippage on some of the projects, but this was to be expected in large capital infrastructure work and not deemed a concern at the time.

In terms of spend, in 2016 it was conferred that a minority of projects were unable to spend their full grant allocation in this financial year but this was managed within the Leicester City Council projects, in line with the agreed slippage management protocols agreed by the Programme Board.

Local Growth Fund Mid Term Evaluation (2019)

In May 2019, Focus Consultants was appointed by Leicester and Leicestershire Enterprise Partnership (LLEP) to undertake and mid-term evaluation of the LLEP's Local Growth Fund in order to establish what has been the impact to date of the LLEP's Local Growth Fund investment; what difference has the investment made to date on the relevant Transformational Priorities as set out in the LLEP Strategic Economic Plan and what difference can be anticipated by the end of the programme.

The key findings and recommendations from the evaluation were:

- Programme management has evolved through the development and delivery of the programme and there has been increasing reporting requirements from BEIS. The programme is considered by Government to be managed very well by and has performed well, particularly in relation to spend targets. The relationship between LLEP and Leicester City Council as accountable body works well in relation to this management and monitoring of the programme. The programme has delivered against its financial allocation each year demonstrating strong financial management and partnership working.

- The need for annual funding agreements because of the way Government contracts with the accountable body has been problematic for some organisations as they have not been able to take the risk of future years funding not being available. For some projects, the City Council has underwritten future years of funding to enable to projects to proceed and this flexible approach has been very enabling to the delivery of the programme.

- In terms of the day-to-day management of the programme, the feedback was almost entirely positive in relation to the support the Programme Manager had offered to projects to ensure a smooth delivery of the programme.

- The focus for the next circa 20 months until the end of the programme will be on achieving spend and output targets. The LLEP and Leicester City Council have managed this very well to date by allowing some projects to spend LGF funding 'up-front' before their match funding. However, as the programme comes to a close and more projects have financially completed. There will be less flexibility to do this so increase monitoring and scrutiny of projects should be undertaken as the programme comes to an end to ensure these targets are achieved and the programme continues to perform well in this area.

- As the programme draws to an end, the LEP should take the opportunity to publicise the activity and impacts of its Local Growth Fund projects. The completion of this Mid-Term Evaluation and the impact analysis undertake may provide an opportunity to publicise the achievements so far and further opportunities should be maximised between now and the end of the programme.

- It is recognised that a key challenge to the monitoring and evaluation of the LGF Programme has been collecting reliable data on the number of indirect jobs created as a result of LGF investment. In most cases, the collection of this data has not been part of the contract with funding beneficiaries and it can be difficult to collect this data. A methodology has been developed for estimating the total employment impact of the programme which can be utilised and adjusted by the LEP in the future as new direct job outputs are reported.

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Appendix 2

LGF Grants by Project

Local Growth Fund Allocation by Theme

Theme	Project	LGF Allocation	Theme Total
Transport	A50/A6 Improvements	£16,200,000	£32,785,000
	Local Sustainable Transport Fund Round 2	£3,640,000	
	A511 Growth Corridor	£2,320,000	
	Lubbesthorpe	£1,625,000	
	Market Harborough Line Speed Improvement	£3,000,000	
	M1 J23 and A512 Improvements	£6,000,000	
Skills	Skills Training Centre	£9,500,000	£13,919,712
	Skills and Innovation Village	£3,270,000	
	National Space Centre: Vision 2025	£1,149,712	
Regeneration	Waterside Regeneration	£10,000,000	£13,600,000
	Connecting Leicester	£3,600,000	
Housing	Waterside Regeneration	£10,000,000	£19,945,000
	A511 Growth Corridor	£2,320,000	
	Lubbesthorpe	£1,625,000	
	M1 J23 and A512 Improvements	£6,000,000	
Tourism	Bridging the Gap	£500,000	£500,000
Cultural Sector	Bridging the Gap	£500,000	£500,000
Public Realm	Connecting Leicester	£3,600,000	£12,560,000
	North City Centre Access IP	£8,960,000	
Digital/Internet Infrastructure	Accelerated Broadband	£3,100,000	£3,100,000
Flood Management	Strategic Flood Risk Management	£7,500,000	£7,500,000
Enterprise	Melton Cattle Market	£3,500,000	£3,500,000
Business Support	Developing Commercial Workspace, Pioneer Park	£1,307,000	£2,490,747
	Coalville Workspace Programme	£1,183,747	
Innovation	Space Park Leicester	£4,087,580	£4,087,580
Employment	Coalville Workspace Programme	£1,183,747	£6,578,327
	Developing Commercial Workspace, Pioneer Park	£1,307,000	
	Space Park Leicester	£4,087,580	
Enabling Works	National Space Park / Pioneer Park Infrastructure	£5,000,000	£5,000,000
Total		**£126,066,366**	**£126,066,366**

Appendix 3

Match Funding by Project and Theme

Local Growth Fund - Match Funding by Theme

Theme	Project	LGF Allocation	Match Funding	Intervention Rate = LGF/(LGF+Match)	£1 of LGF brings £x Match
Transport	A50/A6 Improvements	£16,200,000	£28,404,500	36%	£2.63
	Local Sustainable Transport Fund Round 2	£3,640,000	£1,936,000	65%	
	A511 Growth Corridor	£2,320,000	£2,272,500	51%	
	Lubbesthorpe	£1,625,000	£550,000	75%	
	Market Harborough Line Speed Improvement	£3,000,000	£46,650,000	6%	
	M1 J23 and A512 Improvements	£6,000,000	£6,376,000	48%	
Skills	Skills Training Centre	£9,500,000	£1,500,000	86%	£0.43
	Skills and Innovation Village	£3,270,000	£1,090,000	75%	
	National Space Centre: Vision 2025	£1,149,712	£3,383,000	25%	
Regeneration	Waterside Regeneration	£10,000,000	£2,500,000	80%	£0.35
	Connecting Leicester	£3,600,000	£2,200,000	62%	
Housing	Waterside Regeneration	£10,000,000	£2,500,000	80%	£0.59
	A511 Growth Corridor	£2,320,000	£2,272,500	51%	
	Lubbesthorpe	£1,625,000	£550,000	75%	
	M1 J23 and A512 Improvements	£6,000,000	£6,376,000	48%	
Tourism	Bridging the Gap	£500,000	£2,740,001	15%	£5.48
Cultural Sector	Bridging the Gap	£500,000	£2,740,001	15%	£5.48
Public Realm	Connecting Leicester	£3,600,000	£2,200,000	62%	£0.57
	North City Centre Access IP	£8,960,000	£5,000,000	64%	
Digital/Internet Infrastructure	Accelerated Broadband	£3,100,000	£9,372,501	25%	£3.02
Flood Management	Strategic Flood Risk Management	£7,500,000	£9,000,001	45%	£1.20
Enterprise	Melton Cattle Market	£3,500,000	£1,700,000	67%	£0.49
Business Support	Developing Commercial Workspace, Pioneer Park	£1,307,000	£1,075,000	55%	£0.17

Local Growth Fund - Match Funding by Theme					
Theme	**Project**	**LGF Allocation**	**Match Funding**	**Intervention Rate = LGF/(LGF+Match)**	**£1 of LGF brings £x Match**
	Coalville Workspace Programme	£1,183,747	£1,569,153	43%	
Innovation	Space Park Leicester	£4,087,580	£6,400,000	39%	£1.57
Employment	Coalville Workspace Programme	£1,183,747	£1,569,153	43%	£1.37
	Developing Commercial Workspace, Pioneer Park	£1,307,000	£1,075,000	55%	
	Space Park Leicester	£4,087,580	£6,400,000	39%	
Enabling Works	National Space Park / Pioneer Park Infrastructure	£5,000,000	£2,200,000	69%	£0.44
Total		**£126,066,366**	**£161,601,309**	**44%**	**£1.28**

Local Growth Fund - Match Funding by Project

Project	LGF Allocation	Match Funding	Intervention Rate = LGF/(LGF+Match)	£1 of LGF brings £x Match
A50/A6 Improvements	£16,200,000	£28,404,500	36%	£1.75
Local Sustainable Transport Fund Round 2	£3,640,000	£1,936,000	65%	£0.53
M1 J22 Improvements	£4,640,000	£4,545,000	51%	£0.98
Lubbesthorpe	£3,250,000	£1,100,000	75%	£0.34
Market Harborough Line Speed Improvement	£3,000,000	£46,650,000	6%	£15.55
M1 J23 and A512 Improvements	£12,000,000	£12,752,000	48%	£1.06
Skills Training Centre	£9,500,000	£1,500,000	86%	£0.16
Skills and Innovation Village	£3,270,000	£1,090,000	75%	£0.33
National Space Centre: Vision 2025	£1,149,712	£3,383,000	25%	£2.94
Waterside Regeneration	£20,000,000	£5,000,000	80%	£0.25
Bridging the Gap	£1,000,000	£5,480,001	15%	£5.48
Connecting Leicester	£7,200,000	£4,400,000	62%	£0.61
North City Centre Access IP	£8,960,000	£5,000,000	64%	£0.56
Accelerated Broadband	£3,100,000	£9,372,501	25%	£3.02
Strategic Flood Risk Management	£7,500,000	£9,000,001	45%	£1.20
Melton Cattle Market	£3,500,000	£1,700,000	67%	£0.49
Coalville Workspace Programme	£2,367,494	£3,138,306	43%	£1.33
Developing Commercial Workspace, Pioneer Park	£2,614,000	£2,150,000	55%	£0.82
Space Park Leicester	£8,175,160	£12,800,000	39%	£1.57
National Space Park / Pioneer Park Infrastructure	£5,000,000	£2,200,000	69%	£0.44
	£126,066,366	**£161,601,309**	**44%**	**£1.28**

Appendix 4

Cost per Output by Project

Cost per Output by Project

An analysis of the outputs forecast to be achieved by the end of the programme has been undertaken to determine value for money on a "cost per output" basis, focusing on the core LGF outputs of jobs, homes and learners. By looking at the projects contracted to deliver these core outputs and comparing the LGF funding awarded with the total forecast outputs, the average cost per output has been calculated based on the LGF grant element alone. This does not take account of the match funding element as the government allows all outputs to be attributed to the LGF programme.

Average Cost per Job Created by 2025/26			
Project	Total LGF Awarded	Jobs (including Apprenticeships)	Average Cost per Job
Skills Training Centre	£9,500,000	11	£863,636
Waterside Regeneration	£20,000,000	455	£43,956
Bridging the Gap	£1,000,000	57	£17,544
A511 Growth Corridor	£4,640,000	299	£15,518
Lubbesthorpe	£3,250,000	1600	£2,031
Connecting Leicester	£7,200,000	811	£8,878
Melton Cattle Market	£3,500,000	191	£18,325
Coalville Workspace Programme	£2,367,494	207	£11,437
Market Harborough Line Speed Improvement	£3,000,000	113	£26,549
Developing Commercial Workspace, Pioneer Park	£2,614,000	0	/
National Space Centre: Vision 2025	£1,149,712	5	£229,942
Space Park Leicester	£8,175,160	200	£40,876
M1 J23 and A512 Improvements	£12,000,000	5700	£2,105
Total	**£78,396,366**	**9649**	**£8,125**

- Based on all projects, the average cost per job across the whole programme (assuming that targets are reached) will be £8,125.

Average Cost per Housing Unit Created by 2025/26			
Project	Total LGF Awarded	New Housing Units	Average Cost per Job
Waterside Regeneration	£20,000,000	350	£57,143
A511 Growth Corridor	£4,640,000	3093	£1,500
Lubbesthorpe	£3,250,000	1960	£1,658
M1 J23 and A512 Improvements	£12,000,000	4000	£3,000
Total	**£39,890,000**	**9403**	**£4,242**

- Based only on projects that are contracted to enabling housing, the average LGF grant per new house will be £4,242 (assuming that targets are reached).

Average Cost per New Learner Created by 2025/26			
Project	**Total LGF Awarded**	**New Learners**	**Average Cost per Job**
Skills Training Centre	£9,500,000	5300	£1,792
Skills and Innovation Village	£3,270,000	818	£3,998
Total	**£12,770,000**	**6118**	**£2,087**

- Based only on projects that were contracted to deliver new learners we can see that the average cost per new learner will be £2,087 (assuming that targets are reached).

Appendix 5

Case Studies

Case Studies

A number of projects were identified for a 'deeper dive' to understand the outcomes and impacts of a number of individual investments. These projects were:

- MIRA Technology Institute (MTI)
- National Space Centre: Vision 2025
- River Soar Strategic Flood Risk Management
- Leicester North West Major Transport Investment Corridor
- Developing Commercial Workspace: Pioneer Park
- Market Harborough Line Speed Improvements.

The case studies are included at Section 6.

MIRA Technology Institute (MTI)

Background

MIRA Technology Institute (MTI) is a bespoke global skills centre on the grounds of MIRA Technology Park. Created to satisfy an ever-increasing demand for specialist skills in the automotive sector, it is equipped to operate at the cutting edge of technology. The wide variety of training and education on offer is suitable for any organisation wishing to stay at the forefront of automotive practice. MTI is a unique partnership led by North Warwickshire and South Leicestershire College, along with HORIBA MIRA as a private sector representative, Coventry University, Loughborough University and the University of Leicester. The Institute provides students with a bespoke curriculum developed to engage and inspire the future global workforce. MTI has a particular focus on disruptive technologies, such as electrification and driverless cars, cultivating the skills necessary to operate at the cutting edge of automotive technology.

This provision is complemented by accredited, non-accredited and bespoke courses and sessions to suit the needs of individual employers. The facility acts as a hub from which the various partners can deliver their individual courses. Over time, partners have worked collaboratively to develop new courses that better meet the needs of industry, tailoring courses of all levels to meet the various skills gaps identified. HORIBA MIRA have composed an automotive curriculum spanning all levels, from Apprenticeships (Level 1-2) to PhDs (Level 8).

The 2,192m^2 hybrid building comprising classroom space and workshop/laboratory space was completed in time for the start of the 2018/19 academic year and can provide accredited training at all levels, with input from transport sector technology experts, and the use of specialised facilities in a world-class commercial engineering environment.

This facility itself would not have been delivered without intervention of this type. Without the intervention to deliver the Training Centre, the ability to create a sustainable and flexible pipeline of skilled staff would not exist and there will be an ongoing issue with staff shortages in the area for the growing automotive sector. There would be no co-ordination between offerings at various stages of the national qualification framework and a limited link between businesses and training partners. This would limit the number of firms who may wish to be based within the Enterprise Zone and local area.

Progress

The construction of the MIRA Technology Institute (MTI) was funded through a £9.5m grant from the LLEP Local Growth Fund. Funded in Growth Deal 1, the project comprised the creation of a hybrid building comprising of classroom, workshop and laboratory space providing academic and commercial training to fulfil employment requirements of the Enterprise Zone.

MTI opened its doors to students on the 24th September 2018, offering a number of modern and innovative courses in the automotive sphere. Fast-forward 3 years and the curriculum and course offering has expanded massively. Since it first opened its doors, the MTI has welcomed over 8,000 students and delegates. This includes over 630 studying for accredited qualifications from a Level 1 Institute of the Motor Industry certificate up to Masters' degrees, and over 430 following apprenticeships at all levels. The MTI has already seen more than 6,500 automotive professionals take part in professional development activities.

The facility has faced challenges over the last 2 years, none more so than Covid-19 and the implications of lockdown. However, in response to the challenges to delivery presented by the Covid-19 pandemic, the project has adapted to take advantage of the opportunity to deliver courses remotely. Despite an enforced 7-month closure of the site and the furloughing of the project staff, the pandemic has accelerated a regeneration of the original curriculum, with courses being adapted for online delivery, which were not part of the original LGF project scope. This acceleration in online accessibility has increased course participation; prior to lockdown only 30 people would be able to attend in a classroom, now over 200 people attend virtually by not just local participants but by individuals from Spain, India, Germany and Belgium, thus highlighting the international recognition for the courses the MTI is providing.

Collaboration, as mentioned earlier, has been the cornerstone of MTI's progress up to now. Bringing together industry and education has been one of the toughest but most rewarding examples of this, subsequently leading to an expansive and innovative curriculum to inspire the automotive workforce of the future. The MTI has had over 700 STEM students in the first 3 years, an achievement not even included in the initial LLEP commitment. STEM and Engineering collaboration with the likes of Teentech and Hinckley & Bosworth Council have supported this development, hosting events and activities to engage young learners in a professional environment such as speed networking, a day in the life of the business and creating a specialist curriculum for students. Further collaborations are now in place or developing with automotive bodies such as IMechE and APC, T-TEN and Europcar have recently made the MTI their midlands training base, and partnerships to automotive museums have forged with Aston Martin Heritage, who proudly display a vehicle in MTI's reception.

September 2021 will see the start of a new Connected Autonomous Vehicle Masters qualification, a 1-year full-time course which has been produced and will be presented by HORIBA MIRA and Coventry University. The PhD course on offer is a primary example of the collaborative relationships fostered at MTI; subsequently, Innovate UK have committed some funding to develop a mini autonomous vehicle course, which will eventually be opened to the general public.

The progress the MTI has made since it's opening has been rewarded in the form of awards recognition; they were awarded 'The Innovation Award' for Innovation in Education and Training from the Leicester Innovation Awards 2019, and they were a finalist in the 'Business Awards 2019', from the Education and Business Partnerships, which they are a finalist for again in 2021.

Impact

Overall, the project facilitates the provision of appropriate training to fulfil the employment requirements of the Enterprise Zone and wider area. The MTI is already providing a pipeline of staff at all levels with sector relevant skills, offering accredited training with input from transport sector technology experts, and the use of specialised facilities in a world-class commercial engineering environment. The Institute provides an essential solution to the skills and jobs needs in the local and regional area, offering around 2,500 training places each year when fully operational, as well as 110 apprenticeship starts. Provision ranges from day training courses to 2-year specialist post-graduate courses. The training centre is projected to prepare 500 people per year to fill transport sector jobs and skills nationally, both in R&D and related, of these 200 could be filling vacancies on MIRA Technology Park. The training centre will also upskill a further 2000 students and delegates per year.

The MTI has had a significant impact on the young individuals that use the facility as their college. Anecdotal evidence disclosed that many of the students are 16 years old, fresh out of school and have not been in a professional environment. When they first came to the college many of the young individuals were dressed inappropriately and behaved in an immature manner for a professional working environment. Consultation with MTI staff revealed that once they had spent time in the facility and shared space with the engineers and various professionals that they aspired to be like, this positively influenced these young students. They came into college dressed smart, they worked harder and behaved professionally, this has been reinforced by the fact that students had achieved significantly higher marks at MTI than they were achieving at college. The professional environment that they had not before been exposed to has been reported to have had a profound impact on these young students, MTI is supporting learners for the future, and in doing so creating a pool of future innovators and young professionals in the automotive industry that will benefit the local and national economy in years to come.

The centre facilitates innovative collaboration between industry and education. For the Partners, the MTI has given them a place to train their staff outside of the workplace. MTI staff discussed that the partners being able to take employees out of their everyday working environment and give them a state-of-the-art training facility has allowed them to focus more on their training without the usual distractions of being in the workplace, resulting in better training and more skilful employees who can be more productive for their respective companies.

MTI also provides a meeting hub for the partners and other local businesses as the facility has public access, one of the first of its kind. The facility has meeting pods and rooms that businesses can book out, whether it be for training purposes, or meeting clients. It's been widely used and great for local businesses to use the facility free of charge, fostering training and collaboration that will benefit local businesses and their people.

Environmental and Social Impacts

Environmental Impacts

The MTI offers courses and education into subjects such as electric and hybrid vehicles, sustainable transport and battery storage, all of which are incredibly important as the UK government looks to be net carbon zero by 2050. Grid decarbonisation is a very large part of this, as is the reduction of fossil fuels from the automotive industry with the government banning the sale of new petrol and diesel cars by 2030. The students studying these courses – from those on electric vehicles to battery storage - will be the future innovators towards these targets thanks to MTI's modern curriculum, whilst the professionals who take similar courses will go back into their respective companies and have the knowledge and skills to be able to make their companies' goods and services more sustainable.

Such courses have also raised environmental awareness, not just in their professional or student lives, but in everyday life as sustainable principles transcend everything, potentially leading to more sustainable lifestyles, reducing consumption, and working towards a more sustainable future in all facets.

The building and its infrastructure also support this, with sustainable design features such as EV charging points both in the car park and in workshops, solar panels, low level lighting and an Energy Management System. Features such as this are not only important to improve the energy efficiency of the building and contribute to decarbonisation, but also it improves the adaptability of the infrastructure, leading to less materials needed in the future and improving sustainable consumption.

Social Impacts

Reiterating the impacts discussed before, MTI staff felt strongly that the MTI is giving young people the skills to be able to have great careers in the automotive industry. The expansive curriculum, state-of-the-art facilities and technology at hand will give them the skills to be able to develop companies in positive directions. The MTI has created opportunities for young people to gain the skills to go and have great careers, earn a wage and contribute to the economy.

The MTI has also seen a noticeable rise in female participation in engineering and automotive courses, this supports the recent trends that are being celebrated in the industry as a traditionally male dominated industry is becoming more gender equal. This emphasises a change in gender stereotypes and attitudes that will only make society more balanced towards gender equality, and MTI is supporting these young females in gaining the skills and knowledge to have a career in engineering and the automotive industry.

Process

Overall, the MTI's experience with LLEP has been very positive. Verto was a really effective and much more affordable method of project management, similarly the electronic finance system also made things much simpler in terms of funding, project managers were also always there to help.

However, MTI did fault that there should not have been a cut-off date for the funding. They were obliged to spend it and therefore bought things that were perhaps not needed. MTI staff stated that this money would have been better saved to spend on something that brought value to MTI.

The MTI suggested that in order to improve LGF funding programmes in the future they should hold networking events with other businesses, organisations and institutions. It was felt that this would have been a really useful way to learn new things and get better ideas of how to invest funding and potentially collaborate if their function was relatable.

National Space Centre: Vision 2025

Background

The National Space Centre is a major visitor attraction for the county providing a unique experience for visitors of all ages with an interest in space, science, technology and astronomy. Situated on Pioneer Park, part of the Leicester Waterside Enterprise Zone, and with strong links to the University of Leicester's space research, the National Space Centre is the cornerstone of Space Park Leicester.

Re-opened in early 2021, National Space Centre: Vision 2025 is a landmark international initiative to create a world-leading cluster for innovative research, enterprise and education in space, earth observation and space-enabled sectors. Vision 2025 ties together two major capital developments – Mission Space and Project Marble – with a primary aim is to provide updated flexible space for exhibitions, workshops, lectures and corporate events, improving its facilities to better meet the needs of an increasing number of visitors.

The rationale for investment was initially driven by increasing visitor numbers in a manageable way; the capital extension and new auditorium aimed to alleviate capacity issues that had been impacting the quality of the vision offer. In the wake of the Covid-19 pandemic, and the subsequent impact on visitor numbers and social distancing requirements, revisions to the original project saw a consolidation of resources and efforts into two major capital developments – Mission Space and Project Marble. Without the opportunity to present live shows to an even bigger audience, Project Marble centres instead on the development of a bespoke exhibition, planetarium show, and community and engagement programme, rather than a capital extension. The principles of Project Marble have remained – the exhibition will still focus on the health of the planet, and the project will still improve the service to visitors.

The Project

The first phase of the project – Mission Space - has delivered a 4800m² state-of-the-art, high-tech facility for research, development and manufacturing, representing the core of the Space Park. Construction of a mezzanine floor has enabled the creative team to be brought together, whilst the creation of a Reality Lab provides high technology immersive design facilities which will develop new exhibitions and planetarium shows. It houses capabilities and companies covering an end-to-end capability, from satellite design and engineering, through to downstream data and its applications. The Reality Lab opened for operation in January 2020 and has been working at full capacity ever since. The final element of the Mission Space project is a new Space Flight Simulation exhibition, which is on track for audience testing in September 2021 and launch in time for October half-term.

The second phase – Project Marble - comprises the delivery of an enhanced Earth from Space exhibition gallery, new workshop space and improved corporate event facilities including state-of-the-art audio-visual equipment. Additional digital content is also being developed for wider educational and community work which will also be used to create a planetarium show dedicated to climate change.

Progress

The new design facilities will also house the new collaborative post-16 qualification – National Space Centre Immersive Design and Development (Creative Media Practice) – offered with Leicester College. The NSC Immersive Academy and Reality Lab is supported by the Inspiring Science Fund. A BTEC Level 3, the course provides access to cutting-edge technology and workflows that can craft digital environments and experiences in virtual, augmented and mixed reality. Featuring game engine programming, XR design, 3D modelling and even the ability to project video onto planetarium domes, the course covers a full field of immersive media development. The course was originally scheduled for release in December 2020, but with the

Covid-19 pandemic hindering the National Space Centre's prospects of developing a school audience, the launch has been pushed back to September 2022 to coincide with the academic term.

In the meantime, the project is working to embed their current team and methodology into current courses rather than in new bespoke courses, utilising the same project resources to benefit learners participating on existing courses. To date, the Leicester College course imbued with National Space Centre experts boasts a cohort of 30 students each year, which forms a key part of the project's development of wider pathways into science and engineering careers.

The NSC has adapted well to the social distancing requirements necessitated by the Covid-19 pandemic. School groups have been accommodated by guided tours rather than open access, with the tours featuring a 1-hour curriculum-focussed 'mission'; for the general public, a 20-minute walkthrough experience that includes 'astronaut' actors to articulate and demonstrate the NSC's programme. Furthermore, the pandemic has accelerated the NSC's implementation of an online booking system, which has allowed them to better spread-out visitor numbers, which has improved the visitor offer. As of July 2021, the NSC has re-opened to visitors with this operational model.

There are three elements of Project Marble still to complete:

- The new exhibition is in its detailed design phase, borne out of a topic team comprising space experts from across academia and the European Space Agency, building on Leicester's strength as earth observation specialists. The exhibition is expected to be complete by March 2022.
- A new planetarium show dedicated to climate change – We are Guardians – is in its early design phase.
- A community and engagement programme dedicated to the health of the planet aims to build on the pilot work undertaken in communities already. In partnership with the Natural Environment Research Council (NERC), the NSC has developed activities and live presentations that will deliver a programme of events in community venues around Leicester, before continuing into schools.

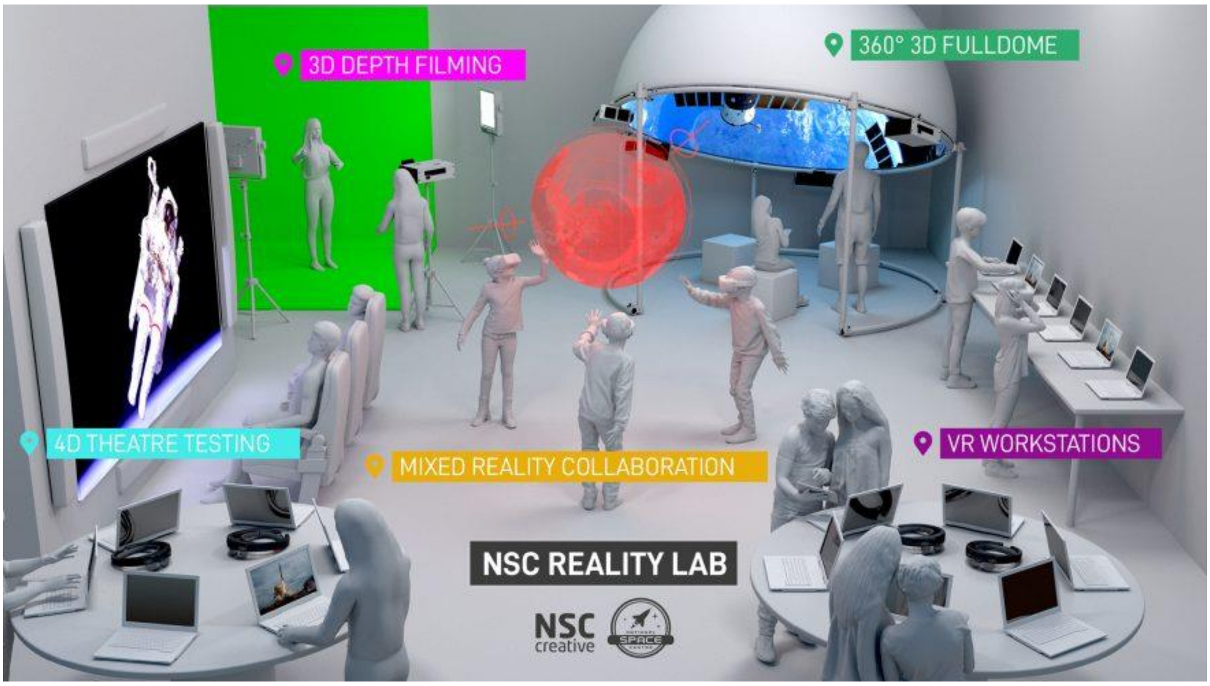
Impact

Overall, the project aims to achieve the following:

- 300,000 visitors per year.
- 90,000 young people visiting in school groups to engage in curriculum-focused activities, generating interest in space, and encouraging the take-up of STEAM courses and careers.
- 10,000 learners taking part in the National Space Academy, plus 1,000 teachers developing their skills to further support GCSE and A-Level curriculums.
- 40 students undertaking post-15 qualifications.

Space Park Leicester provides organisations with unrivalled access to academia, pioneering research, development knowledge and funding to support business growth and excellence. The project facilitates collaboration between the University of Leicester and the private sector, and in a wider sense encourages children and young people to see science and engineering as a viable career path through raising awareness of scientific conversation, and support for formal courses. The project enables the NSC to act as a broker between young people and an industry that will require their skills in the future, facilitating a pathway between the two.

A number of programmes complement the redevelopment and conversion of the former Challenger Learning Centre into The Pod, providing improved workshop and learning spaces.



The new Immersive Academy complements the National Space Centre's mission to enhance the science and engineering skills pool in the UK currently spearheaded by the National Space Academy by highlighting new STEAM (Science, Technology, Engineering, Art and Maths) career pathways. These new programmes will act as a catalyst for young people to consider design, visualisation, computer science, games development, filmmaking and animation which are all specialist, high demand sectors in the UK and beyond. Future programmes will be added to the Immersive Academy that will give local people aged 11-16 an opportunity to get hands-on experience and work alongside National Space Centre teams to co-create new immersive experiences. Participants will build confidence and literacy in emerging technology and collaborative, digital working practices; creating these unique opportunities will open up new possibilities and aspirations in local communities.

The project's investment of resource into course development and community engagement activities is widening participation in their offer, encouraging a wider catchment of people to engage with higher and further education programmes. The Immersive Design and Development course aims to have the same impact, allowing participants to progress either into the creative media industry or higher education across a range of subjects including computer games, visual effects, animation, computer science and virtual reality.

Project Marble will produce a more relevant, prevalent programme relating to climate change, taking advantage of increasing interest in sustainability, and tying into the UK's hosting of the UN Climate Change Conference (COP26) in late 2021.

The project also addresses some key elements of the NSC which were proving detrimental to the visitor offer. The funding delivers volume sustainability by drastically improving the deteriorating sub-orbital exhibition in a far bigger space, featuring new projection systems, screens and a weather forecasting studio. A more sustainable visitor model improves the NSC's long-term commercial viability, which in turn allows the organisation to better support their community offer.

The revised programme has proven popular with existing funders, and the refined focus on climate change has also attracted a new funder – Seven Trent Community Water. Moreover, the project has seen a new audio-visual system implemented throughout, which was previously a frequent area of frustration for audiences, and which improves their offer for corporate services. The Local Growth Fund has also helped to improve accessibility by improving changing facilities and toilets for disabled guests.

A key element of Project Marble was the safeguarding of jobs, protecting them from being lost as a result of the pandemic's enforced revision of the original extension scheme. As a result of the project, the NSC's 18-strong creative team have been able to remain in post, developing the new exhibitions and planetarium shows – jobs that would otherwise have been lost. The team are instead developing creative and educational content that is commissioned worldwide. It is hoped that the climate change planetarium show could generate £200,000-£250,000 in its first year.

Social Impact

Alongside the capital developments, Vision 2025 comprises an extensive two-year community engagement programme – IGNITE - which will complete its pilot in September 2021. The NSC, working with sponsors and supporters, aims to develop scientists and engineers by providing new opportunities to young people in Leicester who may not otherwise have the means to embark on pathways to school, college and university courses. The NSC works closely with 86% of schools in Leicester, but had previously never sought to deliver activities directly in the community.

Working with Leicester City Council Neighbourhood Services Team, the project selected five target communities in Leicester based on high levels of deprivation and low levels of engagement with the National Space Centre. Although the programme has been stymied by the Covid-19 pandemic, the activities were successful and uplifting, and has acted as a catalyst for the NSC to commit to a permanent Community Engagement Manager post, plus a number of 'science explainers' who will join them in the community. One of the 'science explainers' is shared with the University of Leicester, a science specialist who will also raise awareness of pathways into higher education. The engagement programme will resume in earnest in the community in the second half of 2021.

The National Space Centre: Vision 2030 will follow the success of Vision 2025, aiming to build on the focus on local communities which will characterise much of the NSC's activities in the next few years - encouraging those without the means to typically engage with their offer, and inspire communities to better look after the environment. A programme focus on the health of the planet, climate change and community consciousness has filtered into how the organisation operates. The NSC now has solar panels on the roof; an environmental policy team; an equality, diversity and accessibility team; as well as equality training for all staff during lockdown. Increasingly, the NSC is recognising its role as a charity with a responsibility to the local community – a new philosophy 'Space for Everyone' now adorns the entranceway, which represents a new ethos that the NSC is for everyone, be that at the Space Park, or in local communities.

Summary of Impacts

- Growth in family science capital, i.e. the prominence and relevance of scientific conversation and influences within family discourse.
- Support for children in their formal science coursework and growth in the volume of children considering science and engineering subjects at GCSE level.
- Improvement in student exam performance and growth in the volume of students considering science and engineering at BTEC and A Level – to 90 per year.
- Greater sustainability for the National Space Centre charity and greater contribution to the LLEP economy – to £1.5m per year.

The Future

As a result of the success of pilot community engagement programme, the NSC is seeking investment to extend the scope to an additional ten communities, including two in rural locations. The IGNITE programme is seeking up to 12 funders (with 3 secured already) to extend the pilot.

River Soar Strategic Flood Risk Management

Background

The LLEP's River Soar Strategic Flood Risk Management project comprises a series of inter-related projects being delivered in partnership by Leicester City Council, the Environment Agency (EA) and Canal & River Trust (CRT) to reduce flood risk to homes and flood damage costs to businesses by and improve cycleways. This five-year programme reduces the risk of flooding and encourage future regeneration opportunities along the River Soar and Grand Union Canal through Leicester. The existing waterside route is an important commuter route into the city centre and is used by over 60,000 cyclists and 90,000 pedestrians a year. The project upgrades the route for these users, whilst providing new wildlife habitats.

The Project

Commencing in 2015, the River Soar project quantifiably delivers 1.3km of new cycleways, safeguards 1,852 homes from flooding, and subsequently saves £54.98m arising from alleviated flood damage; in practice, the scheme covers c.40 individual projects that range in terms of their nature and their geography, with each contributing to three key objectives: to enhance biodiversity, improve accessibility, and to increase flood attenuation.

As a means of improving accessibility, the project has supported the Canal and Rivers Trust to deliver 7.8km of towpath improvements connecting the north and south of Leicester, including the removal of existing surface treatment and upgrading it to a better surface, widening the paths for walking and cycling, and improving the attractiveness of the public realm.

The project is predominantly centred on adding value to the flood risk works; to create high quality environmental and access improvements, which have wider public and environmental benefits. Regeneration of the Waterside area also provides a context for enhanced and increased use of the river and canal corridor for leisure and recreation, adding to the City's tourism offer and associated employment.

Progress

The River Soar scheme has delivered a series of green infrastructure improvement projects that combine to achieve the three aforementioned key objectives. Biodiversity has been enhanced through new and improved habitats, landscaping, removal of fly-tipped materials, new wetlands. Accessibility is improved through improvements to towpaths, signage, better access for canoe and boat traffic, reprofiled public spaces, new boat moorings, better riverside access. Projects that contribute to further flood attenuation provide new flood water storage, flood defences, de-silting, a new culvert, and new disabled access ramps.

A number of key projects have been summarised below to illustrate the activity and impact of the River Soar Flood Risk Management project:

- A new £900,000 footbridge spanning the Grand Union Canal in Leicester, connecting Belgrave to Sock Island, which is being redeveloped as 188 homes. The bridge creates a direct and attractive route for pedestrians and cyclists between Abbey Meadows and Belgrave, as well as providing better access to the canal towpath.
- Two new wetlands created along the River Soar – a £60,000 shallow pond near Ellis Meadows Park, and several new ponds at Cardinals Meadow at £40,000 – which will provide better habitats for wildlife and reducing flood risk by containing any water runoff and storing water after heavy rains respectively. Fruit trees and wildflowers are planted at both sites to increase biodiversity, and the ponds serve as a stopping-off point for birds and wildlife.
- Marsden Lane Ramp and Bund - new pedestrian and cycle-friendly ramp at Marsden Lane linking part of the Great Central Way and the Grand Union Canal in Aylestone. The ramp creates a new raised timber walkway connecting the towpath routes, replacing a steep set of steps, providing a more easily-accessible route suitable for wheelchairs and cycles, improving connectivity with the city's cycling network. The ramp scheme took place at the same time as flood mitigation works to protect nearby properties from flooding, including raising ground levels around the perimeter of the Marsden Lane car park, at Aylestone Meadows, and installing devices in surface water drainage pipes to prevent river water from flooding into them and affecting nearby houses.
- A new £1.3m relief culvert under Loughborough Road, which reduces the flood risk to properties upstream on the River Soar catchment by allowing flooded waters to dissipate more quickly downstream, preventing them from being held back by the existing road bridge and embankment. While not in flood, the relief culvert operates as a functional subway on a new riverside cycleway that is being created as part of the project.
- Creation of new wetlands habitats and improvements at Aylestone Meadows, which reduce the risk of damage to nearby properties by holding excess water in the event of a flood. New fencing has also been built to help management of livestock that graze on the meadows.
- Ellis Meadows has seen new open space created, as well as a new cycle path, an enlarged wetland area with a boardwalk for visitors, and a large amount of wild flower planting.

The Covid-19 pandemic presented a significant challenge to the delivery of the project, particularly in terms of sourcing materials, and securing contractors. One of the projects was delayed in its procurement phase due to uncertainties surrounding the pandemic. As an environment-orientated scheme, the project has also had to overcome the unpredictable nature of working in close proximity to flood risk areas, and on functional flood plans, with the weather posing a continual but uncertain risk.

Impact

Project beneficiaries cover a wide range of potential cycleway and walkway users, existing and future residents of flood risk areas, and any visitor or user of new and improved green spaces and natural habitats enhanced by the project. As a package of works, the River Soar Strategic Flood Risk Management project delivers benefits that impact such a wide and diverse range of people in Leicestershire. Most of the individual projects combine improvements to the public realm as well as to biodiversity, accessibility and flood attenuation, simultaneously protecting areas for development whilst improving visual amenities for local residents and users, and improving connectivity to public accessways. It is hoped that the enhancements to the public realm and to the local environment will improve the quality of life of residents through health and wellbeing benefits, as well as contributing to the wider effort to protect the environment and mitigate against a climate emergency.

Marsden Lane Ramp

In terms of flood risk, the project has enabled development in areas that were otherwise unavailable as a result of pre-existing flood risks. Reducing flood risk provides security for existing homes and businesses and enables further development of the area. As a result of the project, local users and residents will have better access to employment and leisure facilities with the provision of sustainable transport infrastructure.

The programme is thought to be invaluable in creating a resilient and adaptable city, allowing development to come forward in a number of locations to accommodate a growing population with changing behaviours; the investment enables the redevelopment of key strategic regeneration sites leading to new homes and businesses.

The improvements for both pedestrian and cycle connectivity have made the area an attractive and easy place to visit, supporting the local leisure and tourism economy. The Covid-19 pandemic has raised awareness of the importance of access to green spaces. Furthermore, an added benefit of many of the project's innovations is the potential to reduce local airborne pollutants such as PM (particulate matter) by encouraging the community to walk or bike as an alternative to driving. Although the impact of enhanced biodiversity and increased use of cycleways and walkways in Leicester is difficult to measure, anecdotal evidence suggests that the project has produced improved habitats and that it will encourage people to use the better-connected public transport routes around the city. Improvements to towpaths, new culverts, and widened pathways enhance the connecting sustainable transport infrastructure and could encourage more use of sustainable methods of travel.

The River Soar project demonstrates the cumulative benefits of integrating Local Growth Fund investment across integrated projects and locations in Leicester and Leicestershire, with neighbouring projects generating added value for each other in terms of public realm enhancements, place development and access improvements. Although prescribed as a series of individual projects, the River Soar Flood Strategic Risk Management programme – with its focus on both the built and the natural environment across Leicester – adds value to the parallel LGF investments at Pioneer Park, Leicester Waterside, and other development areas along the River Soar and Grand Union Canal.

Additionally, also included is a series of colourful artworks, installed by local arts company Graffwerk, as part of a major community arts project. Five large-scale murals brighten up parts of the city's riverside and canal corridor celebrating the sites' wildlife and history and include improved waymarking to help people find their way along Leicester's waterways and make more use the city's towpaths and riverside walking routes.

The Future

The project illustrates the wide-ranging benefits of investing in biodiversity and natural habitats, particularly in the wake of a Covid-19 pandemic that has arguably increased the importance of outdoor spaces. Looking to the future, the increasing relevance and prominence of climate change and the sustainability agenda will create additional demand for green infrastructure.

In terms of process, as a project comprising 40 separate individual schemes, the River Soar project would benefit from less stringent monitoring processes.

Leicester North West Major Transport Investment Corridor

Background

The Leicester North West Major Transport Investment Corridor project is a phased development of highways work to improve the movement and accessibility in and out of Leicester, supporting the growth of homes and commercial workspace in the Strategic Regeneration Area. The scheme is located in the north west of the Leicester Principal Urban Area (designated Growth Area in SEP) and directly supports the Leicester Strategic Regeneration Area Transformational Priority in the SEP. The project was designed to provide improved access to and from Regeneration Areas that will accommodate significant housing growth, whilst brining other sites into use.

The aim was to make changes to the capacity in the road network in the North West of the City to support the City's Growth Agenda. The scheme covers an area broadly bounded by the A50 (Groby Road), A6 (Loughborough Road) and A46 (Western bypass) and helps ensure that roads and major junctions on these key routes in the north west of the city will have the capacity for predicted housing growth over the coming decades. The A50 in particular links with the Leicester Western Bypass, and is characterise by high vehicle flows and heavily used bus services carrying people to and from the city.

The Project

The improved highway infrastructure elements outputs include the following:

- Roundabout improvements: A50 County Hall, A50 New Parks Way, and Redhill Circle.
- Walking and cycling improvements: A50 Corridor and A6 Corridor
- Junction improvements: A50 Sanvey Gate, A50 Fosse Road North, A6 Blackbird Road, A6 Beaumont Leys Lane
- Improvements at Anstey Lane.

In addition, other outputs include: bus lane hours of operation have been increased to 24/7 where practicable and bus lane enforcement introduced as required, supporting personalised travel planning targeting c.8,000 households within 500m of the route and real time passenger information at stops along the corridors.

Progress

Highway construction generally has been able to adapt quickly to the Covid-19 pandemic. At times, there has been an increased reliance on machinery rather than hand digging, but traditionally contractors would work in small groups anyway with lots of space afforded for the movement of machinery and materials, as well as traffic management and health and safety anyway.

A50 Roundabout Improvements

Nearly all of the highway infrastructure elements have been completed already, with just the Fiveways Junction remaining; the six-year scheme submitted a project variation in order to reconfigure the spend onto improvements at Anstey Lane instead, with the project struggling to fit the Fiveways element into the programme in time. Changes to the junction include the replacement of a service road by an extra lane on the junction. When completed, the project will have created a better-connected route of A-roads from the city centre. Although this element of the project has been delayed, the project has secured Enterprise Zone funding to complete the junction.

