

WLEP – 2021/22 Annual Report on Local Growth Fund (LGF) programme outputs

February 2023

1 Context

- 1.1 This paper has been prepared at the request of the WLEP Programme Delivery Group (PDG) sub-board and is intended to report an overview on the Local Growth Fund (LGF) programme's performance in terms of the outputs achieved in comparison to those originally forecast.
- 1.2 The data reported is accurate as up to end of Q4 2021/22.

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

- 2.1 To understand how closely the LGF programme actual outputs reported match those originally anticipated, original forecasts¹ to 2021/22 have been compared with outputs reported to 2021/22, 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.
- 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 and apprenticeships and new learners. Learning floorspace has not been included as this has been fully delivered as forecast.

3 Housing

- 3.1 Houses completed to end of 2021/22 are lower than originally forecast for this period with the gap expected to widen slightly to 2025. This shortfall is largely attributed to the following schemes:
- A38 Bromsgrove
 - Only 32 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 significantly and moved the delivery of housing back until reserved matters are approved.

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.

- 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 funding partner i.e., GBSLEP and others.
- The higher housing outputs are linked to delivery of the wider A38 BREP scheme for which £43m was successfully awarded to Worcestershire County Council (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
 - 475 fewer houses are expected from this scheme by 2025.
 - However, this quantum of outputs 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 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 2021/22	to 2025	to 2021/22	to 2025	to 2021/22	to 2025
Southern Link Road (Phase 3)	1,070	1,070	180	595	-890	-475
Hoobrook Link Road	215	215	238	238	23	23
QinetiQ Land Purchase	75	300	0	280	-75	-20
Pershore Northern Link Road	210	700	270	700	60	0
A38	300	1,000	8	32	-292	-968
Churchfields	90	300	65	265	-25	-35
Total	1,960	3,585	761	2,110	-1,199	-1,475

4 Jobs

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 around 1,000 less than originally forecast due to lower employment density.
 - There have been fewer office applications / tenants than expected.

- However, this project is 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 at Foxlydiate (Redditch / Bromsgrove border) which has planning permission but is not yet delivering.
- Southern Link Road (A4440), Worcester
 - 385 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 2021/22	to 2025	to 2021/22	to 2025	to 2021/22	to 2025
Malvern Hills Science Park (Phase 5)	150	150	46	60	-104	-90
Southern Link Road (Phase 3)	730	730	60	345	-670	-385
Worcester Technology Park	2,072	2,072	495	968	-1,577	-1,104
Hoobrook Link Road	605	605	726	786	121	181
Cathedral Square	78	78	171	171	93	93
Vale Park	157	157	129	299	-28	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	1	1	1	1
The Kiln	1	3	9	10	8	7
A38	75	500	13	52	-62	-448
HoW Duckworth Centre for Engineering	3	3	2	2	-1	-1
Total	4,035	4,462	1,832	2,881	-2,203	-1,581

5 Cost per job

- 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 projects².
- 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.

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

Project	Actual to 2021/22	Actual & Forecast to 2025
Malvern Hills Science Park (Phase 5)	£102,403	£78,509
Worcester Technology Park	£17,404	£8,900
Cathedral Square	£18,220	£18,220
Vale Park	£21,705	£9,365
Worcestershire Growth Fund	£14,030	£14,030
The Kiln	£64,533	£58,237

Table 4: Cost per job benchmarks – evaluation evidence

	Gross cost per net additional job	Indicative description
Low	£28,700	<i>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</i>
Mid-point	£39,850	
High	£51,000	<i>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</i>

Source: AMION analysis³

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

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6 Apprenticeships & New Learners

- 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: Apprenticeships and new learners' outputs on WLEP LGF schemes to 2025

Project	Original forecast		Actual (& forecast)		Difference	
	to 2021/22	to 2025	to 2021/22	to 2025	to 2021/22	to 2025
Centre of Vocational Excellence	247	247	681	981	434	734
Midlands Group Training Services	36	36	432	632	396	596
Pershore College - Agritech	95	95	387	670	292	575
META	154	154	530	803	376	649
Inclusive Skills Base Centre (HoW)	36	36	138	168	102	132
Centre of Digital Engineering (HoW)	35	35	73	100	38	65
HoW Duckworth Centre for Engineering	74	74	85	131	11	57
Total	677	677	2,326	3,485	1,649	2,808

7 Summary and Conclusion

- 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.
- 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.
- 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 delivered on-site.
- 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.

- 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 jobs outputs which represent them as being low cost per job interventions.
- 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 2022/23, 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.