

11<sup>th</sup> March 2021

## LGF PROGRAMME MID-TERM EVALUATION

### **Purpose of Report**

The Department for Business, Energy and Industrial Strategy (BEIS) requires LEPs to undertake an impact evaluation of the 2015-21 LGF Programme. The impact evaluation of the Sheffield City Region LGF programme is being delivered in two parts; a Mid-Term Evaluation and an Ex-Post Evaluation. This paper presents the findings from the Mid-Term Evaluation.

### **Thematic Priority**

Cross-cutting across all six thematic priorities.

### **Freedom of Information**

This paper will be made available under the SCR Publication Scheme.

### **Recommendations**

LEP Board Members are asked to note the findings of the Mid-Term Evaluation report (attached at Appendix 1), consider the costed methodology for the Ex-Post Evaluation (attached at Appendix 2) and comment on any points.

## **1. Introduction**

- 1.1 The Department for Business, Energy and Industrial Strategy (BEIS) requires all LEPs to evaluate the delivery of the 2015-21 LGF Programme to ascertain the impact that the programme has had in supporting economic growth in LEP areas.
- 1.2 In July 2020, Focus was appointed through an open and competitive tendering process to undertake a Mid-Term evaluation of the impact and achievements of the SCR LGF Programme to date, and to produce a costed methodology for conducting an Ex-Post evaluation of the LGF Programme in 2021-22.

## **2. Proposal and justification**

- 2.1 The purpose of the LGF Mid-Term evaluation was to consider the economic, social value and impact that the LGF programme has achieved so far. This work consisted of the following:
  - A desk-top review of the actual spend, outputs and outcomes delivered to date, an assessment of how this has differed from the original profile at project approval.
  - An in-depth review of 9 projects with LGF recipients and project beneficiaries across the thematic areas. These have resulted in case studies to illustrate the breadth and impact of LGF projects across the City Region.
  - Consultation with local authorities, partners, stakeholders and LGF recipients (this involved a combination of phone interviews and an online survey).

- An analysis of the LGF investment in each local authority area and the cost-benefit achieved from the investment.
- Identification of important lessons and key points that should be applied in the design, administration and management of future funding programmes.

**2.2** The Mid-Term evaluation report cuts the LGF spend data in several different ways to illustrate the range and breadth of the programme and its impact. The report therefore shows LGF investment by geography, by thematic area, by capita and by business count.

**2.3 Key Findings from the Mid-Term Evaluation**

**LGF Investment by Theme** - The three largest areas of profiled spend for the LGF Programme over its lifetime are transport (£102.1m), business support (£69.7m) and regeneration (£57.8m). This is in line with the original intended focus of the LGF programme.

**Match Funding Generated** – for every £1 of LGF investment in the economy, a further £2.35 of match funding was generated for the economy. Tourism, regeneration and business support projects have generated the highest rates of match funding (£8.76, £4.22 and £3.17 for every £1 of LGF respectively).

**Return on Investment** – To date the LGF programme has returned £24 for every £1 of LGF invested. By the end of the programme it is predicted that the LGF programme will return £67 for every £1 of LGF invested once all outputs have been achieved. This is considered as excellent value for money.

**Economic Impact** – The impact of the LGF programme to date has been calculated as follows:

	To Date	By 2025 (cumulative)
<b>New Homes Built</b>	£25.24m uplift in GVA and £6.66m per annum additional spend in the local economy by new households	£157.37m uplift in GVA over the period and £42.38m per annum additional spend in the local economy by new households
<b>Superfast Broadband for Businesses</b>	£162.5m increase in GVA per annum	£162.5m increase in GVA per annum
<b>New Jobs Created</b>	11,861 new jobs created (after leakage/displacement) and £528m increase in GVA per annum	24,813 new jobs created (after leakage/displacement) and a £2.08bn increase in GVA per annum
<b>New Learners Supported</b>	5,061 learners trained benefitting from £6.3m per annum as a result of the training	12,222 learners trained benefitting from £15.25m per annum as a result of the training
<b>Additional Commercial Floorspace</b>	-	Additional floorspace to accommodate 47,763 workers

**LGF Investment per Head of Population** – An average of £147.88 of LGF has been spent per head of population across the nine districts to date (an average of £191.82 per head of population in South Yorkshire). Barnsley (£209.81 per head), Doncaster (£236.76 per head) and Rotherham (£209.81 per head) have the highest level of LGF investment per head of population across the nine districts. Investment per head of population in Sheffield is £104.61.

