5.0 WLEP ANNUAL REPORT ON LOCAL GROWTH FUND (LGF) PROGRAMME OUTPUTS (2022/23)

WLEP BOARD RECOMMENDATIONS

That the Board:

1. Notes the current position in respect of the outputs realised from LGF programme investments made by WLEP Board
2. Note the plan for WLEP Executive Team to report on 2023/24 outputs at a future board once full year data collated from projects.
3. Agree to receive a similar report later in 2024 focused on Getting Building Fund investments made by WLEP Board, once 2023/24 data has been collated.

5.1 Context

5.1.1 This paper is an update to the report presented to WLEP Board last year based on 2021/22 data and is intended to provide an overview on performance against LGF outputs achieved in comparison to those originally forecast by the programme.

5.1.2 The data reported is accurate as up to end of Q4 2022/23.

5.2 How do LGF programme outputs reported compare to those originally anticipated?

5.2.1 To understand how closely the LGF programme actual outputs reported match those originally anticipated, original forecasts[1] to 2022/23 have been compared with outputs reported to 2022/23, the latest complete year of data collation. To understand if differences are due to outputs being over/under-estimated or changes in when outputs are delivered, original forecasts to 2025 have also been compared with actuals and latest forecasts to 2025.

5.2.2 There are five key output metrics that are reported on the LGF programme, these are housing, jobs, apprenticeships, new learners and learning floorspace. This report focuses on housing, jobs, apprenticeships, and new learners. Learning floorspace has not been included as this has been fully delivered as forecast.

5.3 Housing

5.3.1 Houses completed to end of 2022/23 are lower than originally forecast for this period with the gap expected to narrow slightly to 2025. This shortfall is largely attributed to the following schemes:

- A38 Bromsgrove
    - Only 37 of the expected 1,000 houses are now forecast to be delivered in the period up-to 2025.
    - Two of the housing sites have been delayed because of planning appeals. Whitford road was refused on appeal, with a new application subsequently submitted which was approved. Perryfields was subject to a non-determination appeal and approved. This has delayed delivery on both sites

[1] Original forecasts relate to those in the 2017/18 LGF return or the first forecasts provided on an LGF return for projects without forecasts on this return.

significantly and moved the delivery of housing back until reserved matters are approved.
    - It must also be noted that WLEP forecasted outputs currently only relate to the LGF-funded part of the scheme and have been apportioned to reflect the funding contribution of each partner i.e. GBSLEP and others.
    - The higher housing outputs are linked to the wider A38 BREP scheme for which £43m was successfully awarded to WCC in August 2022 by the Government – these increased housing outputs will therefore be delivered after the 2025 LGF reporting period.

- Southern Link Road (A4440), Worcester
    - 575 fewer houses are expected from this scheme by 2025.
    - However, this quantum of housing is still expected to be delivered, but after the LGF reporting period of 2025.
    - This is due to development not coming forward on site as early as originally predicted due to a variety of factors including third-party developer cash-flow implications, and the impact of COVID on the residential and commercial property markets.

Table 1: Housing outputs on WLEP LGF schemes to 2025

Project	Original forecast		Actual (& forecast)		Difference	
	to 2022/23	to 2025	to 2022/23	to 2025	to 2022/23	to 2025
Southern Link Road (Phase 3)	1,070	1,070	332	495	-738	-575
Hoobrook Link Road	215	215	303	303	88	88
QinetiQ Land Purchase	225	300	262	280	37	-20
Pershore Northern Link Road	490	700	381	700	-109	0
A38	700	1,000	29	37	-671	-963
Churchfields	270	300	75	246	-195	-54
Total	**2,970**	**3,585**	**1,382**	**2,061**	**-1,588**	**-1,524**

5.4 Jobs

5.4.1 Jobs created to date are lower than jobs originally forecast for this period. This gap narrows when original forecasts are compared with actuals and latest forecasts to 2025, indicating that some projects now expect to create jobs later than originally forecast. The remaining shortfall is largely attributed as follows:

- Worcester Technology Park
    - Jobs are now expected to be 1,264 less than originally forecast due to lower employment density with fewer office applications / tenants than expected.
    - In addition, no new developments came forward in 2022/23 due to the market conditions of high inflation and increased interest rates.
    - However, this project remains one of the most effective interventions in terms of cost per job (see section below).

- A38 Bromsgrove
    - 448 fewer jobs from the A38 which currently only includes forecasts for part of the project that have been reduced to reflect the funding contribution of each partner.

- This is the same issue as outlined above, where housing and employment land will not be released/enabled until delivery of the wider (£43m funded) scheme investment is realised.
- There are employment land allocations at Perryfields which formed part of that planning permission and also at Foxlydiate (Redditch / Bromsgrove border) which has planning permission but is not yet delivering.

- Southern Link Road (A4440), Worcester
  - 440 fewer jobs expected from the Southern Link Road by 2025 with these outputs now expected to be delivered after 2025.
  - Two planning applications which have been approved, but delayed (as referenced in the housing section above), include employment land allocations which again account for the jobs outputs being pushed back beyond 2025.