Delivery

The project brings together two partners in Leicester City Council and Leicestershire County Council. Local Authorities rely on a formal background of decision making, and this solid structure with defined roles and activities helped the project to work through without any issues.

The project has benefitted from being part of a large consortium – Midlands Highways Alliance (MHA) - that employed a framework of top tier contractors, which meant construction and delivery avoid many of the pitfalls and delays created by the Covid-19 pandemic. The MHA boasts around 20 Local Authorities as partners and works collaboratively where possible; being part of the MHA has enabled smooth delivery as contractors were readily available.

Impact

Investment

The rationale for investment was to improve the attractiveness to businesses in the development area, with a wider objective of encouraging inward investment by providing the infrastructure for growth, and instilling a confidence amongst would-be investors. There is a shared understanding that more efficient road networks, a more attractive public realm, and the confidence instilled by public investment, would give the business community confidence to invest themselves.

The project's close association with the large Waterside development is an exemplar of this; the 7.3-hectare site is high priority for regeneration in the city and intends to act as a catalyst for future investment and further development to improve the area for residents and businesses. However, the site is home to both the River Soar and Grand Union Canal, which represent significant vehicle access barriers; the surrounding road network was also substandard. The project has pre-empted the forthcoming changes to traffic and travel flows that will impact the area as a result of the large-scale development at the site.

Congestion

The completed road network will reduce congestion into Leicester and assist the efficient operation of local businesses. Better use of the A50 and A6 corridors to access the Principal Urban Area will mitigate the impact of growth elsewhere in the area. The completed road network aims to reduce congestion and journey times for road users into Leicester and to assist the efficient operation of local businesses. Without this intervention congestion will continue to increase and become a severe barrier to the local economy. To date, the investment has improved the flow rate of vehicles around the roundabouts included as part of the scheme, whilst widened sections of the ring road have enhanced capacity, and improved the accessibility of walking and cycling routes at the same time. The knock-on effect of improving overall capacity and flow-rate is has been a more efficient and reliable bus service.

It is important to acknowledge that the benefits of highway construction are typically realised over a much longer timeframe than other types of schemes, with the Department for Transport assessing the impact of a road over 60 years.

The project is located in a Regeneration Area that provides a central focus for employment, shopping, residential, leisure and cultural activity in the LLEP. The project creates a step change in the quality of public realm and improved accessibility, which is essential to creating the conditions required for a thriving city centre and supporting major (mixed use) urban extensions to the North and West of Leicester which is fundamental to economic success in Leicester and Leicestershire. Already the project's investments have produced very visible improvements in the highway network.

The project's real long-term strength is in the modifications and adaptions it is making to a strategy of road network planning that was conceived in the 1960s to translate it to meet the demands of today and the future, with considerably higher volumes of cars, traffic and people than anticipated. The project's evidence base has identified key areas of regeneration and development, and has put the infrastructure in place to allow them to grow.

Homes and Development

The project unlocks extensive housing and commercial development in the Strategic Regeneration Area, supports the development of over 2,000 homes and potentially 75,000sqm of commercial workspace, which could potentially generate a value of £500m in investment.

The transport corridor connects to key areas of habitation in Leicestershire – Coalville and Charnwood – which are identified as key areas of housing growth. Centrally, the project focusses on the regeneration area around the Leicester Waterside development, another Local Growth Fund scheme. The Waterside development will provide a significant increase in residential and business developments - comprising new shops, offices, hotels and residential space – which in turn will command significant infrastructure work to provide sufficient access, and to make it a liveable area. Increases in tenants, be they business or residential, also has an economic benefit of increasing business rates and council tax for the local authority.

Similarly, the project is closely aligned with parallel investment in Leicester city centre in the form of the LGF Connecting Leicester programme, which aims to improve the quality of the central network in terms of aesthetics and function, to produce roads that are better connected and easier to use.

Social and Environmental

Beneficiaries and wide-ranging and varied: road users, bus passengers, walkers and cyclists benefit from reduced crossing times. The investment also provides improved footpaths and cycleways which aim to encourage more people to walk and cycle, leading to long-term health benefits for residents and provide benefits to business due to improved accessibility. Benefits to walkers and cyclists are anticipated due to the delivery of improved crossings at the junctions and a shared off-road cycle and footpath along Ravensbridge Drive. According to the Business Case, the improvements to walking and cycling infrastructure are expected to be significant and have been estimated to produce £3.06m of benefits (2010 prices).

Lessons Learnt

There is a strong theme of connectivity integrated across many of the Local Growth Fund projects, with transport-orientated schemes closely linked to other LGF projects, Regeneration Areas, Enterprise Zones, and Growth Areas. The interconnectedness between the Leicester North West Major Transport Improvement Corridor and the Leicester Waterside projects demonstrates the strategic benefits of a Local Authority partner that can plan and integrate different projects on a wider scale, with each adding value to the other. Only a local authority could assemble a number of development sites together. The integration of LGF projects creates a critical mass of development.

Developing Commercial Workspace: Pioneer Park

Background

An ambitious next phase of development at Leicester's Pioneer Park, this project builds on the success of 'Dock' – which has provided a base for technology businesses since 2013 – by providing additional and much needed innovation facilities. The project meets an identified need for larger commercial space with supporting office space as part of ongoing support for the growth of technology and knowledge-based businesses in the city. The scheme will provide grow-on space for Dock-based businesses that are ready to expand, as well as space for new businesses looking to join Dock's thriving entrepreneurial community. The new centre, which will complement the look and feel of the original building, will be located on a brownfield site between Dock and the National Space Centre.

The building itself is 2,462m^2 divided over 3 storeys, with 6 industrial units on the bottom floor, and 9 office units on the above floors, complimenting Dock on Pioneer Park and having access to the sibling building's facilities. Pioneer Park is part of the Loughborough and Leicester Science and Innovation Enterprise Zone which aims to help encourage inward investment to the region, promoting confidence in Leicester both nationally and internationally.

Progress

The construction of Dock2 was completed in February 2021 following 20 months of construction; despite the challenges of Covid, Dock2 was 50% let prior to opening and is now 60% let. The project leaders of Dock2 described this as a remarkable success considering the challenges businesses face with Covid-19 pandemic, and they expect the development to reach 100% let. They put this also down to the success of Dock1 which opened in 2013 at almost 100% let, and the lack of commercial space for the high-level technology and science-based businesses. One of the project leaders from Dock2, a Leicester native, suggested that traditionally the council had invested in work spaces for lower skilled work, resulting in a deficit of commercial space that complimented Leicester's growing reputation for space, science and innovation.

Businesses based in the new building will benefit from Dock's full range of facilities including reception services, meeting and conference facilities, fast IT and access to networks and events. Given the site's location within the city's Enterprise Zone, generous business rates benefits will also apply. Seven businesses have already secured their space at Dock's new extension, with IT consultancy Employee Zero one of the first tenants to move in.

Impact

40 jobs have already been created through Dock2 and its subsequent tenants, leading to greater employment in the city and more crucial workspace to meet the demand in the city, all supported by £5 million in private sector leverage.

Due to the high-level nature of the businesses that operate within the Dock1 & 2 development, with employers specialising in various occupations from scientific research and development to technology and even solicitors, going forward it is anticipated that this will ensure higher graduate retention in the city of Leicester. One of the project leaders from Dock2 discussed that this is one of the main targets on the University of Leicester's agenda, as well as being on De Montfort University's radar, with such high-level businesses being more likely to create graduate jobs in the local area. Graduate retention is incredibly important for not only universities, but also for the city as the innovators of the future continue to develop Leicester's business offering, and importantly, contribute to the local economy,

One of the main impacts highlighted by the project leaders was that the development of Dock2 and its surroundings has allowed for them to petition for more funding to further develop the area. The team disclosed that the LLEP funding has not only allowed them to develop Dock2, but remediate surrounding land for potential development, which has bolstered their case for another £20 million from the Levelling Up Fund. Without LLEP funding they would not have been able to put such a competitive case together, and the success of Dock2 was a key part of that. If successfully acquired, this funding will allow the further development of a Dock3 as well as 9 commercial units that will bring more businesses to the park, supporting the local economy and growing Leicester as an innovation and business hub.

The project is contributing to a clustering of businesses in the space, science and innovation sector. Collaboration between the tenants was an unexpected but important part of the Dock2 project according to the representatives interviewed. Anecdotal evidence told that businesses working between Dock1 & 2 had been collaborating; one example of this is a PR company within Dock2 now does the PR work for several of its neighbouring companies, thus supporting each other and helping each other to grow, which will potentially lead to greater economic and social impacts down the line.

Social and Environmental Impact

From a social perspective, the development of Dock2 has created an excellent space for high-level employers in various fields to operate from, this in turn will not only attract recent graduates reiterating the above point and its impacts, but also attract new experienced professionals to Leicester. These individuals, likely on higher incomes, will bring greater wealth to the local economy and support other local businesses through their own consumption. Furthermore, it will enhance Leicester's reputation as a city, alongside the university, for being innovators in science and space.

In terms of environmental impacts, the building has been built to the standard of BREEAM 'Very Good' utilising sustainable design features such as PV Solar Panels and low-level lighting. Features such as this importantly improve the energy efficiency of the building and reduce its CO2 footprint, as well as improving its adaptability, leading to fewer materials needed to be used in the future and aiding sustainable consumption.

As well as structural impacts, Dock2 also has one of the first stations outside of the city centre for Leicester's new E-Bike Scheme. This scheme has been implemented to improve air quality and promote more sustainable methods of transport around the city. Having sustainable transport options such as these will decrease the number of individuals, whether they be visitors or employees, in the area using cars, emitting CO2 emissions, and contributing to climate change. Schemes such as this have been effective throughout the UK, and studies show that not only do they increase sustainable transport usage, but they also raise awareness in the local area, leading to positive environmental impacts in everyday life.

Process

The Dock2 Representatives noted the difficulties of using Verto. The online system sometimes displayed the incorrect figures, which result in the team needing to query LLEP staff as to how much spend was actually allocated, which could have had an impact on spending decisions. The project leaders of Dock2 however iterated throughout that without the LGF funding Dock2 and similar developments on Pioneer Park would not have been possible, and furthermore in the coming months they hope to have secured more funding to further develop the area.

Market Harborough Line Speed Improvements

Background

The £54m Market Harborough Line Improvements project was designed to increase the capacity at Market Harborough station, on the Midland Mainline route between London and Sheffield, through track realignment, improving the throughput of trains for freight and passenger services. The project has also involved various improvements to the Market Harborough station, synergising line speed improvements with a new access bridge and new platforms.

The Midland Mainline (MML) is a key route between London and Sheffield in the north of England, comprising the lines from London's St Pancras stations via Leicester; however, development has suffered from the Government's delay of the electrification of the line to Sheffield that was scheduled for 2023. The biggest single flow of business travel for any regional cities or towns is to or from London, therefore journey times and facilities for rail travel on the Midland Main Line to and from London is of crucial importance to business throughout the LLEP region and most of the East Midlands.

Stakeholders including Local Authorities, representatives of the local business community and Members of Parliament sought funding for an upgrade to the Midland Mine Line for a number of years. As a result of which funding has been allocated for comprehensive upgrades at Leicester and Derby. The works in the Market Harborough area were the one unfunded element of this long-standing campaign. To address this a bid for £13m of funding was made to all three Midland Main

Line LEPs – Leicester & Leicestershire LEP (£3m), Sheffield City Region LEP (£5m), and Derby, Derbyshire, Nottingham and Nottinghamshire LEP (£5m), with the LLEP acting as the lead LEP.

The Project

The project specifically concerns improvements to the Market Harborough Railway Station area and approaching rail corridor, located in the Leicestershire County Council area. The project comprises the construction of a footbridge with lifts at Market Harborough Station, lengthening of the station platform, improved station accessibility including the removal of the current Barrow crossing, and the straightening of the track, where it was curved before.

The line speed through Market Harborough station was previously 60mph due to the curvature of the track – this was the most sever restriction on an inner-city route in England south of Hadrian's Wall, with consequential journey time penalties for businesses travelling to and from London.

Additionally, the project is investing in improvements to facilities at the Station - Network Rail are working with East Midlands Trains to increase the car park capacity. Similarly, the LEP investment has acted as a catalyst to attract further financial support from the DfT's Access for All fund to build a new bridge complete with lifts, plus funding to build a new toilet block and waiting room for users and passengers. The toilet block was not included as part of the original scope, but it was felt that a new and improved station required improvements elsewhere.

Progress

To date, 90% of the work has been completed, with a package of asset works including a new 500-capacity car park (providing an additional 300 spaces) supporting the straightening of the track. The remaining work to complete consists of the removal of 20 to 30 sleepers, as well as the security work on Bridge 28F which sits to the north of the station that will prevent any vehicles from entering the bridge.

Impact

The station has been transformed as part of the Midland Main Line Upgrade, which is the biggest investment into the line since its construction in the Victorian era. Major work has taken place including track realignment, signalling alterations, structures, earthworks and significant station improvements.

The rationale for the project centres on the realignment of the Midland Mainline; the track realignment produced a straighter rail line to allow non-stopping trains to travel faster – up to 85mph – between London and Sheffield. The straightening of the track has improved the indicative journey time, which is granted back to train operators for them to incorporate a faster speed into future train timetables.

The project also saw improvements to the station facilities including customer toilets, the waiting room on platform one and a secure cycle hub. Also improved access and safety at the station, reducing the gap between platforms and trains, removing the crossing over the railway line and constructing a wide footbridge and lifts across two platforms to improve access.

The new car park is already operating at full capacity, which demonstrates that Market Harborough is increasingly regarded as a commuter location. Anecdotal evidence suggests that the increasing house prices in London and the surrounding area makes locations such as Market Harborough – and the East Midlands - more viable, and the project arguably contributes in a small way to that viability. Data has also shown a slight shift away from city living in the wake of the Covid-19 pandemic, which Market Harborough could take advantage of.

A key aim of the project was also to improve the accessibility of the station, to which new ramps in the cark park have also contributed. As a result of the LGF investment, the Station now boasts a DVA-compliant bridge and lift for people to move across, enhancing accessibility. The station is now compliant with the Equality Act 2010.

New car park access ramp

Any improvements to rail speed and to the platform itself could have a broader impact in encouraging greater use of the railways rather than other less environmentally-friendly forms of transport.

Work carried out by WS Atkins on behalf of the DfT has identified that the saving of one minute on the route between Kettering and Leicester is valued at £133.3m (see extract of WS Atkins report attached). Therefore, saving 0.5 minutes in both directions at a cost of £46.1m is well within the Value for Money criteria. The feasibility work recently carried out has identified further opportunities to increase the journey time saving up to a minute, and the cost for this which is believed to relatively modest (and certainly making a total less far £133.3m), is currently being established.

The Future

The Market Harborough Line Speed Improvement project is the first step towards various enhancements planned at the site; canopy works will follow in the coming months, whilst the potential electrification of the line in the future is also still under consideration.

The wider context is the possible forthcoming electrification of the line (Midland Mainline 3), for which these improvement works will be a necessity. The electrification will improve both the speed, and the environmental impact of the line associated with savings in carbon emissions. Moreover, the HS2 development will open the capacity for the Market Harborough railway.

It is anticipated that the Covid-19 pandemic will have significant consequences and ramifications for train travel in the future, with changes to platforms, carriages, and behaviour at train stations expected to change in the coming months and years. Already Covid-19 has had an impact on the rail industry with all train operating companies (TOCs) entering into Emergency Recovery Measures Agreements, with TOCs effectively renationalised on a temporary bases according to the Office of National Statistics' classifications. 2023 will also see Great British Railways (GBR) replace Network Rail as the operator of rail infrastructure, which will also take control of the contracting of train operations, the setting of fares and timetables and the collection of fare revenue in most of England.

It was felt that the project's pre-defined, quantified outputs (i.e., line speed) and the associated economic implications of such already published by Network Rail, made the project a safer, tangible investment for the LLEP. Business cases can be fairly hypothetical and outputs can be difficult to measure. The project has benefitted from being able to set goals and output requirements from the outset, which has helped them to produce exactly as intended.

Appendix 6

Questionnaire for Projects

Questionnaire for Projects

As part of this evaluation a survey was developed to engage and seek feedback from the LLEP Local Growth Fund projects. The survey was designed in consultation with project staff and an electronic survey link was circulated to projects to take part in the survey.

In total, 11 projects completed the questionnaire, including representatives from:

- National Space Centre: Vision 2025, National Space Centre
- Leicester North West Major Transport Project, Leicester City Council
- Skills and Innovation Village, Leicester College
- M1 J23 and A512 Improvements, Leicestershire County Council
- Market Harborough Line Speed Improvements, Network Rail
- Connecting Leicester, Leicester City Council
- A50/A6 – Leicester North West Major Transport Investment Corridor, Leicester City Council

The key findings are below:

- 100% of respondents said that the correct type of projects was prioritised for investment. One respondent said that their transport infrastructure project had been needed for a long time, particularly in light of the housing and commercial growth in Leicestershire.

- Key successes for projects included the way their project adapted and delivered successfully despite the Covid-19 pandemic; the impact on the economy; improvements to transport journey times; the way different organisations with different governance structures worked together; as well as wider community benefits that were part of their scheme.

- Key challenges for projects ranged from the Covid-19 pandemic to the combining of processes of different organisations; from timeframes to budgets. Most projects were commissioned and largely delivered before the real impacts of either Covid-19 or Brexit could be felt. In some cases, projects needed to adapt to social distancing requirements, especially construction projects that needed to find new ways of working.

- 80.0% of projects said that all project outcomes had been achieved already. The nature of infrastructure funding programmes is that outputs and outcomes are often realised years after the initial investment; the responses evidence this, suggesting that in one case, jobs and houses outcomes are expected to be realised over the next 4-5 years.

- The main impacts discussed as part of the questionnaire are: reduced journey times, reduced emissions, unlocking of housing land, economic growth, creation of jobs reducing unemployment, encouraging inwards investment, development of a strong workforce, encouragement of active travel, and the incentivising of skills and apprenticeship training.

- From a programme perspective, it was suggested that the Local Growth Fund investment would strengthen the local economy; speed up the delivery of economic development and growth projects; provide an improved transport network; improve connectivity and commutability; and increase housing stock and career opportunities.

- Whether part of the scope or not, projects funded by the LGF programme have delivered a range of environmental benefits, including air quality improvements, support of sustainable transport, tree planting, flood risk prevention, and improvements to habitats and biodiversity. A number of projects were concerned with enhancements to transport corridors and connectivity, which will have an impact on congestion and journey times, which in turn will reduce pollution and emissions.

- Projects listed a number of social impacts, including the broad benefits that projects will make to residents' quality of life, be that through reduced journey times or through improvements to the public realm. Some projects supported the development of local skills through seminars to university students, site visits for engineering students and virtual placement weeks. Other projects engaged with the local community during delivery – through volunteering, charity collections and fundraisers.

- For future funding programmes, it was suggested that projects would benefit from simpler, less complex agreements between government-funded bodies.

1.0 Strategic Alignment

The questionnaire sought to determine whether the correct type of projects was prioritised for investment.

Q: Do you think the correct type of projects were prioritised for investment?

100% of respondents said that the correct type of projects was prioritised. One respondent said that their transport infrastructure project had been needed for a long time, particularly in light of the housing and commercial growth in Leicestershire.

> *"Not aware of all projects prioritised for investment from LGF but the LNW project has been needed for a long time. With housing and commercial growth in the North West area of the city and county, the transport network needed to be significantly improved to meet the demands of all modal use."*

2.0 Key Successes

Projects that had received LGF investment were asked what the key successes of their projects had been to date. Respondents drew attention to the way their project adapted and delivered successfully despite the Covid-19 pandemic; the impact on the economy; improvements to transport journey times; as well as wider community benefits that were part of their scheme. Another project considered a key success to be the way different organisations with different governance structures worked together.

One project said that "without a doubt, this project would not have been possible (at least in the short- to medium-term) without LGF funding".

"Delivering schemes which have helped support the economy of the city either specifically or by making the City a better place for people to visit, work in, live in and invest in".

"Construction has been completed under budget. Construction was in the last 6 months when the first Covid lockdown struck in March 2020 and was able to be completed safely with working adaptations. The high-profile project required the City Council, County Council and Highways England to work together to deliver highway improvements required as part of the Ashton Green development. This was achieved by officers despite the very different governance structures present within each organisation."

"Completion of the project Improved bus journey times Transfer of modal use Improved junction layouts for all modes."

"Achieving the outputs of improved journey times and passenger experience at the station."

"Successfully delivered a large package of works as part of one continuous programme, meaning the network was not continuously disrupted over a longer period of time. Delivered infrastructure improvements for developers that they would not have been able to come forward and deliver individually. Delivered a number of wider community benefits as part of the scheme, by working alongside the contractor and taking into account community value."

3.0 Challenges

a. Key Challenges

Projects were asked what the key challenges have been to date. The Covid-19 pandemic; combining processes of different organisations; finding the right personnel; communication; budgets; and timeframes were discussed as the primary challenges faced by projects to date.

For one project manager, the key challenge was delivering their scheme and reporting appropriately within the timescales set by a number of different funders. One project also raised the issue of forward funding and the difficulties resulting from budget fluctuations.

A selection of responses can be found below:

"Coronavirus was a huge issue to deal with, as this hit in the middle of programmed construction, giving minimal time to adapt to government restrictions and newer ways of working. The project suffered from a number of budget fluctuations; this was compounded by the fact we forward funded a lot of the works".

- Reduced local government investment, often meaning a shortfall in funding which has to often be found internally, from already stretched budgets.
- Achieving the works program to shut down the railway and open up again with as little impact to the operational railway as possible - all a success.
- Delivering schemes to budget and on time due to external factors.
- Timescales - the LNW project got a 2-year extension.
- Communication to the general public about the projects, where the money is coming from and why we're doing it.
- Meeting the different delivery process requirements of each organisation in terms of design standards for example. Balancing the funding provision and scheme scope aspirations. Combining the communication and decision-making processes of each organisation in the lead-up to the start of construction in particular.
- Issues with statutory undertakers.
- Modelling not producing desired effect so having to alter the scheme to improve this.
- Resident and business concerns during the works LNW Phase 2 - issues with surfacing quality.
- Keeping the goals as focus.
- Increasingly it has been finding the right personnel to aid delivery, either LCC staff or consultants, and at a reasonable and affordable price.

"A46 Scheme From a project manager's point of view, delivering the scheme within the timescales set by each of the funding streams that make up the full scheme budget can be challenging and risky to the progress of the scheme. Reporting progress to the various funding bodies can be time-consuming. This scheme had 3 different bodies that required updating, the LLEP and Highways England (GHF) funding was reported on a quarterly basis and the client received fortnightly reports with the scheme project board reporting generally being monthly".

b. Impact of Covid-19 and Brexit

Projects were specifically asked to comment on the impact that major/global factors such as the Covid-19 pandemic and the UK's withdrawal from the EU had on the delivery of their project. The responses suggest that most of the projects were commissioned and largely delivered before the real impacts of either event could be felt. In some cases, projects needed to adapt to social distancing requirements, especially construction projects that needed to find new ways of working.

In one case however, the Covid-19 pandemic delayed delivery and Brexit increased the price of materials.

A selection of responses can be found below:

> *"EU Exit has had a limited impact, but Covid-19 has delayed delivery and increased the price of materials.".*

- The planting of landscaping had to be delayed because the plant nurseries closed making stock unavailable.
- A cleaner was employed to ensure frequent cleaning of the site offices and facilities.
- The cost of making Covid-19 adaptations on-site amounted to £82,000.
- All office-based staff were able to continue working from home and no extra cost was attributed to the project for this.
- More socially distanced ways of surfacing footways needed to be devised along with holding site meetings outside and changing vehicle sharing practices.
- Very little as all projects were completed by Spring 2020 and were in the defect period.
- The EU exit fortunately did not have too many major impacts on the supply chain, as most materials were ordered prior to the formal exit date. This was similar for staff, as a UK contractor was used. Covid-19 caused some delays as we could not work at certain locations under the strictest social distancing rules. We also had to implement more frequent cleaning at our site offices, and for PPE etc, this also increased costs.

4.0 Outcomes

Q: Have all your project outcomes been achieved?

80.0% of projects said that all project outcomes had been achieved already. The nature of infrastructure funding programmes is that outputs and outcomes are often realised years after the initial investment; the responses evidence this, suggesting that in one case, jobs and houses outcomes are expected to be realised over the next 4-5 years, when developers can access the site to provide further infrastructure. One project said that they haven't achieved all of their outcomes yet because they are yet to secure additional funding.

> *"All of the highway parts to the scheme are complete, however the jobs and housing are yet to be realised and our not influenced by ourselves. We expect jobs and housing to start to be seen in the next 4-5 years, with total projections towards the end of the decade".*

- Some differences in numbers from original forecast but all achieved.
- Other funding is being used to develop an updated robust scheme design, programme and cost estimate to help improve the likelihood of funding bids being successful.
- Not all outcomes have been achieved because other funding sources have not been successfully achieved yet despite an application to NPIF.

5.0 Impacts

a. Main Impacts

The questionnaire revealed a range of benefits across different types of projects, demonstrating the wide-reaching nature of the programme. The main impacts discussed as part of the questionnaire are: reduced journey times, reduced emissions, unlocking of housing land, economic growth, creation of jobs reducing unemployment, encouraging inwards investment, development of a strong workforce, encouragement of active travel, and the incentivising of skills and apprenticeship training.

A long list of all impacts discussed can be found below:

- Improved traffic flows.
- Enables the delivery of housing development.
- Making the city a better place to invest in and to operate a business.
- Supporting a strong workforce by making the city a better place to live.
- Enables the delivery and stability of employment.
- Incentivising skills and apprenticeship training in the area.
- Journey time improvements and use of the station.
- Provides significant improvements to encourage active travel modes that could result in substantial health benefits.
- A reduction in traffic through the Waterside.

"The main impacts to be achieved will be a reduction in journey times and emissions through transport, as well as reduced congestion, allowing the road network to cope with future growth. Further to this, it will help Charnwood Borough Council to deliver government quotas on housing, as well as reducing the strain on local stock. The delivery of jobs will also bring economic growth to the area, possibly reducing unemployment".

b. Unexpected Impacts and Outcomes

The projects have resulted in a few unexpected outcomes, largely around unanticipated community benefits that were outside the scope of works. One project – involving improvements to roundabout infrastructure – faced surprising challenges in the shape of cyclist/pedestrian aspirations for controlled crossings, for which there wasn't enough funding. These responses are below:

> *"Not as such, but a number of community benefits outside the scope of the works have been achieved via the contractor, to name a few; - A defibrillator for Shepshed Town. - Fundraising for local charities - We provided Loughborough University students with seminars on CCS and Social Value."*

> *"Complaints have been received about the lack of controlled pedestrian/ cycle crossing facilities at the A46 roundabout, particularly across the widened 3-lane exit from the A46. The scheme aim was to improve vehicle capacity to prevent queuing and reduce journey time delays. Controlled crossings were not provided due to limited funding, but the aspirations of some cyclists/ pedestrians using the roundabout have not been met by the scheme that was delivered."*

c. Long-term Impacts

From a programme perspective, it was suggested that the Local Growth Fund helps to strengthen the local economy and to speed up the delivery of economic development and growth projects. A knock-on effect of this development was thought to be the prevention of deprivation. In the long-term, it was also discussed that the large-scale transport infrastructure projects would provide an improved transport network, and would improve connectivity to London, helping to make the area more commutable.

Other long-term benefits listed include: increased housing stock, increased career opportunities, improved local transport network resilience, and sustained economic growth.

A list of responses is below:

- Strengthened local economy.
- Connectivity to London and other areas to make this a commutable place.
- An improved transport network.
- Increased housing stock.
- Increased career opportunities.
- Local transport network resilience.
- Sustained economic growth.

> *"LGF investment helps to speed up the delivery of economic development and growth projects by taking steps to remove inhibiting factors like planning conditions imposed due to traffic congestion. This helps to prevent areas from falling behind when they would otherwise be ready to harness development opportunities."*

6.0 Environmental and Social Impacts

a. Environmental Benefits

Whether part of the scope or not, projects funded by the LGF programme have delivered a range of environmental benefits, including air quality improvements, support of sustainable transport, tree planting, flood risk prevention, and improvements to habitats and biodiversity. A number of projects were concerned with enhancements to transport corridors and connectivity, which will have an impact on congestion and journey times, which in turn will reduce pollution and emissions.

A selection of responses is below:

- Air quality improvement through pedestrianisation and support of sustainable transport.
- Modal transfer.
- More trees planted.
- Reduced congestion, therefore potentially reducing transport emissions.
- Constructed a balancing pond that will reduce the flow of water into the surrounding network, preventing the risk of flooding. This will also attract regional wildlife providing benefits to biodiversity.
- Environmental improvements weren't the aim of the project. However, care was taken to ensure that the ecology of the site was protected during construction and enabled to return. Tree removal was compensated for with planting at another location.
- Queuing traffic and the polluting effect of this will have been reduced, although surveys have not been undertaken to confirm this.

b. Social Benefits

The questionnaire also sought to understand whether the programme had delivered any social or community benefits. Projects listed a number of social impacts, including the broad benefits that projects will make to residents' quality of life, be that through reduced journey times or through improvements to the public realm.

Some projects supported the development of local skills through seminars to university student, site visits for engineering students and virtual placement weeks. An interesting by-product of one of the projects is the development of an Employment and Skills Plan negotiated between the contractor and Leicester City Council. Other projects engaged with the local community during delivery – through volunteering, charity collections and fundraisers.