**Allocated LGF Spend by Local Authority Area** – With the exception of cross-regional schemes and projects such as the Growth Hub, Superfast Broadband, and Extending RGF, the analysis shows that LGF spend in the four South Yorkshire districts is as follows:

	Infrastructure Grants	Business Investment Fund (BIF)	Skills Capital Projects	Total LGF Allocation
<b>Barnsley</b>	£47,531,721	£1,662,500	£2,590,000	£51,784,221
<b>Doncaster</b>	£58,577,101	£8,210,000	£7,054,437	£73,841,538
<b>Rotherham</b>	£36,077,166	£18,437,480	£3,831,134	£58,345,780
<b>Sheffield</b>	£43,842,798	£12,477,167	£4,862,320	£61,182,285

**LGF Investment in Urban and Rural Areas** – Based on rural/urban classification and postcode data, 19.2% of the LGF has been invested in rural areas (rural towns and fringe, rural villages and hamlets) with 80.8% invested in the city, towns and urban minor conurbation.

**Average Cost per Job** – The average cost per job created across the LGF Programme to date is £5,690. This is based on the assumption that the job creation targets profiled will be achieved by the end of the programme on 31 March 2021.

**Average Cost per Dwelling** – The average LGF investment in each new home built is £5,873. This is based only on those projects which are contracted to deliver new homes.

**LGF Allocation per Square Metre of New Commercial Floorspace** – The average LGF investment per square metre of new commercial floorspace is £63.

**Loan Funding** - The awarding of loan funds to projects is relatively uncommon amongst LEPs and seen as innovative. Private sector loan recipients have highly valued the flexibility of loan re-payments compared with commercial lenders. The evaluation has highlighted however, that the LEP and MCA should only release loan funds in full or in part when projects are ready to proceed to reduce the risk of applicants sitting on funds.

The LGF Mid-Term Evaluation Report is attached at Appendix 1.

**2.4** A costed methodology and specification for the Ex-Post Evaluation have been produced. This is attached at Appendix 2. In addition to updating the analysis that has been conducted for the Mid-Term evaluation, it is proposed that the Ex-Post evaluation should include the following:

- **Loan Funding Analysis** – This analysis would further consider the added value and wider benefits that the recycling of LGF has achieved for the LEP and the economy. This could potentially identify good practice that could be replicated by other MCAs and LEPs.
- **Unsuccessful and Withdrawn Schemes** – This analysis would uncover the reasons why projects failed to gain approval, or why they were withdrawn from the appraisal process. This could be done by district to assess any restrictions or limitations that have prevented schemes from being fully developed and to identify useful lessons in the development of good quality project design and continual improvement of the project application and appraisal processes.
- **Impact Assessments** – Full economic and social impact assessments would be conducted to quantify the additional benefits of delivering the LGF programme including impact on visitor numbers, additional qualifications gained for City Region residents and potential impact on health or household income.
- **Energy and Sustainability Assessment** – This analysis would consider the carbon impact of LGF investment, showcase exemplar projects and activities that

have been funded through LGF and identify any lessons for improving environmental sustainability and reducing or off-setting carbon.

### **3. Consideration of alternative approaches**

- 3.1** Failure to evaluate the 2015-21 LGF Programme would risk the MCA and LEP being non-compliant with a Government request, which could jeopardise future funding programmes.

### **4. Implications**

#### **4.1 Financial**

The estimated cost of the Ex-Post Evaluation is £40,000 plus VAT and an additional recommended contingency budget of £4,000 to cover any additional requirements. This work will be commissioned in 2021-22 following conclusion of the LGF programme.

#### **4.2 Legal**

There are no direct legal implications arising from this paper.

#### **4.3 Risk Management**

The principal risk is the failure to apply the lessons learnt from the management and delivery of the 2015-21 LGF Programme to future funding programmes. The consequences being poor design and management of new programmes, funding projects and schemes which have previously resulted in lower value outputs and outcomes and a failure to build-on successful projects that have yielded higher value outputs and outcomes.

#### **4.4 Equality, Diversity and Social Inclusion**

There are no direct equality, diversity and social inclusion implications arising from this paper. The Mid-Term Evaluation has considered the LGF spend by head of population, by business unit and by urban-rural classification for each of the nine local authority areas across the Sheffield City Region.

### **5. Communications**

- 5.1** A copy of the Mid-Term Evaluation Report will be submitted to BEIS and will be published on the website. This will deliver the MCA's and LEP's commitment to publish information on LGF investments in an open, transparent and accessible way.

### **6. Appendices/Annexes**

- 6.1** Appendix 1 – LGF Programme Mid-Term Evaluation Report (February 2021)  
Appendix 2 – LGF Ex-Post Evaluation Work Programme and Specification (Costed Methodology)

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: