Ministry of Housing,
Communities &
Local Government

Process Evaluation of the Local Growth Fund & Getting Building Fund

Final Report

July 2025

July 2025
Ministry of Housing, Communities & Local Government

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, email correspondence@communities.gov.uk or write to us at:

Ministry of Housing, Communities & Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on X: https://x.com/mhclg

July 2025

Contents

Acknowledgements

This report was prepared by Steer, with invaluable input from the MHCLG team and the cooperation of all interview and workshop participants. Special thanks to the stakeholders from Local Enterprise Partnerships, whose full engagement and insightful contributions greatly enriched the research.

List of acronyms and abbreviations

Acronym	Meaning
BEIS	Department for Business, Energy and Industrial Strategy
CLGU	Cities and Local Growth Unit
DfE	Department for Education
DfT	Department for Transport
GBF	Getting Building Fund
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
MHCLG	Ministry for Housing, Communities and Local Government. Previously known as DLUHC – Department for Levelling Up, Housing and Communities; and DCLG – Department for Communities and Local Government
RDA	Regional Development Agency
SEP	Strategic Economic Plan
Steer-ED	Steer Economic Development
VfM	Value for Money

Executive Summary

Background to the commission and methodology

The Local Growth Fund was announced in 2013 as a ‘single pot’ of £12 billion in devolved capital funding to support local economic growth. Of the £12 billion total, approximately £7 billion was allocated as flexible funding which was managed by Local Enterprise Partnerships (business-led partnerships between local authorities and local businesses) and overseen by the Ministry of Housing, Communities and Local Government. The Local Growth Fund was distributed through three funding rounds from 2015 to 2021.

In response to the COVID-19 pandemic, the *Getting Building Fund* was launched in 2020. The fund allocated £900 million to support ‘shovel ready’ projects that could address immediate economic challenges. It was a continuation of the Local Growth Fund in terms of timing, delivery processes, and types of interventions, and ran until 2022. It was delivered through one funding round.

This document is a process evaluation of the two funds, which was produced by Steer Economic Development and commissioned by the Ministry of Housing, Communities and Local Government. The purpose of the evaluation was to reflect on the design, delivery and governance of the two funds. A mixed-methods approach was deployed, based on seven main research methods which were selected for their ability to capture lessons learned and gather detailed feedback from stakeholders. The research methods utilised were: 19 in-depth interviews with central government stakeholders; 35 in-depth interviews with Local Enterprise Partnership representatives; 3 area-focused workshops with Local Enterprise Partnerships and area representatives from the Ministry of Housing, Communities and Local Government; a round-table recommendations workshop; three thematic case studies; and desk research. The round-table recommendations workshop was held with policy and delivery stakeholders from the Ministry of Housing, Communities and Local Government and provided an opportunity to reflect on the evaluation’s findings and the implications for future policy. Desk research involved a review of monitoring data and Local Enterprise Partnership-commissioned process evaluations.

Despite some challenges (such as institutional memory; the dissolvement of Local Enterprise Partnerships; the varying quality, depth and availability of Local Enterprise Partnership-commissioned process evaluations; and some concerns around the monitoring data) the evaluation successfully provided coverage of a range of intervention types and geographies. Furthermore, the qualitative approach was considered particularly valuable for capturing different perspectives and contextual factors influencing delivery. Overall, the methods used were considered appropriate for the purpose of the evaluation and supported the collection of valuable insights and lessons learned.

Overview of LGF and GBF

The Local Growth Fund supported a broad range of interventions according to local needs, with the overarching aim of promoting growth, rebalancing the economy, enhancing local accountability and attracting private sector match funding. While the Getting Building Fund was similar in terms of delivery, the context and rationale for the two funds differed. The

Local Growth Fund aimed to support long-term economic growth by devolving power to local areas, while the Getting Building Fund was a response that targeted areas facing the biggest immediate economic challenges posed by the COVID-19 pandemic.

Local Growth Fund projects were financially complete by March 2021, with ongoing monitoring expected to continue until 2025. Getting Building Fund projects commenced in 2020 and were expected to be financially complete by March 2022, with ongoing monitoring expected to continue until 2025. At the time of writing, 58% of the 2,195 Local Growth Fund projects and 30% of the 378 Getting Building Fund projects were recorded as ‘complete’ (that is, all funding had been spent and there were no further outputs to report).

The Local Growth Fund's largest investments were in road improvements (29% of overall Local Growth Fund budget) and skills capital (16% of overall Local Growth Fund budget). When considered at an aggregated level, transport projects (across road, rail, and other modes) accounted for a total of 43% of Local Growth Fund allocated funding. The Getting Building Fund, on the other hand, concentrated on employment and innovation projects, with a noticeably lower proportion of transport-related spend.

Programme Design

The design of the funds involved three important elements:

- funding was provided as a ‘single pot’, giving local areas the freedom to focus on local priorities rather than being tied to individual departmental objectives;
- a competitive bidding process was introduced to encourage high-quality proposals; and
- decision-making was decentralised, involving local businesses in project design and selection.

With regards to the ‘single pot’, stakeholders generally reported the intention was welcomed. The evaluation found many examples that demonstrate that projects did indeed straddle departmental boundaries. Local Enterprise Partnerships made use of this flexibility in the variety and cross-cutting nature of projects they selected. However, the nature of the fund (comprising existing budgets from four government departments – the Department for Transport, the Department for Education, the Ministry of Housing, Communities and Local Government and the former department for Business, Energy and Industrial Strategy) meant that some Local Enterprise Partnerships felt there was a certain degree of expectation that spend should align with these departmental allocations. This was broadly borne out in reality – suggesting that the ‘freedom’ of the flexible pot was perhaps less than originally intended.

With regards to the competitive bidding process, the evaluation found that the level of competitive tension was less than intended – the bidding process can best be described as ‘semi-competitive’. This was driven by a lack of systematic communication to Local Enterprise Partnerships regarding the amount of funding available and the criteria by which projects would be judged. A further contributing factor was a lack of resource within central government to conduct thorough assessments of projects. While there is evidence that some adjustments were made to account for the differing strengths of Local Enterprise

Partnerships, Strategic Economic Plans, and supporting governance processes, the final distribution did not differ greatly from ‘per capita’ allocations.

Finally, with regards to the decentralisation of decision-making, local areas largely felt that they *were* able to make decisions to meet local economic priorities and were well-positioned to do so, though progress on delivery varied according to the strength of local project pipelines.

Programme Delivery

The evaluation found that in some areas, the portfolio of projects delivered was highly strategic, crossing geographic and sectoral boundaries to deliver a well-coordinated and synergistic set of projects. However, it was observed that in other areas the portfolio was more segmented, with a sense of each local authority receiving their ‘fair share’ of projects. The evaluation found that project portfolios were most likely to be strategic in situations where Local Enterprise Partnerships were strongly engaged and had ‘ownership’ of the Strategic Economic Plan, where the Strategic Economic Plan itself had a clearly communicated purpose, and where geographic and political contextual factors did not get in the way of a truly strategic selection. The inclusion of the business voice (implemented via Local Enterprise Partnership Chairs and membership) was welcomed by stakeholders, with business contributors providing rigour to local project management processes, supporting more innovative delivery mechanisms, and contributing a commercial viewpoint to project selection.

The approach to delivery of projects evolved over time as Local Enterprise Partnerships evolved in their capacity, maturity and expertise. Overall, consultees generally provided evidence of innovative ways that the funding had been used, and explained that the flexibility afforded by the design of the funds permitted project delivery to be optimised. Nonetheless, some delays to project delivery occurred, linked to factors such as planning delays and development lags (often seen in complex capital projects), COVID-19 impacts, and wider macroeconomic factors.

For the Getting Building Fund, a clear focus was placed on proposing projects which were highly deliverable. Local Enterprise Partnerships’ ability to respond to this requirement largely depended on the quality of their existing project pipelines. The challenging delivery environment during COVID-19, and the resulting supply chain and inflationary pressures, led to unexpected delays across many projects, and ultimately the extension of the final deadline for completion of spending. While Local Enterprise Partnerships did propose projects which could reasonably be expected to be delivered within the 18-month delivery period, some noted that being genuinely ‘shovel ready’ required funding and planning to be already in place (or not required, in the case of planning) which was not the case in many instances.

Governance, management and monitoring

Local Enterprise Partnerships, supported by a nominated local authority accountable body, were at the core of delivery of the Local Growth Fund and Getting Building Fund. The Local Growth Fund was first introduced at a time when there was strong political support for decentralisation and, in accordance with this, central government intervention to ensure accountability, transparency and fit-for-purpose governance was deliberately light-touch.

However, a series of government inquiries and reviews revealed concerns around transparency and accountability, leading to a successful ‘tightening up’ of processes. In alignment with the evolution of the approach to governance, a more involved approach to performance management by central government developed over time. It was made clear that government had the ability to withhold future years’ allocations if they were not satisfied by the results of these reviews (although in reality, this was reported to be difficult to implement due to the contractual mechanisms in place).

The system for monitoring the funds (and supporting guidance documents) changed over time. Overall, a criticism from Local Enterprise Partnership interviewees was that there was a lack of clear guidance around how output metrics should be defined, resulting in a monitoring dataset that would benefit from more completeness, comparability, and robustness and that, although fulfilling financial reporting requirements, has limitations on other fronts.

Recommendations

The evaluation makes the following recommendations:

Programme design

1. Extend and build upon the ‘single pot’ notion. Stakeholders welcomed the flexible ‘single pot’ as a mechanism for delivering local growth. Noting the potential challenges around coordination and allocation of responsibilities introduced by a ‘single pot’, the concept could be extended further – by including a broader selection of government departments amongst the contributors to the pot, with the Ministry of Housing Communities and Local Government as the central coordinator;

2. Dedicate sufficient time to thinking and set-up. The desire to deliver new policies at pace can sometimes result in insufficient time for considered design, engagement and testing. This can be detrimental to the quality of subsequent delivery – leading to changes in approach and guidance which can cause confusion and frustration amongst delivery partners;

3. Early engagement for collaborative development. The teams within the Ministry of Housing Communities and Local Government which hold relationships with local government are a key resource for engaging with local areas. Greater use of this resource, and additional time taken to canvas views of local areas, would help to reduce the need for pivots in approach after a fund has launched; and

4. Set – and communicate – clear ‘rules of the game’. The evaluation found that Local Enterprise Partnerships were not able to compete effectively because they were not given a clear steer on how funding would be allocated or the quantity of funding available. Central government should agree ‘what good looks like’ for competitive funding bids prior to announcing the funding competition and should clearly communicate this to local areas.

Effective Delivery

5. Provide stability through use of review points. It may be beneficial to set review points in advance and agree that systems and guidance will be reviewed and updated at these agreed points in time – offering stability in the intervening periods;

6. Build local capacity. For future funding streams, central government should consider how it can support local areas to build capacity and capability – for example, through provision of revenue funding alongside capital funding, and also through targeted interventions in local areas facing the greatest capability gaps; and

7. Move beyond 'shovel ready'. The evaluation noted some challenges around the concept of a 'shovel ready' scheme, noting that these rarely exist in reality. A long-term, integrated strategy for delivery of a pipeline of projects is encouraged.

Governance, monitoring and management

8. Shifting the emphasis from scrutiny to support. Building on the need to support local areas facing capacity and capability challenges, a mindset change is encouraged to place greater emphasis on providing support for areas, in particular those where processes are less mature or which face greater capacity constraints;

9. Ensure the Ministry of Housing, Communities and Local Government has access to appropriate mechanisms for managing performance. Building clawback mechanisms into future funding agreements would enhance the ability to apply performance management, even if these mechanisms are rarely used; and

10. Ensure fit-for-purpose monitoring systems, managing the trade-off between comprehensiveness and collection burden. Standardisation and digitisation of monitoring tools are recommended for the future, distinguishing between factors that are most important for performance management (such as project status and progress against spend targets) and factors that can be used to establish the extent to which project outputs and outcomes have been realised.

1 Introduction & Methodology

1.1 Overview

This report is a process evaluation of two funds aimed at supporting local economies: the Local Growth Fund (LGF) and the Getting Building Fund (GBF). Collectively, they are referred to in this document as ‘the funds’. The report was commissioned by the Ministry of Housing, Communities and Local Government (MHCLG) in October 2023. It was conducted by independent consultancy Steer Economic Development (Steer-ED).

LGF was announced in 2013 as a ‘single pot’ of £12 billion in devolved funding to support local economic growth. The fund was entirely capital. There were three rounds of the fund, which ran from 2015 through to 2021. Of the £12 billion total, approximately £7 billion was allocated as flexible funding which was managed by Local Enterprise Partnerships (LEPs) and overseen by MHCLG.[1] Only the £7 billion of flexible funding is in scope of consideration for this commission. The remaining £5bn was managed by other government departments or agencies and comprised:

- £2bn delivered through the first round of Growth Deals and managed by the Department for Transport (DfT);
- £0.4bn for a Housing and Skills Budget;
- £2bn for a Home Building Fund; and
- £0.45bn for Transport Majors Funding.

These programmes are subject to their own evaluations and are therefore out of scope of this commission.

GBF was introduced in 2020 as a COVID-19 response measure, with £900 million dedicated to stimulating economic growth by investing in ‘shovel ready’ projects. Many of the GBF projects were expected to focus on making smaller improvements to existing local infrastructure rather than developing entirely new infrastructure projects. The fund operated from 2020 until 2022, and the entire fund is in scope of this commission.

This report details the findings from the process evaluation, which are organised thematically into chapters on programme design; programme delivery; and governance, management and monitoring. The report aims to provide MHCLG with insights and lessons learned to inform the design of future local growth programmes.

1.2 Introduction to LGF and GBF

Introduction to LGF

As part of a broader move to devolve power to local areas, LGF consolidated funds from several central government departments, detailed below in Table 1-1, into a ‘single pot’ – giving LEPs the responsibility to allocate these funds according to local need. The

[1] The remaining £5 billion was allocated by a range of government departments and agencies, including: £2 billion delivered through the first round of Growth Deals and managed by the Department for Transport; £0.4 billion for a Housing and Skills Budget; £2 billion for a Home Building Fund, and £0.45 billion for Transport Majors Funding. Many of these are subject to separate evaluation activity.

approach aligned with recommendations in Lord Heseltine's 2012 independent report on increasing UK growth: *No stone unturned: in pursuit of growth*. The report advocated creating a single flexible fund that would combine funding from across skills, infrastructure, employment support, housing, regeneration, and business support. It also advocated for devolving decision-making to geographic areas reflective of natural economic geographies. It was proposed that combining these streams into a single fund would give greater flexibility to local leaders and reduce the administrative burden involved in managing multiple separate funding streams.

Between 2015 and 2021, there were three rounds of LGF, totalling £12 billion, of which approximately £7bn was flexible funding. As LEPs matured over time and across these three rounds, some became more sophisticated in their ability to deliver the fund. This is explored fully in Section 4.3. The purpose of LGF was to:

- Promote growth in places and help to rebalance the economy;
- Increase local accountability by combining local knowledge with central capacity;
- Attract high level of private sector match funding; and
- Drive up quality by increasing competitive tension between places.

Table 1-1 shows a breakdown of contributions to the approximately £7bn flexible funding pot, including the name of each department contributing (note that some of these are historic departmental names and structures), and the value of funding provided.

Table 1-1: Flexible LGF funding allocation, by department

Government Department	Funding Amount
DfT	£4,929m
MHCLG	£1,113m
Department for Education (DfE)	£980m
Department for Business, Energy and Industrial Strategy (BEIS)	£50m
MHCLG Broadband	£9m
Total	**£7.1bn**

Source: MHCLG, 2023

Introduction to GBF

GBF was part of the government's economic response to the COVID-19 pandemic. It aimed to provide short-term financial stimulus during a period when the Office for Budgetary Responsibility was predicting a recession and high unemployment, and the construction sector was halted due to lockdowns. GBF invested in 'shovel ready' infrastructure projects to quickly mobilise existing or well-developed proposals, boost economic growth, and fuel local recovery and jobs. Running for 18 months from September 2020 to March 2022, GBF totalled £900 million and was delivered in one funding round through LEPs, using processes that had been established under LGF.

While GBF was a continuation of LGF in terms of timing, delivery processes, and types of interventions, the context and rationale for the two schemes differed. While LGF aimed to support long-term economic growth by devolving power to local areas, GBF was a response that targeted areas facing the biggest immediate economic challenges posed by the COVID-19 pandemic.

Introduction to LEPs

LEPs were introduced in 2010 by the Conservative and Liberal Democrat coalition government to replace the nine regional development agencies (RDAs). LEPs assumed several, but not all, of the duties previously managed by RDAs in terms of local economic development.[2] A total of 38 LEPs were introduced across England, overseen by MHCLG. They took the form of business-led partnerships between local authorities and local businesses. All LEPs were required to have a private-sector chair, and the majority of board members were also required to be from the private sector. The LEPs were connected by a 'LEP network', which was established to provide a forum for coordination of issues and sharing of best practice. During their time, LEPs played a central role in determining local economic priorities and undertaking activities to drive local economic growth and the creation of local jobs.

In 2023, the government announced that it intended to withdraw support for LEPs and transfer their functions to local and combined authorities. This transition occurred in March 2024, shortly before preparation of this evaluation report.

1.3 Purpose and scope of the evaluation

MHCLG is dedicated to assessing the impact of local growth funding, as outlined in its Evaluation Strategy (MHCLG, 2022). In April 2023, MHCLG commissioned Steer-ED to assess the feasibility of conducting process, impact, and value for money (VfM) evaluations of LGF and GBF. The decision to assess LGF and GBF was agreed upon because, in many ways, GBF was a continuation of LGF – it followed chronologically, made use of delivery processes that had been established under LGF, and delivered similar (sometimes the same) interventions, albeit with somewhat different objectives, which were driven by the COVID-19 pandemic. Steer-ED assessed that a process evaluation would be feasible and would form a valuable contribution to the evidence base around local growth funding. This process evaluation was therefore commissioned, following the recommendations of the feasibility assessment, in October 2023. It was completed in June 2024. Initial findings regarding the feasibility of impact and VfM evaluation are not discussed here but can be found in the separate *Initial Feasibility Assessment*.

Sixteen research questions were developed during the evaluation feasibility stage, together covering the three domains of design; delivery; and governance, management and monitoring. The research questions focus on themes such as the effectiveness of the delivery model; how governance, management and monitoring affected outcomes; and the strategic context of the funds – including economic conditions and other related government initiatives. The sixteen research questions and associated sub-questions are as follows:

[2] RDAs had also overseen the promotion of innovation and the attraction of inward investment to their areas, tasks which were returned to the central government post-2010.

1. How effective has the delivery model (via LEPs) been? What has driven the effectiveness of the delivery model?

    - Which aspects of delivery worked particularly well, or less well, and why?
    - To what extent did the different intervention types (for example transport, skills capital, business support) fit together into a coherent funding programme?

2. Were the rationale and objectives of the funds clear and well understood?

    - Were they well understood at a national level? And at a local (LEP) level?
    - Was guidance from government to local areas clear and well communicated?

3. To what extent did the delivery model affect the types of projects funded, in terms of…

    - …the 'single pot' nature of the funding?
    - …the role of LEPs and local businesses in prioritisation?

4. To what extent did the funds align with local areas' priorities?

    - To what extent did the funded projects align with and contribute towards Strategic Economic Plans (SEPs)?
    - What local conditions supported successful delivery?
    - What worked well or less well in the delivery of local interventions?

5. To what extent did the delivery model support the engagement, capacity and collaboration of local partners?

    - What were the local benefits of any collaboration encouraged by the delivery model?
    - Did the delivery model create any longer-term benefits or challenges?

6. What barriers and enablers arose during fund delivery?

    - How did the programme team respond to these?
    - To what extent and how did COVID-19 influence the delivery of projects?
    - What lessons can be learned for future interventions of similar schemes?

7. How effective were governance structures, at national and LEP level?

    - What lessons can be learned from governance and process design for future delivery of schemes like this?
    - How effective were risk management strategies at a fund level in anticipating and mitigating against risks?
    - What were the implications for governance structures of changes to LEP policy, funding and assurance frameworks?
    - Was guidance about programme governance sufficient?

8. What was the role of each of the relevant government departments?

    - What role did they play and how effective was it?

- Has learning been generated that can inform future cross-government collaborative funds?

9. How effective was programme management (at national and LEP level)?

- How effective was the national programme management of the funds?
- How effective was the local programme management of the funds?

10. To what extent were the processes for selecting projects and allocating funding effective?

- Was the process for selecting projects fit for purpose?
- How did the process for project selection evolve over time?

11. How effective were monitoring processes (at national and LEP level)?

- Did LEPs provide timely, comprehensive and high-quality monitoring returns? What were the key barriers and enablers to this?
- How was monitoring information and LEP level evaluations used – e.g. were they used to inform decisions and actions?
- Could improvements have been made to make monitoring processes more effective?
- What were the monitoring implications of changes to LEP policy, funding and assurance frameworks?
- Was there sufficient monitoring guidance to provide clarity and consistency?
- What was the capability and capacity of LEPs to provide this data?

12. To what extent did the funds meet government's spend targets?

- To what extent did the funds, and LEP delivery of them, meet the initial budgetary expectations?
- Were there any unforeseen issues and/or hidden costs?
- How were local freedoms and flexibilities used?

13. To what extent did the funds align with other central government or local initiatives?

- Did the funds complement the achievement of other government initiatives (i.e. Grand Challenges, Sector Deals, Net Zero, etc.)?
- To what extent were the funds used locally to lever in additional funding (e.g. ESIF)?
- How integrated were the funds with other local economic development provision?

14. How did the extraordinary circumstances, especially COVID-19, impact GBF? (GBF only)

- How did COVID-19, and the government's response to it, impact the development and delivery of GBF?

15. How does the design and delivery of GBF relate to LGF?

- To what extent was GBF a continuation of LGF?

- How was learning from LGF applied to GBF?
- How did the ‘shovel ready’ focus, or other factors, impact on the types of projects funded compared to LGF?
- To what extent did ‘shovel ready’ projects exist and how long did projects actually take to deliver?

16. What lessons can be learned for future delivery of similar funds?

- Were there greater challenges with some types of projects?
- What were the critical success factors for interventions?
- How could the funding process be improved?
- How did the delivery experience differ from schemes such as LUF, SPF, and Towns Fund? What can we learn from this?

1.4 Methods used in the evaluation

Both LGF and GBF supported a wide range of projects with varied outputs, timeframes and beneficiaries. While all projects aimed to boost local economic growth, they were given the freedom to achieve this through the interventions of their choice, leading to varied outputs and outcomes. These differences were important drivers of decisions to determine the evaluation methodology, which needed to consider outcomes at the level of the funds overall, but also at the level of intervention types, local geographies, and individual projects. A mixed-methods approach was used, based on seven main research methods:

- Review of monitoring data: a detailed review of all LGF and GBF monitoring data held by MHCLG was undertaken to understand what was delivered as well as to ascertain the robustness of monitoring processes and the consistency of the data provided. This data was compiled by MHCLG from individual LEP monitoring data returns, which were submitted on a quarterly (then biannual, following financial completion) basis;

- Document Review of LEP-commissioned evaluations: some LEPs commissioned their own evaluations of LGF and/or GBF, as expected by the funding guidelines. These evaluations ranged in their coverage, with not all including process evaluation findings. A total of 13 LEP-commissioned evaluations contained process findings. These were reviewed to extract key findings, which were triangulated against findings from other workstreams from this evaluation;

- Interviews with central government: 19 semi-structured in-depth interviews with current and former central government stakeholders were conducted. Government knowledge about GBF, and LGF in particular, sits across a relatively large number of individuals due to the turnover of staff in key civil service positions over the history of the funds. Good coverage was achieved from across LGF/GBF timeframes which incorporated diverse perspectives from different government departments and roles. DfT was also included within this to understand the nature of their contribution in relation to the formation and delivery of the ‘single pot’ approach;

- Interviews with LEP representatives: 35 semi-structured in-depth interviews with LEP representatives were conducted, generally at the senior level. Excellent engagement meant that, in combination with the area-focused workshops described below, all 38

LEPs who received LGF and GBF were spoken with. This ensured that the views of LEPs across all approaches, budgets, geographies and structures, are reflected in this process evaluation;

- Area-focused workshops: 3 area-focused workshops were undertaken with LEP staff and MHCLG representatives to deep-dive into LGF/GBF processes within each of the three specific areas. Areas were selected based on a combination of purposive sampling, willingness to participate, and to ensure a balance across a range of geographies and delivery types. These workshops helped to develop consensus and accuracy across multiple stakeholders, helping to mitigate the limitations of individual memory of the funds (particularly useful for LGF, where there is some lack of institutional memory);

- Recommendations workshop: A workshop focused on recommendations was conducted with MHCLG policy stakeholders and delivery-focused stakeholders to consider the findings from the process evaluation research and the potential implications for future policy design. The workshop was used to help develop a set of relevant and actionable recommendations from the findings; and

- Case studies: three thematic case studies were developed, following the themes: ‘leveraging the private sector’, ‘delivering ‘shovel ready’’ and ‘innovative delivery mechanisms and outcomes’. To develop these case studies, nine semi-structured in-depth interviews with project managers were undertaken, alongside desk review.