A selection of responses is below:

- The reduction of peak time queuing traffic will have a significant impact on local residents in terms of noise and air pollution and the time taken for the journeys that they make.
- The construction stage opened up employment and training opportunities for local people. An Employment and Skills Plan was developed between the contractor and Leicester City Council through project management by Leicestershire County Council.

- Improvements were made to a local school playground during a volunteering day by construction team members.
- Donations were made to a local food bank by the site team.
- This project led to improvement of the toilet block and waiting room which will aid all.
- We provided a herb garden path and patio for a local special needs school Ashmount.
- We provided defibrillator for Shepshed Town.
- We conducted toy collections for Rainbows Hospice & Shepshed Toy Library.
- We donated Christmas stockings full of toys to Springwater Charity.
- We provided Loughborough University students with seminars on CCS and Social Value. Also a site visit for their engineering students.
- We ran several virtual placement weeks over Teams for Loughborough College and Iveshead High School.
- We raised over 1500 for Rainbows Children's Hospice through fundraising walks etc.
- We assisted Shepshed Toy library with social media and marketing.
- We held various cricket matches and other fundraisers for local charities.

7.0 Lessons Learnt

Projects were asked whether there are any specific lessons to be learnt from the LGF programme which can inform future funding programmes. Two recommendations were made:

- It was suggested that projects would benefit from simpler, less complex agreements between government-funded bodies.
- Projects would also benefit from more clarity surrounding the issue of budgeting at project inception. One project said that a number of their colleagues did not realise that a percentage fee would be taken from the overall LGF allocation, which caused minor issues with budgeting.

Appendix 7

Economic Impact Assessment

Economic Impact Assessment

This section outlines the approach taken to quantify the potential wider economic impacts of the LGF funded projects on the LLEP economy. The report takes the key outcomes/ outputs that have either been achieved, or are forecast to be achieved through the LGF programme, and calculates their potential wider economic benefits. The calculations consider multipliers, adjust for the leakage of the benefits outside of the LLEP area and apply displacement and deadweight factors. The calculations undertaken consider the potential economic impact of:

- New housing brought forward as a result of the projects
- Additional employment created through the projects
- New learners supported through the projects
- Additional tourists and visitors attracted as a result of the investments
- Superfast broadband connections and the benefits this has brought to local businesses
- The additional commercial floorspace developed and what this means for the area
- Private sector match funding
- Impacts of cycling and walking investment.

Note, this is only a high-level economic impact, so this study focusses on understanding the impacts of the key outputs. A more detailed study would be needed to fully capture the whole impact of the individual projects.

Economic Impact Summary

1. **Estimated economic benefits achieved in the LLEP area to date as a result of LGF Investment:**
    - **Additional Spend in the Local Economy in the LLEP area by New Households:** circa £10.25m per annum.
    - **Jobs GVA:** an additional circa £69.65m increase in GVA per annum.
    - **Learners Economic Benefits:** 2,215 learners have been trained/are in training to date. When they have completed their training, it is estimated that as a result of increased income, there could be an additional £3.44m spending locally per annum.
    - **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum.
    - **Commercial Floorspace:** to date the LGF investment has created sufficient floorspace to accommodate circa 1,272 employees.
    - **Private Sector Match Funding:** it is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment to Leicester and Leicestershire. Assuming £300m to date, this equates to £2.30 per £1 of LGF investment.
    - **Cycling and Walking:** the time saved as part of the Market Harborough Line Speed Improvement project is valued at £133.3m.

2. Potential economic benefits to be achieved in the LLEP area by 2025/26 as a result of LGF the Investment:

- **Additional Spend in the Local Economy in the LLEP area by New Households:** potential £48.23m per annum.
- **Jobs GVA:** a potential additional £408.27m increase in GVA per annum.
- **Learners Economic Benefits:** 6,118 learners will have been trained/be in training by 2025/26. When they have completed their training, it is estimated that as a result of increased income, there could be an additional circa £8.29m spending locally per annum.
- **Superfast Broadband:** investment in Superfast Broadband has resulted in an additional £35.5m GVA for the LLEP economy per annum, which will continue.
- **Commercial Floorspace:** by 2025/26, the LGF investment is forecast to have created sufficient floorspace to accommodate nearly 1,272 employees.
- **Private Sector Match Funding:** It is estimated that by 2025/26, the LGF will have contributed to attracting £500m, which equates to £3.90 per £1 of investment.
- **Additional Visitors:** an additional 30,000 visitors and a further 7,200 school visitors have the potential to generate an additional £1.66m for the local economy by 2025 per year.
- **Cycling and Walking:** the time saved as part of the Market Harborough Line Speed Improvement project is valued at £133.3m.

Note: although some projects have reported output forecasts for 2026, for clarity, we have assumed all outputs forecast will be achieved by 2025.

1.0 Economic Impact Assessment Principles

1.1 Key Features of the Economic Impact Assessment

The key principles/ features used in this economic impact assessment are shown below. We have also included a glossary of the terminology used.

The approach taken is rooted in HM Treasury 'Green Book' methodology, using a mix of relevant technical guidance, and judgements, primary data or standard assumptions for key economic factors. When using data sources to inform calculations we have applied the following approach:

- Use of primary sources where possible
- Where possible use of data from the project team
- Where primary data is not available, we have used standard assumptions, evidence from national reports and recognised industry data.

1.2 Economic Impact Terminology Used in the Calculations – Glossary

The research undertaken has been designed to estimate the total effect of the suite of projects listed in previous sections and funded by LLEP. This means considering a wide range of consequential or induced effects as well as the immediate effects. These are explained below.

- **Multiplier effects**: The further economic activity (jobs, expenditure or income) that is associated with additional local income, local supplier purchases and longer-term effects of the intervention.
  - **Indirect Multiplier:** The effects of purchases made as a result of the intervention and further purchases associated with linked firms along the supply chain.
  - **Induced Multiplier**: The effects associated with local expenditure as a result of those who derive incomes from the supply linkage impacts of the project.
- **Deadweight**: The outputs that would have occurred without the intervention.
- **Displacement**: The proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area.
- **Leakage**: The proportion of outputs that benefit those outside of the intervention's target area or group.

As this is only a high-level economic impact we have, in general, used the following standard benchmarks when calculating multipliers, leakage, deadweight and displacement. This said we have made adjustments in places to account for local conditions where appropriate. These decisions have been justified in the analysis. Where benchmark figures are used and as appropriate, these have been adjusted for inflation and discounted to give a relevant 2021 and 2025 benchmark.

- **GVA Multipliers:** The Scottish Office publish a list of GVA multipliers per SIC code. The average GVA multiplier across all sectors of the economy is that for every £1 of direct GVA created by businesses there is £1.65 of direct, indirect and induced GVA.

- **Employment Multipliers:** The What Works Centre for Local Economic Growth suggest the following employment multipliers:
  - *Additional jobs in the tradable sector tend to increase employment in the non-tradable sector (e.g., local shops and restaurants). The average local multiplier is close to one: for each additional job in the tradable sector, 0.9 jobs are created in the non-tradable sector.*
  - *The impact of additional jobs in the tradable sector on other tradable jobs is smaller: an additional job in the tradable sector creates, on average, 0.4 jobs in other parts of the tradable sector.*

Based on the above we have assumed that for every direct job created there are 2.3 direct, indirect and induced jobs (1 direct job = 1 direct job plus 0.9 non-tradable jobs and 0.4 tradable jobs).

- **Deadweight:** The Homes and Communities Agency Additionality Guidance 2014, provides a series of ready reckoners for deadweight. Guidance indicates an average deadweight factor across intervention types of 24%.

- **Leakage:** The Homes and Communities Agency Additionality Guidance 2014, provides a series of ready reckoners for Leakage. Guidance suggests that where a reasonably high proportion of the benefits will be retained within the target area, a factor of 25% should be applied.

- **Displacement:** This is variable depending on the nature of the outputs. Assumptions have been made for each case and the justification included. To calculate the present value of the benefits to provide the Net Present Value (NPV) of a project and to compare projects whose delivery and lifespan stretches into the future, benefits and costs need to be 'discounted' to the same base year. We have applied a standard discount rate of 3.5% as recommended in the Treasury Green Book.

Geography - The economic impact calculations have been designed to capture the impact of the programme on the LLEP geographic area.

Limitations of Economic Impact Assessments - It is important to recognise that there are limitations to any economic impact assessment. These are noted below:

- The findings are reliant on the robustness of the 'base case' and the quality of the data available – in this instance the quality of data reported by the projects and recorded by LLEP.
- There is an inability to count non-quantifiable economic benefits that have value to individuals or organisations (e.g. quality of life improvements and profile raising).

Not discounting all of the above it must be noted that the approach taken is cost effective, comparable and is built on economic convention. The economic impact calculations for the LGF investment are shown over the following pages.

2.0 New Homes

The table below summarises the numbers of new homes that have been built to date as a result of the LGF grant funding for the projects included in this evaluation. In addition, it shows the number of new homes that the projects are forecasting they will have built by 2025/26.

New Homes Resulting from LGF Funding		
Project	**New Housing Units - Achieved to Date**	**New Housing - Expected to be Achieved by 2025/26**
New Homes Total	1,741	9,403

There are a number of economic benefits that these new homes will have for the local economy, including: increased spend in local shops and restaurants resulting from the population increases, increased council tax revenue for the local authority and construction jobs created as a result of the investment. In terms of spend from new residents, it is recognised that some people will have moved into new homes from elsewhere in the LLEP area and therefore the spend it misplaced. This is accounted for in the calculations. 106 contributions also bring an economic contribution in terms of additional spend in the economy, typically on new and improved schools, open space, community, sport and leisure facilities.

The economic benefits of house building were quantified in the July 2018 report – The Economic Footprint of House Building in England and Wales. The report was prepared by The Home Builders Federation (HBF) and Lichfields and can be found at the following link – https://lichfields.uk/media/4313/the-economic-footprint-of-uk-house-building.pdf

Note: HBF is the representative body of the home building industry in England and Wales; their members' account for 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multinational, household names through regionally based businesses to small local companies. Lichfields is a planning and development consultancy in the UK.

The report highlights that in 2016/17 the house building industry in England and Wales built around 224,000 new homes. The report goes on to calculate the economic footprint of this investment.

This national data has been factored down, allowing us to understand the potential impact that the new houses supported through LGF funding could have on the local LLEP economy.

Economic Benefits from Houses Being Built as a Result of LGF Funding (Excluding Multiplier, Leakage, Deadweight and Displacement Unless Specified)						
Base Data Source - The Economic Footprint of House Building in England and Wales			Economic Impact of New Homes Resulting from LGF Funding - Pro-rated figures from National Numbers			
Area of Impact	Total Economic Impact for the 224,054 homes built in England and Wales in 2016/17	Average Impact per individual home built	Already built		Forecast to be built by 2025/26	
Increase in Spend in Shops and Services	It is estimated that residents of the 224,054 net additional homes built across England and Wales in 2016/17 generated £5.9 billion[1] of spending over the course of the year. This equates to an average of £26,333 average spend generated per household per year. [2]Based on data from the ONS Family Spending Survey 2018 which showed that households across England and Wales spent an average of £503 a week in 2017	The Office of National Statistics show that wages in LLEP (£650.20) are lower than the national average (£718.10). We have therefore assumed average spend per household per year is 91% of the national average. Assumed spend per household of £23,963.	Houses built to date x	1,741	Houses forecast to be built by 2025/26 x	9,403
			Spend per household per year (taking account of inflation and discounted to 2021) =	£26,425	Spend per household per year (taking account of inflation and discounted to 2025/26) =	£23,027
			Spend generated in economy per year	£46,005,925	Spend generated in economy per year	£216,522,881
Jobs	The scale of employment supported by house building is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new permanent dwelling built. Jobs are for one year. Based on a total of 224,054 net additional	Assume 3.1 jobs created (year-long) per new home	Houses built to date x	1,741	Houses forecast to be built by 2025/26 x	9,403
			Jobs created (year) per new	3.1	Jobs created (year) per new	3.1

Economic Benefits from Houses Being Built as a Result of LGF Funding (Excluding Multiplier, Leakage, Deadweight and Displacement Unless Specified)						
Base Data Source - The Economic Footprint of House Building in England and Wales			Economic Impact of New Homes Resulting from LGF Funding - Pro-rated figures from National Numbers			
Area of Impact	Total Economic Impact for the 224,054 homes built in England and Wales in 2016/17	Average Impact per individual home built	Already built		Forecast to be built by 2025/26	
	dwellings completed in 2016/2017 in England and Wales		home =		home =	
			Year-long equivalent jobs	5,397	Year-long equivalent jobs	29,149
Additional Tax Revenue	It is estimated that the residents of the 224,054 additional new homes built in 2016/17 generated just under £253 million of council tax receipts. [3]Based on an average Council Tax per dwelling charge of £1,128 in 2016/17	£253 million of council tax receipts / 224,054 new houses = £1,128 council tax receipts per new home per year	Houses built to date x	1,741	Houses forecast to be built by 2030 x	9,403
			Average council tax per new home =	£1,128	Average council tax per new home =	£1,128
			Council tax receipts per year	£1,963,848	Council tax receipts per year	£10,606,584
Section 106	Based on a survey of houses it is possible to estimate that £841m of Section 106 contributions are made each year. Of this, £122m is spend on new and improved schools. £45m is invested in open space, community, sport and leisure facilities.	£167m spent on new and improved schools, open space, sport and leisure facilities / 224,054 new houses = £745 per new home	Houses built to date x	1,741	Houses forecast to be built by 2030 x	9,403
			Average contribution per new home (taking account of	£821	Average contribution per new home (taking account of	£715

Economic Benefits from Houses Being Built as a Result of LGF Funding (Excluding Multiplier, Leakage, Deadweight and Displacement Unless Specified)						
Base Data Source - The Economic Footprint of House Building in England and Wales			**Economic Impact of New Homes Resulting from LGF Funding - Pro-rated figures from National Numbers**			
Area of Impact	**Total Economic Impact for the 224,054 homes built in England and Wales in 2016/17**	**Average Impact per individual home built**	**Already built**		**Forecast to be built by 2025/26**	
			inflation and discounted to 2021)		inflation and discounted to 2025)	
			=	£1,429,361	=	£6,723,145
Section 106 of the Town and County Planning Act 1990 provides a tool for securing investment in essential infrastructure arising from development and this contribution can be used by local authorities to fund new services and infrastructure in the local area.						
GVA Analysis	Across the UK as a whole, house building[4] was reported to generate £19.2 billion of GVA in 2016 (this figure excludes some important supply chain and induced impacts)	£19.2 billion of GVA / 224,054 new houses = £84,800 GVA per home built	Houses built to date x	1,741	Houses forecast to be built by 2030 x	9,403
			GVA per home built	£84,800	GVA per home built	£84,800
			=	£147,636,800	=	£797,374,400
[1]As defined by SIC sub-sector code 41:202 Construction of domestic buildings, using a proxy based on BRES 2016. [2]ONS Annual Business Survey 2016 Provisional Results; this figure does not include the full extent of house building supply chains. [3]This is just an approximate measure of GVA as we are comparing a calendar year figure to a financial year figure.						

<table>
<tr><th colspan="7">New Homes - Economic Impact Applying Multipliers, Leakage, Displacement and Deadweight</th></tr>
<tr><th>Area of Impact</th><th>Multiplier</th><th>Leakage</th><th>Deadweight</th><th>Displacement</th><th colspan="2">Total</th></tr>
<tr><td rowspan="6">Increase in Spend in Local Shops and Services per annum</td><td rowspan="6">Standard GVA Multiplier of 1:1.65</td><td rowspan="6">Assume significant leakage from area. 30% of spend stays in LLEP area.</td><td rowspan="6">Without the intervention only limited houses would have been built in these areas. 90% of benefits additional.</td><td rowspan="6">Assume 50% of houses would have been built elsewhere in the target area or are lived in by people already living in the area relocating.</td><td>New Homes Already Built:</td><td>1,741</td></tr>
<tr><td>Total spend from households in new homes</td><td>£46,005,925</td></tr>
<tr><td>Potential total impact for LLEP area per annum after factors applied</td><td>£10,247,820</td></tr>
<tr><td>Forecast to be built by 2025/26:</td><td>9,403</td></tr>
<tr><td>Total spend from households in new homes by 2030</td><td>£216,522,881</td></tr>
<tr><td>Potential total impact for LLEP area per annum after factors applied</td><td>£48,230,472</td></tr>
<tr><td rowspan="6">Construction Jobs - year long jobs</td><td rowspan="6">N/A multipliers already accounted for</td><td rowspan="6">Significant jobs lost to the area - say 50%</td><td rowspan="6">Without the intervention only limited houses would have been built in these areas. 90% of benefits additional.</td><td rowspan="6">Assume 50% of houses would have been built elsewhere in the target area or are lived in by people already living in the area relocating.</td><td>New Homes Already Built:</td><td>1,741</td></tr>
<tr><td>Total jobs created as a result of new homes</td><td>5,397</td></tr>
<tr><td>Potential total impact for LLEP area per annum after factors applied</td><td>1,214</td></tr>
<tr><td>Forecast to be built by 2025/26:</td><td>9,403</td></tr>
<tr><td>Total jobs created as a result of new homes</td><td>29,149</td></tr>
<tr><td>Potential total impact for LLEP area per annum after factors applied</td><td>6,559</td></tr>
<tr><td rowspan="4">Additional Tax Revenue – per annum</td><td rowspan="4">N/A</td><td rowspan="4">N/A - all will go to Local Authority</td><td rowspan="4">Without the intervention only limited houses would have been</td><td rowspan="4">Assume 50% of houses would have been built elsewhere in</td><td>New Homes Already Built:</td><td>1,741</td></tr>
<tr><td>Total additional council tax from new homes</td><td>£1,963,848</td></tr>
<tr><td>Potential total impact for LLEP area per annum after factors applied</td><td>£883,732</td></tr>
<tr><td>Forecast to be built by 2025/26:</td><td>9,403</td></tr>
</table>

New Homes - Economic Impact Applying Multipliers, Leakage, Displacement and Deadweight						
Area of Impact	**Multiplier**	**Leakage**	**Deadweight**	**Displacement**	**Total**	
			built in these areas. 90% of benefits additional.	the target area or are lived in by people already living in the area relocating.	Total additional council tax from new homes	£10,606,584
					Potential total impact for LLEP area per annum after factors applied	£4,772,963
Section 106 – one off benefit	N/A	No Leakage - all houses built in LLEP area, therefore all revenue for LLEP	Without the intervention only limited houses would have been built in these areas. 90% of benefits additional.	Assume 50% of houses would have been built elsewhere in the target area.	**New Homes Already Built:**	1,741
					Total Section 106 contributions relating from households	£1,429,361
					Potential total impact for LLEP area per annum after factors applied	£643,212
					Forecast to be built by 2025/26:	9,403
					Total Section 106 contributions relating from households	£6,723,145
					Potential total impact for LLEP area per annum after factors applied	£3,025,415
GVA Analysis – one off benefit	Standard GVA Multiplier of 1:1.65	Assume significant leakage from area. 30% of spend stays in LLEP area.	Without the intervention only limited houses would have been built in these areas. 90% of benefits additional.	Assume 50% of houses would have been built elsewhere in the target area.	**New Homes Already Built:**	1,741
					Total GVA from new house building	£147,636,800
					Potential total impact for LLEP area per annum after factors applied	£32,886,097
					Forecast to be built by 2025/26:	9,403
					Total GVA from new house building	£797,374,400
					Potential total impact for LLEP area per annum after factors applied	£177,615,148

Summary – Economic Impact of New Homes to the LLEP Economy

The 1,741 new homes that have already been built as a result of the LGF funding, once displacement, leakage, multiplier effects and deadweight have been considered, have the potential to create the following for the local LLEP economy:

- Additional spend in local shops and services per annum: £10.25m
- Total jobs created resulting from the housebuilding will be 1,214 year-long jobs
- Potential additional Council Tax receipts of £0.88m per annum
- Potential additional Section 106 contributions for schools and leisure facilities: £0.64m (one off).
- Additional GVA from housebuilding of £32.89m (one-off)

By 2030 it is anticipated that 9,403 houses will have been built (inclusive of the 1,741 built to date). Once displacement, leakage, multiplier effects and deadweight have been considered these new houses have the potential to create the following for the local LLEP economy:

- Additional spend in local shops and services per annum: £48.23m
- Total jobs created resulting from the housebuilding will be 6,559 year-long jobs
- Potential additional Council Tax receipts of £4.77m per annum
- Potential additional Section 106 contributions for schools and leisure facilities: £3.03m (one off).
- Additional GVA from housebuilding of £177.62m (one-off)

3.0 New Jobs Created

A review of data from the projects supported through the LGF grants shows that many of the projects supported have achieved or are forecasting to create new jobs as a result of the investment.

Jobs		
Outputs	**Achieved to Date**	**Expected to be achieved by 2025/26 (including actuals)**
Jobs Total	1,646	9,649

To understand the wider economic benefits of the jobs created the following factors have been applied:

Jobs Created - Economic Impact Applying Multipliers, Leakage, Displacement and Deadweight	
Deadweight - i.e. what would have happened anyway	Without the intervention only limited projects would have been developed: 90% of employment benefits are additional
Multiplier - (indirect and induced spend in the local economy	Use standard Employment Multiplier 1 job creates 2.3 direct, indirect and induced jobs
Displacement - reduction in outputs elsewhere	These are new jobs, therefore limited displacement. Assume 80% of benefits are for the area
Leakage - how much of the benefit leaks out of the area.	Assume 50% of jobs lost from the area – higher than the standard benchmark but local knowledge suggests significant numbers of supply chain jobs maybe outside of the area.
Total Combined Factor	0.828

These factors have been applied to generate the figures below:

New Jobs Already Created: 1,646

- Potential total impact for LLEP area per annum after leakage, multipliers, displacement and deadweight: (1,646 x 0.828) = **1,363 jobs**

Forecast Jobs to be Created by 2025/26: 9,649

- Potential total impact for LLEP area per annum after leakage, multipliers, displacement and deadweight: (9,649 x 0.828) **= 7,989 jobs**

Using the number of jobs created it is possible to calculate the GVA impact of these on the LLEP economy.

Data from the Office of National Statistics on Annual Labour Productivity (GVA per filled job) estimates that GVA per employee in LLEP is £51,104. This is assumed to be a reasonable average across the period of the programme.

Economic Impact of Jobs Created per Annum on LLEP Economy				
Productivity Measure	**GVA Impact of Employment**			
	GVA of jobs already created		**GVA of jobs forecast to be delivered by 2025/26**	
The average GVA per employee per annum is £51,104	Jobs x	1,363	Jobs x	7,989
	Average GVA per employee per annum	£51,104	Average GVA per employee per annum	£51,104
	= Increase in GVA	£69,654,752	= Increase in GVA	£408,269,856

Summary – Economic Impact of Additional Employment in the LLEP Economy

- The potential total impact for LLEP area of jobs created to date as a result of the LGF investment, after leakage, multipliers, displacement and deadweight have been attributed is 1,363 jobs. Assuming these are permanent jobs, these workers could create an additional £69.65m increase in GVA per annum for the area.

- The potential total impact for the LLEP area of jobs predicted to be created by 2025/26 after leakage, multipliers, displacement and deadweight have been attributed is 7,989 jobs. Assuming these are permanent jobs, these workers could create an additional £408.27m increase in GVA per annum for the area.

4.0 Learners

The creation and refurbishment of new learning spaces will enable the numbers of training opportunities delivered in the LLEP area to increase. The table below summarises the numbers of learners that have been supported in the new learning spaces/ learning provision or are forecast to be achieved by 2025.

Learners Resulting from LLEP LGF Investment	
Already achieved	**Forecast to be achieved 2025/26**
2,215	6,118

A higher skilled pool of workers will have significant benefits for both the learner and the local economy, for example, the 2011 BIS report: Returns to Intermediate and Low-Level Vocational Qualifications, considers the lifetime benefits of training to the individual undertaking the training, considering the impact on their earnings, hours worked and employment chances and translating this into total estimated benefit. This states: *The net present value of the lifetime benefit associated with Level 3 vocational qualifications stands at between £37,000 (for NVQ Level 3, under most pessimistic assumptions) and approximately £89,000 (for BTEC Level 3 qualifications, under most optimistic assumptions). For Level 2 qualifications, the lifetime benefits range between £35,000 and £57,000 (for BTEC qualifications) and between £42,000 and £71,000 (for City & Guilds qualifications). The net benefit associated with NVQ Level 2 qualifications is slightly lower and stands at between £18,000 and £42,000, primarily due to the employment impact.*

Whilst not all of the qualifications supported are NVQ 2 or 3 we can use this information as a benchmark to give an approximation of the economic benefits achieved by LGF funding for learning. These benefits are the additional impact on earnings, hours worked and employment chances for the individual learners supported and represent an economic impact to those learners within the LLEP area. We have taken the midpoint NVQ level 3 lifetime benefits and applied this across the board to all learners, *(note, some learners may only achieve level 2 and some may achieve higher than level 3 so we have taken level 3 as the midpoint).* Using the mid-point of the level 3 qualifications and accounting for inflation and discounting from 2011 to 2021 then 2025 we can assume that each new learner has an associated lifetime benefit of £78,523 in 2021 and £68,428 in 2025. Much of this additional benefit/income will be spent in the local economy, in local shops and services. The potential increased spend has been calculated:

Economic Impact of Learners Resulting from LGF Investment – Lifetime Benefits Economy				
Productivity Measure	**Benefits of New Learners**			
	Benefits of New Learners already created		**Benefits of New Learners forecast to be delivered by 2025/26**	
Assumed lifetime benefit from learning = £63,000 per learner (in 2011)	New Learners x	2215	New Learners x	6118
	Assumed lifetime benefit (taking account of inflation and	£78,523	Assumed lifetime benefit (taking account of inflation and	£68,428

Economic Impact of Learners Resulting from LGF Investment – Lifetime Benefits Economy				
Productivity Measure	Benefits of New Learners			
	Benefits of New Learners already created		Benefits of New Learners forecast to be delivered by 2025/26	
	discounted to 2021)		discounted to 2025)	
	=	£173,928,445	=	£418,642,504

Now we understand the wider economic impact for the learners we need to understand how much benefit is realised for the LLEP area – the target area, through additional local spending. This is done by applying the factors shown in the table below:

New Learners Economic Impact - Applying Multipliers, Leakage, Displacement and Deadweight		
Current Position	**Total Benefit**	**Factor**
Deadweight – counterfactual/ baseline positions	N/A	N/A
Multiplier - indirect and induced spend in the local economy	Use standard multiplier	Multiplier - 1:1.65
Displacement – reduction in outputs elsewhere	N/A	N/A
Leakage - how much of the benefit leak out of the area.	High leakage – some money saved/spent outside of the local area	60% stays in area

Learning Already Commenced (2021):

- Total increase in benefit from training for learners = £173.93 million
- Potential total increased spend for LLEP area after leakage, multipliers, displacement and deadweight = £173,928,445 x 1.65 x 0.6 = £172,189,161
- If we assume this is over a 50-year period, this equates to an additional local spend of £3.44 million per annum.

Learning Undertaken by 2025/26:

- Total increase in benefit from training from learners = £418.64 million
- Potential total increased spend for LLEP area after leakage, multipliers, displacement and deadweight = £418,642,504 x 1.65 x 0.6 = £414,456,079
- If we assume this is over a 50-year period, we can assume that this equates to an additional local spend of £8.29 million per annum.

Summary - Economic Impact of Learning to the LLEP Economy

- 2,215 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 there could be an additional £3.44 million per annum spent locally.
- 6,118 learners will be trained/ be in training by 2025/26. When they have completed their training, it is estimated that as a result of increased wages there could be an additional £8.29 million per annum spent locally.

5.0 Additional Visitors in the Local Economy

The LGF investment will help to attract visitors and tourists to Leicester and Leicestershire. The key project that will attract visitors to the area is the investment at the National Space Centre: Vision 2025. The table below shows the predicted increase in visitors arising from the LGF investment.

Visitors Attracted to the Area as a result of LGF Funding
Achieved by 2025
7,200 extra school visitors per year 30,000 extra family visitors per year

A detailed economic review was undertaken for the National Space Centre in 2015. This report analysed the impact of additional visitors and school visits on the LLEP economy. The figures generated from this report have been used as the baseline for understanding the impact of the LGF funded project. Although Covid-19 has prevented the project from opening by 2021 and therefore yet to achieve any visitors, a Project Change Request saw the targets doubled for 2025.

Economic Impact of Additional Visitors to the National Space Centre (Figures already include Multiplier, Leakage, Deadweight and Displacement)				
Data source: Independent Economic Impact of the National Space Centre			**Economic Impact of LGF Funding**	
	Productivity Measure	Average impact per additional visitor per year	Additional Visitors delivered by the end of the programme 2021	Additional Visitors unlocked for future per annum (2025)
Visitors	The 2015 report highlighted that 35,000 additional visitors per year would generate an additional £1,607,492 in spend in the local economy per year	Each additional visitor generated an additional £46 for the local economy	0 visitors X £46 =£0	30,000 X £46 =£1.38m per annum
Schools	The 2015 report highlighted that 3,500 additional school visitors per year would generate an additional £134,669 for the local economy per year	Each additional visitor generated an additional £38.50 for the local economy	0 school visitors X £38.50 =£0	7,200 school visitors X £38.50 =£277,200
			Total	**£1,657,200**

As the independent study already considered leakage, displacement, deadweight and multipliers and focussed solely on the LLEP area, no further factors have been applied.

Summary - Economic Impact of Additional Visitors to the LLEP Economy

- It is estimated that by 2025, an additional 30,000 visitors and a further 7,200 school visitors will be attracted to the National Space Centre as a result of the LGF investment in tourism. These visitors will, in total, have the potential to generate an additional £1.66 million for the local economy per year.

6.0 Broadband Impact

Investment in Superfast Broadband will bring significant economic benefits to the businesses in the LLEP area. It is estimated that **25,782** businesses have been provided with Superfast Broadband in the LLEP area. The economic benefits that this investment brings to businesses can be quantified using data from a recent evaluation - Ipsos MORI (with Simetrica, George Barrett and Dr. Pantelis Koutroumpis) were commissioned by the Department for Digital, Culture, Media and Sport (DCMS) in May 2017 to undertake an evaluation of the economic and public value impacts of the Superfast Broadband programme.

This investment in connectivity has created a range of local and national economic impacts:

- **Impact on performance of local firms:** The evidence indicated that making superfast broadband speeds available improved local economic performance. It is estimated that postcodes benefitting from subsidised coverage saw employment rise by 0.8 percent and turnover grow by 1.2 percent in response to improved infrastructure. Overall, it is estimated that subsidised superfast coverage led to the creation or retention of 49,000 additional jobs on those postcodes that received upgraded infrastructure. The total turnover of firms located on those postcodes also expanded by almost £9.0bn (per annum) in response to the upgraded infrastructure. The productivity of local economic activity, as approximated by turnover per worker, also increased by 0.32 percent as a result of faster available download and upload speeds, accounting for £2.1bn of overall turnover growth. There was evidence, however, that over 80 percent of these impacts were driven by the relocation of firms to postcodes receiving subsidised coverage.

- **Productivity gains:** Making superfast broadband speeds available also appeared to raise the productivity of firms that did not change location while the programme was delivered. It was estimated that subsidised coverage raised the turnover per worker of these firms by 0.38 percent, broadly consistent with other estimates of the impact of faster broadband in the UK, equivalent to £1,390 in GVA per firm per annum. This gives assurance that the economic impacts of the programme were not purely driven by the relocation of firms.

- **Unemployment:** Subsidised coverage also supported reductions in unemployment in the areas benefitting from the programme. It was estimated that subsidised coverage reduced the number of individuals claiming Jobseekers Allowance (JSA) by 8,800 by 2016, as well as reducing the number of long-term claimants (those claiming JSA for 12 months or longer) by 2,500. These impacts are estimated to have increased national economic output by a further £38m by June 2016.

- **Overall value for money -** The estimated benefit to cost ratio of non-residential coverage was £1: £12.28.

The table below uses the data from the above report to quantify the potential economic value of providing broadband to these businesses will have.

Impact of Superfast Broadband (Excluding Multipliers, Leakage and Deadweight)	
Average impact per firm per annum	**Numbers of firms supported**
Impact of faster broadband in the UK is equivalent to £1,390 in GVA per firm per annum.	25,782 businesses provided with superfast broadband in the LLEP area X £1,390 increase in GVA per annum per business = £35,836,980 increase in GVA per annum resulting from investment in superfast broadband
Source: Department for Digital, Culture, Media and Sport (DCMS), May 2017 Superfast Broadband Report	

The table above calculates the potential economic benefits that the project could have overall, but now we need to understand the impact of these on the LLEP economy.

This can be done by applying factors for the deadweight, the multiplier effect and the leakage of the benefits out of the area (the above calculations already consider displacement). More detailed descriptions of these terms can be found in previous sections and the calculations are included in the table below.

Superfast Broadband Project - Economic Impact Applying Multipliers, Leakage, Displacement and Deadweight		
Current total economic impact per annum overall		£35,836,980 increase in GVA per annum
Deadweight - i.e. what would have happened anyway	Very small deadweight as unlikely that broadband would have been provided to these businesses without LGF funding. Potentially some small, locally organised schemes	80% of benefits retained for LLEP area
Multiplier - (indirect and induced spend in the local economy	Use standard GVA multiplier – Here the GVA multiplier is expressed as the ratio of the direct, indirect and induced GVA changes to the direct GVA change	£1 direct GVA creates £1.65 direct, indirect and induced GVA
Displacement - reduction in outputs elsewhere	Already factored into the calculations	N/A
Leakage - how much of the benefit leaks out of the area.	Use Standard Leakage	75% of benefits for LLEP aea
Total Economic Impact	= £35,478,610 increased GVA for the local economy per year	
Source: GVA Multipliers: The Scottish Office publish a list of GVA multipliers per SIC code. *Leakage: HCA standard Leakage of 25%*		

Summary

Investment in Superfast Broadband has resulted in an additional £35.5 million GVA for the LLEP economy per annum.

7.0 Additional Office Accommodation / Commercial Floor Space Created/ Refurbished

A number of the projects supported through the programme are creating additional commercial floor space. Job creation is a key driver for the LLEP, so it is useful to understand the numbers of employees who could be housed within this new floorspace.

The table below shows the total floorspace created to date through the grant funding, and the estimated floorspace to be created in the future.

Additional Office Accommodation/ Commercial Floor Space Created – Potential for Inward Investment (Gross m2)
Built as part of the LGF Programme
60,427m²

OFFPAT and the Homes and Communities Agency created an Employment Densities Guide in 2010. The purpose of the guide is to assist appraisers in the estimation of employment generated by property development based on ‘employment density’ ratios. Ratios are generally expressed as the number of square metres per employee.

The Guide is intended to be used in planning, appraising and evaluating economic development and regeneration programmes and projects. Employment density refers to the average floorspace (in m²) per Full-Time Equivalent (FTE) member of staff. It is used as a measure of intensity of building use and an indicator of how much space each person occupies within the workplace.

This guide can be used to estimate the number of workers who can be accommodated in the new commercial floorspace supported through the LGF grants. The table below is an excerpt from the report showing the different employment densities for different types of uses.

Employment Density for New Commercial Floor Space				
Use Class	**Use Type**	**Area per FTE (m2)**	**Floor Area Basis**	**Comment on potential variation**
B1(a)	General Office	12	NIA	Includes corporate, professional services, public sector, TMT, finance and insurance
B1(b)	R&D Space	50	NIA	Lower densities will be achieved in units with higher provision of shared or communal spaces. Range of 40-60.
B1(c)	Light Industrial	47	NIA	A Blended rate of the above B1(a) uses where they are found in out-of-town business park locations
B2	Industrial and Manufacturing	36	GIA *Assume 30 for NIA*	Densities within separately let units are c.7 m² per workstation but 30% of a facility's total NIA for shared services reduces the overall density

Employment Density for New Commercial Floor Space				
Use Class	**Use Type**	**Area per FTE (m2)**	**Floor Area Basis**	**Comment on potential variation**
B8	Storage and Distribution	81	GEA *Assume 65 for NIA*	Gross External Area; Offpat guidance suggests NIA is typically 20% lower than GEA.
Mixed B	Small Business Workspace	29	NIA	Includes incubators, maker spaces, studio. Co-working and managed workspace. Range of 10-60.
A1	Retail	17.5 / 90 *Midpoint of 53.75*	NIA	Includes high street, foodstore and retail warehouse. Range from 17.5 (high street, foodstore) to 90 (retail warehouse).
A3	Restaurants and Cafes	17.5	NIA	

If we assume that there will be a mix of office, R&D, light industrial, industrial and manufacturing, storage and distribution, small business workspace, financial and professional services and retail/café accommodation within the new commercial floorspace, and take an average NIA of the various types of uses we can assume that the average area per FTE (sqm) is 38m² of net internal area.

We have assumed that the floorspaces to be created are reported as gross space. We must therefore convert our floorspace figures into Net Internal Area, as this us the unit used in the guide (with the exception of industrial/ manufacturing). Offpat guidance suggests that gross internal area is generally 15%-20% higher than net internal area. We have assumed in the table below that Net Internal Area is 80% of the Gross Internal Area.

Commercial Floorspace Related Occupancy				
Floorspace	**Gross Internal Area**	**Net Internal Area (80%)**	**Average space needed per worker (sqm)**	**Total numbers of workspace that office accommodation is provided for**
Built as part of the LGF Programme	60,427	48,342	38	1,272

As this is simply a straightforward calculation detailing the capacity of the floorspace that has been built, no factors (leakage, multipliers, deadweight or displacement) have been applied.

Summary – Commercial Floorspace

- The project has created sufficient floorspace to hold circa 1,272 workers. No additional space is planned for the rest of the programme.

8.0 Private Sector Investment

Based on the consultation undertaken with LGF funded projects, it is clear that LGF funding has helped attract significant private sector investment to Leicester and Leicestershire. Some examples include:

- Knight & Garter pub: £1.4m
- Bath Lanes PRS: £51m
- Long Harbour development on Vaughan Way: £43m
- Charles Street Buildings: £50m
- Wullcomb Complex: £48m
- Amazon warehouse: £10m
- IPP Logipal: £2.5m
- M&G Real Estate, Mountpark, Bardon: £38m

It is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment with the potential for this to increase to £500m in the future. Assuming £300m to date, this equates to £2.30 per £1 of LGF investment. In the future there is the potential for £3.90 for every £1 of LGF investment.

Summary - Economic Impact of Additional Visitors to the LLEP Economy

It is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment with the potential for this to increase to £500m in the future. Assuming £300m to date, this equates to £2.30 per £1 of LGF investment. In the future there is the potential for £3.90 for every £1 of LGF investment.

8.1 Infrastructure Investment

a. Train Time Savings

Work carried out by WS Atkins on behalf of the DfT has identified that the saving of one minute on the route between Kettering and Leicester is valued at £133.3m (see extract of WS Atkins report attached). Therefore, saving 0.5 minutes in both directions at a cost of £46.1m is well within the Value for Money criteria. The feasibility work recently carried out has identified further opportunities to increase the journey time saving up to a minute, and the cost for this which is believed to relatively modest (and certainly making a total less far £133.3m), is currently being established.

b. Cycleways and Footpaths

The economic benefits of investing in small scale projects that typically benefit cycling are often underestimated. On the other hand, car-dependence is a significant cost for society and large-scale transport projects (e.g. roads) are not the value-for-money they are often thought to be.

https://www.cyclinguk.org/sites/default/files/document/migrated/info/economy1fbrf.pdf

- If cycle use increases from less than 2% of all journeys (current levels) to 10% by 2025 and 25% by 2050, the cumulative benefits would be worth £248bn between 2015 and 2050 for England - yielding annual benefits in 2050 worth £42bn in today's money.
- Occasional, regular and frequent cyclists contributed a 'gross cycling product' of c£3bn to the British economy in 2010. Around 3.6 million cycles ('units') are sold in GB each year.
- The average economic benefit-to-cost ratio of investing in cycling & walking schemes is 13:1
- Academics who studied the cost benefit analysis used by Copenhagen to decide whether to build new cycling infrastructure, concluded that cars cost society and private individuals six times more than cycling.
- On average, cycle commuting employees take one less sick day p.a. than non-cyclists and save the UK economy almost £83m.
- Although cyclists may spend less than car-borne shoppers per trip, their total expenditure is on average greater because they tend to visit the shops more often.
- Together, mountain biking and leisure cycle tourism contribute between £236.2m and £358m p.a.
- A 2008 SQW study suggested that the annual economic benefits produced by each individual regular cyclist are between £540-£640 per year, meaning that every £10,000 invested in encouraging people to cycle only needs to generate one extra cyclist each year over a 30-year period to break even.

c. Roads

Whilst the LGF funding supported the construction of new roads we have not directly included an economic analysis of this in this section. This is because the purpose of the new roads constructed was primarily to unlock the employment land. These employment land benefits have been included earlier in the section.

Summary - Economic Impact of LGF Infrastructure Investment to the LLEP Economy

- Work carried out by WS Atkins on behalf of the DfT has identified that the saving of one minute on the route between Kettering and Leicester is valued at £133.3m (see extract of WS Atkins report attached). Therefore, saving 0.5 minutes in both directions at a cost of £46.1m is well within the Value for Money criteria. The feasibility work recently carried out has identified further opportunities to increase the journey time saving up to a minute, and the cost for this which is believed to relatively modest (and certainly making a total less far £133.3m), is currently being established.

- The average economic benefit-to-cost ratio of investing in cycling & walking schemes is 13:1

9.0 Achieving the LLEP's Ambitions

The Strategic Economic Plan identifies that by 2020 the LLEP were hoping to create 45,000 new jobs, lever £2.5bn of private investment and increase GVA by £4bn from £19bn to £23bn.

To create 45,000 new jobs	→	• To date 1,646 jobs have been reported as being achieved by the projects. The potential total impact for the LLEP area of these jobs, after leakage, multipliers, displacement and deadweight have been attributed is 1,363 created for the LLEP area. Circa 3.0% towards the target. • Currently the projects are forecasting they will create 9,649 jobs by 2025/26. The potential total impact for the LLEP area of these jobs, after leakage, multipliers, displacement and deadweight have been attributed is 7,989 jobs created for the LLEP area. **Circa 17.8% towards the target.**
To lever £2.5bn of private investment	→	• It is estimated that to date, the LGF has contributed to attracting between £250-300m of private sector investment with the potential for this to increase to £500m in the future. • Assuming £300m to date, this equates to £2.3 per £1 of LGF investment. • In the future there is the potential for £3.9 for every £1 of LGF investment. **Circa 12% towards the target**
To increase GVA by £4bn from £19bn to £23bn	→	**Total GVA Achieved to date:** • **Additional spend in the local economy by new households:** potential £10.25m per annum • **Superfast Broadband GVA:** a potential additional £35.5 million GVA for the LLEP economy per annum. • **Jobs GVA:** A potential additional £69.65m increase in GVA per annum • **Learners:** 2,215 new learners will provide an additional £3.44m per annum as a result of increased wages. Total Increase in GVA/ productivity/ spend: A potential increase of GVA per annum of **£118.84 million** for the LLEP area

		Note: There has also been an additional one-off £33.53m of GVA to date as a result of housebuilding and Section 106 contributions. **Total GVA Achieved by 2025/26:** • **Additional spend in the local economy by new households:** potential £48.23m per annum • **Superfast Broadband GVA:** a potential additional £35.50m in GVA for the LLEP economy per annum. • **Jobs GVA:** A potential additional £408.27m in GVA per annum for the area. • **Learners:** 6,118 new learners will provide an additional £8.29m per annum as a result of increased wages. Total Increase in GVA/ productivity/ spend: A potential increase of GVA per annum of **£500.29 million** for the LLEP area Note: There will also be an additional one-off £180.64m of GVA during the period as a result of housebuilding and Section 106 contributions, and income from visitors of £1.66m over the period **Total potential increase in GVA by 2025/26 = £500.29m per annum. Circa 12.5% towards the target.**