

Enterprise M3 LEP: Mid-term evaluation of Local Growth Fund and Growing Places Fund programmes

Final Report

April 2020

The logo for SQW, consisting of the letters 'SQW' in a bold, dark red, sans-serif font.

Executive Summary

Introduction

1. Enterprise M3 LEP has received £219 million from the Local Growth Fund (LGF), through a series of 'Growth Deals' with Government. A further £21.7 million has been secured from the Growing Places Fund (GPF). In EM3, the two funding sources have been combined into a single programme.
2. In October 2019, SQW was commissioned to carry out a mid-term evaluation of the LGF/ GPF programmes. This involved a review of project spend and outputs across the programmes, a series of depth reviews and case studies, strategic consultations and a survey of wider stakeholders.
3. While it is not possible at this stage to evaluate final impacts or provide an assessment of value for money, this mid-term evaluation considers the progress of the LGF/ GPF programmes in delivering outputs and spend and contributing to EM3's overall growth strategy. It also considers the process of project development and delivery and early indications of wider impacts.

Strategic alignment

4. **In general, the projects supported by LGF/ GPF have reflected the themes set out in EM3 LEP's Strategic Economic Plan** (first agreed in 2014 and updated in 2018).
5. Transport investments have accounted for the majority of LGF allocated (and just under half of all projects approved). This reflects the contribution of Department for Transport-derived funding within the original LGF pot. However, the nature of these transport investments has evolved over time, with (broadly) an increasing focus on sustainable transport interventions. There has also been some increase in the amount of funding directed towards innovation-related activities, reflecting the changing focus of the SEP.
6. EM3 LEP strategic consultees expressed an intention to make recoverable (rather than grant) investments where possible. There is evidence that this has been progressed, with some large recoverable investments made.

Spend, outputs and outcomes

7. By the end of 2019/20, around £170.3 million of LGF had been spent. This equates to about 78% of the LGF allocated to EM3 LEP in Growth Deals 1-3. Spend has been relatively even over the lifetime of the fund. A further £21.3 million of GPF had also been spent.
8. **Steady progress has been made in output delivery.** This includes around 3,000 homes 'delivered' and 4,500 jobs created or safeguarded as a result of LGF/ GPF investment. According to EM3's data, the programme is on track to meet its long-term output targets (although these will also be influenced by other factors beyond EM3 LEP's control).

9. **Although it is 'early days', some emerging outcomes are visible;** these are evidenced from a series of project depth reviews undertaken as part of this study. Some benefits are already being delivered (such as the provision of safer, more sustainable access or the delivery of learning provision which is benefiting people who would otherwise have possibly been excluded from the learning 'market'). In other cases, the LGF investment has laid the foundations for benefits which should emerge over the coming years.

Project development and delivery

10. **Consultees reported that the project application, appraisal and approval process has improved over time,** as EM3 LEP's criteria for LGF/ GPF investment have become clearer and prospective applicants have become more familiar with them. There is an active and engaged Board and Programme Management Group, which is taking an increasingly 'commercial' approach to project development and approval, and the project development and approvals process appears to work efficiently and consistently.
11. There is evidence that applicants and the EM3 LEP team and Board have experienced "delivery journeys" which have been iterative and have involved shared learning. **Applicants have often worked closely with the LEP** to develop project proposals which are aligned with strategic priorities.
12. However, there was concern (from external project managers) that **development processes can be arduous and costly.** Some questioned whether there was scope for more varied and proportionate approaches, particularly in response to small interventions, or whether there may be scope for greater ability to flex funding within packages at local level.
13. **Evidence for project-level additionality is reasonably strong:** most of the projects that were considered through this mid-term evaluation would have been delivered later, or not at all, without LGF/GPF resourcing. Most were closely aligned to strategic priorities across EM3 as set out in the Strategic Economic Plan.

Wider impacts

14. **LGF/ GPF has been important in supporting EM3 LEP's role as an effective partnership and in enabling it to advance its wider strategy.** There is some evidence that LGF/ GPF funding, and the requirements placed on it, have encouraged delivery partners to take a different approach to considering project benefits.
15. There have also been complementary benefits across linked projects in specific locations, and are potentially wider benefits from the scaling up of innovative and experimental projects.

Looking forward

16. While this mid term evaluation provides an assessment of progress and emerging benefits to date, a more rigorous evaluation would be needed to assess impact, including through the construction of a counterfactual. An exercise of this nature would be complex and should probably be done only at the end of the programme, when there is likely to be evidence of impact.

1. Introduction

Summary

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- In October 2019, SQW was commissioned to carry out a mid-term evaluation of the LGF/ GPF programmes. This involved a review of project spend and outputs across the programmes, a series of depth reviews and case studies, strategic consultations and a survey of wider stakeholders.
- While it is not possible at this stage to evaluate final impacts or provide an assessment of value for money, this mid-term evaluation considers the progress of the LGF/ GPF programmes in delivering outputs and spend and contributing to EM3's overall growth strategy. It also considers the process of project development and delivery and early indications of added value.

Purpose

- 1.1 Since 2014, Enterprise M3 Local Enterprise Partnership (EM3 LEP) has received some £241 million to support economic growth from the Government's Local Growth Fund (LGF) and Growing Places Fund (GPF) programmes.
- 1.2 In November 2019, SQW was commissioned to carry out a Mid-Term Evaluation of the programmes, with the aim of understanding the progress that has been made, the outcomes and impacts that have been achieved (or are in the process of being achieved) and the lessons that have been learned so far. This report sets out the findings of the Evaluation.

Introducing the LGF and GPF programmes

The Local Growth Fund

- 1.3 The Local Growth Fund was announced by the Government in 2013. Worth £2 billion per year between 2015/16 and 2020/21, the Fund combined a series of departmental budgets (about half of which was from the Department for Transport) into a 'single pot' to support local economic growth. Nationally, the majority of the Fund was capital (72% of total LGF value in the first year)¹.
- 1.4 Each LEP was asked to set out its ambitions in a multi-annual Strategic Economic Plan (SEP). This provided the basis for a '**Growth Deal**' between the LEP and the Government, which involved the allocation of a share of the Local Growth Fund, alongside other commitments and flexibilities. While the Government committed to ensuring that "all places would receive something from the Local Growth Fund", a competitive process was used for the allocation of most LGF investment, based on the Government's assessment of each LEP's Strategic

¹ HM Government (2013), *Growth Deals: Initial Guidance for Local Enterprise Partnerships*, p.6

Economic Plan, the robustness of its partnership arrangements and the credibility of its proposals².

- 1.5 The first allocation of LGF (referred to as ‘Growth Deal 1’) was made in April 2014, for projects spending from April 2015 and beyond. Two further rounds were subsequently announced: ‘Growth Deal 2’ in 2015 and ‘Growth Deal 3’ in 2016. EM3 LEP secured £219 million in total across all three rounds, as set out in Table 1-1. Most of this funding was capital.
- 1.6 While in Growth Deal 1, the £69 LGF allocation per head was somewhat lower than the England average, the settlements in Growth Deals 2 and 3 were relatively more favourable:

Table 1-1: Local Growth Fund allocations to EM3 LEP

Round	Total allocation	Allocation per head of population	
		EM3	England
Growth Deal 1	£118.1 million	£69	£105
Growth Deal 2	£29.9 million	£18	£16
Growth Deal 3	£71.1 million	£42	£30
Total	£219.1 million	£129	£151

Source: BEIS, EM3 LEP Growth Deals Factsheets; House of Commons Library (2020), Briefing Paper: Local Growth Funds, p.20. SQW analysis based on 2018 LEP population estimates.

- 1.7 Each Growth Deal set out a series of projects that the associated LGF investment was expected to deliver, and all LGF was intended to be spent by 31 March 2021. In Growth Deal 1 for EM3 LEP, these were set out as a schedule of central Government funding commitments, most of which were later translated into LGF projects. However, Growth Deal 2 stated that EM3 LEP would have the flexibility to manage the programme to “bring the greatest economic benefits to the area”, with funds disbursed from Government to the LEP annually in advance³.

The Growing Places Fund

- 1.8 The Growing Places Fund was announced by the Government in 2011 as an unringfenced fund made available to LEPs to address infrastructure and site constraints where this would help deliver jobs and housing. The use of the funding was devolved to LEPs, although Government expected LEPs to use the funding on a loans basis – to create sustainable revolving funds, with repayments from developers (or other borrowers) recycled into the programme⁴. Initially, the Government allocated £500 million to GPF; this was increased to £730 million following a second allocation in 2012.
- 1.9 Funding to LEPs was allocated on a formula basis. EM3 LEP received £21.7 million GPF in total (£14.4 million through the initial allocation, and £7.3 million in the second round).
- 1.10 Locally, GPF was known as the ‘Growing Enterprise Fund’. In March 2017, the LEP Board agreed that LGF and GPF should be managed as a single ‘Capital Programme’, and both EM3

² HM Government (July 2013), *Growth Deals: Initial guidance for Local Enterprise Partnerships* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf)

³ HM Government/ EM3 LEP, Growth Deal 2 (January 2015)

⁴ DCLG/ DFT (2011), *Growing Place Fund: Prospectus* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7521/2024617.pdf)

LEP officers and Board members and external stakeholders consulted as part of this evaluation regarded LGF and GPF as 'one and the same' for practical purposes.

Introducing the mid-term evaluation

Objectives

- 1.11 EM3 LEP's **Local Growth Assurance Framework** notes that the LEP may from time to time produce 'consolidated evaluation reports' covering several projects, where this will help to draw out common findings and inform recommendations for future decision-making⁵. In line with this, EM3 LEP wanted an independent review of progress and outcomes to date. This could also help to inform EM3's approach to future sources of funding: at present, these are unclear, but a clear approach to the evaluation of previous programmes will be important in making the case for future investment.

Approach and limitations

- 1.12 The research supporting this mid-term evaluation was undertaken over four months between November 2019 and February 2020. It involved:
- a programme-level **review of spend, receipts and output monitoring** data
 - 10 individual **project 'depth reviews'** involving consultations with project managers and a review of business case material, to understand the processes of project development and implementation
 - three **project 'case studies'** involving further consultations with wider stakeholders to consider the cumulative benefits of several LGF/ GPF-funded projects in a specific area and the relationship between LGF/ GPF investment and EM3 LEP's wider strategy. Two of these (the 5G Innovation Centre Phase 1 and a series of investments in Whitehill and Bordon) are presented in the body of the report; the third (the Meadows Gyrotory scheme in Camberley) is presented as part of the project depth review in Annex B)
 - **strategic consultations** with the EM3 LEP executive team, Board and Programme Management Group members and delivery organisation representatives
 - an **'e-survey'** of wider stakeholders.
- 1.13 Many LGF/ GPF projects are currently either in the delivery phase or have only recently been completed. So while it is possible to measure progress in delivery and some 'interim outcomes' are observable, in many cases, the final impacts are not yet visible. **At the mid term stage, it is not therefore possible to complete a full impact evaluation, nor is it possible to assess 'value for money'**, although we are able to highlight some issues that should be considered as part of a final evaluation. It should also be noted that while the LGF/ GPF programmes have been managed by EM3 LEP and have contributed most of the financial

⁵ EM3 LEP (March 2019), *Local Growth Assurance Framework*, p.23
(https://democracy.hants.gov.uk/documents/s32815/2019-04-25%20Enterprise%20M3%20Assurance%20Framework%20March%202019%20-%20FINAL_1.pdf)

resources directly under the LEP's control, our evaluation does not extend to wider LEP activities or governance arrangements.

Key lines of enquiry and report structure

- 1.14 Within the broad approach highlighted above, the evaluation focuses on four 'lines of enquiry'. These form the substantive chapters in this report:
- Chapter 2 considers the **strategic alignment** of the LGF and GPF programmes. It looks at the extent to which the distribution of LGF/ GPF funds reflected EM3's strategic priorities as expressed in the Strategic Economic Plan and how this evolved over time
 - Chapter 3 focuses on **spend, outputs and outcomes**, considering the programmes' financial performance, delivery to date and evidence of emerging outcomes
 - Chapter 4 then considers the **processes of project development and delivery**, including business case preparation and the processes of appraisal, approval and practical implementation
 - Bringing all of these together, Chapter 5 focuses on the **wider impacts** of the LGF/ GPF programmes, over and above the outputs and outcomes secured with the funding itself. This includes the extent to which LGF/ GPF have supported partnership development, changed behaviours or led to new approaches to economic growth
 - Finally, Chapter 6 sets out some **conclusions and recommendations** to EM3 LEP, which could support preparations for a future final evaluation.
- 1.15 In addition, three annexes are included, providing a report on the results of the e-survey; a summary of the 10 project depth reviews; and a list of organisations consulted as part of the evaluation process.

2. Objectives and strategic alignment

Summary

- In general, the projects supported by the Local Growth Fund have reflected the themes set out in the Strategic Economic Plan. These have evolved over time, reflecting the strengthened emphasis on innovation and ‘clean growth’ within the 2018 SEP.
- Transport investments have accounted for the majority of LGF allocated (and just under half of all projects approved). This reflects the contribution of Department for Transport-derived funding within the original LGF pot. However, the nature of transport investments has evolved over time, with (broadly) an increasing focus on sustainable transport interventions).
- EM3 LEP strategic consultees expressed an intention to make recoverable (rather than grant) investments where possible. There is evidence that this has been progressed, with some large recoverable investments made.

Introduction

- 2.1 Government guidance on the initial round of Growth Deals placed a strong emphasis on the link between the projects supported by the Local Growth Fund and Local Enterprise Partnerships’ Strategic Economic Plans: specifically, LGF was intended to be a *contribution* to a wider economic growth programme, rather than simply a source of funding. The intended alignment of the (much smaller) Growing Places Fund was somewhat different: it was always anticipated that GPF would be directed towards projects that would generate a return in the short-to-medium term, although with the aim of supporting a longer-term recyclable fund to support local growth.
- 2.2 This chapter considers the extent to which the LGF and GPF programmes were aligned with EM3’s economic priorities and how this evolved over time. It looks first at the relationship between LGF/ GPF funding and the Strategic Economic Plans adopted in 2014 and 2018, from a *thematic* and *spatial* perspective. In that context, it then considers how EM3’s broader investment strategy for the funds has developed.

The evolving strategic framework

The 2014 Strategic Economic Plan...

- 2.3 EM3 LEP’s initial Growth Deal was agreed in the context of EM3’s first **Strategic Economic Plan**, *Working for a Smarter Future*, prepared in March 2014. *Working for a Smarter Future* set out a vision for EM3 to be “*the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life*”; within this context, it set out four **intervention themes**, focused on innovation and enterprise; skills; transport and infrastructure; and visitor economy and major events. These themes also aligned with the approach taken in EM3’s European Structural and Investment Funds Strategy.

- 2.4 Spatially, the 2014 SEP proposed ‘growth packages’ for the four ‘**growth towns**’ cited as key to EM3’s GVA and employment growth (Basingstoke, Farnborough, Guildford and Woking). It also identified a need to invest in a series of ‘**step up towns**’ (Aldershot, Andover, Camberley, Staines-upon-Thames and the new settlement at Whitehill and Bordon), defined as ‘areas of latent economic potential’ which required intervention to remove barriers to growth. As secondary priorities in spatial terms, the SEP also proposed investment in the development of the whole EM3 area as a ‘Sci-Tech Corridor’ (linked with the thematic focus on innovation and enterprise), the rural economy, and in strategic infrastructure (such as the A3 strategic corridor) where investment was likely to have a wider impact on neighbouring LEP areas.
- 2.5 Against these themes, the SEP set out several proposed investments for LGF support, in line with Government guidance. It was also accompanied by a Delivery Plan including ‘intervention templates’ for each proposed project.
- 2.6 In consultation, strategic stakeholders noted the high profile that innovation and enterprise had within the SEP, reflecting a recognition of EM3’s relative affluence and concentration of nationally-important innovation assets. However, those involved in preparing the original SEP also noted the fact that it had to be prepared to a relatively constrained timetable, as well as the Government’s desire at the time for an early ‘list of projects’ to which LGF funding could be allocated.

... and the 2018 refresh

- 2.7 EM3 LEP revised its Strategic Economic Plan in 2018. Unlike in 2014, there was no formal Government guidance on the development of the refreshed SEP, nor a direct link between the SEP and the allocation from Government of fresh LGF monies, although the revised SEP was developed in the context of the publication of the national Industrial Strategy.
- 2.8 **The 2018 SEP marked a substantial evolution of EM3’s strategic framework**, with an increased innovation focus. Specifically, the 2018 SEP set out a ‘sharper’ aspiration to position EM3 as “*a globally competitive region, unique for its knowledge, digital and design-based economy*”. The Strategy focused on digital and data technologies and ‘clean growth’ as drivers of the future economy, committing EM3 LEP to (*inter alia*) “*embed a clean growth approach in all that we do*” and support the development of the region as a trailblazer in the adoption of 5G technologies. Within this context, the Strategy set out five ‘priorities for growth’: supporting high-value sectors; skills for a high-value, high-growth economy; ‘dynamic communities and growth corridors’; enterprise and innovation; and connectivity to support an advanced digital and low carbon economy. It also set out an ambitious GVA growth rate of 4% per year to 2030 (substantially greater than the recent rate of growth).
- 2.9 Spatially, the revised SEP maintained the existing prioritisation of the ‘growth towns’ and ‘step-up towns’. However, it proposed extending these to ‘sustainable growth corridors’, with the aim of connecting ‘higher growth’ centres with neighbouring communities through sustainable transport solutions, digital connectivity, new housing, and so on.

The evolution of the Local Growth Fund in the light of the evolving strategic framework

Thematic alignment – in 2014-17...

- 2.10 In consultation, stakeholders commented on the evolution of the type of projects funded by the Local Growth Fund, and there is some evidence that the thematic range of investments has changed over time, in parallel with the development of the strategy.
- 2.11 **In the early years of LGF, the project portfolio was dominated by major transport investments.** This was consistent with the Government’s guidance in Growth Deal 1. Of the six initial projects approved by the EM3 Board in 2014, all were transport schemes; between 2014 and 2017, key investments included major highways schemes (such as the Meadows Gyrotory scheme in Camberley, the Whitehill and Bordon Relief Road and a series of highways schemes around Basingstoke) and ‘packages’ of investment in sustainable transport.
- 2.12 **However, some early investments were made in innovation-related activity.** These included support for the 5G Innovation Centre at the University of Surrey (linked with wider business engagement across the region and a ‘step-out’ facility at Basingstoke) and already highlighted in the 2014 SEP; the Digital Innovation Centre (also at University of Surrey); and Pirbright Innovation Centre; and the Business and Enterprise Centre (subsequently known as the BASE) at Whitehill and Bordon). A further early investment included a loan for a permanent conferencing and exhibition centre for the Farnborough International Air Show (although classified by EM3 LEP in its monitoring data as an ‘innovation’ project, this investment was directly cited in the 2014 SEP as the key element of the ‘visitor economy and major events’ theme).
- 2.13 **Skills investments followed the general focus of the 2014 SEP.** The SEP proposed investments in a series of capital schemes focused on EM3’s further education colleges, especially geared towards digital, environmental technologies and other STEM subjects. Six skills capital projects were approved in 2014-17, with larger investments including the development of University Centre Farnborough, the Whitehill and Bordon Future Skills Centre and the Andover Skills and Technology Centre.
- 2.14 **Direct investment in housing was limited, but LGF funding was allocated to innovative solutions to unlock housing delivery.** In particular, EM3 LEP invested in a pilot Sustainable Alternative Natural Green Space (SANGS) initiative, to bring forward natural green space as ‘compensation land’ for the development of new housing in and around the Thames Basin Heaths Special Protection Area. This subsequently led to a further investment in a SANGS scheme in Hart.

Table 2-1: LGF funding allocations, 2014-17

Theme	2014	2015	2016	2017	Total
Innovation					
Total LGF approved	0	11.81	1.50	1.75	15.06
% of total LGF approved	0	17	7	6	11
Number of projects	0	5	1	1	7
Skills					

Theme	2014	2015	2016	2017	Total
Total LGF approved	0	16.18	0.21	0	16.39
% of total LGF approved	0	24	1	0	12
Number of projects	0	5	1	0	6
Transport					
Total LGF approved	19.28	31.10	18.01	8.95	75.59
% of total LGF approved	100	46	87	31	56
Number of projects	6	6	5	2	19
Housing					
Total LGF approved	0	8.40	0.88	0	9.28
% of total LGF approved	0	12	4	0	7
Number of projects	0	3	1	0	4
Other					
Total LGF approved	0	0	0	18.12	18.12
% of total LGF approved	0	0	0	62	62
Number of projects	0	0	0	4	4
Total					
Total LGF approved	19.28	67.49	20.60	28.82	134.44
Number of projects	6	14	8	7	35

Source: EM3 monitoring data. Excludes projects for which no approval year is recorded

- 2.15 It should be noted that the projects categorised as 'Other' (all of which were approved in 2017) relate to a series of Enterprise Zone investments in Basingstoke (this was not specifically identified in the 2014 SEP as the Enterprise Zone had not been designated at that point, although the SEP did state an ambition to secure Enterprise Zone status); and the Funding Escalator business loan and equity scheme.

... and since 2018

- 2.16 **Transport schemes continue to account for a substantial share of the total LGF allocated** (roughly the same share – around 57% - 2018 and 2019, as across the full lifetime of the programme). However, transport projects have been smaller (in terms of LGF contribution) and have included a series of sustainable transport and 'lower carbon' schemes, including measures to increase the provision of electric vehicle charging points and promote bike sharing, alongside larger-scale capital schemes. This is consistent with the changed emphasis within the 2018 SEP, although it is important to note the wider changing context: as one consultee noted, this shift also reflected changing local and central government priorities more broadly.
- 2.17 **There has been an increase in the allocation of LGF to 'innovation'-related projects.** This is consistent with the direction of the new SEP. Some of these reflect the focus on digital technology emphasised in the new SEP, including a further phase of investment in the 5G Innovation Centre, the Aldershot Games Hub and two 'digital' innovation projects (one related to creative digital, the other to cybersecurity) at Royal Holloway.

- 2.18 **The pattern of skills-related investment allocations has remained largely constant**, reflecting ongoing investment in STEM-related activities across the further education estate.

Table 2: LGF funding allocations, 2018-19

Theme	2018	2019	Total	Total (all projects, 2014-19)
Innovation				
Total LGF approved	8.89	7.27	16.15	27.71
% of total LGF approved	21	14	17	12
Number of projects	6	3	9	16
Skills				
Total LGF approved	3.61	6.33	9.94	26.32
% of total LGF approved	9	12	11	12
Number of projects	6	5	11	17
Transport				
Total LGF approved	22.88	31.19	54.07	129.66
% of total LGF approved	54	61	57	57
Number of projects	9	10	19	38
Housing				
Total LGF approved	0	7.50	7.50	16.78
% of total LGF approved	0	14	8	7
Number of projects	0	1	1	5
Other				
Total LGF approved	6.75	0	6.75	24.87
% of total LGF approved	16	0	7	11
Number of projects	3	0	3	7
Total				
Total LGF approved	42.13	52.29	94.41	228.85
Number of projects	24	19	43	78

Source: EM3 monitoring data. Excludes projects for which no approval year is recorded and projects which were in the planning/ due diligence phase but had not received Board approval by December 2019.

Wider perceptions on thematic alignment

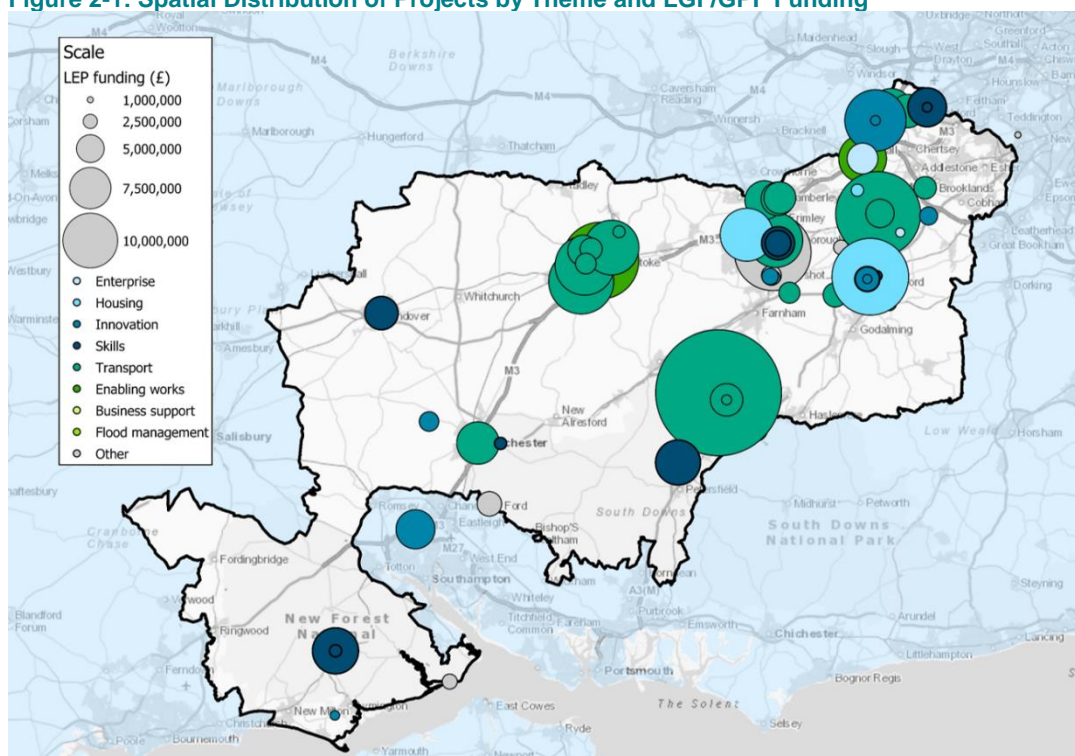
- 2.19 While the LGF allocations are ‘catalogued’ by theme in the monitoring data, the programme overall is intended to contribute to the wider objectives outlined in the SEP. Those stakeholders consulted as part of this evaluation recognised the EM3 LEP’s overarching focus on economic growth (and the contribution that individual schemes will make to that, over and above their direct outputs). Some consultees also considered that the funding application and business case development process had helped to increase applicants’ awareness of these wider benefits; this is considered further in Chapter 5.

2.20 Across the investment themes, EM3 LEP also announced a **Clean Growth Enterprise Fund** in 2018, intended to support public and private sector organisations in developing ‘solutions’ to climate change-related challenges. This is consistent with the cross-cutting ‘clean growth’ theme in the revised SEP.

Spatial alignment

2.21 Generally, the distribution of LGF funds reflects the prioritisation given to ‘growth towns’ and ‘step-up’ towns within both Strategic Economic Plans. The map below illustrates the distribution of funding by location and theme, with substantial concentrations around Basingstoke, Guildford, Farnborough and Whitehill and Bordon.

Figure 2-1: Spatial Distribution of Projects by Theme and LGF/GPF Funding



Source: Produced by SQW 2020. Licence 100030994. Data retrieved from monitoring spreadsheet submitted to BEIS by EM3 LEP. Note that only individual projects with a specific location are shown: LGF/ GPF also funded several programmes with expenditure in multiple locations

Aligning the Growing Places Fund

2.22 For practical purposes, the Growing Places Fund has been ‘merged’ with LGF as part of a single programme in EM3. However, allocations of GPF investment since 2014 have had a somewhat different focus, primarily being oriented towards the housing and innovation themes. Of the ten GPF projects approved since 2014, all but one has been located within a ‘growth town’ or ‘step-up town’.

Table 3: GPF funding allocations, 2014-19

Theme	LGF funding, £m	Number of projects
Innovation	9.61	5
Housing	9.70	4
Transport	2.00	1
Total	21.31	10

Source: EM3 monitoring data.

Evolving investment type

- 2.23 Linked with the effective merger of GPF and LGF funding, strategic consultees noted **EM3's increasing preference for recoverable investments**. Some early investments reflected this: for example, the LGF investment in the conferencing and events facility at Farnborough was a £5 million loan, and the SANGS projects agreed in 2015 also included repayment linked with housing development.

Conclusions

- 2.24 Overall, there is evidence of alignment with EM3's strategy, as expressed in the Strategic Economic Plan. While some consultees involved in the development of the original SEP expressed some frustration that it was somewhat constrained by Government guidance, the portfolio of projects approved in the 'early years' did reflect the themes that the SEP set out.
- 2.25 There is also evidence that the portfolio has evolved in parallel with EM3's strategy, with a somewhat greater orientation towards innovation-related projects, and an increasing emphasis on sustainable transport within the (still dominant) transport strand of investment.

3. Spend, outputs and outcomes

Summary

- A review of monitoring data suggests that overall, between 2015/16 and the end of 2019/20, EM3 LEP has spent a total of £170.3m of LGF and £21.31m of GPF
- By the end of Q2 2019/20, the LGF and GPF programmes had:
 - levered in funding of around £384 million
 - delivered both direct and indirect outputs, including 3,036 homes and 4,516 jobs
- Overall, there is evidence that the LGF/ GPF programme is on course to meet its long term output targets (although these will be subject to wider economic factors beyond EM3's control)
- Emerging outcomes are apparent from a series of depth reviews.

Introduction

- 3.1 In the context of the project approvals set out in Chapter 2, this chapter outlines what the LGF and GPF programmes have spent (up to the second quarter of 2019/20), the outputs that have so far been delivered and evidence of emerging outcomes. It draws on monitoring data held by EM3 LEP and the monitoring reports regularly presented by the LEP team to the Board and Programme Monitoring Group, and highlights some observations on data quality, which should be considered in advance of the final evaluation.

Financial performance

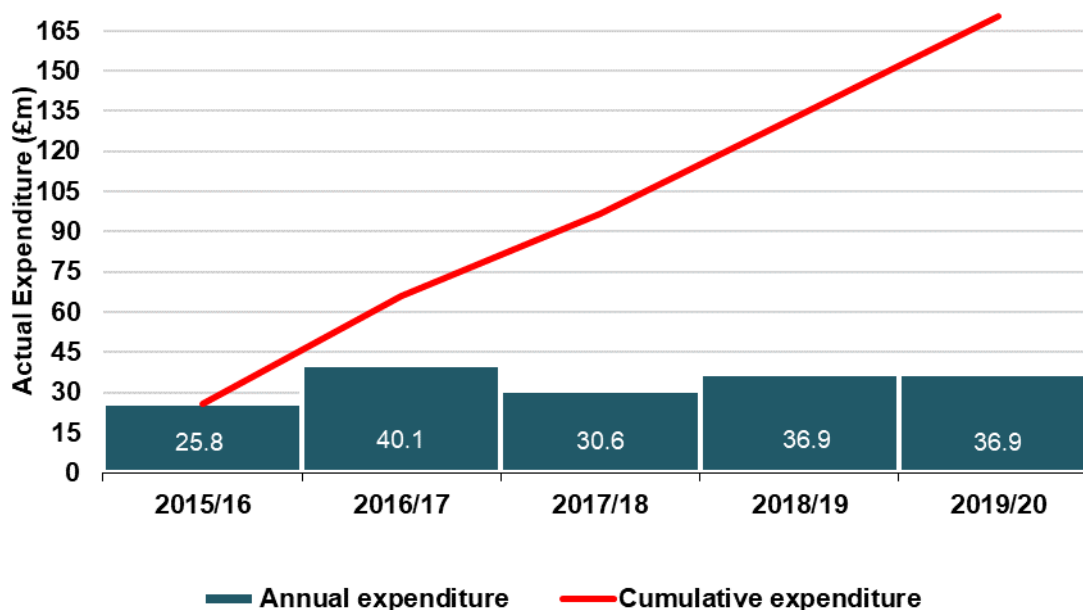
- 3.2 In 2019, the Public Accounts Committee published a *Progress Review* report on Local Enterprise Partnerships. This noted concern at the level of underspend that persisted nationally on the Local Growth Fund programme, observing a national underspend of £1.1 billion in the three years to 2017/18⁶. This is not necessarily surprising, given that the allocation of LGF to EM3 was largely capital, and major capital projects typically take time to bring forward. However, it does provide some context for the pressure from Government to maintain spend.

Expenditure by funding source

- 3.3 By the end of March 2020, EM3 LEP reported that it had spent £170.3 million of its Local Growth Fund allocation. This equates to around 78% of the total LGF allocated to the LEP through Growth Deals 1-3.
- 3.4 The **profile of spend** over the lifetime of the Fund is set out below (it should be noted that the spend figures for 2019/20 are preliminary figures only). This shows a relatively even annual profile.

⁶ House of Commons Committee of Public Accounts (2019), *Local Enterprise Partnerships: Progress Review*, p.6 (<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1754/1754.pdf>)

Figure 3-1: Total expenditure, 2015/16 –2019/20, £m



Source: EM3 LEP, Capital Programme Report

3.5 In addition to the initial LGF funding, the original GPF allocation of £21.3 million has also been spent, with loan repayments now being recycled back into the combined capital programme.

Expenditure by theme

3.6 We have reviewed expenditure by theme to the end of the second quarter of 2019/20:

- **Over half of all spend to date has been on transport projects.** Transport spend was higher in 2016/17 than in subsequent years, reflecting early project approvals (as well perhaps as the priority that Government placed on bringing forward some schemes that were quite well advanced in the early years).
- **However, other themes have been significant in terms of spend.** Spend on skills capital projects was especially high in the early years of the programme (and the combined spend on innovation and skills was substantially higher than spend on transport in 2015/16).
- **Innovation spend increased somewhat in 2018/19,** reflecting the recent balance of project applications and approvals in line with the 2018 Strategic Economic Plan:

Table 3-1: LGF and GPF expenditure by theme, 2015/16 – 2019/20 Q2, £m

Theme	2015/16	2016/17	2017/18	2018/19	2019/20	Total	% of total spend
Transport	9.95	24.69	22.41	14.70	5.51	77.26	52
Housing	6.63	2.03	2.00	0.00	0.00	10.66	7
Innovation	5.89	3.02	2.48	7.91	0.12	19.42	13
Skills	9.24	10.39	0.20	3.49	1.34	24.66	17

Theme	2015/16	2016/17	2017/18	2018/19	2019/20	Total	% of total spend
Other			3.33	10.54	1.38	15.25	10
Total	31.71	40.13	30.42	36.64	8.35	147.25	

Source: EM3 Capital Programme report

- 3.7 **There are some challenges in comparing actual spend against ‘target’.** Analysis of EM3 LEP’s monitoring database suggests that spend has been broadly in line with profile. However, this appears to reflect a ‘recalibration’ of targets on an ongoing basis as projects are reprofiled or variances are agreed, rather than spend against the original anticipated profile set out in initial business cases.

Recycled funds

- 3.8 As indicated earlier, the LEP seeks to make investments on a recoverable basis where possible, and EM3 LEP is in receipt of loan repayments. Since GPF and LGF have been merged into a single capital programme, all repayments from either fund now go into a single pot. Work is ongoing within EM3 LEP to establish consolidated monitoring of all loan repayments; however information provided by the LEP indicated that around £14 million in GPF funds had been repaid to the end of 2019/20 Q2, with a further £7.5 million anticipated in 2019/20 and 2020/21.

Leverage

- 3.9 The LGF/ GPF programme is only expected to part-fund project delivery. Growth Deal 1 anticipated that the initial tranche of LGF funding would lever “at least £310 million of additional funding from local partners and the private sector” (i.e. leading to an intervention rate of around 28%, based on a £118.1 million LGF allocation). Growth Deals 2 and 3 were less clear on their leverage ‘target’, although both expected LGF to be attract additional co-funding.
- 3.10 Analysis of EM3 LEP’s monitoring database indicates stated match (i.e. total project cost less the LGF contribution) of around £384 million⁷ to the end of 2019/20 Q2. This would equate to an intervention rate of about 34%, against the total LGF allocation). However, there is no formal definition of ‘match funding’ for LGF (in the way that there is, for example, for European funding programmes), and it is likely that it is not always quoted consistently. Across the programme, leverage is higher for innovation schemes than other projects; on transport schemes, the intervention rate is closer to 63%.

Stakeholder views of spend

- 3.11 While spend is sometimes seen as a measure of ‘performance’, **some consultees expressed frustration with the Government’s emphasis on spend**, rather than other investment factors. There is evidence that the Programme Management Group has sought to take a more ‘investment-driven’ approach (e.g. through the use of recycled funds). Some consultees noted an improvement in the quality of business cases over time: this is explored further in Chapter 4.

⁷ This excludes a very large sum (of over £1 billion) quoted as the total project cost for Weyside Urban Village, which presumably is the total cost of developing the entire residential scheme, rather than ‘match’ as such.

Outputs

3.12 Growth Deal 1 stated that the initial LGF allocation would “create at least 5,000 jobs and allow 3,000 homes to be built”. Growth Deal 3 stated that the *additional* £71.1 million allocated at that point “has the potential to create or safeguard more than 15,000 jobs and deliver over 6,000 additional homes”. These are very substantial (and likely long-term) figures, and will mostly be achieved indirectly, as sites are brought forward following investment in infrastructure.

3.13 More specifically, EM3 LEP has set out a series of long-term output targets with more concrete definitions, looking forward to 2025. The table below describes progress against each (as reported by EM3 LEP) to the end of the second quarter of 2019/20:

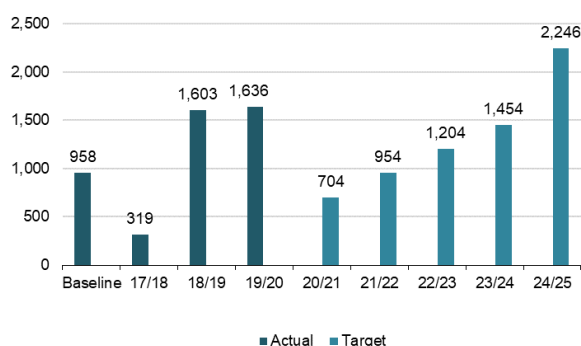
Table 3-2: Progress towards output targets, 2015/16 – 2019/20 Q2

Jobs created and safeguarded

Target to 2025: 10,964 jobs created or safeguarded as a ‘direct result’ of intervention

Created to the end of Q2 2019/20: 4,516

Delivery progress: 41%



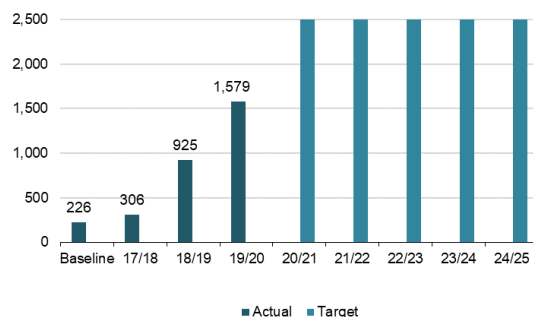
Housing units

Target to 2025: 15,103 units completed as a ‘direct result’ of the intervention

Completed to date: 3,036

Delivery progress: 20%

Relatively modest delivery to date, although steadily increasing (and likely to be achieved as sites come forward following delivery of infrastructure)



Apprenticeships

Target: 3,260 apprenticeships delivered as a ‘direct result’ of the intervention

Completed to date: 1,599

Delivery progress: 49%

Commercial floorspace

Target: 166,190 sq m commercial floorspace delivered

Completed to date: 26,732 sq m

Delivery progress: 16%

Source: EM3 LEP LGF Dashboard, November 2019

3.14 In addition to these, EM3 LEP monitors the completion of **learner floorspace**: to the end of Q2 2019/20, 9,530 square feet of learner floorspace had been delivered.

3.15 **Overall, steady progress is being made in delivering the target outputs for the LGF programme.** Annual housing, commercial floorspace and job targets have been exceeded in the years to date, and there appear to be promising prospects for the delivery of EM3’s

ultimate output targets. However, achieving the targets (especially those relating to jobs and homes) will be contingent on a range of economic factors beyond the LEP's control.

Early evidence of outcomes

- 3.16 While outputs can be tracked and counted relatively easily, the long-term success of the LGF/GPF programme will be in the extent to which it delivers partners' wider ambitions as set out in the Strategic Economic Plan and the emerging Local Industrial Strategy.
- 3.17 **Some early evidence of outcomes (at the project level) is visible within those schemes we considered as part of the depth review.** Some insights are highlighted in the table below, which demonstrate delivery of a range of benefits. Some of these are already being delivered (such as the provision of safer, more sustainable access or the delivery of learning provision which is benefiting people who would otherwise have possibly been excluded from the learning 'market'). In other cases, the LGF investment has laid the foundations for benefits which will emerge over the coming years, in the form of new housing and employment opportunities.

Table 3-3: Early evidence of outcomes: Project-level insights

Project	Commentary
Whitehill and Bordon Sustainable Transport Package (STP)	<p>The Whitehill and Bordon STP is ongoing. However, one element - the Budds Lane scheme - has been fully delivered. This project had to be completed because it tied into the delivery of Oakmoor School – a County Council project. The school required a safe walking and cycling route for its pupils ahead of opening in November 2019.</p> <p>From the perspective of the County Council, the Budds Lane scheme has delivered the outputs and outcomes as set out in the funding agreement. Outputs include: a narrower road, new 3m wide shared paths for pedestrians and cyclists and a number of new zebra crossings. The scheme has enabled pupils to travel to school safely and use sustainable modes of travel.</p>
Basingstoke North Corridor for Growth – A340 Corridor Improvements	<p>The project has been fully delivered, and has led to a series of highways improvements that have improved public transport access to new developments in North Basingstoke and improved traffic flow. From the perspective of the County Council, LGF funding enabled a coordinated solution to mitigate a series of existing challenges created by growth. It also enabled a wider funding package to be brought together, with private sector contributions, to bring forward housing growth on the major Rooksdown site.</p>
Whitehill and Bordon Future Skills Centre (FSC)	<p>As of January 2020, the FSC was operating at around 60% capacity and 13 apprentices from the FSC were working on the Whitehill and Bordon redevelopment for commercial employers. There is some evidence that students at the FSC have gone on to get jobs in construction and there is evidence that students who were previously NEET (not in employment, education or training) are now in education or employment through the FSC. Consultees have suggested that it is likely that without the FSC these students would have struggled to find similar vocational training in the local area.</p>
Hart Suitable Alternative Natural Green Space (SANGS)	<p>The purpose of the project was to acquire and enhance land as suitable alternative natural green space, to unlock housing in the Hart District Council and Rushmoor Borough Council area. The SANGS has provided 91 acres of open green space. This has unlocked capacity for the delivery of 1,475 new houses –</p>

Project	Commentary
	which will lead to community and housing outcomes in due course.
The BASE Innovation Centre, Whitehill and Bordon	<p>The BASE opened in autumn 2017. EM3 LEP reported that demand took off more quickly than originally anticipated. Office space was around 75% occupied after a year, and the BASE is reported to be virtually fully occupied (with just two offices advertised as available in January 2020). The Centre is currently reported as supporting around 160 jobs.</p> <p>The view was expressed that delivering the BASE at an early stage in the development of Whitehill and Bordon helped to “set the tone” of the development, in bringing forward new businesses as well as housing and in enabling a high quality commercial scheme that the market would not have otherwise delivered.</p>
Meadows Gyratory, Camberley	<p>The project has been fully delivered: from the perspective of the project sponsor, this has yielded benefits in terms of easier access (by car and by sustainable forms of transport) to Camberley town centre and the neighbouring industrial estate, and has eased traffic flow on the wider network.</p> <p>The scheme aims to enable around 780 new homes and 43,000 sq m of new commercial floorspace, supporting 1,750 jobs. Progress against these outcomes has yet to be quantified (although the scheme has only been complete for nine months at the time of writing). The project sponsor also noted that the scheme’s impact on the wider A31 corridor will help to unlock residential opportunities beyond EM3 itself, particularly in Bracknell Forest.</p>
Whitehill and Bordon Relief Road	<p>During depth review consultations in January 2020, it was reported that around 6,000 cars per day were using the Relief Road, the inference being that these were cars that were not travelling through the town centre, thereby reducing congestion. In the planning stage it was hoped that 30-32% of traffic would use the relief road; the figure of 6,000 currently represents about 20%. Although the target has not yet been met consultees suggested that the figure is increasing daily and that they expect it to achieve its objectives in full by 2026.</p> <p>Consultees suggested that outcomes might be increased once the Sustainable Transport Package is fully delivered.</p> <p>In the longer term, the Relief Road will be critical infrastructure in unlocking the development at Whitehill and Bordon, supporting the delivery of 3,350 new homes.</p>
Egham Sustainable Transport Package	<p>The project itself has been fully delivered. Outputs include a widened footpath to create a new shared-use pedestrian and cycle carriage way, improved crossing facilities and resurfaced footpath and road surface. From the perspective of Surrey County Council, this has yielded benefits in terms of an improved environment for pedestrians and cyclists and a safer corridor for non-motorised users.</p> <p>Surrey County Council has put together a monitoring and evaluation plan that covers Egham STP and Runnymede Roundabout. It was thought that the benefits from Egham STP have been multiplied by the Runnymede Roundabout package as it they now provide an extended corridor rather than a single improvement.</p>
University Centre Farnborough (UCF) building	<p>The UCF is a 2,340sqm building which marks phase one of a larger project of redevelopment of the college’s buildings and some new structures. The UCF is focused on delivering higher education within the wider college setting. The key achievement of the Centre has been increased participation in higher</p>

Project	Commentary
	education: Farnborough College of Technology has been able to substantially expand the variety of HE courses and apprenticeships they offer as a result of UCF.
5G Innovation Centre Phase 1	The 5G Innovation Centre aims to develop new infrastructure and applications for 5G technology and includes a purpose-built innovation centre at the University of Surrey, linked with a 'test bed' to experiment with potential 5G applications. LGF funding extended the test bed facility, with an additional indoor test facility at Basingstoke. An evaluation of the project by University of Surrey reported that LGF investment had been 'instrumental' in attracting private sector funds and had played a key role in engaging local business with a nationally-significant project.

Source: SQW

Measuring benefits: A note on monitoring data

- 3.18 In considering spend and outputs at programme level, our analysis above has relied on monitoring data provided by EM3 LEP. EM3 regularly reports progress in delivering the capital programme to the Programme Monitoring Group and the Board, and maintains a database of spend and output information.
- 3.19 However, the LGF/ GPF programme is large and complex and has evolved over time (including the incorporation of the two funds into a single programme). Systems have also been developed and adapted over time, and the EM3 management team noted that a separate monitoring system is required to report to BEIS, in addition to the system used to measure progress on the ground.
- 3.20 There are some inconsistencies between the datasets, which can make it challenging to track progress over time. In anticipation of the final evaluation, it would be helpful to undertake a review of the management information system to ensure that it is consistent and accessible.

Conclusions

- 3.21 **Overall, EM3 LEP is making steady progress in project delivery.** The spend profile has been broadly constant over time and the current projections indicate that full spend (of the initial capital) will be achieved by March 2021. Output delivery is largely being achieved in line with the published target profile, and while many projects are still underway or have only just been completed, there is evidence of positive emerging outcomes. However, it would be helpful to review the quality and consistency of monitoring data (especially historic data from the early years of the programme) to ensure that this progress is measured as clearly and transparently as possible.

4. Project development and delivery

Summary

- The project development process has evolved over time. Consultees reported that the project application, appraisal and approval process has improved, as EM3 LEP's criteria for LGF/ GPF investment have become clearer and prospective applicants have become more familiar with them.
- There is an active and engaged Board and Programme Management Group, which is taking an increasingly 'commercial' approach to project development and approval.
- The project development and approvals process appears to work efficiently and consistently.
- The evidence points to "delivery journeys" which have been iterative and through which learning – on all sides – has been a feature. Applicants have often worked closely with the LEP to develop project proposals which are aligned with strategic priorities.
- There was concern (from external project managers) that development processes can be arduous and costly. Some questioned whether there was scope for more varied and proportionate approaches, particularly in response to small interventions.
- Generally, evidence for project-level additionality was reasonably strong: most of the projects that were considered through this mid-term evaluation would have been delivered later, or not at all, without LGF/GPF resourcing. Most were closely aligned to strategic priorities across EM3 as set out in the Strategic Economic Plan.

Introduction

- 4.1 A core part of the mid term evaluation of LGF/GPF related to processes of project development and delivery. This chapter sets out an overview of the business case development and approval process. It then highlights some insights from a series of "depth reviews" – which relied on consultations with project managers and are reported in full in Annex B. The perspective was very much that of the "coalface" and the day-to-day development and delivery processes. This provided a helpful insight into how the LEP is working with partners to effect change.

The project development and approval process

- 4.2 Across the programme as a whole, the process for identifying, appraising and approving projects has evolved over time. Initially, there was considerable pressure to develop a pipeline of projects and to get spend underway; at the same time, EM3 LEP had limited capacity in the early days. This meant that there were **relatively few projects seeking funding in the early days**, with many of those coming forward having already been developed for predecessor funding streams (for example those schemes that had already been identified by the former Local Transport Body).

"In the early days, we were quite short of projects. Did all of the early projects tick all of the boxes...? But the process has got much more robust since"

Consultee

4.3 However, **consultees reported that project development and approval had become stronger as the LGF/ GPF programme (and the LEP) became better established.** There appear to be several dimensions to this:

- First, **there is greater clarity regarding EM3 LEP's requirements.** The LEP now publishes a prospectus outlining the scope of its 'call for projects' and requesting an initial expression of interest. The current prospectus reflects the priorities set out in the 2018 Strategic Economic Plan and the emerging Local Industrial Strategy: it sets out a series of areas of thematic focus (clean growth, space, digital health, new mobility, transforming colleges and sustainable transport) and states the LEP's preference for loan support over grant.
- Consultees noted that this had, over time, led to **a greater understanding on the part of applicants of the need to demonstrate the economic benefits of projects seeking funding:** one consultee noted that early on in the lifetime of the programmes, some applicants had tended to see LGF as an 'entitlement' (perhaps reflecting their experience of accessing funding through predecessor schemes), but that this had become much less common over time. In similar vein, the greater discipline associated with competitive funding and the need to think through wider benefits was seen as positive.
- **There is a clear project appraisal and decision-making process, which is in line with EM3' LEPs Assurance Framework:**
 - all project expressions of interest are subject to an initial eligibility sift
 - if eligible, these are considered by the Programme Management Group (PMG)
 - projects with an LGF request of less than £1 million may then proceed to due diligence; those with a request of greater than £1 million are asked to submit a full business case for due diligence review
 - business cases are provided using standard proformas developed by EM3 LEP, which are consistent with the 'five case' business case model. The LEP has adapted the standard model for different types of project (e.g. transport and business and enterprise)
 - due diligence is carried out by an externally-procured advisor (currently AECOM). The outcome is reported in a 'Scheme Business Case Independent Review Report' summarising the business case, reviewing each section of the business case, outlining all points of clarification from the applicant and setting out any recommendations
 - following due diligence, projects are reviewed by the PMG. Subject to satisfactory review, projects with a LGF request of less than £3 million are approved by the PMG and proceed to legal agreement. Projects with an LGF request greater than £3 million are referred to the full Board for approval.
- Aside from this 'formal' process, **consultees noted the level of engagement of the Programme Management Group:** the PMG meets frequently and appears to take an active approach to considering investment proposals and variations.

- 4.4. Consultees noted that **the project pipeline had strengthened over time**. At the end of 2019, there were nine projects anticipated to receive PMG approval in 2020, and it was reported that there was a healthy pipeline of expressions of interest.
- 4.5. At the same time, there is evidence that **partner organisations now have established, 'tried and tested' mechanisms to bring forward project proposals and business cases**. For example, Surrey County Council described its arrangements for seeking internal approvals for business case submission and for agreeing any sharing of overspend risk with the LEP.
- 4.6. While all of the above does not necessarily demonstrate that the arrangements are *optimal* – and the insights from the project depth reviews below highlight some areas for improvement that could be explored – it does appear that **the project development and approvals process works efficiently and consistently** and is clear to EM3's decision-makers and prospective applicants. However, some consultees noted that while EM3's capacity had increased over time, it was still quite 'lean' relative to the size of the project, and that there were occasionally bottlenecks in processing applications.
- 4.4. Looking to the future, EM3 LEP has developed a forward 'development pool' of projects that can come forward if other schemes slip (or if additional allocations of funding become available). According to EM3 LEP, in November 2019, there were nine projects expected to come forward for full business case approval in January or March 2020, with a total funding requirement of £29.3 million.

Insights from the depth reviews

Working with the LEP whilst projects are being developed

- 4.7. From both our depth reviews and our consultations with stakeholders, it was evident that **project development processes have been iterative in nature**, with a strong element of co-design. The comment was made that **very few applications were actually rejected but that many evolved substantially before they were approved**. What was apparent throughout was that the dialogue with the LEP was reasonably strong and the LEP was seen as having a constructive approach in supporting applicants. Some examples, from our depth reviews, are summarised below:

- Hart District Council had previously spoken to the LEP about the challenges of unlocking housing development. From this premise, Hart District Council was confident that the LEP would be supportive of the **Hart SANGS project**. As a result, from the perspective of the Council, the process of applying for and securing LGF was a positive experience. Hart and Rushmoor Councils worked collaboratively with the LEP to ensure the funding application was robust.
- **Egham STP project** was previously linked to the Runnymede Roundabout Package, a project also funded by the LEP. However, when issues were identified in the design and the cost of the Roundabout Package, the decision was taken to decouple the two schemes to avoid delay to the Egham STP project. Furthermore, the scope of the Egham STP changed to release additional money to cover the additional costs of Runnymede Roundabout. Consultees suggested that ongoing communication with the LEP in the development phase of this project ensured that both the Egham STP and Runnymede Roundabout projects were deliverable.

- For the **BASE Bordon Innovation Centre project**, the business case was submitted in February 2015 and approved in May 2015. From the perspective of the project manager, the application process for LGF funding was swift, reflecting EM3 LEP's active involvement in the business case development process and the relatively self-contained nature of the project.
- Likewise, EM3 LEP was seen as having an important direct role in the design of the **5G Innovation Centre** project. The 5GIC had already been highlighted within the original Strategic Economic Plan and the core facility was already being delivered – but the LGF funding, and EM3's direct involvement was seen as establishing a 'business membership' model that would not otherwise have been part of the scheme design.

Recognising the costs and complexity of project development

4.8. This "journey", however, was sometimes lengthy – and in some cases, the costs of development work were considered to be very high. There are perhaps three issues here, linked with the principle of a proportionate approach to project development:

- **'Flexing' approval processes to be more accommodating of smaller schemes.** The project lead from one transport project commented on the difficulty of creating a 'one size fits all' process for all projects covered by LGF. From their perspective, there were elements in the application process that weren't relevant for a small transport improvement scheme. The project lead suggested more flexibility in terms of the level of information required for different schemes to avoid tenuous links to value added.

It is worth noting that there is already a 'streamlined' approvals process for schemes with an LGF request of less than £1 million (which do not require the preparation of a full business case). However, this is a fairly low threshold for capital projects, and there may be value in considering an 'intermediate' level of business case requirement, provided that this is consistent with Green Book guidance.

- **Local authority consultees highlighted the potential value in granting more flexible funding pots on an area basis,** to enable delivery bodies to more easily manage variances in spend between different schemes. This was referenced in the context of a county council with (potentially) a series of capital projects within a town, which could form part of a coherent package. It is plausible that this could reduce the complexity of individual business case development and change requests, and could support the place-based 'growth towns' / 'step-up towns' approach. On the other hand, as the examples above highlight, the LEP has been willing to take a flexible approach where required.
- **The costs of business case development on major schemes can be very significant,** and are sometimes only viable when the applicant has certainty of funding. This can create a 'mismatch' between the level of detail required by the LEP, and the practical ability of the applicant to provide that without incurring excess costs. An example of this is set out below.

Linked with this, one survey respondent commented that *"it would be useful if smaller grants were available to local authorities for feasibility studies for place-shaping, perhaps*

recoverable when successful in unlocking growth.” This reflects some of the challenges that applicants face in developing schemes when their own capacity is under pressure; on the other hand, the lack of revenue funding within the LGF pot may present a difficulty in supporting some of this early-stage work.

This has been recognised by EM3 LEP, which agreed a capital to revenue transfer of £3 million in 2017, via Hampshire County Council (the LEP’s accountable body). This has provided a mechanism to fund some development costs⁸.

- It took around a year from the start of work on developing the business case for the **Meadows Gyratory** project to Board approval, with another two years before legal agreements were signed in June 2017. The key reason for the lengthy application period was the need for design work. The Gyratory scheme was complex and only existed in conceptual form when the LGF programme was first developed.
- To meet EM3 LEP’s business case requirements, Surrey County Council spent some £400k on design work in advance of approval – however some of this had to be revised subsequently once more extensive surveys could be carried out following approval. The Council suggested that initial funding to cover design and development would have been helpful.

- 4.9. On the other hand, one local authority consultee noted that while the process of applying for LGF was more onerous (from the council’s perspective) than managing a block settlement linked with the Local Transport Plan, the fact that the funding was held by the LEP was seen as far preferable to direct scheme-by-scheme bidding to the Department for Transport: it provided greater certainty and the ability to maintain dialogue with locally-based funders who knew the context was seen as beneficial. A comment from one of the respondents to the esurvey (Annex A) was insightful in this context:

“Giving local control has made a big difference and enabled schemes that matter locally to get off the ideas board and into reality. The LEP has been both helpful in shaping projects and robust in its governance which is a difficult balance to get right”

- 4.5. Complex capital projects are also subject to delays imposed by other works underway. The Meadows Gyratory project (for example) was delayed while works were ongoing on the M3 as part of a separate scheme. In a densely-populated area with an extensive transport infrastructure, the sequencing of capital projects inevitably needs to be managed carefully.

Building delivery capacity and developing more innovative, locally-appropriate, solutions

- 4.10. The opportunities presented by LGF/GPF have been important in EM3 and there was evidence from the depth reviews that **capacity had been built up during the delivery process**. In this context, the fact that delivery capacity was being generated at a local level was recognised to be especially important. One consequence was that projects were better able to reflect local circumstances, and some level of innovation was therefore identified:

⁸ EM3 LEP, Board report, Capital to revenue transfer: Proposed utilisation of funding, 28 September 2017

- The process that Surrey County Council followed for the **Egham STP** was thought to have improved internal processes, particularly in relation to monitoring and reporting on schemes. Furthermore, the Council was of the view that the project has improved information sharing across teams within the council.
- The process of delivering the **Whitehill and Bordon Relief Road** was considered to have built capacity within the Hampshire County Council. Consultees reported that key experience was gained around governance and project board functions. Examples included: structuring strategic oversight more efficiently; streamlining monitoring and reporting; and facilitating pragmatic decision making and effective communication.
- The project manager for the **Whitehill and Bordon STP** commented that, through partnership working, the relationship between district councils and the County Council has changed. Historically, the County Council was seen as the delivery body but district councils have increased their internal capacity and are taking on greater roles in delivering schemes of this nature.
- Similarly, in the case of the **Basingstoke North A340 Junction Improvements** project, the project manager said that substantial effort had been made to bring together a partnership of stakeholders (including the local bus companies, private developers, community organisations and the local authorities) to consider how a series of local highways and access challenges could be mitigated. LGF provided a catalyst for the partnership to form, with the prospect of funding giving the County Council credibility and encouraging partners to contribute match.

4.11. Evidence from the esurvey was consistent with this observation. Although the number of responses was not great, 12 (of 14) considered that LGF/GPF had positively influenced innovation at a project level (and none considered that it had had a negative effect).

4.12. Enhanced capacity also appeared to go hand-in-glove with a greater level of local confidence. It meant, for example, that there was more **willingness to engage in bidding processes to secure resources at a local level**. The examples below provide evidence:

- The project sponsor for the **Meadows Gyratory** scheme within Surrey County Council noted that the scheme was ambitious, and the design involved ‘experimentation’ with new forms of configuration that had not previously been used in the county. The Meadows Gyratory was also the first scheme that SCC Highways had delivered using night-time construction, to avoid traffic impacts.
- Delivering the **Whitehill and Bordon STP scheme** ahead of Whitehill and Bordon Regeneration Company, which is responsible for the housing delivery and town centre regeneration, has enabled the Council to set a high standard for sustainable transport infrastructure that must be followed by developers in their projects. As a result, LGF funding has meant that regeneration activities outside the LEP funding package will be delivered to a higher standard than if LGF funding wasn’t available.
- The success of the **Hart SANGS** project has encouraged the Council to be more proactive in sourcing other funding opportunities and working with the LEP on other funding opportunities. Within the Council, applying for funding is now seen as a much higher priority.

4.13. However, there is also some suggestion that **projects perhaps need to be better “packaged”**; in other words, they are providing part of a solution rather than a complete one.

This was evidenced most clearly in the context of Whitehill and Bordon, as the examples below demonstrate: while EM3's focus on the settlement is clearly articulated in *strategic* terms, and there is clearly very significant investment at the *project* level, more could perhaps be done at an intermediate level to make the most of the individual project benefits, plan ahead for the next stage and ensure that the projects in combination are greater than the sum of their parts:

- **BASE Innovation Centre** has identified the need for 'grow-on' space within Whitehill and Bordon. Consultees were concerned that businesses are currently unable to 'graduate' from the centre and find their next premises locally.
- The **Future Skills Centre (FSC)** is operating at ~60% of its potential capacity meaning staff are unable to justify the variety of courses they could. Consultees believe that some marketing and accessibility (transport links are poor) support would help to resolve this.

- 4.14. It should be noted that 'packaging' the projects at local level is not just (or even, necessarily, primarily) the responsibility of EM3 LEP: in the case of Whitehill and Bordon, the LEP is one strategic actor among several, including the County and District Councils and Homes England (and as the case study in Chapter 5 sets out, East Hampshire District Council has provided a key coordinating role). However, LGF has provided a critical source of funding to bring the schemes forward: in relation to another project, one consultee considered that the LEP could have a more active partnership 'leadership' role, as its capacity increases.

Project-level additionality

- 4.15. For any evaluation, a key question relates to the scale of additionality – namely the extent to which projects could reasonably have been expected to proceed without support from LGF/GPF. The evidence from the depth reviews was largely consistent in asserting that projects would have been unlikely to proceed without these resources.
- 4.16. To some extent, this is unsurprising: some major transport schemes would only have been funded with public sector capital grant, and LGF was in part a successor to previous funding regimes (the same is true of some further education capital projects). But in some cases, including those considered in the depth reviews, LGF was directed towards schemes that would not have necessarily been developed under a predecessor scheme, and would not otherwise have come forward.

- Without LEP funding the **Whitehill and Bordon STP** would have been reliant on Section 106 funding. Consultees considered that the outcome would have been a poorer scheme.
- In respect to the **University Centre Farnborough** project, consultees reported that without LEP funding the UCF may have come about eventually but it would not have been a priority. It would therefore have been delayed, possibly indefinitely.
- The **BASE Innovation Centre** was entirely publicly funded, and it is unlikely that it would have come forward in its current form without LGF support.
- It is unlikely that the **Egham STP** scheme would have proceeded without LGF funding – it would have required additional funding through developer contributions and the local councils; and both may have resulted in greater restrictions.

- Consultees found it difficult to comment on whether the **Hart SANGS** scheme would have proceeded without LGF funding. However it was noted that the quality of the SANGS is higher as a result of the LGF funding as other funding sources would not have allowed for the same scale of health and wellbeing infrastructure.
- The need for improvements to the **Meadows Gyratory** had been identified for several years, and this was already referenced in Surrey's Local Transport Plan. However, it was recognised that improvements would involve a substantial scheme, and no detailed proposals had been brought forward until the Local Growth Fund became available. It is unlikely that the Gyratory scheme would have proceeded without LGF funding – at least not until some other form of major transport capital funding became available.

4.6 In some cases, LGF investment might be described as making an important difference in **influencing project objectives or outcomes at the margins**. An example of this is set out below in a case study of the LGF investment in Phase 1 of the 5G Innovation Centre, where the LGF contribution appears to have been significant in influencing the level of interaction between the 5GIC and local firms. In this example, it is quite hard to separate the role of LGF as a source of funding, and the role of the EM3 team as strategic partner in influencing the direction of the 5GIC: to some extent, the funding gave EM3 LEP 'strategic leverage' in engaging with a nationally-significant project and shaping with the aim of increasing its local economic impact:

Case study: LGF investment in the 5G Innovation Centre (Phase 1)

This case study examines the role of LGF investment in the 5G Innovation Centre project, one of the earliest schemes to be receive LGF funding. The case study has been informed by consultations with the project manager at EM3 LEP and stakeholders at the University of Surrey and Surrey Research Park

Background

The 5G Innovation Centre (5GIC) aims to develop new infrastructure and applications for 5G technology. It currently accommodates 170 researchers in a purpose-built innovation facility on the University of Surrey campus in Guildford. This is linked with a 'testbed': a 5G network covering 4 sq km across the University campus, including indoor and outdoor environments, which can be used to test 5G prototype technologies in a 'real world' situation.

By the time the Local Growth Fund was established, the development of the 5GIC was already well underway, and the 5GIC formally opened in September 2015. The LGF investment sought to provide an 'extension' to the test bed, purchasing additional emulation equipment, launching an open innovation programme to attract business participation in the Innovation Centre and establishing an additional demonstrator site at Basingstoke.

The project featured in the 2014 Strategic Economic Plan and was specified in Growth Deal 1. Initially, an allocation of £5 million was identified for the 5GIC, although detailed plans had not been drawn up for this. It was therefore agreed to progress an initial £1.75 million pilot project (Phase 1), which could lead on to further investments at a later date.

The case for Local Growth Fund investment...

The case for the LGF investment was described as a response to an 'opportunity', rather than a funding gap in the conventional sense. There was already substantial investment in the 5GIC (the LGF investment formed part of a £25 million package with contributions from Huawei and Vodafone,

among others), in addition to the costs of the innovation centre building itself, which was separately funded. However, the proposition outlined in the business case was that by contributing to the 5GIC, EM3 LEP would be helping to drive local interaction with the technology, enabling greater local business engagement than would otherwise be the case.

While the applicant for LGF was the University of Surrey, EM3 LEP was active in the development of the project from the start: effectively the project was co-designed, rather than coming forward as an external application.

Outputs and outcomes

A key outcome of the project was the development of a business membership model for the 5GIC, which enabled SMEs to become partners in the Centre alongside larger technology firms. It was reported that this would probably not have been initiated without the LGF funding and EM3 LEP's involvement.

EM3 LEP and the University of Surrey commissioned an evaluation in 2017, which was carried out internally by the University. This reported that 33 businesses had joined the 5GIC (building on 12 'pathfinder' companies recruited initially, supporting around 200 jobs by 2016. There had also been 12 new business starts by April 2016 (although this was fewer than the 20 anticipated in the business case). In 2020, there are 83 member businesses according to 5GIC, 56 of which are SMEs.

Activity at the Basingstoke 'step out' centre was slower to take off than anticipated. It was reported that this may have been because the technology was too advanced at the time for the market, and there were relatively few businesses with the capacity to use it, outside of the university-related environment. However, the LGF investment at Basingstoke was modest (£250k), and the 5G testbed, supported by SETSquared, remains active at Basing View.

The 'added value' of LGF

The 'Phase 1' project was a relatively small investment of LGF to contribute to a much larger, nationally-significant project. The question is not whether or not the 5GIC would have happened anyway or whether the testbed facilities could have been provided with other funding (it seems likely that they could); rather the question is *whether LGF led to wider local benefits than would otherwise have been the case*. There is evidence that local business involvement was facilitated by the investment, and helping local firms to engage with the 5GIC was plausibly a benefit to the 5GIC, as well as to the firms themselves.

Longer term, this should be important in building EM3's digital technology 'cluster': this is a key focus of the 2018 Strategic Economic Plan, and includes concentrations of activity in a range of technology sub-sectors (including games and the space sector) with advanced requirements for digital technology. The initial investment appears to have encouraged further involvement by EM3 in the tech sector, for example through future phases of the 5GIC and projects such as Aldershot Games Hub.

Conclusions

- 4.17. Although, as stated at the start, the perspective reported in this chapter has overwhelmingly been that of the project managers, the findings are important overall. They point to a delivery journey that has evolved over the last five years and has been characterised by developing capacity and confidence, both within partner organisations and through relationships with the LEP. There are certainly lessons from some of the projects – some may have been underscoped and would have benefitted from a broader funding package while others will

only deliver their full impacts once further supporting interventions are in place. However, all appear to have been informed by the SEP and configured in response to it.

- 4.18. **The evidence suggests that local impacts are emerging. However, across the geography of EM3, the combined impacts of different schemes may be difficult to discern:** this will need to be revisited properly at the end of the programme.
- 4.19. Looking ahead, **it will be important that the new capacity and confidence within the EM3 area is retained.** This relates as much to the LEP as it does to partner organisations. It will be important, for example, that project application processes are proportionate to the scale/risk associated with individual interventions. It will also be important that lessons learned in terms of “what works” are appropriately retained.

5. Wider impacts

Summary

- LGF/ GPF has been important in supporting EM3 LEP's role as an effective partnership and in enabling it to advance its wider strategy.
- There is some evidence that LGF/ GPF funding, and the requirements placed on it, have encouraged delivery partners to take a different approach to considering project benefits. If this is continued, it could have longer term impacts beyond the lifetime of LGF/ GPF itself.
- There have been complementary benefits across linked projects in specific locations, although more could be done to join these up.
- There are potentially wider benefits from the scaling up of innovative and experimental projects, more of which may emerge through the development of the Clean Growth Fund.

Introduction

5.1 The earlier chapters considered the Local Growth Fund and Growing Places Fund through a project lens, looking at the outputs and intermediate outcomes that they have delivered, the way in which projects were developed and approved and the extent to which there was additionality at the project level. However, the original Growth Deals concept envisaged that there would be wider benefits to the devolution of funding, over and above the individual projects that were delivered as a result. These might include:

- benefits to partnership development (in addition to joint working on specific schemes)
- impacts on 'ways of working', and the way in which projects and wider strategies are developed
- wider benefits arising from the use of LGF/ GPF funding on a series of projects in relation to a specific theme or within a particular location
- impacts on innovation, through experimenting with new project ideas that could potentially be scaled up to have a 'bigger than local' impact.

5.2 At this stage, it is quite early to take a view on these. However, this chapter sets out some emerging headlines, drawing on the evidence so far.

Benefits to partnership working

5.3 Local authority consultees considered that there was a good relationship between the council and the LEP, both at strategic and operational level, and while there is a generally even balance of investment between Surrey and Hampshire, stakeholders appear to see the programme (and the partnership) as a whole.

- 5.4 LGF/ GPF funding was seen as making an important contribution to effective partnership working. This was clearly evidenced through our esurvey: 11 of 14 respondents identified either “positive” or “very positive” effect (and the other three “didn’t know”). One consultee said that “EM3’s partnership working is the best it’s ever been”. However, she also noted that “if there isn’t any funding, it’s quite hard to do anything”. This is an obvious point: the funding itself enables activity to happen, which brings partners to the table. Beyond that, the evidence so far is mixed: at project level, there are examples of new partnerships coming together as a result of the funding (see for example the Basingstoke A340 Junction Improvements project cited in the previous chapter). But some consultees said that the funding relationship was, in some cases, more transactional: LGF was the most relevant funding source for the project at the time.

Impacts on ‘ways of working’

- 5.5 Some consultees commented on the effectiveness of the LGF/ GPF programme on encouraging partner organisations to think about project benefits differently. Consultees engaged in transport schemes referred to this in terms of focusing scheme business cases on economic objectives linked with the aims of the Fund, and on making greater provision for sustainable travel within scheme design than would otherwise be the case. If this ‘reorienting’ of scheme development principles are embraced more systematically by transport authorities and other partners, then they would help to deliver the LEP’s objectives over the longer term, without (necessarily) a requirement for additional LGF.

Linked and complementary benefits

- 5.6 From the start, EM3 LEP sought to concentrate investments around key growth locations (the ‘growth towns’ and ‘step-up’ towns. Where there are multiple LGF/ GPF investments in one place, there ought to be an opportunity for greater added value (for example, separate investments in a road scheme and business units could help to ensure that the two are better coordinated, with lower overall cost or earlier benefits).
- 5.7 Whitehill and Bordon was the location for several LGF investments, linked with its designation as an important growth centre. The case study below highlights the extent to which there have been synergies across these projects:

Case Study: Looking across four LGF-funded projects in Whitehill and Bordon

This case study examines four LGF-funded projects in Whitehill and Bordon with a view to establishing the extent to which there have been (and could be) either project- or strategic-level synergies. The case study has been informed by consultations with the four project managers, East Hampshire District Council and with stakeholders linked to BASE Innovation Centre.

Context / rationale for the projects

Formerly a garrison town, the two settlements of Whitehill and Bordon are undergoing substantial redevelopment. They provide a major focus for growth in East Hampshire (and indeed, across EM3 more generally).

Enterprise M3’s Strategic Economic Plan (SEP) from 2014 noted significant variation in the performance of towns. Alongside Aldershot, Andover, Camberley, and Staines-upon-Thames, Whitehill and Bordon were (together) identified as a ‘Step-up Town’ in the SEP – namely “an area of

latent economic potential, which currently experiences barriers to growth that impacts upon the overall performance of the EM3 area". The SEP's Step-up Towns' Growth Packages included a series of catalytic transport and infrastructure measures to alleviate congestion and enhance capacity and town centre renewal to promote inward investment, skills centres of excellence and interventions to unlock housing sites.

The importance of Whitehill and Bordon is also recognised locally. For example, the East Hampshire Place-Making Strategy 2019-2036 aims to support the transformation of the Whitehill and Bordon community *"from garrison town to healthy, green and connected new town", able to accommodate 22,000 residents by 2030*".

Across Whitehill and Bordon – and consistent with the scale of opportunity – four projects have been supported through LGF:

- Relief Road and A325 Integration Works
- Sustainable Transport Package (STP)
- Future Skills Centre (FSC)
- BASE Innovation Centre.

Process of application

Our research suggested that across the four projects, the local planning authority (East Hampshire District Council) had played a critical role – and in some respects, the local authority provided the "glue". For example, it contributed to the writing of funding applications for all four projects. In itself, this allowed for some level of "join up".

From the perspective of the Council, LGF funding enabled the local context and strategic priorities of the area to be considered throughout the application process. This resulted in mutually beneficial schemes that were also consistent with both local priorities and those articulated in the SEP. LGF was considered to be well attuned to local circumstances; at least, it was thought to be more flexible and accommodating than the most probable alternative resourcing solution (linked to Section 106 arrangements).

Project delivery

Evidence from consultees suggested that the four projects were delivered independently of each other. While consultees were aware of other projects, they were often unaware that these were also part of the LEP's wider delivery programme.

However, there was anecdotal evidence that the delivery of LGF funded projects had nevertheless resulted in "organic partnership working" within Whitehill and Bordon. For example, in its search for grow on space, the BASE Innovation Centre approached the FSC to explore options for extra capacity. Looking ahead, project managers believed that there are also opportunities to forge closer relationships in the future, particularly for BASE and the FSC.

Outcomes and impacts

On reflection, all consultees acknowledged that "the whole was greater than the sum of the parts" in terms of emerging outcomes and impacts.

This was evidenced most often with regard to the Relief Road. It was seen as critical and catalytic in unlocking regeneration in Whitehill and Bordon. Specifically:

- The STP would not have gone ahead without the initial investment into the Relief Road to free up capacity on the existing A325.
- Consultees from BASE and the FSC recognised that the Relief Road had been critical in terms of accessibility to their premises.

Looking ahead, project managers felt that there was room to 'go further' in terms of maximising the outcomes delivered so far. For example:

- BASE Innovation Centre has identified the need for 'grow-on' space within Whitehill and Bordon. Consultees were concerned that businesses are currently unable to 'graduate' from the centre and find their next premises locally. Looking forward, consultees suggested that the LEP may want to intervene to help bring forward grow on space in the area.
- Occupancy (in terms of students) at the FSC is at around 60%. The project manager suggested that additional investment in marketing and public transport infrastructure would enable the centre to achieve full capacity and fulfil its potential.

Reflections and implications

As a major growth/regeneration project, Whitehill and Bordon together form a long-term venture which – as of 2020 – is far from “complete”. The four projects which have benefitted from LGF funding are all playing a role in delivering the vision, and this is well aligned with both district and LEP-level strategic commitments. But there is clearly more to do. The emphasis ought to be on the sustainability of Whitehill and Bordon in the broadest sense; is there, for example, more scope to align the activities of the FSC with those of BASE Innovation Centre? Going forward, it will be important to ensure that publicly-funded interventions are genuinely synergistic and complementary as well as being aligned explicitly with overall plans for Whitehill and Bordon.

Impacts on innovation

- 5.8 Finally, a flexible fund offers opportunities for investment in new ideas. There is some evidence that this has happened (for example, through the recoverable investment in the Suitable Alternative Natural Green Space schemes, which could offer a model for bringing forward new development alongside protection of the natural environment in the future). There are also several projects recently approved and in the pipeline that have responded to the Clean Growth call that could lead to wider innovation benefits.

Conclusions

- 5.9 While there is evidence of complementary benefits across linked schemes, such as those described at Whitehill and Bordon, there is possibly further work to do to ensure that their benefits are fully joined up. There is also evidence that EM3 LEP has taken an innovative approach in some areas, which may lead to new models being rolled out more widely in the future (although in the case of the current Clean Growth proposals, it is too early to say at this point).
- 5.10 Looking to the final evaluation, it may be helpful to consider in greater detail the strategic (as opposed to project-specific) benefits of wider partnership development. At present, it appears that EM3 LEP is a successful partnership with very strong stakeholder relationships and there is evidence that EM3 plays an active role in the project development process. However, it would be useful to examine the extent to which the existence of LGF has encouraged partners to pool other sources of funding on a strategic basis to invest as match, or have shared business case and project development resources. There is no direct evidence of this from the consultations or the projects that we have reviewed, but this would provide evidence of a wider strategic influence on partner behaviour and funding.

6. Conclusions

- 6.1 EM3's Local Growth Fund and Growing Places Fund programmes are well underway. There has been substantial spend and progress against output delivery, and evidence of some emerging outcomes. At this stage, it remains too early to give a full assessment of the impacts of the programme, although we can draw some emerging conclusions.

Strategy and focus

- 6.2 There is a good strategic alignment between the projects supported by LGF/ GPF and the priorities set out in the 2014 and 2018 Strategic Economic Plans. Projects that have been supported appear to have a rationale based on economic growth, and LGF/ GPF has been used across the intervention themes set out in the SEP. There is also good alignment between EM3 LEP's spatial priorities, focused on the 'growth towns' and 'step-up towns' and the distribution of LGF/ GPF funds.
- 6.3 During the early years of the programme, the profile in terms of the value and number of projects was dominated by Transport schemes. Latterly, there has been greater emphasis on innovation and skills, consistent with the priorities identified in the 2018 SEP, and guidance provided to applicants on the LEP's strategic priorities has become clearer. This suggests greater strategic alignment over time, although it may be explicable as much in terms of the suitability of projects for funding as the consequences of top-down direction and decision-making.
- 6.4 EM3 LEP's investment approach involves a preference for loans over grants. There is evidence that this has been pursued across the programme, and this is clearly set out in the advice to applicants.
- 6.5 There is evidence that EM3 LEP has sought to use LGF/ GPF in innovative ways. Recent examples include the call for projects under the Clean Growth Fund, but over the longer term, there are examples of the Fund being used to facilitate innovative approaches to unlocking growth (for example, the Suitable Alternative Natural Green Space schemes).

Spend, outputs and outcomes

- 6.6 Overall, EM3 LEP secured an allocation of £219.1m from LGF over three Growth Deal rounds, and £21.3 million from GPF. Against this allocation, it had spent £147.5 million LGF by the end of Quarter 2 in 2019/20, and all of the GPF allocation.
- 6.7 There has been good progress in delivering project outputs. However, jobs and housing outputs are largely indirect and are dependent on sites coming forward following the delivery of LGF-funded infrastructure. These will take longer to materialise and this is to be expected at this stage.
- 6.8 There is evidence of additionality. Of the projects that we reviewed in depth, most would not have happened at all without LGF/GPF funding, or would have either been delayed indefinitely or substantially reconfigured.

- 6.9 However, it is still early days with regard to on-the-ground impacts, but generally feedback suggested that projects ought to be helpful in effecting appropriate economic change.

Project development and delivery

- 6.10 EM3 LEP appears to have been relatively “hands on” in progressing project development and delivery: few applications are rejected, but most evolve as they are developed with inputs from both the applicant and the LEP. It appears that this process may assist with strategic alignment
- 6.11 The role of the Programme Management Group seems to have been formatively important. It has provided a vehicle for operationalising strategy, and the Group has been both actively engaged and ‘commercial’ in its approach to decision-making. The consequence is that delivery capacity appears to have been developed across the EM3 area, and that more ambitious schemes are being initiated which are consistent with the SEP.
- 6.12 There is a clear approach to business case development, project appraisal and approval, in line with EM3 LEP’s Assurance Framework. This appears to work effectively and consistently, although some stakeholders highlighted the costs of business case development (especially for large capital schemes where extensive investigations works are required) and the need for a less onerous approach for smaller schemes.

Wider impacts

- 6.13 The LGF/ GPF portfolio is extensive, containing a combination of major capital schemes and smaller projects. There is evidence that relatively small interventions could have a wider benefit. There is also evidence that where several projects funded by LGF/ GPF have been delivered within a specific location, they have added value to each other, although more could perhaps be done to ‘join up’ these benefits.
- 6.14 There appeared to be positive feedback from the wider partnership – although almost all consulted with as part of this mid term evaluation were linked to LGF funding, so had a direct interest. This is not easily benchmarked: LGF brought something new to EM3, ‘galvanised’ the partnership and enabled EM3 to progress its strategy and take some innovative initiatives: for this reason, it was welcomed. This is not a comment on the effects that might eventually be generated – but it was “something” across an area that had had relatively little public sector economic development investment for the previous five years. The ability that the fund provided for local prioritisation was also welcomed.

Looking ahead to the final impact evaluation

- 6.15 While this mid-term evaluation has provided an interim review of the progress of the LGF/ GPF programme and the benefits of it, there is at this stage limited evidence of impact. This is because the programme is still underway, and projects are mostly either in the delivery phase or have only recently been completed.
- 6.16 However, once the programme has been completed, there may be value in completing a more rigorous impact evaluation. At individual *project* level, this could involve a more detailed review of a larger sample of projects, drawing on a wider range of beneficiary and stakeholder

inputs (over and above those involved in project management and the decision-making process) and further consideration of the additionality of LGF/ GPF investment, especially in those projects where it forms a relatively small element of the overall funding mix. Further exploration of the theory of change would also be worthwhile.

- 6.17 A final evaluation could also seek to understand *programme*-level effects; i.e. a consideration of what difference it has made to EM3 as a whole? This would be a much more complex exercise which might involve a range of approaches. Econometric modelling may play a part. In addition, the use of micro data to compare the performance of assisted and non-assisted businesses might provide some insight (if these could be identified). A consideration of land value uplift in areas benefiting from infrastructure investment might also point to wider effects. In practice, the scale of the programme, the range of interventions supported, the heterogeneity of the EM3 area's economy, and the difficulty of identifying meaningful comparators/control groups may make robust programme-level impact evaluation both challenging in methodological terms and prohibitively expensive. However, in terms of economic evaluation (taking into account overall value for money and some assessment of net effects), it should at least be considered once the programme is complete.

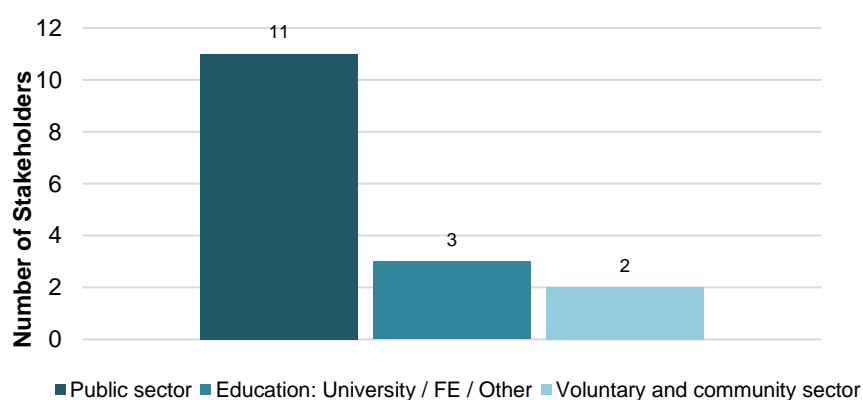
Annex A: Survey analysis

- A.1 This annex contains an analysis of an esurvey of stakeholders across the EM3 area. The questionnaire was structured around ten questions and the survey was open for two and a half weeks from 27 January 2020 to 13 February 2020.
- A.2 When the survey was closed there were 12 complete responses and 8 partial responses. Four of the partial responses were deemed to have sufficient data to be included in the analysis. As a result, this annex is based on data derived from 16 useable responses.
- A.3 The survey results are broken down and analysed by question.

Question 1: What type of organisation do you work for/ represent?

- A.4 In total, 16 stakeholders answered this question. Figure A-1 shows that 11 stakeholders worked for or represented a public sector organisation, three were from an educational organisation (university, further education institution, or other) and two were from an organisation within the voluntary and community sector.

Figure A-1: Type of organisation by stakeholder



Source: SQW Analysis of Survey Data

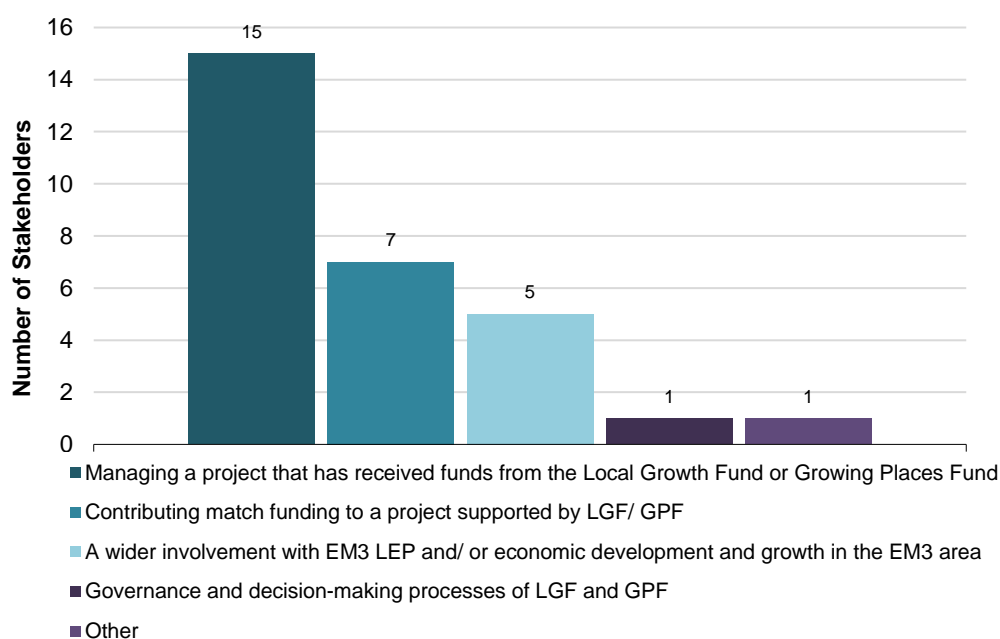
Question 2: How have you been involved with Enterprise M3 and with the Local Growth Fund and Growing Places Fund? Please tick all that apply.

- A.5 16 stakeholders responded to this question; and respondents were able to choose more than one response. Some 15 (of 16) respondents (see Figure A-2) indicated that they have been involved in “managing a project that has received funds from LGF or GPF”. “Contributing match funding to a project supported by LGF or GPF” was identified by seven respondents, and “a wider involvement with EM3 LEP and / or economic development and growth in the

EM3 area” was identified by five. One stakeholder said they were involved through the governance and decision-making processes of LGF and GPF, whilst one stakeholder stated that they have been involved in the preparation of business cases for LGF.

- A.6 Of the 16 stakeholders that responded to this question, six were involved with EM3 and with LGF and GPF in multiple ways. Analysis of individual responses reveals that four stakeholders were involved in three separate capacities: as project managers; through contributing match funding to a project supported by LGF or GPF; and through a wider involvement with the LEP.
- A.7 A further stakeholder was also involved with the LEP and LGF/GPF through three capacities but the makeup of these was different to the aforementioned stakeholders: the individual was involved as a project manager and had a wider involvement with the LEP but was also involved in the governance and decision-making processes of LGF and GPF.
- A.8 Finally, one stakeholder was involved with EM3 and LGF/GPF in two capacities: as a project manager and through contributing match funding to a project supported by LGF or GPF.
- A.9 **It is important to note that as the majority of respondents have been involved in hands-on project management, the views presented in this annex derive primarily from one particular perspective.**

Figure A-1: Involvement with EM3, LGF and GPF

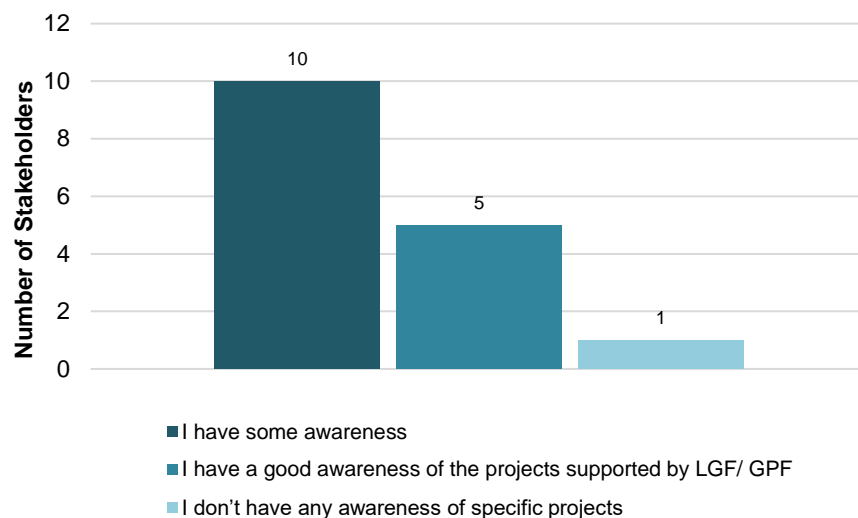


Source: SQW Analysis of Survey Data

Question 3: To what extent are you aware of the specific projects that have been supported by the Local Growth Fund or Growing Places Fund?

- A.10 16 stakeholders answered this question and the results are detailed in Figure A-3. 15 stakeholders said that they had awareness of the projects supported by LGF or GPF, and for five, this was the level of awareness was described as “good”.. One stakeholder said they did not have any awareness of specific projects supported by LGF or GPF.

Figure A-3: Awareness of projects supported by LGF or GPF

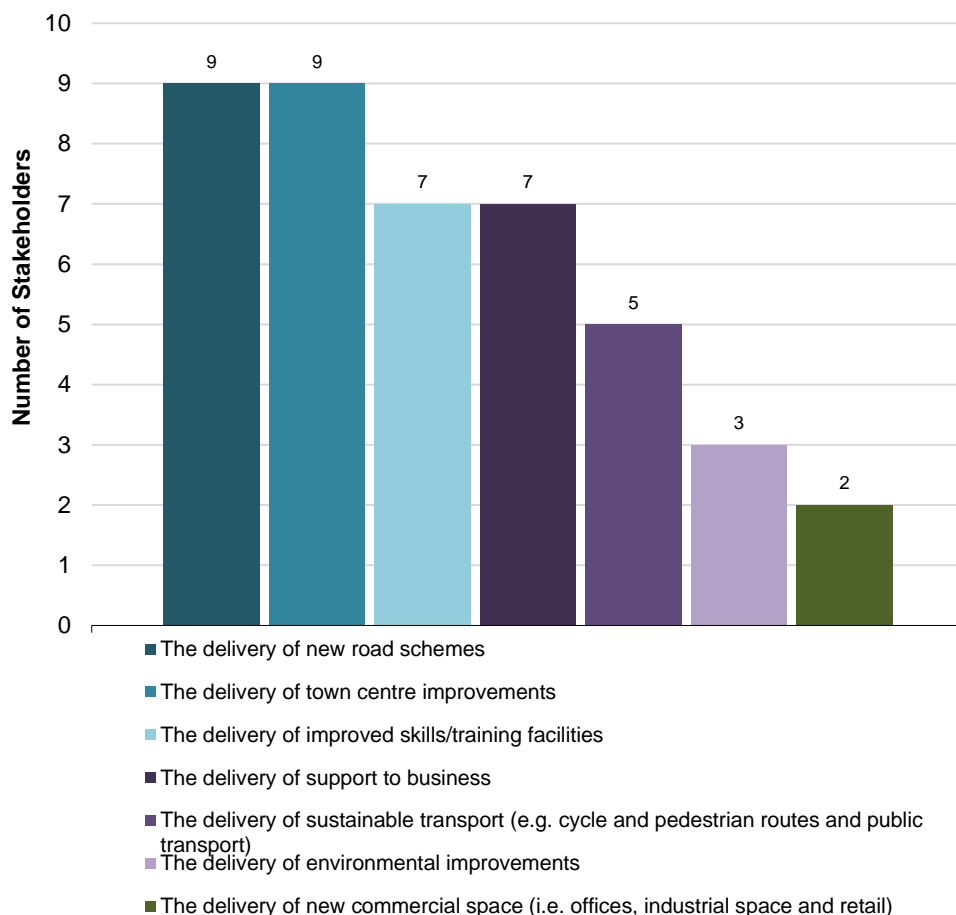


Source: SQW Analysis of Survey Data

Question 4: Below is a list of possible activities. Across these, where do you think LGF and GPF have contributed most within EM3? Please identify the three areas of activity where you think LGF/GPF have had the greatest (positive) effect

- A.11 This question gathered responses from 15 stakeholders. Of these, 13 identified multiple areas of activity where they believed LGF/GPF to have had the greatest positive effect. Figure A-4 shows that the two most popular responses were the delivery of new road schemes and the delivery of town centre improvements, both gathering nine responses. This was followed by the delivery of improved skills/training facilities and the delivery of support to business (both with seven responses), the delivery of sustainable transport (five responses), and the delivery of environmental improvements (three responses). The delivery of new commercial space such as offices, industrial space and retail received the fewest responses with two.

Figure A-4: Contribution of LGF and GPF to activities within EM3

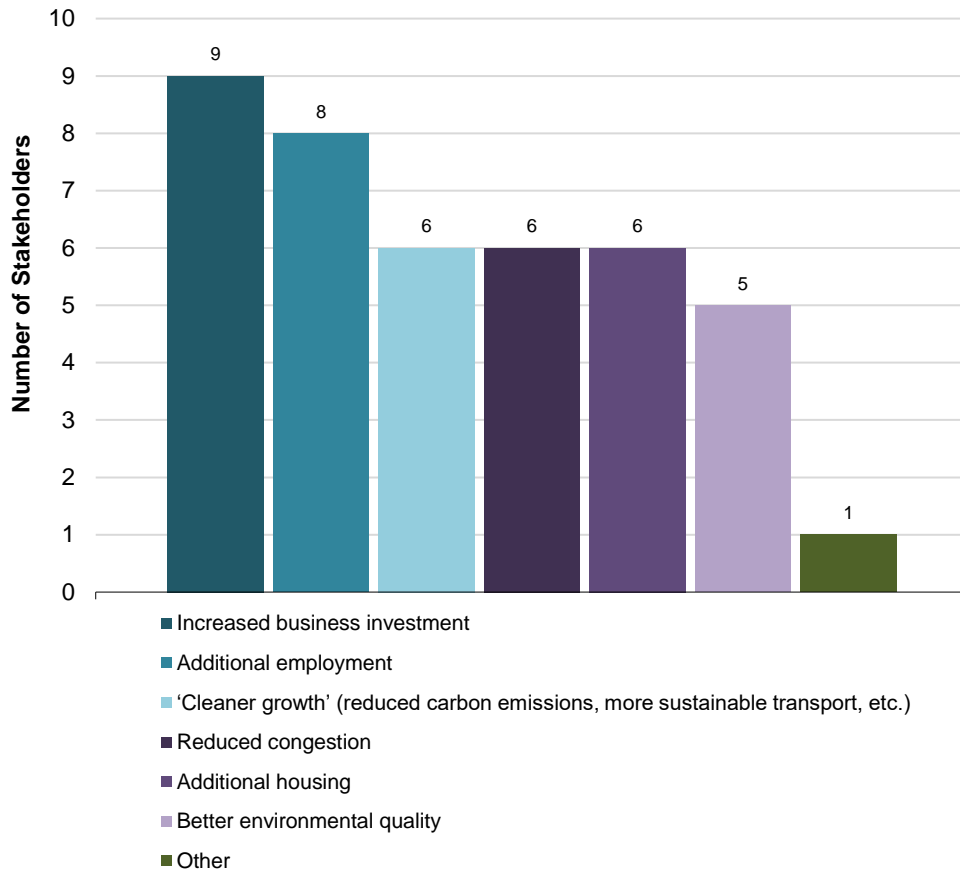


Source: SQW Analysis of Survey Data

Question 5: Below is a list of potential outcomes from these activities. Across these, where do you think LGF and GPF have contributed the most in EM3? Please identify the three outcome areas where you think LGF/GPF have had the greatest (positive) effect.

A.12 In total, 15 stakeholders answered this question. Of these, 13 identified multiple outcome areas where they believed LGF/GPF to have had the greatest positive effect. Figure A-5 shows that “increased business investment” was the outcome area where the largest number of respondents considered LGF/GPF to have had the most positive effect, gathering nine responses in total. “Additional employment” was a close second with eight responses, followed by “cleaner growth”, “reduced congestion” and “additional housing” all with six. “Better environmental quality” was identified by five whilst there was one response for “other”, this focused on LGF and GPF contributing to wider town centre regeneration.

Figure A-5: Contribution of LGF and GPF to potential outcomes within EM3



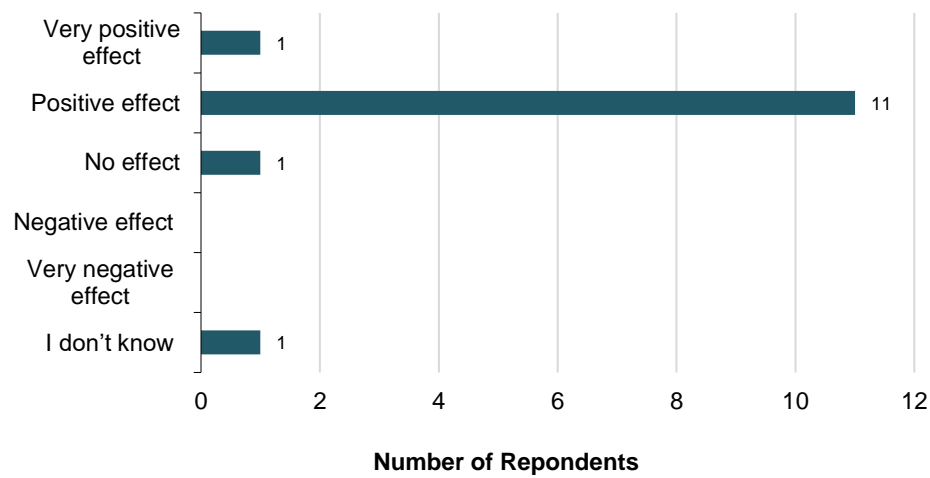
Source: SQW Analysis of Survey Data

Question 6: What effect have LGF and GPF had on:

The development of innovative project ideas

- A.13 14 stakeholders responded to Question 6.
- A.14 Figure A-6 presents the findings for the effect of LGF and GPF on the development of innovative project ideas. One stakeholder stated that the effect has been “very positive” and 11 stated that it has been “positive”. There was one response for “no effect”, and one for “I don’t know”.
- A.15 No respondents identified LGF/GPF as having had a “negative” or “very negative” effect on the development of innovative project ideas.

Figure A-6: Effect on development of innovative project ideas



Source: SQW Analysis of Survey Data

The pace of delivery in implementing new projects

- A.16 Figure A-7 details the perceived effect on the pace of delivery in implementing new projects.
- A.17 Two stakeholders believed that LGF and GPF have had a “very positive effect” on the pace of delivery, whilst eight said that the funding sources have had a “positive effect”. Conversely, one stakeholder stated that LGF and GPF have had a “negative effect” on this area of activity.
- A.18 There was one response for “no effect” and two additional responses for “I don’t know”.
- A.19 No respondents identified LGF/GPF as having had a “very negative” effect on the pace of delivery in implementing new projects.

Figure A-7: Effect on pace of delivery



Source: SQW Analysis of Survey Data

Partnership working within EM3

- A.20 The perceived effect of LGF and GPF on partnership working within EM3 is displayed in Figure A-8. The chart shows that there were four responses for “very positive effect” and seven for “positive effect”. There were three responses for “I don’t know”.
- A.21 No respondents identified LGF/GPF as having had “no effect”, a “negative effect” or a “very negative” effect on partnership working within EM3.

Figure A-8: Effect on partnership working within EM3

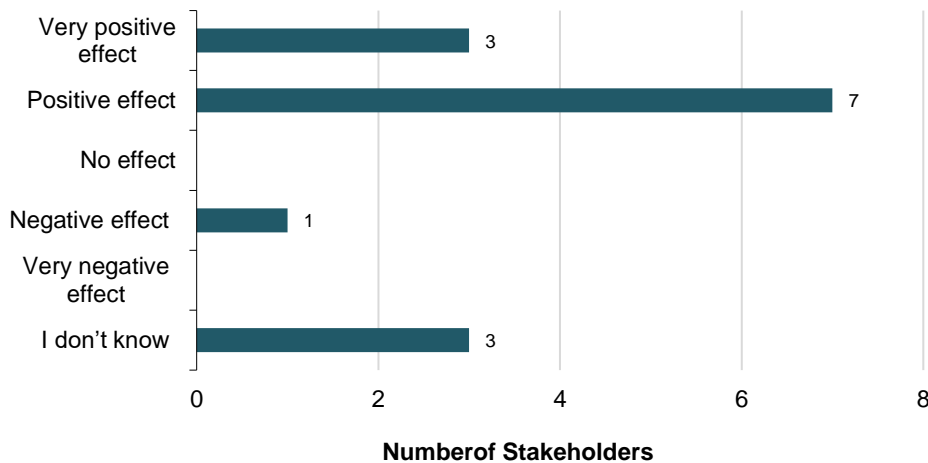


Source: SQW Analysis of Survey Data

The extent to which different interventions to support economic development and growth were 'joined up'

- A.22 The perceived effect of LGF and GPF on the extent to which different interventions to support economic development and growth were 'joined up' is displayed in Figure A-9.
- A.23 Three stakeholders stated that LGF and GPF have had a "very positive effect" on this area of activity, whilst seven stated that the funding has had a "positive effect". Conversely, one respondent believed that LGF and GPF have had a negative effect. There were also three responses for "I don't know".
- A.24 No respondents identified LGF/GPF as having "no effect" or a "very negative effect" on the extent to which different interventions to support economic development and growth were 'joined up'.

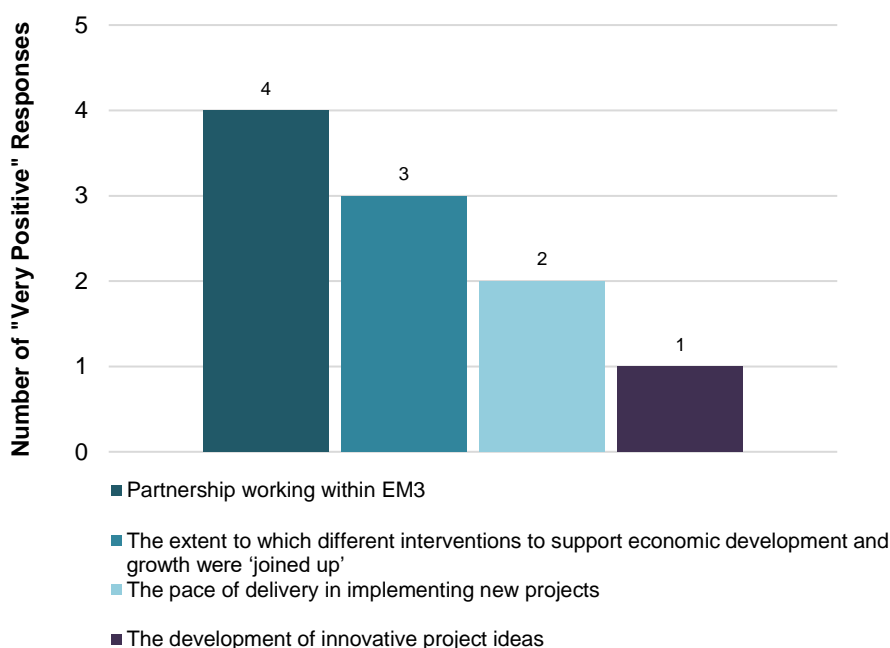
Figure A-9: Effect on the extent to which different interventions to support economic development and growth were 'joined up'



Source: SQW Analysis of Survey Data

- A.25 Figure A-10 breaks down the number of "very positive" responses by type of effect. It reveals that "partnership working within EM3" had the highest number of responses with four. This was followed by "the extent to which different interventions to support economic development and growth were 'joined up'" with three, "the pace of delivery in implementing new projects" with two and "the development of innovative project ideas" with one.

Figure A-10: Number of “very positive” responses by type of effect

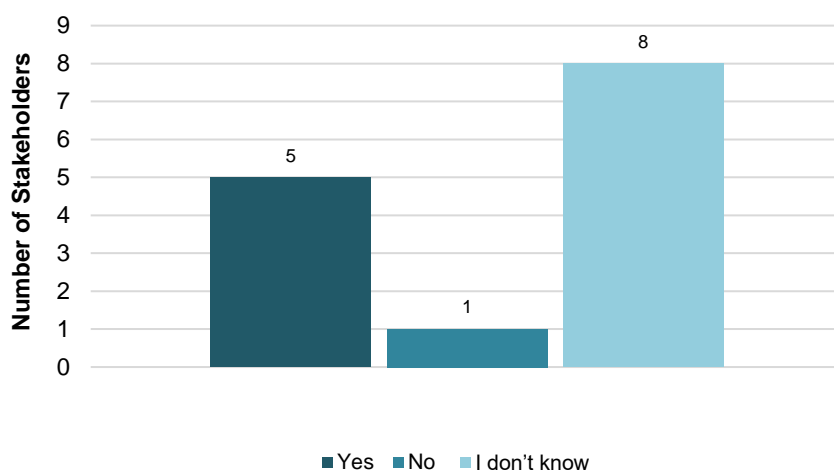


Source: SQW Analysis of Survey Data

Question 7: Where possible, the LGF/ GPF programmes have sought to issue funding on a recoverable (loan) basis. Has this affected the way in which projects have been developed and delivered?

- A.26 14 stakeholders responded to Question 7. Of these, eight did not know whether the issue of funding on a recoverable base had affected the way in which projects have been developed and delivered, one believed that it has had no effect and five believed it had.
- A.27 Those who responded “yes” were asked to explain their answer. One stakeholder stated that the mix of loan and grant had resulted in joint public private projects being supported, whilst another commented that issuing the funding on a recoverable basis “will have changed the funding partners business model and given them access to funding they otherwise wouldn’t have had”.
- A.28 Another respondent said that the issue of funding on a recoverable basis “may have been useful where a project has a direct commercial payback i.e. commercial or residential rents/sale” adding that the funding arrangement “may have prevented projects that do not offer a direct payback from happening”.
- A.29 A final stakeholder commented that “the interest on the loan was higher than the cost of borrowing in some the areas”, although this did not affect the ability to deliver projects and was not critical.

Figure A-11: Has the issue of loans on funding on a recoverable (loan) basis affected the way in which projects have been developed and delivered?



Source: SQW Analysis of Survey Data

Question 8: Overall, what do you think have been the main achievements to date linked to LGF/GPF in EM3?

A.30 Some seven stakeholders responded to this question. Responses centred around:

- Pursuing a coherent approach across the economic area where investment is linked to clear strategy
- Providing hassle free access to finance and innovative networks and providing support to businesses wishing to expand
- Enabling otherwise financially non-viable schemes with considerable transformational capacity to be brought forward, with the implementation of these schemes benefiting local businesses, residents and employees
- Improving existing road infrastructure (particularly in Basingstoke) and unlocking new infrastructure and development
- Focusing on developing key skills, specifically through the creation of Future Skills Centre at Bordon
- Providing investment in high need areas such as town centres and encouraging joint investment

Question 9: What have been the main obstacles and frustrations?

A.31 Six stakeholders responded to this question. Obstacles and frustrations mentioned include:

- **Funding** – specifically funding timing constraints; a lack of clarity around future funding; unbalanced distribution of funds between FE colleges; and funding envelopes not necessarily recognising that “*large projects with greater impact take time to come to fruition*”. There was also a comment regarding the separation of government funding pots and the different application routes from the LEP: a stakeholder stated that this makes it difficult to draw down funding from different sources (such as Homes England) to fund major programmes.
- **Interest on loans** – one stakeholder stated that the “*interest on loans could be lower, particularly where there is not an immediate direct revenue from the project*”
- **Feasibility costs** – one stakeholder explained that the projects that receive funding are often those that have already had a significant amount of money spent on feasibility. The stakeholder acknowledged that projects need to be well evidenced to receive funding, however this is not always possible. They commented that “*it would be useful if smaller grants were available to Local Authorities for feasibility studies for place-shaping, perhaps recoverable when successful in unlocking growth.*”
- **Business case** – one stakeholder commented that business cases are generally required to demonstrate outcomes that cannot be directly correlated to the project and that these outcomes are then applied as if they are a proven fact. They explained this using the example of congestion: “*reducing congestion is a factor in promoting investment in good quality offices but is not a definitive*”. The stakeholder continued to say that “*business cases need to trust the subjective picture and not pretend that a mathematical model is an objective factual outcome*”

Question 10: Do you have any other comments regarding the effect of LGF and GPF on local economic development and growth?

- A.32 Three stakeholders provided additional comments.
- A.33 One explained that generally stakeholders do not view LGF and GPF as discrete funding sources, rather they are seen to be “*just one pot of LEP funding*”.
- A.34 Another stakeholder stated that “there is a concern that further economic growth in the South East generates more people and more traffic which the roads, schools, health system and housing cannot sustain”, adding that “there is a presumption that growth is always good when this hasn't been clearly tested”.
- A.35 A final comment related to the role of the LEP. The stakeholder explained that from their perspective “*giving local control has made a big difference and enabled schemes that matter locally to get off the ideas board and into reality. The LEP has been both helpful in shaping projects and robust in its governance which is a difficult balance to get right*”.

Annex B: Project depth reviews

- B.1 As a core part of evidence gathering, a series of “depth reviews” were completed. These relied on a review of background material and consultations with project managers.

Depth Review 1: Egham Sustainable Transport Package (STP)

Background and context

The overall aim of the Egham STP was to improve sustainable transport options in the surrounding areas of The Causeway and connections between Staines-upon-Thames Town Centre and Egham. The improvements within a sustainable transport package are intended to make it easier, safer and more appealing for people to get around the area on foot, by bicycle and by public transport. The aim is therefore to encourage a modal shift in an attempt to improve the reliability of the local highway network.

The Egham STP will improve the existing network by: widening and converting footways to shared paths; providing Toucan crossings for safe access by foot or bicycle; resurfacing The Causeway and incorporating raised tables where side roads join The Causeway to improve safety.

The total cost of the scheme was £1.775m of which £1.425m was LGF funded. The remaining funding was provided by Runnymede Council (£250k) and S106/developer contributions (£100k). Surrey County Council was responsible for delivering the scheme.

Applying for LGF/GPF funding

Originally the Egham STP was linked to the Runnymede Roundabout Package, a project also funded by the LEP. However, when issues were identified in the design and the cost of the Roundabout Package, the decision was taken to decouple the two schemes to avoid delay to the Egham STP project.

In the business case, the Egham STP was divided into two phases:

- Phase 1 relates to improvements around the town centre located to the south of the A308/A30 corridor
- Phase 2 describes the A308 and A30 corridor works.

Phase 1 was removed from scope to release money to cover the additional cost of the Runnymede Roundabout Package. The process of agreeing the decoupling and reallocation of budget between the Egham STP and Runnymede Roundabout schemes resulted in a delay to delivery timescales.

Process and progress of delivering

Construction on Egham STP began in August 2019. The construction phase was completed in March 2017, seven months later than anticipated in the business case.

The project used the full £1.425m LGF budget. In addition, there was an overspend of approximately £70k (+4% of the total budget). The Council has agreed that this overspend would be covered by a mixture of local contribution and additional LGF assigned to the Runnymede Roundabout scheme.

Outputs and outcomes

The project itself has now been fully delivered. Outputs include a widened footpath to create a new shared-use pedestrian and cycle carriage way, improved crossing facilities and resurfaced footpath

and road surface. From the perspective of Surrey County Council, this has yielded benefits in terms of an improved environment for pedestrians and cyclists and a safer corridor for non-motorised users.

Surrey County Council has put together a monitoring and evaluation plan that covers Egham STP and Runnymede Roundabout. It suggested that the two schemes should be monitored and evaluated together rather than in isolation. It was thought that the benefits from Egham STP have been multiplied by the Runnymede Roundabout package as together these provide an extended corridor rather than a single improvement.

Reflections

It is unlikely that the Egham STP scheme would have proceeded without LGF funding – it would have required additional funding through developer contributions and the local councils. Furthermore, the project lead thought that scheme would have been less successful if it was funded through alternative funding as they typically come with a number of restrictions.

The process that Surrey County Council followed for the Egham STP was thought to have improved internal processes, particularly in relation to how it monitors and reports on schemes. Furthermore, the Council was of the view that the project has improved information sharing across teams within the council.

However the comment was also made that the business case process may need to evolve – avoiding a “one size fits all” process for all projects covered by LGF. As it stands, there are elements in the application process that are not relevant for small transport improvement schemes.

Depth Review 2: The Future Skills Centre (FSC), Bordon

Background and context

The Whitehill and Bordon area is characterised by high youth unemployment; low participation in further education or higher education; a lack of aspirations among young people; and a lack of accessible vocational training provision. Recognising these issues – but also the opportunities presented by the construction of a major new settlement – the Whitehill and Bordon Future Skills Centre (FSC) sought to provide a local response through a skills centre with a sectoral focus on construction.

Applying for LGF/GPF funding

A team of consultants was commissioned to produce the draft business plan and outline curriculum plans, and liaise with CITB (Construction Industry Training Board) on the design and business model for the new centre. It also prepared the funding bid to the Enterprise M3 LEP.

The FSC received £3.804 million funding from LGF alongside some further funding from Basingstoke College of Tech and Hampshire County Council. The total project value was £4.119 million.

Process and progress of delivering

The planning application for the FSC was submitted in September 2015 and approved in November 2015. Works started on site in the summer of 2016 and the Centre opened for learners in the autumn of 2017.

On opening, there were some issues around ventilation in the building. However, these have not hindered the FSC from delivering courses or activities.

Activities and outputs

In physical terms, the FSC is a building of some 1200 sq.m. Following the completion of the building, the management of the FSC was handed to Basingstoke College of Tech (BCoT).

The FSC is located at the entrance to new Louisburg employment zone in Bordon which is a key part of the redevelopment of the former Army barracks.

The FSC houses three industry-standard workshops, three general purpose teaching spaces and a concourse area which provides a 'shop window' to the Future Skills Centre. The FSC offers a range of construction courses including woodwork, joinery, brickwork and plumbing as well as English and maths courses.

As of January 2020, FSC has 77 students (not all of whom are apprentices) and three full time staff and a further five part-time staff. This translates to around 60% capacity.

Outcomes and impacts

As of January 2020, 13 apprentices from the FSC are working on the Whitehill and Bordon redevelopment for commercial employers. Consultees reported that students at the FSC have gone on to get jobs in construction; and also that students who were previously NEET are now in education or employment through the FSC. Consultees suggested that without the FSC, these students could have struggled to find similar vocational training in the local area; Farnborough College is around 15 miles away and a lack of public transport in the area makes it difficult to get to. This provision of a local construction centre, reducing the need for transport was a key aim of the FSC. The FSC also hoped to contribute towards a reduction of NEETs to below the county average by September 2019, as yet it is not clear whether this has been born out in the data.

FSC students have been involved in some small scale local community projects and have been working with the local council as part of their training (i.e. bench building), this is believed to have been beneficial to the relationship between the FSC and local stakeholders and has met an ambition for community learning outlined in the business case.

Because the FSC is not operating at full capacity staff are limited in terms of the range of courses they can offer; without enough eligible students they cannot justify running more advanced courses. Another suggested hindrance to the expansion of the FSC in terms of the number of students it works with is the lack of adequate public transport in the area and lack of financial resource available for marketing activities.

Reflections

A key enabler of the FSC appears to have been the relationship that the FSC has with BCoT, in terms of its oversight, advice and network.

Consultees have identified some key elements of support that the FSC requires in terms of improving local public transport and help with marketing. Although the relationship between the FSC and BCoT are thriving and BCoT has a strong relationship with EM3 LEP it appears that some more direct communication between the FSC and the LEP may be mutually beneficial

Depth Review 3: Suitable Alternative Natural Green Space (SANGS) delivery in Hart District

Background and context

Both Hart and Rushmoor have Special Protection Areas (SPA) which are included within the European designation (Habitats Regulations). The regulation requires developments within a defined distance of the SPA to provide mitigation against the impact of development. In this context, the delivery of Suitable Alternative Natural Green Space (SANGS) was identified as the primary barrier to

bringing forward housing in a number of authorities within the Thames Basin Heath area including Hart and Rushmoor.

The purpose of the project was to acquire and develop land at Bramshot Farm (Hart) as SANGS to unlock housing delivery in the Hart District Council and Rushmoor Borough Council area. The immediate catalyst for this project was the land owner approaching the Council offering to sell land.

Hart District Council was responsible for the delivery of the scheme. The Council worked closely with Homes England and Natural England throughout the design and development stage.

Applying for LGF/GPF funding

Based on previous discussions with the LEP, Hart District Council knew that the LEP would be supportive of projects aimed at unlocking housing in the area. Two district councils (Hart and Rushmoor) worked collaboratively with the LEP to ensure the application was robust. There were no significant issues or delays.

The total project cost was £5.286m. This was solely funded by LGF. The total cost of the project is fully recoverable by private sector (developer) payments through a roof tax approach. According to Hart Council, the project would not have proceeded without LGF as there was no alternative source of funding available at the time.

Process and progress of delivering

Land acquisition processes began in April 2017 and concluded in Summer 2017. This compares with the anticipated completion date of September 2017 within the original full business case. Works started on the SANGS in Autumn 2017 and were completed by the end of November 2017 when the SANGS was officially opened to the public.

While the SANGS is open to the public, there are additional ongoing works funded by the LGF allocation including landscaping, recreational facilities, drainage and pathways.

The project runs until the end of the 2022/23 financial year. Currently, feasibility work is being undertaken to provide an agricultural depot on site. If this is agreed, it is possible that one scheme will overrun into the next financial year. Hart Council is confident that the remaining LGF money will cover the rest of the works on the SANGS. Depending on the outcome of the feasibility study, the project may underspend.

Outputs and outcomes

The purpose of the project was to acquire and develop land as a SANGS to unlock housing in the Hart District Council and Rushmoor Borough Council area. The SANGS has provided 91 acres of open green space which unlocked capacity for the delivery of 1,475 new houses. At present, 1,300 homes out of the 1,475 have been allocated between Hart and Rushmoor Council areas.

From the perspective of Hart Council, the project has been successful in delivering its intended outputs and outcomes. Furthermore, the SANGS is popular within the local community. It has approximately 160,000 visits every year making it one of the most visited open spaces in the locality.

Reflections

Consultees found it difficult to comment on whether the Hart SANGS scheme would have proceeded without LGF funding. Hart District Council is of the view that the quality of the SANGS is higher as a result of the LGF funding as other funding sources would not have allowed for the same scale of health and wellbeing infrastructure.

The Council believes that the outcomes have not necessarily been increased because the project has been part of the LEP's overall delivery programme. However, the SANGS will link into the Hart

Green corridor project. This is a wider project aimed at delivering infrastructure to support sustainable modes of transport such as cycling and walking.

The success of this project has encouraged the Council to be more proactive in sourcing other funding opportunities and working with the LEP on other funding opportunities. Within the Council, applying for funding is now seen as a much higher priority

Depth Review 4: A30/ A331 Meadows Gyratory and Corridor Improvements, Camberley

Background and context

The Meadows Gyratory is a major roundabout system in Camberley, built in 1982. As well as providing an important access point to Camberley town centre and a neighbouring industrial estate, the Gyratory also connects the M3 and A30. As such, it is part of the wider strategic road network and is frequently used as a 'tactical diversion' route when the M25 is closed between Junctions 12 and 13.

Severe congestion at the Gyratory led to extensive queuing on the A30, A321 and A331 approaches. The Gyratory also limited access to the town centre for pedestrians and cyclists.

To reduce congestion, improve the resilience of the strategic road network (especially the A30) and ensure the future vitality of Camberley town centre, the Meadows Gyratory and A30/ A331 Corridor Improvements scheme involved a series of measures to improve circulation and reduce travel time across the Gyratory. These included new traffic signals able to respond to 'real-time' traffic information, the provision of additional islands and crossings to assist pedestrians and cyclists and bus priority measures.

The need for improvements to the Meadows Gyratory had been identified for several years:

The need for improvements to the Meadows Gyratory had been identified for several years:

- Surrey Heath's Economic Development Strategy identified the project as important to delivering the aim of "investing in enhanced internal and external connectivity". As a result, the Strategy committed to working with key partners to ensure that investment in Meadows Gyratory improvement project was brought forward.⁹
- The Camberley Town Centre Area Action Plan stated that the Council will work with partners in particular Surrey County Council and also the Local Economic Partnership to deliver sources of funding for improvements to accessibility. More specifically the action plan committed to seeking financial contributions to deliver improvements to the London Road between the Town Centre and the Meadows Gyratory to support the regeneration of the town centre.¹⁰
- Finally, the project was referenced in Surrey's Local Transport Plan. The Plan committed to managing congestion through the Blackwater Valley area and at other identified congestion hotspots through addressing congestion on the strategic road network, including the Toshiba Roundabout, Meadows Gyratory and A30 and A331 corridors.¹¹

However, it was recognised that improvements would involve a substantial scheme, and no detailed proposals had been brought forward until the Local Growth Fund became available.

⁹ Surrey Heath 2020 Economic Development Strategy (2018 Update)

¹⁰ Camberley Town Centre Area Action Plan Adopted July 2014, The Planning Policy and Conservation Team, Surrey Heath Borough Council

¹¹ Surrey Transport Plan Surrey Heath Local Transport Strategy & Forward Programme January 2015

Surrey County Council (SCC) was responsible for the delivery of the scheme. As the scheme is close to the Hampshire and Berkshire border, SCC worked closely with the neighbouring local transport authorities (Hampshire County Council and Bracknell Forest Council), as well as with Highways England and Surrey Heath District Council.

Applying for LGF/GPF funding

The project had a value of £4.9 million, of which £3.675 million was funded by LGF, with the remaining contributions coming from Surrey County Council and Surrey Heath District Council. An additional £768 loan from the LGF programme to SCC funded the costs of a cycle route along the A331, which was additional to the original programme.

According to Surrey County Council, LGF was essential to the delivery of the scheme: without external funding, it would not have proceeded (and there was no alternative source of funding available at the time).

From the perspective of the County Council, the process of applying for and securing LGF was fairly smooth. However, it took around a year from the start of work on developing the business case to Board approval, with another two years before legal agreements were signed in June 2017.

The key reason for the lengthy application period was the need for design work. The Gyratory scheme was complex and only existed in conceptual form when the LGF programme was first developed. At the time that it was first proposed for funding, no detailed designs had been prepared, since the costs of this would have been prohibitive without certainty of capital funding. To meet EM3 LEP's business case requirements, SCC spent some £400k on design work in advance of approval – however some of this had to be revised subsequently once more extensive surveys could be carried out following approval. The Council suggested that initial funding to cover design and development costs (which had been available under some previous funding regimes) would have been helpful and could have reduced the need to 're-work' the scheme following approval.

Process and progress of delivering

Physical works began in July 2018, and completed in July 2019. This compares with anticipated completion date of September 2017 within the original full business case, reflecting the extensive initial work highlighted above. However, once underway, the project was delivered on time and within budget.

The project sponsor for the scheme within Surrey County Council noted that the scheme was ambitious and the design involved 'experimentation' with new forms of configuration that had not previously been used in the county. The Meadows Gyratory was also the first scheme that SCC Highways had delivered using night-time construction, to avoid traffic impacts.

The project did not involve any dependencies on other LGF-funded schemes, and EM3 LEP did not itself have a delivery role, beyond its position as a funder. However, it did have an impact on Camberley town centre and the wider network. To manage this, a joint board was established with Bracknell Forest and Hampshire CC, with representation from Surrey Heath.

Outputs and outcomes

The project itself has now been fully delivered: from the perspective of the project sponsor, this has yielded benefits in terms of easier access (by car and by sustainable forms of transport) to Camberley town centre and the neighbouring industrial estate, and has eased traffic flow on the wider network.

The scheme aims to enable around 780 new homes and 43,000 sq m of new commercial floorspace, supporting 1,750 jobs. Progress against these outcomes has yet to be quantified (although the scheme has only been complete for nine months at the time of writing). The project sponsor also

noted that the scheme's impact on the wider A31 corridor will help to unlock residential opportunities beyond EM3 itself, particularly in Bracknell Forest.

Reflections

It is unlikely that the Gyratory scheme would have proceeded without LGF funding – at least not until some other form of major transport capital funding became available. The medium-term nature of LGF funding was also important: the Meadows Gyratory was not a 'shovel ready' scheme, and it would have been difficult to advance it to this point without a realistic guarantee of capital funding.

In terms of EM3 LEP's wider strategy, two points are worth noting. First, the project aligned with the original Strategic Economic Plan's focus on 'step-up' towns (including Camberley) and combined highways improvements and town centre accessibility, with a focus on enabling new employment and housing sites. Second, the project sponsor reported that LGF funding had driven a stronger focus on the non-car based elements of the project, with greater investment in cycling and pedestrian infrastructure as part of the scheme than might otherwise have been the case.

Looking to the future, there may be lessons in ensuring that project development is sufficiently funded at the outset to avoid abortive work, potentially within the context of a flexible overall funding envelope for complex schemes

Depth Review 5: Whitehill and Bordon Relief Road and A325 Integration Works (Phase 2)

Background and context

The primary rationale behind the Whitehill and Bordon Relief Road and A325 Integration Works was to provide transport infrastructure allowing for improved access to facilitate the wider regeneration of Whitehill and Bordon and the associated aims namely in delivering substantial housing and jobs in the area, particularly in the western part of the town. Secondary aims included reducing congestion through the town centre (an aim linked to the Whitehill and Bordon Sustainable Transport Package), improving journey time reliability, improving air quality and other environmental concerns, and addressing 'community severance' perpetuated by the existing road.

Applying for LGF/GPF funding

Phase 2 was funded by 15.5 million of EM3 LGF funding. Hampshire County Council contributed £2.2 million, and some local developers also contributed. The total cost was £18.994 million.

Process and progress of delivering

During Phase Two, Hampshire County Council worked in partnership with the Whitehill and Bordon Redevelopment Company (WBRC) and the Defence Infrastructure Organisation (DIO). These organisations made up the project board and oversaw the delivery of the road.

There were some issues in delivery, the most substantial of which was the collapse of the contractor Carillion in January 2018 approximately halfway through the project. There was also some confusion around the process regarding the adoption of the road by the Council. Other small delays were relatively minor.

Phase Two was opened in January 2018. According to consultees this was ahead of schedule despite significant delays. The timely completion of the Relief Road was important in providing access to some show homes at Whitehill and Bordon.

Some complementary integration works to the original A325 are outstanding. Consultees report that these should begin in 2020.

Outputs and outcomes

Together, Phase one and two make up around five kilometres of new road (with a dedicated pedestrian/cycling path) running from the north of Bordon to the south of Whitehill, effectively allowing the busy high street in the town centre to be bypassed thereby declassifying it to a 'C' road.

Key elements of LGF funded Phase Two include:

- the £20 million 3km southern section of the road which joined onto phase one
- a southern tie-in to the original A325, constructed as one elongated (double) roundabout.
- two traffic light-controlled junctions; one to access the new garrison housing development and the second at the intersection with Oakhanger Road

During consultations in January 2020, it was reported that around 6000 cars per day were using the Relief Road. The implication was that these cars were not travelling through the town centre thereby reducing congestion as planned (previously around 15,000-16,000 cars a day were going through the town centre). In the planning stage it was hoped that 30-32% of traffic would use the relief road; the figure of 6000 currently represents about 20%. Although the target has not yet been met consultees suggested that the figure is increasing daily and that they expect it to achieve its objectives in full by 2026.