1.5 Methodological limitations

The key methodological limitations for the study, and how they were responded to through the research design, are set out below:

- Challenge of institutional memory when conducting stakeholder fieldwork: the funds operated over a long period and knowledge of the programme is diffused across a large number of current and former officials (although this was less of a concern for GBF since the delivery period was more recent). A range of stakeholders, including current and former civil servants, were interviewed to ensure good coverage across both funds and the full delivery timescale;

- The process evaluation coincided with a challenging period for LEPs, and ultimately the decision to dissolve them: this meant that consultation with LEPs needed to be handled particularly sensitively, and that there was an increased risk of stakeholders leaving their positions during the fieldwork process. The notes for interviewers included guidance on handling these issues, and the fieldwork prioritised interviewing LEPs rapidly prior to their dissolution;

- Variety in the quality, depth and availability of LEP-commissioned process evaluations: while there was an expectation that all LEPs would have undertaken process evaluations, not all LEPs commissioned this work, and amongst those that did, the approach and quality varied. LEP-commissioned evaluations were therefore reviewed with a view to triangulating evidence from other sources, and evaluations displaying greater depth and robustness of findings were prioritised; and

- Poor quality monitoring data: the data collected from LEPs and accountable bodies by MHCLG to track LGF initially had some quality issues, with inconsistency across measures and varied classification of projects (this issue is discussed in greater detail in later sections of this report). MHCLG and Steer-ED worked collaboratively to improve the classification system for monitoring data. However, there were still limitations in the quality of monitoring available for consideration within this process evaluation.

1.6 Structure of this report

The remainder of this report is structured as follows:

- Chapter 2 provides an overview of the funds including the background in terms of economic and political context, programme logic models, timelines for the funds and the intervention classification process;
- Chapter 3 provides an overview of programme design, including the 'single pot' approach, the competitive funding allocation and the decentralisation of decision-making;
- Chapter 4 provides an overview of programme delivery, including characterisation of project delivery in terms of spend and outputs, strategic selection of projects, experience of delivery and success factors and lessons learned;
- Chapter 5 provides an overview of the governance model and the approach to performance management and monitoring; and
- Chapter 6 outlines recommendations for MHCLG for future local growth funding programmes.

2 Overview of the LGF and the GBF

Summary:

- LGF commenced in 2015 with three rounds of funding. Financial completion was in March 2021, with ongoing monitoring expected to continue until 2025. GBF commenced in 2020 with financial completion expected by March 2022, and with ongoing monitoring expected to continue until 2025;
- At the time of writing, 58% of the 2,195 LGF projects and 30% of the 378 GBF projects were recorded as 'complete', meaning that in addition to financial completion, all allocated funding had been spent by the LEP, and there were no further outputs to report;
- SEPs (developed in 2013/14) and Local Industrial Strategies (announced in 2018) were the key local strategic documents underpinning delivery of LGF and GBF. These documents provided the strategic focus for the two funds;
- Notable changes to the LEP Assurance framework took place between 2017 and 2019, resulting in greater parliamentary scrutiny of LEPs and, by implication, of LGF;
- The COVID-19 pandemic was a crucial contextual factor. GBF was part of the government's economic response to the pandemic which resulted in a focus on deliverable projects that would contribute to local recovery and could be delivered at pace;
- The two largest categories of LGF projects, in terms of overall LGF budget, were road improvements (29%) and skills capital (16%). When considered at an aggregated level, transport projects (across road, rail, and other modes) accounted for a total of 43% of LGF allocated funding; and
- For GBF, the largest proportion of spend was on employment and innovation projects, with a noticeably lower proportion of transport-related spend. regeneration and skills capital continued to account for a notable proportion of projects across both funds.

2.1 Overview and Key Findings

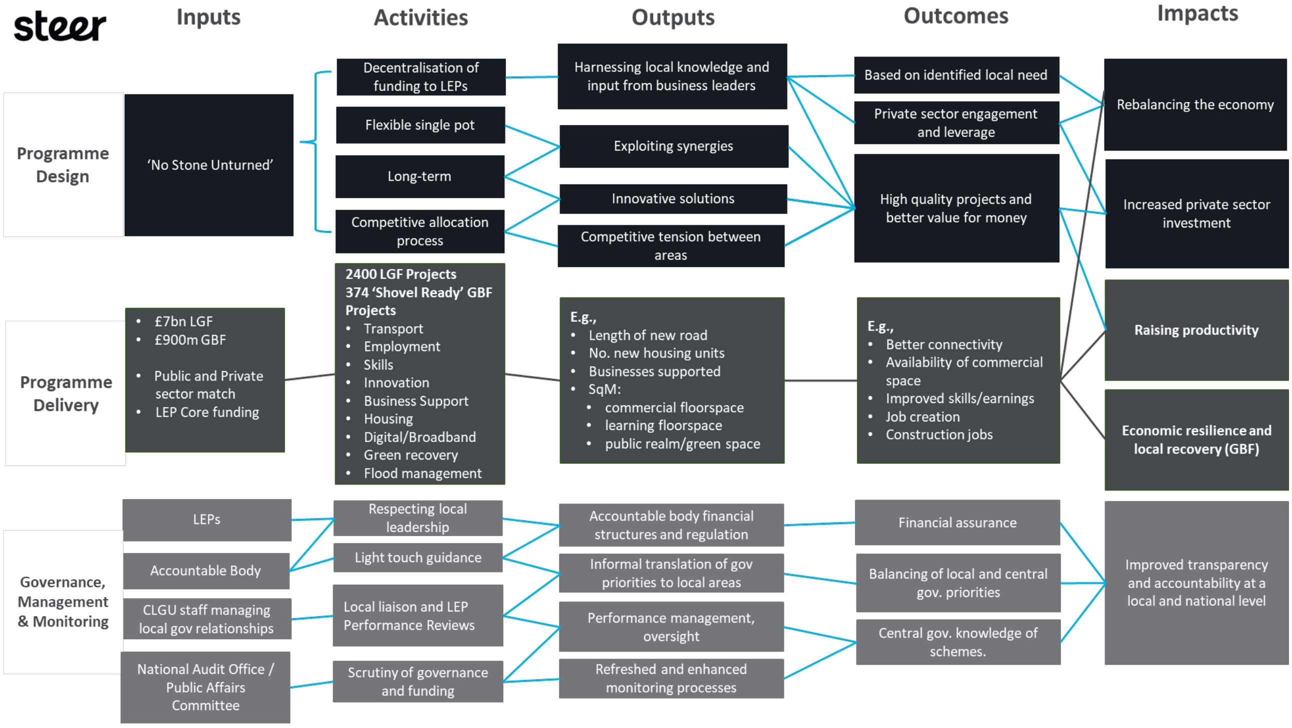
This chapter provides an overview of GBF and LGF, drawing on the following:

- A Theory of Change covering both funds. This was developed using information from the LGF and GBF business cases as well as intervention-level Logic Models, which were adapted from those provided in the 2016/17 LGF business case. The Theory of Change summarises the anticipated causal linkages from inputs, activities, outputs, outcomes, and through to impacts. It was refined and tested as part of producing this process evaluation;
- A timeline that outlines the key dates, contextual factors, changes, and events for the two funds, covering the period from 2013 to 2025; and
- A high-level process map for each fund, outlining the key processes and stages involved in programme development, delivery and monitoring.

2.2 Theory of Change

Figure 2-1 overleaf sets out the Theory of Change that was developed for the two funds. It outlines the expected causal relationships between the funds' inputs, activities, outputs, outcomes, and impacts. The Theory of Change is organised into three strands: (1) Delivery Model, (2) Delivery, and (3) Governance. These are the three components of the process evaluation and are explored in detail across Chapters 3 to 5 of this report. The Theory of Change was developed through desk review and refined throughout the early fieldwork phase – drawing on descriptions of the funds within the original business case or policy statement documents, in combination with stakeholders' verbal descriptions of the intentions behind the two funds. While the two funds had differing context and rationale (additional objectives introduced for GBF are referred to specifically within the figure), their common design and delivery mechanism led to the decision to present the two funds within a single Theory of Change. The following section provides supporting narrative to accompany each of the three strands illustrated in the Theory of Change.

Figure 2-1: LGF and GBF Theory of Change



Source: Steer-ED, 2024

Theory of Change Narrative

This section provides narrative to accompany the Theory of Change (Figure 2-1). Text in **bold** corresponds directly with boxes within the Theory of Change.

Programme Design

Lord Heseltine's **'No stone unturned**' report was the seminal document in the establishment of the Local Growth Fund.[i] The report advocated for **decentralisation of local growth funding**, the pooling of government funding into a **flexible single pot**, the benefits of a **competitive allocation process**, and long-term funding which supported strategic planning.

The **decentralisation of funding to LEPs** was designed to ensure that "*economic development is tailored directly to the individual challenges and opportunities of our communities"* (No stone unturned, 2012)*.* Delivering LGF and GBF through LEPs was expected to **harness local knowledge** and **input from business leaders** and was designed to result in projects that were **based on local economic need** (documented locally through SEPs). The input of business leaders was seen as important in bringing a commercial voice into funding decisions and encouraging **private sector engagement and leverage.**

The £7bn **single pot** was comprised of allocations from several government departments. Rather than aligning spend proportionately to the original departmental allocations, local areas had the flexibility to spend the budgets on priorities relevant to the local economy. The flexibility was designed to achieve better outcomes (**higher quality and value for money projects)** by **exploiting synergies** through local co-ordination of different thematic interventions and by targeting projects that best met local area needs.[ii]

The **long-term** nature of LGF was designed to give *"local areas certainty over their future funding for sufficient periods of time"* and to enable LEPs to invest in more **innovative solutions** and policy experimentation that would result in **higher quality and value for money projects.** For example, some LEPs invested in projects with a longer-term economic focus (for example to support projects focused on development of emerging sectors) or used LGF innovatively through loans or repayable grant mechanisms.

The **funding flexibility** associated with the funds reflected the decentralised 'single pot' approach. In recognition that local circumstances change, freedoms and flexibilities were embedded into the two funds to enable the funds to be spent alongside other funds in a way that maximised impact (driving **higher quality and better value for money projects)** and enabling more **innovative** approaches.

The **competitive allocation process** was also seen as important to encourage **competitive tension between areas** and the prioritisation of **higher quality and better value for money projects**.[iii] 'No stone unturned' outlined that competition would drive "collaboration, creativity, commitment and ambition".

The **decentralised approach via LEPs** (with the requirement to be private sector-led), was designed to ensure a business voice in the prioritisation of projects. This approach proposed that the involvement of businesses would result in projects with stronger commerciality and would ultimately lead to increased **private-sector investment**.

Rebalancing the economy was a cross-cutting objective of the coalition government that linked to reducing economic reliance on just a few industries and a few regions (particularly London and the South East). LGF sought to lay the foundations for growth in areas that were less successful by creating a better business environment. LGF supported a rebalancing objective by empowering local areas to identify projects that will best meet **local economic need**, and strong **private sector engagement and leverage** (rebalancing from the public to the private sector).

Programme Delivery
The total LGF budget (£12bn) included **a £7bn** 'single pot' comprised of funding primarily from MHCLG, DfT and DfE. GBF was a **£900m** fund allocated via LEPs as a direct response to the COVID-19 pandemic. The allocation process for both funds prioritised those that were able to leverage **public and private sector match** funding. MHCLG and DBT provided LEPs with **'core funding'** which supported LEP functions and their ability to monitor and oversee LGF and GBF. Each LEP received the same amount (despite large variations in size and LGF allocations).

LGF supported **projects** across a wide range of intervention types. LEPs typically provided guidance to local partners about the types of projects that they were looking to support (which were documented in their SEPs), and asked partners to provide relevant project submissions. Projects were prioritised by LEPs according to deliverability, strategic alignment, outputs and impact, robustness of business case, and other local geographical or political factors.

LGF supported projects across **transport, employment, skills, innovation, business support, housing, flood management and digital/broadband.** GBF added **Green Recovery** projects to the intervention types supported by LGF. These included projects that contributed to net zero targets through investment in clean energy, transport solutions and retrofit of housing stock.

Projects were required to deliver **outputs** that were relevant to the intervention type. For example, transport outputs included road resurfacing, newly built roads, and new cycleways. Output definitions were included within guidance documents issued to LEPs from 2017 onwards. These were updated at different times with iterations shared with LEPs. GBF outputs largely aligned with LGF but with the addition of construction jobs and outputs linked to green recovery projects. There was also some refining of outputs including, for example, the creation of a separate 'jobs safeguarded' output, which was previously included within the 'jobs created' output.

Project **outcomes** linked directly to the nature of the outputs and the desired impacts of interventions. For example, transport and digital/broadband projects would typically be expected to support infrastructure that would lead to better connectivity and therefore contribute towards productivity benefits. GBF was expected to deliver similar outcomes to LGF, but with additional potential outcomes linked to the creation of construction jobs, related to GBF's rationale around responding to the impact of COVID-19 on the construction sector.

Project **outcomes** were designed to contribute to the following three economic goals:

- **Raising productivity**: project outcomes were largely linked to recognised drivers of productivity including improved connectivity, skill levels, commercial facilities, and innovation and business investment in capital equipment;
- **Rebalancing the economy**: the prioritisation of projects at a local level was designed to address the specific needs of the local economy. Interventions can therefore be expected to either look to overcome local barriers to growth, or to invest in activity that takes advantage of opportunities specific to the local geography; and
- **Economic resilience and local recovery**: GBF sought to support economic recovery through investment in activity that could stimulate the economy, particularly the construction industry.

Governance, Management & Monitoring
LGF and GBF were delivered through LEPs, which take a variety of legal forms, structures and funding mechanisms. As part of their governance structures, each LEP is required to have an **accountable body,** which would either be a local authority or combined authority. This requirement is to enable the routing of funding from central government to local areas (through Section 31 of the Local Government Act) and to ensure consistent oversight of the administration of financial affairs through the requirements of the relevant Section 151 officers.

Ministry of Housing, Communities and Local Government (MHCLG) staff managing local government relationships play an important role in the performance management and oversight of LEPs as well as providing a channel for local areas into different government departments. Each LEP was given a designated lead, providing assistance, support and challenge to local areas. For LGF and GBF, these staff members supported local areas with project prioritisation by interpreting the priorities of central government and reviewing submissions.

The **Public Affairs Committee** (PAC) and **National Audit Office** (NAO) provided scrutiny of LEP governance and funding (of which by far the largest funding stream was LGF). The 2016 NAO report into LEPs and the Growth Deals raised concerns about LEP assurance frameworks and their capacity and capability. [iv] The 2017 Review of LEP Governance and Transparency by Mary Ney made a series of recommendations to tighten the governance of LEPs and provide greater clarity on the role of Section 151 officers.[v]

The LEP delivery model was designed to ensure that funding decisions were made locally through boards that represent the breadth of **local leadership**.[vi] LGF was designed to give LEPs, as business-led Boards (with local authority representation), direct control of budgets to invest using their knowledge of what was needed. Whilst LEPs had control over local project prioritisation, the role of the accountable body was to ensure **financial assurance** with regulations aligned to the requirements of local authorities.

Central monitoring of LGF was initially relatively **light-touch**. After the 2017 Mary Ney Review, the Department took a more hands-on approach with a refinement of the ‘performance reviews’ and **refreshed and enhanced monitoring processes** including written output definitions that formed part of LGF Data Reporting Guidance.[vii]

Decentralisation of decision-making was designed to increase **transparency and accountability** by reducing the distance between decision-makers and their electorates.[viii] LEP assurance frameworks and the role of the accountable bodies and S151 officers were designed to ensure that monies were spent according to established local authority structures and regulations.

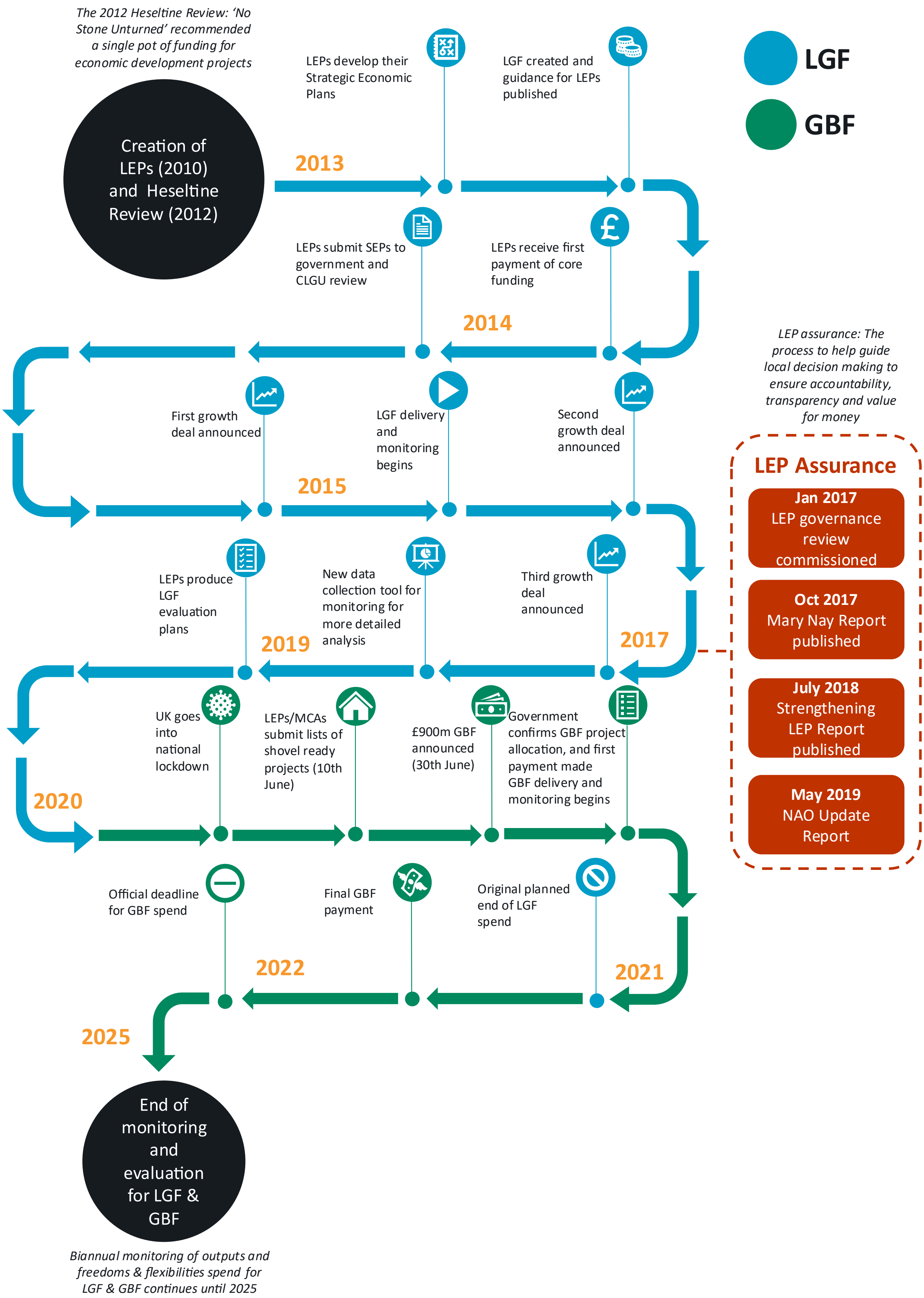
2.3 Timeline and Process Maps

Figure 2-2 shows a combined timeline for the two funds. LGF commenced in 2015 with three rounds of funding. The projects financially completed in March 2021, with ongoing monitoring expected to continue until 2025. GBF commenced in 2020 with financial completion expected by March 2022, and with ongoing monitoring expected to continue until 2025. Process Maps were also developed, outlining the development, delivery and monitoring of the two funds. These are shown in Figure 2-3, a Process Map for the Local Growth Fund and Figure 2-4, a Process Map for the Getting Building Fund.

The timelines for delivery, and the Process Maps that follow, cover a period of around ten years over which there were some significant milestones, all of which are returned to at later stages of this report. Notable milestones include:

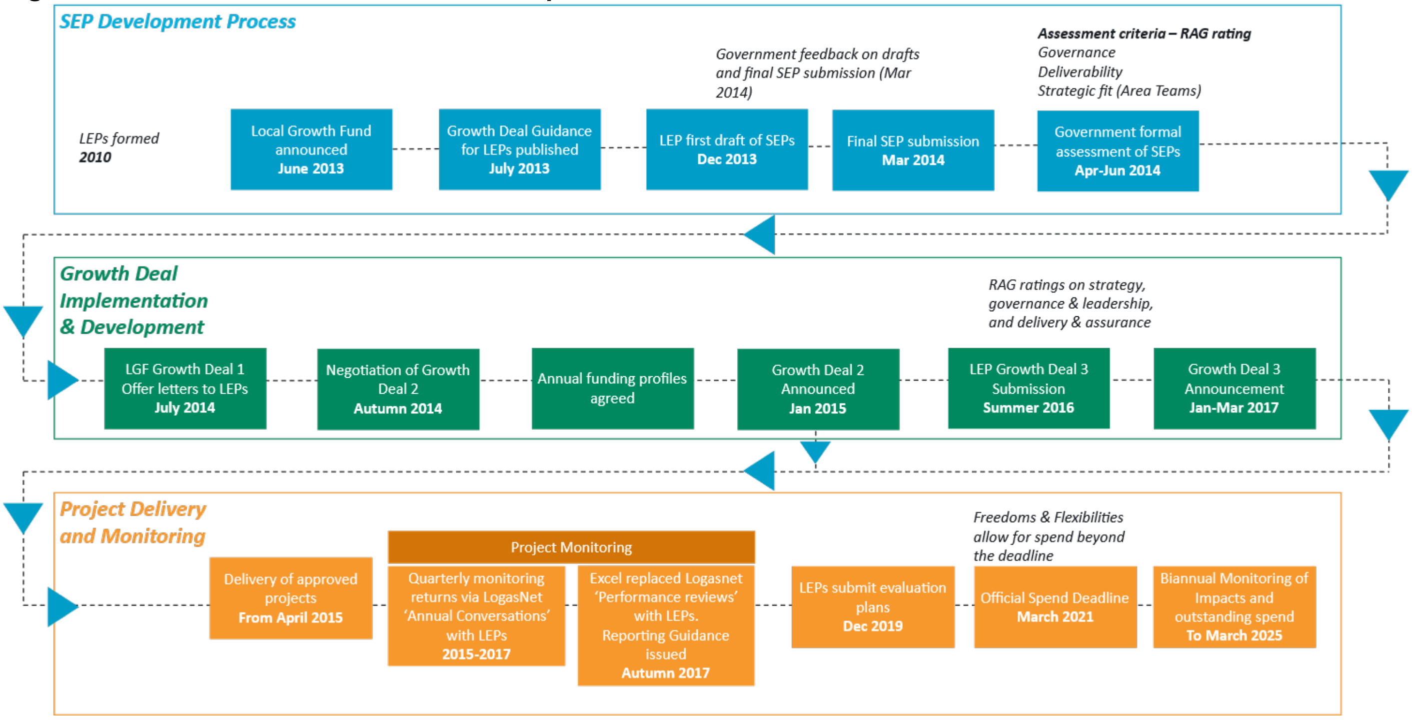
- Development of SEPs in 2013/14. SEPs were the key local strategic documents that provided the framework for local areas to prioritise projects and were the basis for the first round of LGF funding decisions. SEPs were subsequently periodically refreshed by LEPs. In December 2018, the government announced Local Industrial Strategies (LIS) and, although not all of these were ultimately published, their development and adoption continued to provide the strategic focus for LGF and, in particular, GBF. The role of SEPs and LIS are explored further in Chapters 3 and 4;
- Changes to the LEP Assurance Framework took place between 2017 and 2019. During this period, there was greater parliamentary scrutiny of LEPs (and by implication, of LGF), including the Local Enterprise Partnerships Value for Money report, leading to the Mary Nay Review of the Governance and Transparency of LEPs, the Strengthened Local Enterprise Partnerships Review and scrutiny by the NAO. [ix],[x], [xi] This was followed by the Committee of Public Accounts report on local economic growth in 2022.[xii] These changes, and the impact they had on governance, management and monitoring processes are explored in more detail in Chapter 5; and
- The COVID-19 pandemic, and the government's economic response: GBF was part of the government's economic response and the tight timeframes for allocation and project delivery were a direct result of the fast-moving economic situation. The pandemic continued to be relevant, particularly for GBF, because related lockdowns and supply chain issues impacted the deliverability of some schemes. This is explored in more detail in Chapter 4.

Figure 2-2: Timeline for LGF and GBF



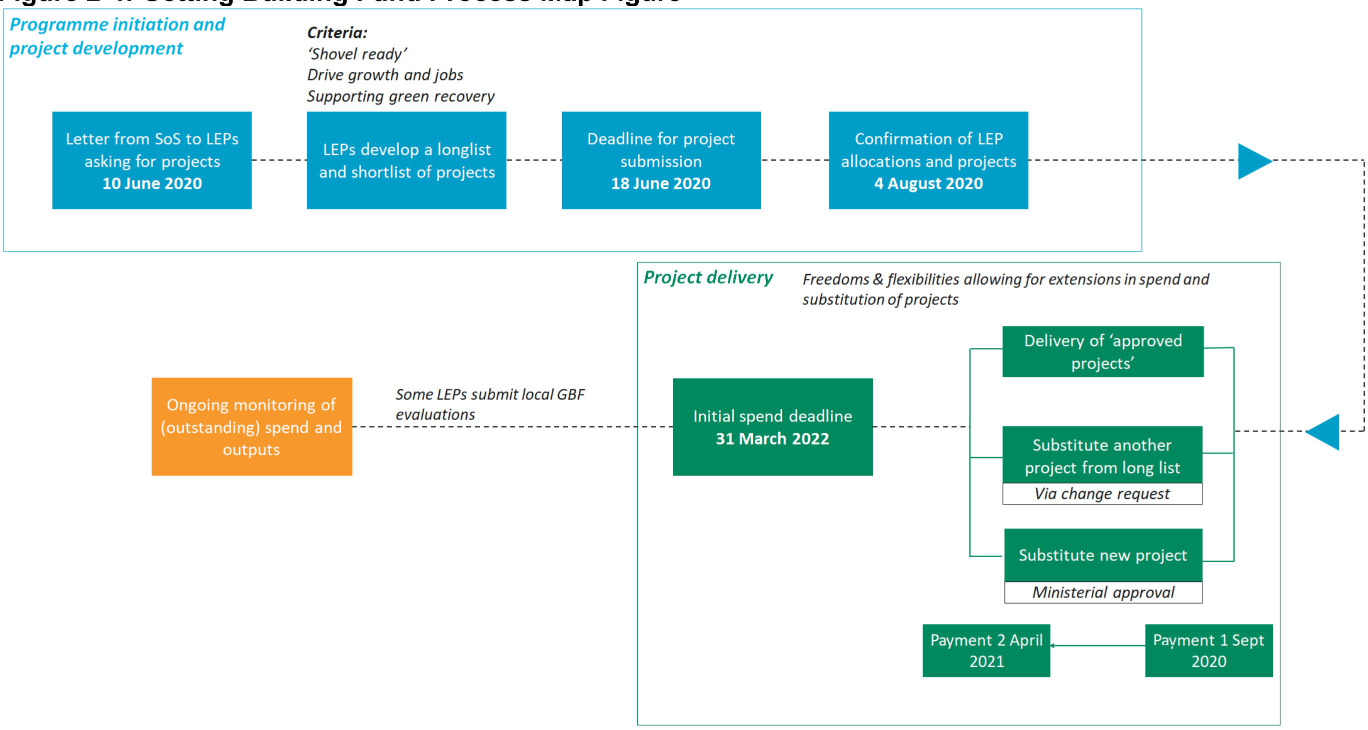
Source: Steer-ED, 2023

Figure 2-3: Local Growth Fund Process Map



Source: Steer-ED, 2023

Figure 2-4: Getting Building Fund Process Map Figure



Source: Steer-ED, 2023

2.4 Intervention classification

LGF and GBF supported a diverse range of projects, with different outputs, timeframes and beneficiaries. Although all projects were ultimately designed to lead to local economic growth (measured by changes in employment or productivity), these benefits were delivered using a wide range of different mechanisms, and intermediate outputs and outcomes vary significantly between intervention types.

An initial typology of LGF projects was developed by ICF Consulting Ltd (on behalf of the then Department for Business, Innovation and Skills) to categorise the projects funded in the first round of Growth Deals. Through review of the monitoring data, and in discussion with MHCLG and other stakeholders, Steer-ED further refined this classification system to arrive at a comprehensive set of categories that better reflected the projects that were ultimately funded. Some new categories were introduced (such as regeneration/public realm, culture/tourism, and green recovery) in recognition that projects of these types did not naturally fit into any of the existing categories. Table 2-1 provides a summary of the final agreed intervention classification system. In the most recent round of monitoring data collection at the time of writing (for the Q1-Q2 2024-25 monitoring return), LEPs were requested to assign all projects to these categories.

During this reclassification exercise, the concept of 'primary' and 'secondary' categories was also introduced – with LEPs asked to assign both a primary and a secondary categorisation to each project (where applicable). This approach recognised that many projects span multiple objectives, reflecting that the purpose of the funding (and LGF in particular) was to introduce a flexible 'single pot' and encourage a move away from defining projects according to the objectives of a single government department.

The reclassification ensured uniformity across the data collected and provided a greater degree of confidence in analysis of project monitoring data, which is used throughout this report. Despite this more robust classification system, however, there remains some natural subjectivity to the classification process: many of the projects span multiple intervention types, and there are some overlaps between the categories which make it difficult to make assignments definitively.

Table 2-1: Typology for LGF and GBF project categorisation and analysis

Intervention	Sub-category	Types of projects included
Transport	Road Improvements	• New roads and road resurfacing; • Junction improvements; and • Multi-modal improvements e.g. cycle or pedestrian routes.
Transport	Urban Sustainable Transport	• 'Park and ride' schemes and railway station car parks; • Cycle routes or improvements; • Active travel schemes; and • Other.
Transport	Rail Transport	• Railway infrastructure (e.g. platform improvements); • Station infrastructure and facilities; • Railway infrastructure; and • Other.
Skills	Skills Capital	• Investment in the further education estate; • Development of new courses; and • Other skills projects including access to equipment.
Site development	Employment	• Site remediation for new commercial space; • Construction of new commercial space; • Site access for new commercial space; and • Other.
Site development	Innovation	• Investment in innovation spaces and centres of excellence; • Investment in the further education estate; and • Other.
Site development	Housing	• Site remediation enabling future housing development; • Site access enabling future housing development; and • Other.
Site development	Regeneration / Public-Realm	• Community regeneration projects; • Investment in public/green spaces; • Public realm investment supporting wider regeneration; and • Other.
Site development	Culture / Tourism	• Development of new cultural or tourist facilities; • Development/refurbishment of sporting facilities; and • Other.
Economic development	Business Support	• Capital grants to businesses to support equipment/fit-out; • Non-financial business support/advice; • Investment in workspace designed for start-up/scale-up businesses; and • Other.
Economic development	Flood Management	• Investment in flood defence projects to protect homes or businesses; and • Investment in flood defence projects to enable new development.
Economic development	Digital / Broadband Infrastructure	• Expanding access to superfast fibre broadband; • Supporting rollout of 5G infrastructure; and • Other.
Green recovery (GBF)	Green Recovery	• Investment in electric vehicle infrastructure; • Retrofit schemes; and • Other.

Source: Steer-ED, 2023, adapted from original classification by ICF Consulting

2.5 Characterisation of project delivery to date

At the time of writing, a number of projects are finalising delivery and MHCLG are continuing to monitor projects with outstanding spend and those which, although financially complete, continue to capture outputs. Chapter 4 explores project delivery in more detail. Throughout this report, the following language is used to describe the status of projects:

- Projects are described as 'complete' where the project is totally complete with no further outputs to report. For example, where road improvements are complete and outputs relating to job creation, housing units and length of road resurfaced have been met;

- Projects are described as 'financially complete' where the project has spent all grant funding including the award and match funding, but outputs are still being delivered. For example, where the grant funding has been spent and the road improvements are complete but outputs relating to job creation, housing units and length of road resurfaced are still being delivered;

- The terminology 'LGF/GBF spent – work ongoing' is used to describe projects where LGF/GBF monies have been fully spent but other match funding is outstanding, and outputs are still being delivered. For example, where road improvements are in delivery with grant funding spent and match funding is secured to ensure the road is delivered;

- Projects are described as in 'ongoing delivery' where some LGF/GBF monies are yet to be fully spent and delivery is still ongoing. For example, where road improvements are currently in the delivery phase.

As of Q1-Q2 (September) 2024-2025:

- For LGF, 58% of the 2,195 projects were recorded as 'complete' and a further 28% were 'financially complete' but not yet 'complete' (that is, with some further outputs still to report).

- For LGF, 41% of projects were recorded to have met their 'actual financial completion date' and 28% of projects have met their 'actual practical completion date'. Practical completion is where the project is totally complete with no more outputs to report. For GBF, 63% of projects were recorded to have met their 'actual or forecasted financial completion date' and 31% of projects have met their 'actual or forecasted practical completion date'. This is not a complete picture in terms of meeting project timelines as many projects did not record forecasted and/or actual completion dates in the monitoring reports. Some dates were likely reprofiled due to slippage and a considerable number of projects are still in delivery. An additional 15% of projects were forecast to complete before the end of March 2025 and 16% of projects were forecast to financially complete before the end of March 2025. For LGF, 11% of projects were showing as all grant award having been spent but match funding and outputs still to be achieved. This reflects that LGF was often the enabler of projects, which can create a longer tail for monitoring (with resource implications). For GBF, of the 378 projects, 30% of projects were complete and 52% financially complete. An additional 13% of projects were forecast to complete before the end of March 2025 and 0.1% of projects were forecast to be financially complete before the end of March 2025.

Table 2-2 and Table 2-3 show the distribution of LGF and GBF funding across these project classifications, respectively. The tables highlight the following:

- The two largest categories of LGF projects in terms of number of projects and fund allocation were road improvements (29%) and skills capital (17%). For analysis purposes and because of the variation in types of schemes funded, transport schemes have been disaggregated (as described in Table 2-1) into road improvements, rail transport and urban sustainable transport. When considered at an aggregated level, transport projects accounted for 42% of LGF allocated funding.

- For GBF, the largest proportion of fund allocation was on employment and innovation projects with a noticeably lower proportion of transport-related spend (aggregated total of 15% of GBF allocation). Regeneration and skills capital continued to account for a notable proportion of projects across both funds.

Table 2-2: Distribution of LGF funding, by project primary typology

Intervention Type	Total LGF allocation	Total number of projects	% of total allocation
Road Improvements	£2,057m	452	28.8%
Skills Capital	£1,203m	518	16.8%
Employment	£773m	249	10.8%
Regeneration Public Realm	£590m	199	8.3%
Urban Sustainable Transport	£496m	144	6.9%
Rail Transport	£474m	76	6.6%
Innovation	£391m	145	5.5%
Business Support	£362m	91	5.1%
Housing	£194m	54	2.7%
Other/Unclassified	£187m	94	2.6%
Flood Management	£165m	51	2.3%
Culture Tourism	£124m	53	1.7%
Digital Broadband Infrastructure	£103m	46	1.4%
Green Recovery	£35m	23	0.5%
Grand Total	**£7.1bn[3]**	**2,195**	**100%**

Source: LGF monitoring spreadsheet, Q1-Q2 2024-2025 & Steer-ED, 2025

[3] This value contains un-retained DfT monies.

Table 2-3: Distribution of GBF funding, by project primary typology

Intervention Type	Total GBF allocation	Total number of projects	% of total allocation
Employment	£175m	68	19.4%
Innovation	£145m	43	16.1%
Regeneration Public Realm	£121m	34	13.6%
Skills Capital	£117m	66	13.1%
Road Improvements	£54m	21	6.0%
Rail Transport	£49m	8	5.4%
Digital Broadband Infrastructure	£47m	24	5.2%
Business Support	£46m	29	5.1%
Urban Sustainable Transport	£34m	19	3.8%
Green Recovery	£32m	23	3.6%
Culture Tourism	£31m	14	3.4%
Housing	£25m	9	2.8%
Flood Management	£10m	3	1.1%
Other/Unclassified	£14m	17	1.3 %
Grand Total	**£900m**	**378**	**100.0%**

Source: GBF monitoring spreadsheet, Q1-Q2 2024-2025 & Steer-ED, 2025

3 Programme Design

Summary:

There were three important elements embedded within the design of LGF and GBF:

- The funding was provided as a 'single pot' – giving local areas the freedom to focus on local priorities rather than being tied to departmental objectives. It also allowed areas to introduce projects which straddled traditional departmental boundaries;
- The bidding process for the fund was designed to be competitive, with the intention that competitive tension between areas would raise the quality of bids; and
- Decision-making was decentralised – with local areas, supported by representation from local businesses, making decisions around the design and selection of projects. The intention was that by reducing the distance between decision-makers and their electorates, projects were better designed to meet local needs.

This chapter discusses the extent to which each of these was delivered in reality. In summary:

- The intention of the 'single pot' was welcomed by all, and there are many project examples that demonstrate that projects did indeed straddle departmental boundaries. Review of monitoring data shows that types of projects selected varied significantly between LEPs;
- The bidding process can best be described as 'semi-competitive'. Some adjustments to allocations were made to account for the strengths of LEPs, SEPs, and governance processes, however, overall, allocations did not differ greatly from 'per capita' sums. Drivers of this included a lack of information about how projects would be judged, and limited resources within central government to conduct assessments; and
- Stakeholders from local areas reported that they largely felt that they were able to make decisions to meet local economic priorities. Progress on delivery varied depending on the strength of local project pipeline.

3.1 A 'Single Pot' approach

Summary:

The 'single pot' approach provided local areas with the flexibility to support locally agreed strategic projects across a range of intervention types. The approach was widely welcomed by stakeholders because it gave the freedom to focus on local priorities and introduce projects that straddled traditional departmental boundaries.

However, the nature of the fund (comprising existing budgets from four government departments) meant that some LEPs felt there was a certain degree of expectation that spend should align with these departmental allocations. This was broadly borne out in reality – suggesting that the 'freedom' of the flexible pot was perhaps less than originally intended. There were also some concerns raised by central government stakeholders around LEPs' capability and capacity to deliver genuinely strategic projects.

Intention

In *No stone unturned: in pursuit of growth,* Lord Heseltine advocated for a 'single pot' that would combine funding from across skills, infrastructure, employment support, housing, regeneration, and business support, stating: "*We need to brigade the separate funding streams which support the building blocks of growth into a single funding pot for local areas*".[xiii] It was proposed that combining these streams into a single fund would give greater flexibility to local leaders and reduce the administrative burden involved in managing multiple separate funding streams. Lord Heseltine estimated that £49 billion could be made available from these policy areas to create the single funding pot.

Creation of LGF enacted this 'single pot' philosophy. However, at approximately £7 billion in flexible funding, the amount that the pot made available was significantly smaller than the £49 billion proposed by Lord Heseltine. This approximately £7 billion comprised allocations from several government departments and, in alignment with Lord Heseltine's vision, local areas were given the flexibility to bid for funding according to priorities relevant to their local economies, with no requirement to align with the departmental origins of the funding.[xiv] As stated in the LGF business case, the intention was that this flexibility would result in higher quality and better value for money projects by permitting local areas to:

- Develop a portfolio of projects driven by local knowledge and needs;
- Identify and enhance potential synergies between projects, through local coordination of thematic interventions outlined in SEPs; and
- Deliver funding in a way that is more efficient, innovative, and with greater transparency and accountability.

Operational experience

Were projects indeed driven by local area need?

Both central government and LEP consultees praised the 'single pot' nature of LGF and GBF. There was broad consensus that the approach did indeed allow local areas to fund projects that better addressed local strategic priorities, as it avoided the limitations imposed by adhering to multiple departmental budgets. Analysis of monitoring data shows that the types of projects selected varied significantly between LEPs – with some choosing to focus their investment on skills capital projects, others on transport, and others on business support and innovation. There is also evidence of LEPs strategically combining skills capital projects with infrastructure projects, for example:

- Solent LEP, SSPIF - Solent University - Warsash School of Maritime Science and Engineering (LGF): The estates redevelopment of Southampton Solent University's Warsash School of Maritime Science and Engineering (WSMSE), to deliver the £14 million relocation of specialist maritime training and classroom facilities to new facilities at East Park Terrace which enabled the release of the Upper Site for new housing development;
- Heart SW LEP, Constructing Futures (LGF**):** An innovative project offering construction students and people from disadvantaged backgrounds the opportunity to gain experience through renovating properties while also addressing a skills challenge in the area; and
- South East LEP, Britton Farm Redevelopment Learning, Skills and Employment Hub (GBF): Investment that will support the creation of an innovative adult learning and

skills hub through repurposing an unused Council-owned asset in Gillingham High Street. The project, due to complete in March 2025, will provide 600sqm of skills space at the Learning, Skills & Employment Hub, development of 44 new affordable homes and 450sqm of public realm or green space improvements.

This variation suggests that the flexibility afforded to LEPs *was* acted upon – the variation in investment focus across LEPs could not have been achieved under a more traditional funding approach comprising multiple departmental funding parcels.

Figure 3-1 sets out an example of a LEP using LGF to bring innovation technologies to the market.

Figure 3-1: Vignette of LEP using LGF to bring innovative technologies to market

Cambridgeshire MedTech Accelerator, Cambridge and Peterborough LEP

LEP Geography:	Project type:	Status:	LGF Funding:
East	Innovation	Complete	£500k

Project summary:
The MedTech Accelerator is a joint venture between three LEPs (Cambridgeshire and Peterborough, New Anglia, and South East), Health Innovation East, and Health Tech Enterprise. It launched in 2016 with the aim of providing proof of concept funding for medical technologies that address unmet clinical needs and have potential to improve cost and quality of care in the NHS. To date, 4 new companies have been created, 3 commercialisation deals signed and £9.5m in grant/Venture Capital funding secured.

Key lessons learned and success factors:
Through investing in complex and higher-risk areas, the LEPs supported innovation to drive growth and improve health outcomes as well as generate a return on investment. This enabled the LEPs to support multiple economic outcomes through a single portfolio investment, in partnership with the private sector.

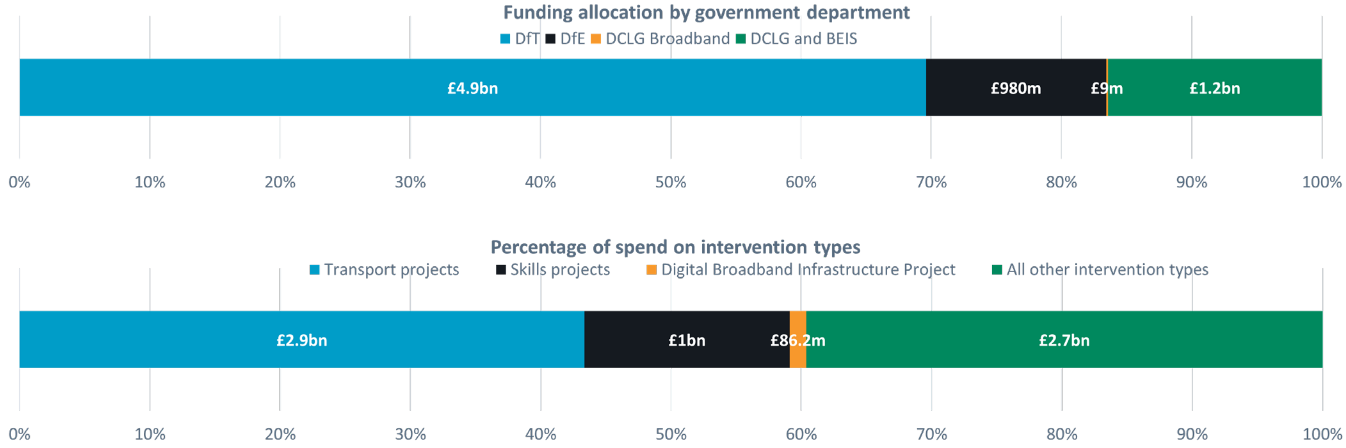
"They [partners] were very innovative to invest in this. They were clear from the beginning that their primary objective wasn't necessarily a pure return on investment. They actually wanted to bring some new technologies and innovations to market that would improve people's health. That made them think a little bit differently to other investors." – Private company

However, it is important to note that the *overall allocations* of funding at a national level closely mirrored the contributions of the four participating government departments (DfT, DfE, MHCLG and BEIS). This is demonstrated in, for example, the £980 million contributed by DfE which was closely matched by the £1 billion allocated by LEPs to skills projects. This phenomenon was discussed with stakeholders in the fieldwork. LEP and central government interviewees reported that there was some expectation, though never formally communicated, that local areas should spend their allocations in alignment with the contributions of the four government departments. One stakeholder summarised this using the words "*where money has history, that complicates things"* – referring to the fact that while in principle LGF provided a 'single pot', the origins of the pot were known and influenced LEPs, compared to if the pot had been entirely 'new money' allocated directly from, for example, HM Treasury. Several LEPs highlighted this point in their locally-commissioned evaluations. For example, Cumbria LEP stated that within their LGF portfolio "*there is a strong weighting towards transport projects as a result of the role of the Local Transport Body schemes becoming part of the LGF programme*."[xv] Cornwall and the Isles of Scilly LEP similarly stated that "*there was a natural focus on transport related projects in the early stages of the programme (given the transfer of budgets from DfT to the LGF*).[xvi]

Stakeholders were asked to elaborate on how this manifested. The fieldwork indicated that the list of projects put forward was determined by LEPs, without involvement from central government (except in the case of certain politically sensitive or high-profile projects). Additionally, there was no indication from the fieldwork that groups of projects were rejected or amended in order to align with departmental budgets. Instead, stakeholders portrayed a setup whereby there was a tacit understanding that projects should not deviate greatly from departmental budgets. This was understood by LEPs and approximately complied with. It is also important to note that there was likely some legacy effect at play: many of the projects had already been at least partly developed prior to LGF funding, and therefore they would have been developed to align with the expected funding available from the (pre-LGF) departmental budgets. It is also important to note that the cross-cutting nature of the projects means that the analysis shown in Figure 3-2 is a simplified picture of projects, and does not account for the fact that many projects spanned multiple thematic types – as was one of the core intentions of the fund.

In later rounds of LGF and GBF, LEPs reported the SEP remaining as the key document against which projects were tested to assess whether they aligned with local need. LEPs instituted a range of measures to source new projects, including calls for projects that were often published openly. LEPs developed appraisal processes to assess schemes on criteria including strategic alignment, deliverability and impact – some outsourced this element, either due to capacity constraints or to ensure independence. Several LEPs reported using sub-boards or panels (often termed Investment Committees) to assess projects and make recommendations to the LEP Board about which to prioritise.

Figure 3-2: Funding allocation breakdown by departmental contributions and by LEP project primary classification



Source: MHCLG, 2023, LGF monitoring spreadsheet, Q1-Q2 2023-2024 & Steer-ED, 2024

Were project synergies enhanced?

Through the fieldwork, there was broad consensus from LEPs that the approach did indeed enable local areas to support projects that did not have a natural fit within single departmental funding schemes or programmes. For example, the Swindon and Wiltshire LEP used LGF to convert the Grade 2 listed Carriage Works (Brunel's railway works) in Swindon into a groundbreaking research facility for the University of Bath. This project provides an excellent example of a cross-cutting intervention spanning multiple government department remits:

- Heritage and cultural benefits through the renovation of an important historic facility;
- Regeneration benefits through the rejuvenation of a town-centre location;
- Digital connectivity, with the installation of high-speed fibre broadband;
- Sustainability and innovation benefits through the Carriage Works' role hosting the Innovation Centre for Applied Sustainable Technologies; and
- Skills and employment benefits from hosting the Royal Agricultural University and a range of SMEs and entrepreneurs.

Review of the monitoring data provides examples of many similar projects that crossed multiple themes. 47% of LGF and 37% of GBF projects were assigned both a primary and a secondary classification using the system described in section 2.4 – demonstrating the prevalence of projects that spanned two or more intervention types. This was corroborated by interviews with LEP stakeholders, who agreed that the 'single pot' aspect allowed them to take a more holistic view and forced them to "*think outside of their normal spheres"* [LEP stakeholder] – seeking opportunities to combine project types in ways which may not have been feasible under previous ways of working. There was broad consensus across stakeholders on this: for example, one LEP gave the example of a bus station scheme, which combined transport and regeneration. The scheme would not have been accepted as a purely transport scheme (since the transport benefits were not sufficiently high), but through LGF the scheme's two-fold benefits – across both regeneration and transport – could be taken into account.

Although this view was shared by multiple LEP interviewees, central government interviewees raised some concerns about whether LEPs had the capability and authority to take on this more strategic viewpoint, noting that while in some places the additional freedom afforded by the 'single pot' allowed for the selection and delivery of more strategic projects (this is discussed further in Chapter 4), in others, capability and capacity constraints limited the extent to which this goal was achieved. Further discussion around the capacity and capability of LEPs can be found in Chapter 4.

Was funding delivered more efficiently?
Some LEP interviewees observed that managing the 'single pot' was simpler than handling multiple funding streams, due to their being a single application, administration and monitoring process to follow. Interviewees commented that the administrative burden associated with LGF and GBF was therefore lower compared to subsequent funding streams handled by LEPs and combined authorities, in which funding quantities have been more segmented (by department, purpose or scheme for example).

3.2 A competitive bidding process

Intention

In *No stone unturned,* Lord Heseltine made the case that allocation of the funding pot to local areas should be via a competitive process, arguing that rivalry between areas would help to drive "*collaboration, creativity, commitment and ambition*" (page 38).[xvii] LGF incorporated this within its design – the 2016/17 business case described a "*strong competitive element*" to the determination of each area's allocation, driven by central government scrutiny of SEPs, the strength of governance structures, past performance, and (in some cases) project-specific business cases. This competitive tension was expected to result in higher quality and better value for money projects.

To enact the competitive element of the process, LEPs were not given funding allocations/envelopes to work within, but instead were asked to submit proposals to central government outlining prioritised lists of projects that could potentially be funded by LGF. The intention was that any size of LGF allocation could therefore be accommodated – funding as many projects, in priority order, as the allocation would permit.

Operational experience

Funding allocations were based on a per capita formula allocation, which was intended to be moderated according to the quality of proposals (i.e. awarding stronger LEPs relatively more funding).[xviii] In reality, analysis shows that the final allocations aligned fairly closely with 'per capita' allocations – that is, the value that would be assigned had funding been distributed according to the population size of each region. Several LEP interviewees commented that in their opinion the competitive intention was not fulfilled because allocations were driven solely by per capita calculations: "*LGF was meant to be competitive, but it wasn't, it was pro-rata*" [LEP stakeholder]. This is also illustrated in analysis of the monitoring data – as shown in Table 3-1, although it's clear from the analysis that while the perception may have been that allocations were 'purely on a per capita basis', this was not entirely the case. The outcome led to some frustration amongst LEPs, some of whom felt they had been misinformed about the nature of the allocation process and had 'wasted' effort preparing competitive bids. It is likely, however, that the *notion* of competitiveness still had some positive impact on the quality of proposals submitted. For example, many LEPs used external advisors to appraise business cases, even if the process itself was not as competitive as initially anticipated, and some stakeholders commented that they felt an element of competitive pressure. The fieldwork suggests key drivers of the process being 'less than competitive' were as follows:

- While the intention was that the competitive nature of the process would drive quality, innovation, and collaboration, several LEPs commented that they were not made aware of the criteria that would be used to judge submissions. Being unaware of the value of funding available and the criteria being used to judge left many LEP stakeholders feeling confused and unclear as to what they were being asked to produce – therefore feeling that they were bidding 'blind'. This is likely to have stifled the competitive element of the process. In the words of one stakeholder: "*It doesn't work to have a competitive process if no one knows the rules*" [LEP stakeholder]. As an illustration, a number of LEPs submitted bids that differed significantly from what they were ultimately awarded – for example, Leeds City Region LEP bid for £1,232 million in Growth Deal 1 and were awarded only £113 million.[xix] Similarly, Cumbria LEP submitted a bid for £165m for Growth Deal 3, which they recognised as being 'deliberately ambitious', but were ultimately awarded only £13 million.[xx] In Cumbria's locally-commissioned evaluation report, they state: "*The process by which the projects were selected by Government was not transparent to local partners (neither the information nor the criteria used)*".[xxi] The lack of transparency and significant discrepancies between bid amounts and awarded funds meant that some LEPs were forced to reprioritise projects in their SEPs and significantly scale down their ambitions;
- The design of the competitive process was reliant upon a fair and accurate 'assessment process' for reviewing bids and making allocations accordingly. This process was not made available as part of the evaluation process. The sums requested by LEPs greatly exceeded the funding available and, as a result, this placed a greater requirement on central government to review proposals than had originally been anticipated. As a result, a more light-touch approach to project appraisal by central government had to be adopted. This was also driven by differing views within central government around the appropriate level of appraisal that should be undertaken, given the principles of decentralised decision-making; and
- While LEPs were not given indicative funding allocations in order to avoid constraining proposals to the available funding, in reality, several stakeholders reported that they were informally given an indication of the likely quantum available via staff members within MHCLG who held relationships with local areas. Not all received this guidance, however. Some LEPs also reported that they maintained an expectation that all areas would receive something – thus perhaps further dampening the competitive element.

While the elements described above suggest a process that was less competitive than originally intended (ultimately, the process was described by some as 'semi-competitive'), central government interviewees were able to point to some 'quality' factors which *were* taken into account when allocating funding. These include the strength of the SEP, the extent of alignment with the SEP, and the level of perceived risk associated with each LEP's submission[4]. Stakeholders reported that judgements around risk related to the quality of local governance processes and were often linked to the size and maturity of the

[4] Judging the 'strength' of SEPs is likely to have been a highly subjective process. It was not clear from discussions with stakeholders how this was achieved.

LEP. The analysis in Table 3-1 overleaf supports this, demonstrating that larger and more established LEPs (particularly those including larger cities in the North that had longer histories of partnership working and went on to form the first combined authorities) typically received proportionately larger allocations compared to their population size. GBF funding allocation followed a similar process but with much condensed timescales. Similarly to LGF, allocation closely aligned to per-capita figures but were adjusted based on measures of an area's economic resilience and its relative economic exposure to COVID-19 impacts.

Table 3-1: LGF allocation compared with population proportion

LEP (LGF names)	% of LGF award	% of total population
Leeds City Region LEP	7.2%	4.1%
Greater Manchester LEP	6.9%	5.0%
South East LEP	6.5%	7.5%
Sheffield City Region	4.5%	2.4%
London LEP	4.4%	15.4%
Liverpool City Region LEP	4.4%	2.7%
Coast to Capital LEP	3.8%	2.7%
Lancashire LEP	3.8%	2.7%
North East LEP	3.7%	3.4%
D2N2 LEP	3.5%	3.9%
New Anglia LEP	3.1%	2.9%
EnterM3 LEP	3.1%	2.7%
South East Midlands LEP	3.0%	3.1%
Greater Birmingham and Solihull LEP	2.9%	3.6%
West of England LEP	2.8%	2.0%
Heart SW LEP	2.6%	3.1%
Black Country LEP	2.5%	2.1%
Herts LEP	2.2%	2.1%
Solent LEP	2.0%	2.1%
Greater Cambridge and Peterborough LEP	2.0%	1.6%
Humber LEP	1.8%	1.1%
Ches & Warr LEP	1.8%	1.7%
Leicester LEP	1.8%	1.9%
Thames Valley Berkshire LEP	1.7%	1.7%
Tees Valley LEP	1.7%	1.2%
G Lincoln LEP	1.6%	2.0%
Coventry and Warwickshire LEP	1.6%	1.6%
Oxfordshire LEP	1.5%	1.3%
The Marches LEP	1.5%	1.2%
Dorset LEP	1.4%	1.4%
Stoke-on-Trent and Staffordshire LEP	1.4%	2.0%
Swindon and Wiltshire LEP	1.3%	1.3%
Gloucestershire LEP	1.2%	1.1%
York, North Yorkshire and East Riding LEP	1.2%	1.4%
Cornwall and the Isles of Scilly LEP	1.1%	1.0%
Worcestershire LEP	1.0%	1.1%
Cumbria LEP	0.8%	0.9%
Buckinghamshire Thames Valley LEP	0.8%	1.0%

3.3 Decentralisation of decision-making, and inclusion of the private sector voice

Summary
The funds aligned to the principle of decentralisation and local areas largely felt that they were able to make decisions to meet local economic priorities. The commitment to long-term funding and flexibility was widely welcomed by local areas and supported more transformational and innovative projects that were tailored to local need.

However, local areas faced challenges in fully leveraging the approach due to initial limitations in their capacity and capability, which affected their ability to develop and maintain a robust project pipeline. Although LGF was a long-term funding commitment, the way that payments were made to local areas through annual funding allocations caused local areas significant challenges.

Intention

As set out in the LGF business case, decentralisation of decision-making was a core element of the two funds – seeking to address a past tendency for "*an unusual degree of central control over local economic development policies*" (page 14).[xxii] By placing decision-making with local areas rather than central government, the approach reduced the distance between decision-makers and their electorates – with the intention that this would ensure projects were designed to meet local need.

The distribution of funding through LEPs, which were required to be private-sector-led, was intended to ensure that local business leaders were influential and active participants in the design, selection, funding and implementation of projects. The intention was that this would result in projects that were more 'commercial', and that private sector investment, used as match funding, would be more significant than might be obtained by using traditional delivery mechanisms.

Operational experience

Decentralisation and the quality of the local project pipeline
There was consensus across stakeholders that although central government had involvement in appraising and approving funding allocations, the project portfolios had been designed by the LEPs themselves, not by central government. There were just a small number of exceptions where central government intervened in project selection (for example requesting inclusion of a particular project that had not initially been prioritised locally but was of political importance).

While it is clear that LEPs were indeed responsible for the decision-making regarding LGF and GBF projects, it is much more difficult to be conclusive about the extent to which this resulted in projects that were better tailored to local needs than might have occurred under an alternative funding mechanism. Consultees from both central government and LEPs reflected that a local area's ability to make optimal use of the flexibility and freedom afforded by the funds depended greatly on the extent and quality of the project pipeline available to them. Where a good quality pipeline was in place, this allowed LEPs to put forward projects which were already well-developed (for example initial scoping, feasibility assessment, economic assessment and so on had already been prepared prior to the LGF or GBF call for funding), thus reducing the likelihood that projects selected would later emerge to be poor value-for-money or unfeasible. Furthermore, a pipeline that was already well-developed enabled LEPs to find opportunities for collaboration or synergies across the region. An example of this is D2N2's *Our City Our River* project in Derby. The LEP contributed £12m of LGF to the £95m scheme alongside other funders including Derby City Council and the Environment Agency, which helped to unlock 16 hectares of brownfield land for housing and economic development, as well as the core flood alleviation benefits of the scheme. Figure 3-3 sets out an example of a project that demonstrates a 'shovel ready' scheme.