Table 2: Job outputs on WLEP LGF schemes to 2025

Project	Original forecast		Actual (& forecast)		Difference	
	to 2022/23	to 2025	to 2022/23	to 2025	to 2022/23	to 2025
Malvern Hills Science Park (Phase 5)	150	150	66	66	-84	-84
Southern Link Road (Phase 3)	730	730	60	290	-670	-440
Worcester Technology Park	2,072	2,072	495	808	-1,577	-1,264
Hoobrook Link Road	605	605	744	786	139	181
Cathedral Square	78	78	171	171	93	93
Vale Park	157	157	179	299	22	142
Worcestershire Growth Fund	161	161	180	180	19	19
Parkway Station	3	3	0	0	-3	-3
Kidderminster Station	0	0	0	7	0	7
Centre of Digital Engineering (HoW)	0	0	2	2	2	2
The Kiln	3	3	9	10	6	7
A38	250	500	13	52	-237	-448
HoW Duckworth Centre for Engineering	3	3	2	2	-1	-1
Total	**4,212**	**4,462**	**1,921**	**2,673**	**-2,291**	**-1,790**

5.5 Cost per job

5.5.1 For those projects focused on job creation, the cost per gross job has been calculated based on actual and forecast jobs. Jobs created have not been adjusted to allow for leakage, displacement, substitution and multiplier effects as the information required to inform assumptions is not available. However, estimates of net additional jobs are expected to be higher for interventions with a smaller area of impact such as these projects[2].

5.5.2 Although not calculated on a net basis, for most projects the cost per job compares favourably with benchmarks for cost per net additional job.

[2] Calculating Cost Per Job: Best Practice Note, 2015, Homes and Community Agency.

Table 3: Cost per job analysis on WLEP LGF schemes to 2025

Project	Actual to 2022/23	Actual & Forecast to 2025
Malvern Hills Science Park (Phase 5)	£71,372	£71,372
Worcester Technology Park	£17,404	£10,662
Cathedral Square	£18,220	£18,220
Vale Park	£15,642	£9,365
Worcestershire Growth Fund	£14,030	£14,030
The Kiln	£64,533	£59,693

Table 4: Cost per job benchmarks – evaluation evidence

	Gross cost per net additional job	Indicative description
Low	£28,700	*Projects with a key focus on job creation (such as the development of employment space), high private sector investment, low remediation costs or targeted at a small local area with low deadweight and displacement*
Mid-point	£39,850	
High	£51,000	*Projects with wider objectives (such as cross-cutting regeneration or where the end use is for a specialist purpose), low private sector investment, high remediation costs or targeted at a wide spatial area with high deadweight and displacement*

Source: AMION analysis[3]

5.6 Apprenticeships and New Learners

5.6.1 Skills capital projects have assisted more apprenticeships and new learners to date than originally forecast, with this gap expected to grow further by 2025. Projects both under-estimated learners for the years for which forecasts were provided and only provided forecasts for a few years into the future, and so did not include learners in later years (i.e. 2021-25). This may reflect uncertainty around forecasting take-up of courses which is dependent on students applying.

Table 5: Apprenticeship outputs on WLEP LGF schemes to 2025

Project	Original forecast		Actual (& forecast)		Difference	
	to 2022/23	to 2025	to 2022/23	to 2025	to 2022/23	to 2025
Centre of Vocational Excellence	250	250	322	442	72	192
Midlands Group Training Services	163	163	379	519	216	356
Pershore College - Agritech	60	60	288	379	228	319
META	30	30	84	96	54	66
Inclusive Skills Base Centre (HoW)	0	0	0	0	0	0

[3] Calculating Cost Per Job: Best Practice Note, 2015, Homes and Community Agency.

Centre of Digital Engineering (HoW)	1	1	5	10	4	9
HoW Duckworth Centre for Engineering	30	30	43	52	13	22
Total	**534**	**534**	**1,121**	**1,498**	**587**	**964**

Table 6: New learner outputs on WLEP LGF schemes to 2025

Project	Original forecast		Actual (& forecast)		Difference	
	to 2022/23	to 2025	to 2022/23	to 2025	to 2022/23	to 2025
Centre of Vocational Excellence	247	247	515	595	268	348
Midlands Group Training Services	36	36	125	125	89	89
Pershore College - Agritech	95	95	176	248	81	153
META	154	154	516	616	362	462
Inclusive Skills Base Centre (HoW)	36	36	149	173	113	137
Centre of Digital Engineering (HoW)	34	34	80	93	46	59
HoW Duckworth Centre for Engineering	44	44	60	69	16	25
Total	**646**	**646**	**1,621**	**1,919**	**975**	**1,273**

5.7 Summary & Conclusion

5.7.1 The data and commentary provide a useful overview of how the LGF programme has performed in terms of outputs delivered vs those originally forecast.

5.7.2 Performance differs across the various output metrics, with housing outputs coming through slower than expected, but crucially the same quantum still being forecast albeit, some of those beyond the LGF reporting period, which concludes on 31 March 2025.

5.7.3 Jobs is a similar story in the sense that actuals are lower than forecast, and whilst a portion of those are still forecast to deliver post March 2025, Worcester Six Business Park (as it is now known) has reduced its forecast on jobs expected due to market conditions and the employment uses being generated on-site.

5.7.4 Apprenticeships and new learners are presenting a very positive picture, with performance outstripping original forecasts, which can in part be explained due to incomplete forecast data originally provided, but actual reported outputs to date are also strong in comparison to original forecasts too.

5.7.5 Finally, the cost per job analysis is positive across the programme with Worcester Six Business Park, Cathedral Square (Worcester), the Worcestershire Growth Fund and Vale Park (Evesham) schemes all reporting job outputs which represent them as being low cost per job interventions.

5.7.6 The WLEP Exec Team propose to update and monitor this analysis on an annual basis through to 2025, as full year datasets become available for 2023/24 and 2024/25, using reports provided from project delivery partners and submitted to WLEP/central government. This information and learning will be shared with the WLEP Board and local

partners to help inform future investment decision making and evaluate performance of investments made by the partnership.

5.7.7 A similar report for the Getting Building Fund Programme will be produced for 2023/24 and 2024/25 when sufficient outputs are forecast to report on. As at Q2 2023/24 all housing outputs have now been delivered, whilst jobs delivered are slightly behind forecasts with most expected in 2024/25 and 40% of forecast new learners have been reported.

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