Consultations suggested that in January 2020 there were still 10-11,000 cars travelling into the town centre each day. Consultees suggested that this may be because more people are coming to the area and that when the Sustainable Transport Package is fully delivered it may further discourage traffic from the town centre. Consultees also suggested outdated sat navs may not be showing drivers the new road.

Several consultees suggested that the road was plainly linked to the wider LGF funded regeneration of the town centre and that the road provided key accessibility for the Future Skills Centre and the BASE Innovation Centre although the projects were not formally linked in a funding 'package'.

Reflections

Although LGF funding is only one part of the substantial funding the area has received and although the road is not necessarily the most "headline-grabbing" part of the regeneration of the area, it appears that it is a crucial piece of the puzzle in unlocking other development, both commercial and publicly funded.

As a road had not been delivered in Hampshire for some time, the process has built capacity within Hampshire County Council. Consultees reported that key experience was gained around governance and project board functions. Examples included: structuring strategic oversight more efficiently; streamlining monitoring and reporting; and facilitating pragmatic decision making and effective communication

Depth Review 6: The BASE Bordon Innovation Centre

Background and context

Previously home to a military barracks, Homes England acquired the Ministry of Defence's land at Whitehill and Bordon in 2013. The strategy for Whitehill and Bordon aims to support the transformation of the community "*from garrison town to healthy, green and connected new town*",

able to accommodate 22,000 residents by 2030, with the town identified as a major location for growth within the 2014 Strategic Economic Plan.

The BASE Bordon Innovation Centre was originally developed as the Whitehill and Bordon Business and Enterprise Centre (BEC), part of Whitehill and Bordon's wider regeneration and development programme. It aimed to ensure that business activity and employment was brought forward in the town alongside new housing. Specifically, the project involved the redevelopment of the historic officers' mess building at the former Louisburg Barracks to provide 900 sq m of offices and co-working space on flexible terms, alongside conferencing and meeting space.

EM3 LEP worked with Homes England to develop the business case for the new Business and Enterprise Centre. Later rebranded as the BASE, the facility is owned by Homes England, which has agreed a ten-year management lease with Oxford Innovation.

Applying for LGF/GPF funding

The project had a value of £5.505 million, of which £4 million was funded by LGF, with the remaining resources coming from developer contributions and Homes England's contribution of the land.

The business case was submitted in February 2015 and approved in May 2015. The application process for LGF funding was swift, reflecting EM3 LEP's active involvement in the business case development process and the relatively self-contained nature of the project.

Process and progress of delivering

Physical works began in February 2016 and completed in September 2017. This was reported as being slightly later than originally anticipated, due to the requirement for a bat survey. However, there was no variance between the actual and anticipated project cost.

There were no direct dependencies between the BASE and other LGF-funded projects, although the project was seen as strategically important in driving business and employment growth as part of the wider Whitehill and Bordon scheme.

Outputs and outcomes

The BASE opened in autumn 2017. EM3 LEP reported that demand took off more quickly than originally anticipated. Office space was around 75% occupied after a year, and the BASE is reported to be virtually fully occupied (with just two offices advertised as available in January 2020). The Centre is currently reported as supporting around 160 jobs.

The BASE supports a diverse range of companies, including several in software development. There is also evidence that the BASE has attracted businesses in higher-value technology-oriented businesses that have emerged from EM3's science and innovation 'ecosystem': for example, In-Space Missions specialises in space technology and consultancy, with its founders building on previous experience at Surrey Research Park-based SSTL.

According to EM3 LEP, there is demand for 'grow-on' space (for example, the EM3 project manager cited evidence of demand from a tenant at the BASE for cleanrooms, which cannot be accommodated within the innovation centre itself). Consideration is also being given to the use of further land for flexible business accommodation.

Reflections

The BASE was entirely publicly funded, and it is unlikely that it would have come forward in its current form without LGF support. The view was expressed that delivering the BASE at an early stage in the development of Whitehill and Bordon helped to "set the tone" of the development, in bringing forward new businesses as well as housing and in enabling a high quality commercial scheme that the market would not have otherwise delivered.

Delivery appears to have been straightforward, perhaps reflecting EM3 LEP's direct involvement in the project, Homes England's willingness to work in partnership to progress the scheme and the fact that the site was already in public ownership.

It is worth noting the demand for 'grow-on' space, and the need for this to be provided if businesses are to successfully 'graduate' and ensure that occupancy at the BASE remains dynamic. Planning for this (at Whitehill and Bordon and elsewhere across the EM3 area) may be important for future strategy

Depth Review 7: University Centre Farnborough

Background and context

Farnborough College is Ofsted-rated "Outstanding" and has consistently performed well in league tables for 16 to 18 year olds. The College has a higher education offer and a variety of educational progression routes available to students and future employers. However there has been a lack of awareness in the business and local community around HE and higher level apprenticeships offered by the College. In this context a business case was drawn up to create a new building to be the focal point of higher education in the College, the University Centre Farnborough (UCF).

The UCF was designed to support the EM3 SEP's ambition to develop world class skills provision that meets employer needs with a focus on STEM skills and the professions needed to support such businesses; higher level vocational pathways and apprenticeships and higher apprenticeships. In particular, the UCF was designed with a focus on the needs of priority sectors such as Aerospace and Defence, IT, Media Technology and the professions required by businesses.

Applying for LGF/GPF funding

FCoT was awarded £2.622million of LGF funding. Farnborough College matched it with £5.372 million.

Consultees said that the LEP were very clear that they would only fund projects that supported the strategic objectives for the area and that the LEP has always had a very transparent framework around how it makes decisions to award funding and meet the deadlines it sets around those decisions.

Process and progress of delivering

The building began in October 2015 and the UCF was delivered in August 2016 in full by Mace Contractors. The building itself was designed by Nicolas Hare architects and has been shortlisted for various awards such as RICS and SPACES awards.

Outputs and outcomes

The UCF is a 2,340sqm building which marks phase one of a larger project of redevelopment of the college's buildings and some new structures. The University Centre Farnborough is focused on delivery higher education as a core centre of that provision within the wider college setting. The UCF offers University of Surrey accredited degrees from the Farnborough College of Technology main campus. The Centre houses a university standards library which can be used by all students in the College and has seminar rooms, meeting rooms and other facilities for degree level students.

The key achievement of the Centre has been increased participation in HE. Practically FCoT has been able to substantially expand the variety of HE courses and apprenticeships it offers as a result of UCF. The UCF has allowed a clear pathway of progression for students at the College who are currently at FE level. Consultees have also seen an uptake in new entries in terms of HE from external sources as the profile of the UCF has been raised. Consultees reported an increase in adult education.

The number of undergraduates has grown from under 400 to 442 in 2019/20. In terms of higher level apprenticeships, the numbers were not available at the time of consultation, but consultees reported substantial growth. In 2016/17, the income for the College from higher level apprenticeships was £8,850 and for the year 2018/19 it was £100,000; in 2019/20 it is £120,000 so far (as of January). As a percentage of apprenticeship income, the college has seen a shift from 1% higher level apprenticeships to 5% higher level apprenticeships. It is predicted that this will go up to 22% in the next year or so.

Consultees suggested that the new UCF means that they have been able to engage more readily with employers who are interested in higher level of apprentices because they have a convincing and visible facility that is providing those apprenticeships.

Reflections

FCoT consultees reported that without LEP funding, the UCF may have come about eventually but it would not have been a priority. FCoT has seen some colleges locally and nationally struggling financially and in the context of a relatively unstable sector, FCoT is cautious about spending. Although it does have some funds available internally, it would have been hard to justify such a significant spent without the strategic support and direction from the LEP.

The UCF marks the beginning of a series of updates to the campus and the building of some new facilities, some of which are match funded by the LEP. The UCF also appears to mark the beginning of a period of amplified cooperation between the College and the LEP, particularly in terms of key sector and employer engagement. FCoT also received LGF funding for the Emerging Technologies Centre which has been heavily informed by local employers. Currently FCoT is building an Aerospace Research and Innovation Centre (ARIC); this project is very much about place shaping and about bringing new employers through the door. It was primarily designed by the LEP and by Gulfstream. The LEP sits on the steering group for the ARIC Project.

Depth Review 8: Whitehill and Bordon Sustainable Transport Package

Background and context

The rationale behind the Whitehill and Bordon Sustainable Transport Package (STP) was that traffic dominance and congestion on the existing A325 had contributed to poor local air quality and poor road safety for pedestrians and cyclists. Furthermore, high traffic flows and lack of crossing facilities on the A325 acted as a barrier to east-west movement in the town. The objective of the Whitehill and Bordon STP was to enable sustainable modes of travel, knit together the existing and new areas of town and support the wider aim of establishing Whitehill and Bordon as a “green and healthy town”.

The Whitehill and Bordon STP comprises three schemes:

- Budds Lane: 3m wide shared paths on the north side of Budds Lane to improve access to new and expanded schools and the planned Town Centre developments
- A325 integration: pedestrian and cyclist crossings at five locations
- progressing the Green Grid/Green Loop: high-quality walking and cycling routes at four locations.

The STP was shaped by the delivery of the Whitehill and Bordon Relief Road and A325 Integration, a project that was also supported by the LEP. The Relief Road made the STP possible by diverting existing traffic on the A325 onto the Relief Road and thus enabling the A325 to be declassified to a C road (C114). LEP says the total project cost is £5.2m of which £3.846m was LGF funding.

Monitoring data suggest that the total project cost is £5.2m of which £3.85m is LGF funding.

Process and progress of delivering

East Hampshire District Council was responsible for submitting the funding application. Hampshire County Council took over the project once it passed feasibility stage.

The progress on the three STP schemes are outlined below:

- Budds Lane: the project itself has now been fully delivered. This scheme was delivered under budget by approximately £1m. Hampshire County Council is now working with the LEP to develop suitable proposals to use the underspend from this project.
- A325 integration – the A325 has been reclassified as the C114. The Council was expecting the scheme to be formally approved by the Executive Member on 14th January 2020. Subject to approval, the Council was intending to go out to tender in January 2020 with construction on the scheme planned to start in Spring 2020. However, a number of crossing points on the C11 will be delivering later in the year with the tender for this work expected in Autumn 2020.
- Green Grid/ Green Loop: the first location of the Green Grid/ Green Loop is the Ennerdale Road link. This link has been split into two phases, the first of which has been fully delivered. The second phase is taking slightly longer than originally anticipated due to “added value activities” e.g. relocating a war memorial. In terms of the remaining three links, the Council is having ongoing discussions with land owners and expects to tender for these works in Spring 2020.

The project manager believed that the STP is on track to deliver against the timescale as set out in the funding agreements.

Outputs and outcomes

The Budds Lane scheme tied into the delivery of Oakmoor School – a County Council project. The school required a safe walking and cycling route for its pupils ahead of opening in November 2019. From the perspective of the County Council, the Budds Lane scheme has delivered the outputs and outcomes as set out in the funding agreement. Outputs include: a narrower road, new 3m wide shared paths for pedestrians and cyclists and a number of new zebra crossings. The scheme has enabled pupils to use sustainable modes of travel rather than drive – the consultee reported anecdotal evidence of children “walking on mass” to school.

Furthermore, Hampshire County Council felt there were some unexpected benefits from the Budds Lane scheme. Firstly, delivering the scheme ahead of Whitehill and Bordon Regeneration Company, which is responsible for the housing delivery and town centre regeneration, has enabled the Council to set a high standard for sustainable transport infrastructure that developers will have to match in their projects. Secondly, through partnership working, the hierarchy between district councils and the County Council has changed. Historically, the County Council was seen as the delivery body but district councils have increased their internal capacity and are taking on greater roles in delivering schemes of this nature.

Reflections

The County Council thought that the process of formalising outputs and outcomes as part of the formal funding agreement forces project teams to demonstrate that schemes deliver benefits. This encourages better designed schemes that are of a higher quality therefore adding greater value to the locality.

Without LEP funding, the Whitehill and Bordon STP would have been reliant on Section 106 funding from house building. From the perspective of the County Council, the overall quality would have been less as the Council would have had to prioritise Section 106 contributions and not the delivery of the entirety of the package.

Depth Review 9: 5G Innovation Centre Phase 1

Background and context

The 5G Innovation Centre (5GIC) aims to develop new infrastructure and applications for 5G technology. It currently accommodates 170 researchers in a purpose-built innovation facility on the University of Surrey campus in Guildford. This is linked with a 'testbed': a 5G network covering 4 sq km across the University campus, including indoor and outdoor environments, which can be used to test 5G prototype technologies in a 'real world' situation.

By the time the Local Growth Fund was established, the development of the 5GIC was already well underway, and the 5GIC formally opened in September 2015. The LGF investment sought to provide an 'extension' to the test bed, purchasing additional emulation equipment, launching an open innovation programme to attract business participation in the Innovation Centre and establishing an additional demonstrator site at Basingstoke.

The project featured in the 2014 Strategic Economic Plan and was specified in Growth Deal 1. Initially, an allocation of £5 million was identified for the 5GIC, although detailed plans had not been drawn up for this. It was therefore agreed to progress an initial £1.75 million pilot project (Phase 1), which could lead on to further investments at a later date.

The case for the LGF investment was described as a response to an 'opportunity', rather than a funding gap in the conventional sense. There was already substantial investment in the 5GIC (the LGF investment formed part of a £25 million package with contributions from Huawei and Vodafone, among others), in addition to the costs of the innovation centre building itself, which was separately funded. However, the proposition outlined in the business case was that by contributing to the 5GIC, EM3 LEP would be helping to drive local interaction with the technology, enabling greater local business engagement than would otherwise be the case.

Applying for LGF/GPF funding

The project development process took about a year. An initial expression of interest (related to the original proposed £5 million allocation) was prepared by the University of Surrey in 2014 at around the time of the development of the SEP. Subsequently, it was decided to divide the project into three phases, with a separate application for Phase 1. The final grant approval was in October 2015.

The applicant for LGF was the University of Surrey. However, EM3 LEP was active in the development of the project from the start: effectively the project was co-designed, rather than coming forward as an external application.

Process and progress of delivering

Delivery of the project appears to have been smooth: although technologically innovative, the process of procurement and installation of the equipment seems to have been straightforward. Delivery of the business engagement activity relied on partnership with the University of Surrey and the core 5GIC itself, but this seems to have been assisted by established relationships.

Outputs and outcomes

A key outcome of the project was the development of a business membership model for the 5GIC, which enabled SMEs to become partners in the Centre alongside larger technology firms. It was reported that this would probably not have been initiated without the LGF funding and EM3 LEP's involvement.

EM3 LEP and the University of Surrey commissioned an evaluation in 2017, which was carried out internally by the University. This reported that 33 businesses had joined the 5GIC (building on 12

'pathfinder' companies recruited initially, supporting around 200 jobs by 2016. There had also been 12 new business starts by April 2016 (although this was fewer than the 20 anticipated in the business case).

Activity at the Basingstoke 'step out' centre was slower to take off than anticipated. It was reported that this may have been because the technology was too advanced at the time for the market, and there were relatively few businesses with the capacity to use it, outside of the university-related environment. However, the LGF investment at Basingstoke was modest (£250k), and the 5G testbed, supported by SETSquared, remains active at Basing View.

Reflections

The 'Phase 1' project was a relatively small investment of LGF to contribute to a much larger, nationally-significant project. The question is not whether or not the 5GIC would have happened anyway or whether the testbed facilities could have been provided with other funding (it seems likely that they could); rather the question is whether LGF led to wider local benefits than would otherwise have been the case. There is evidence that local business involvement was facilitated by the investment, and helping local firms to engage with the 5GIC was plausibly a benefit to those firms as well as to the 5GIC itself.

The initial investment also appears to have encouraged further involvement in the tech sector, for example through future phases of the 5GIC and projects such as Aldershot Games Hub.

Depth Review 10: Basingstoke North Corridor to Growth: A340 Junction Improvements

Background and context

The A340 Junction Improvements scheme aimed to provide a comprehensive solution to address a series of challenges on the current road network in North Basingstoke and to help to unlock additional housing and employment sites.

At the time of the application, there was significant congestion on the A340. This was partly due to traffic created by North Hampshire Hospital (which had expanded), adjacent employment areas and recent housing growth in the area, and was exacerbated by the configuration of junctions on the road. The original solution had involved a series of bus gates to stop car traffic entering the A340 at certain points; however while this was intended to promote free-flowing traffic, it had not proved effective. Consequently, the County Council saw the need for a more comprehensive solution to be developed.

At the same time, there was significant planned growth for North Basingstoke. At the time the scheme was conceived (2014), major developments at Rooksdown and Merton Rise were coming forward, and there were plans to promote other major sites in the area.

The Council considered that LGF funding could help to meet both transport objectives and (by unlocking new development sites) the economic objectives set out in the SEP. At the time, the nature of the highways solution was unclear, so a partnership was formed with key stakeholders (Basingstoke and Deane Borough Council, North Hampshire Hospital, the local community, the key developers (Taylor Wimpey and Persimmon) and the bus operator) to explore potential options.

It should be noted that unlike many highways schemes that secured LGF in the early days, the A340 project was not an existing scheme developed before LGF existed; instead, a new scheme was developed with a view to securing LGF as part of the funding mix.

Applying for LGF/GPF funding

Compared with the 'old days' of securing highways funding via a block grant issued to the County Council, the process of applying to the LEP for funding was quite challenging. However, it was seen as far preferable to bidding directly to the Department for Transport, and the project manager considered that EM3 LEP had adopted a proportionate business case framework and managed the business case process efficiently.

Process and progress of delivering

There were no problems reported in relation to the delivery of the project itself. However, it took time for a solution to be developed, and the development of a partnership approach was seen as important.

Outputs and outcomes

The project has been delivered. This has led to the mitigation of all the problems on the existing network. In the longer term, the project anticipated the delivery of around 1,500 homes as a result of development partially unlocked by the scheme.

Reflections

The role of LGF was seen as important in the success of the project. Initially, it was assumed that it was the obvious funding source, as the successor to previous highways funding held by the County Council. However, the process of applying for it seems to have been helpful in bringing partners together – and the fact that there was (potentially) money on the table gave the Council credibility in discussing solutions with partners.

While the process of securing LGF was seen as somewhat more onerous than making a case within the Council for highways funding, the fact that the funding was competitive and geared to economic outcomes was seen as positive in encouraging highways authorities to see transport as a 'means to an end', rather than a goal in itself, and to make the connections with wider impacts.

Annex C: Stakeholders consulted

C.1 21 stakeholders from the following organisations were consulted as part of this study:

- Basingstoke College of Technology
- East Hampshire District Council
- Enterprise M3 LEP (Board members, Programme Management Group and executive team)
- Farnborough College of Technology
- Hart District Council
- Hampshire County Council
- Surrey County Council
- Surrey Research Park
- Surrey County Council
- University of Surrey