Figure 3-3: Vignette of a 'shovel ready' scheme

Beech Hill Phase 1 (LGF) & Phase 2 (GBF), Halifax, WYCA

LEP Geography:	**Project type:**	**Status:**	**LGF Funding:**
Yorkshire & the Humber	Housing & Green Recovery	Complete & financially complete	LGF £2.2m GBF £1.2m

Project summary:
Beech Hill is a strategic housing site developed through LGF funding and a joint venture between WYCA and Together Housing Group. Phase 1 involved demolishing three derelict tower blocks, removing asbestos, and building 106 new affordable homes and six disability-accessible homes. Due to the site's challenging topography and high remediation costs, Phase 1 was unviable without LGF funding. Phase 2, funded by GBF, retrofitted 70 existing homes (1970s terrace housing) on the neighbouring site, upgrading all to at least EPC C rating. The retrofit resulted in improved energy efficiency, reduced fuel poverty, enhanced health and wellbeing, and lowered CO2 emissions. Both phases were part of a strategic master plan to unify the estate as one community.

Key lessons learned and success factors:
Early community engagement during the initial scoping stage, as well as feasibility assessment and master planning, was essential for the success of Phase 1 – securing broad support for the strategic site to address local housing needs and engaged partners. The strategic importance of the site, combined with strong community backing, was pivotal in moving the project forward. Phase 2 highlighted the importance of investing in preliminary research and idea development to ensure projects are 'shovel ready' and good quality project pipelines are maintained. For Phase 2, despite limited retrofit funding for post-1919 terrace housing, WYCA allocated a small resource to generate ideas for estate regeneration, preparing for potential future funding. This was a key enabler in terms of making the site 'ready' for GBF.

"For Phase 2 we worked up the ideas over time but because of the property age it felt highly unlikely WYCA would get funding. It's still important to have ideas worked up or we wouldn't have been able to put it forward as shovel ready." – Local authority representative

In contrast, LEPs lacking a well-developed pipeline due to insufficient capacity and capability were forced to conduct preparatory work rapidly in response to LGF/GBF funding calls. This approach was more likely to result in a fragmented set of projects collected from across multiple local authorities, with limited opportunity for finding potential strategic or collaboration opportunities. Areas that were able to develop and then maintain a project pipeline were also better able to respond to subsequent rounds of LGF and to the very short timeframes for local areas to submit proposals for GBF. For example, Cheshire and Warrington LEP's locally-commissioned evaluation report states that "*the initial application and award process provided limited time for projects to be worked up to business case requirements and it was therefore considered inevitable that many of the projects were pre-existing and had already been developed in some detail*".[xxiii] Enterprise M3 LEP's evaluation also noted this challenge, stating: "*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*".[xxiv] The LEP felt that the implications of this were 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*". Several recommendations within the LEP Evaluation reports focus on LEPs' investment in project development to establish and maintain pipelines of projects.

Consultations with LEPs highlighted several factors that influenced LEPs' ability to develop and maintain a project pipeline:

- The extent of LEP capacity and funding available, particularly the relative lack of revenue funding. Some LEPs chose to use capital funding allocations to fund pipeline development;
- Whether the LEP and its partners had existing experience of developing capital schemes; and
- The extent of capacity available from other local partners (in particular, within local authorities) to develop a pipeline of schemes without a clear route to funding and delivery.

Decentralisation and annual funding allocations

Whilst the Government's long-term funding commitment for LGF was widely welcomed, the use of annual allocations to distribute funds was reported by multiple stakeholders as causing significant challenges. Consultations with LEPs highlighted that annual funding allocations meant that accountable bodies were required to operate 'at risk' in order to fund long-term allocations. Some accountable bodies, often in areas that had expertise of previous capital fund delivery, were willing to do this and offered contracts to delivery partners that crossed multiple years. Other areas, concerned about not being able to demonstrate contractually that future LGF funding would be made available, were only willing to provide contracts to delivery partners that reflected the annual allocation.

Amongst local authorities unable (or unwilling) to operate 'at-risk', this reduced the impact and benefits of the long-term decentralised approach because it meant only shorter-term projects could be supported. To partially mitigate the limiting effect of annual funding allocations, government allowed areas to utilise 'freedoms and flexibilities' which enabled LGF to be 'swapped' with other eligible capital project spend to enable LGF monies to be spent at a later date and avoid local areas losing unspent allocation.

Private sector involvement, investment and innovation

LEPs were required to have a private sector chair and a majority of private sector members. The routing of LGF, and subsequently GBF, through LEPs was designed to ensure a strong private sector voice in decision-making. This approach focused on supporting projects with strong commercial potential, making them more likely to drive local economic growth. The case study on private sector leverage in Annex A provides additional detail on the role of the private sector. Consultations with central government and LEPs suggested that the private sector voice was important for:

- Ensuring alignment with SEPs and supporting projects that crossed local authority boundaries;
- Providing a commercial view on the viability, additionality and long-term sustainability of projects, and influencing project selection with these factors in mind;
- Supporting more innovative delivery mechanisms. LEPs were able to point to examples of how this had supported the delivery of more innovative and transformational projects; and
- Providing rigour to local project management processes by providing an additional layer of scrutiny to decision-making.

Figure 3-4 and Figure 3-5 set out examples of how LEPs used LGF to leverage private sector match funding.

Figure 3-4: Vignette of a LEP that levered private sector match funding

AccXell Construction School, Gloucestershire LEP

LEP Geography:	Project type:	Status:	GBF Funding:
Midlands	Skills Capital	Financially Complete	£2m

Project summary:

AccXell Construction School, founded in 2021, was established to address the skills shortage in the construction industry by providing apprenticeships and alternative training for pre-16 students interested in trades. The school aims to promote more woman in the industry, serve as a centre of excellence, and support local employment.

In partnership with G First LEP and industry leaders, the school developed a bespoke skills course to better equip construction apprentices and build a new facility to expand the school. Prior to the GBF application, the land and private investment from KW Bell Group, a family business connected to AccXell was secured, meaning the project was viable, highly deliverable and 'shovel ready'. The purchase of the new building for the school's expansion was funded by £1.96 million from the GBF, matched by £1.8 million from KW Bell Group.

Key lessons learned and success factors:

The project underscored the critical role of private sector investment in ensuring the viability and sustainability of the school. Partnerships with companies like JCB and Geo-Systems, which provided essential machinery and technology, were vital due to the high costs involved. These partnerships were mutually beneficial, fostering brand loyalty among trainees. Effective relationship management with industry partners was essential. Acknowledging partners' contributions through social media and awards programs helped maintain and strengthen these relationships, ensuring continued support.

Navigating changing government policies, especially regarding apprenticeship registration, required strong advocacy and lobbying efforts, with support from MPs, ministers, and G First LEP. G First LEPs assistance was also invaluable in strengthening the initial business case. The project successfully expanded the number of apprenticeships from 23 to 75, indicating a significant positive impact on the construction industry's workforce development. The success also led to campus growth and the addition of new facilities, including support for an existing engineering school, highlighting the project's broader impact on education and training infrastructure.

"A lot of companies wanted to be involved because this is one of a kind. We're the only one in the UK doing what we're doing. We've put our money where our mouth is and put our own investment in and the companies that have joined us are doing the same, they want to give back." – Private company

Figure 3-5: Vignette of a LEP that levered private sector match funding

Let's Grow Programme, York/North Yorkshire LEP

LEP Geography:	Project type:	Status:	GBF Funding:
Midlands	Skills Capital	Financially Complete	£2m

Project summary:

The Let's Grow Programme was developed as a successor to the Regional Growth Fund, aiming to continue economic growth and job creation in Yorkshire through the Local Growth Fund (LGF). The programme successfully leveraged £24.4 million in private sector funding and was a collaboration between the York/North Yorkshire LEP, UMI, and Clive Owen LLP.

The programme's primary focus was on providing capital investment grants to SMEs, particularly for projects considered too risky for the private sector to finance alone. These grants typically covered 20-30% of the project costs, with businesses required to invest in local tangible or intangible assets. Common uses for the grants included expanding or relocating premises and investing in new machinery or equipment to enhance efficiency or diversify operations. The Let's Grow Programme safeguarded or created 467 jobs, particularly in manufacturing and sectors like food and drink. The capital grants ranged from a minimum of £10,000 to the majority falling between £50,000 and £150,000.

Key lessons learned and success factors:

The strong local network of Clive Owen LLP and the LEP was crucial in generating a robust pipeline of applications, minimising the need for extensive advertising. Collaboration with local business organisations and other support programs ensured businesses were directed to the most suitable funding opportunities. Clive Owen's role in screening applications for compliance, viability, and sustainability ensured that the programme's approach to grant allocation emphasised value for money (VfM). The percentage of grant funding was often reduced during the screening process, requiring businesses to justify their requested amount and encouraging maximum private sector investment and ensuring the sustainability of funded projects.

The decision-making process was led by a private sector investment panel, which included public sector representation. This approach provided the programme with credibility, visibility, and a balanced perspective, promoting greater trust and engagement from both sectors Despite disruptions caused by the Covid-19 pandemic, which led to significant disruptions, with several large projects either pulling out or downscaling the programme's structure and approach allowed it to continue supporting SMEs effectively.

"The [private sector led investment] panel worked particularly well because they were able to promote the scheme and give it credibility and visibility. But we also brought the public sector into it as well." – Private company

4 Programme Delivery

4.1 Key findings

This chapter discusses three key elements of programme delivery: first, how projects were selected and whether this process was strategic; second, the experience of delivering the funds; and third, the extent to which the programmes were 'deliverable' and whether GBF 'shovel ready' programmes were delivered to the timescales required.

Project selection was intended to be strategic and locally focused. This was achieved through the characteristics of LEPs, and through underpinning SEPs. This study found that most LGF project portfolios were strongly aligned to the priorities stated in the LEP's SEP. The research found that project portfolios were most likely to be strategic in situations where LEPs were strongly engaged and had 'ownership' of the SEP, where the SEP itself had a clearly communicated purpose, and where geographical and political contextual factors did not get in the way of a truly strategic selection.

Delivery experience evolved over time as LEPs grew in their capacity, maturity, and expertise. When interviewed, consultees provided evidence of innovative ways that the funding had been used, and how the flexibility afforded by the design of LGF and GBF permitted project delivery to be optimised. Nonetheless, some delays to project delivery did occur, linked to factors such as capital project complications, COVID-19 impacts, and wider macroeconomic factors.

For GBF, a clear focus was placed on proposing projects which were highly deliverable. This reflected the imperative to provide a short-term financial stimulus as part of the government's economic response to the COVID-19 pandemic. LEPs' ability to respond to this requirement largely depended on the quality of their existing project pipelines. The challenging delivery environment during COVID-19, and the resulting supply chain and inflationary pressures, led to unexpected delays across many projects, and ultimately the extension of the final deadline for completion of spending.

4.2 Characterisation of Projects

Across the three rounds of LGF, a total of £7.1bn funding was allocated via the flexible pot, and 2,195 projects were funded. GBF was subsequently introduced, providing £900m in funding and supporting a total of 378 projects. There is a large variation in the characteristics of LGF and GBF projects delivered by LEPs. Projects vary from one LEP to another in terms of:

- The scale of projects funded – some LEPs focused on delivering a smaller number of high-value projects, while others instead focused on delivering a larger selection of smaller projects;
- The objectives of the portfolio – LEPs varied in the types of intervention (and corresponding outputs) they chose to focus on. Some had a greater focus on, for example, transport projects; while others chose to focus on skills, business support, or others; and

- The partners selected to deliver projects – LEPs worked with a varying selection of local stakeholders to deliver projects – for example, universities, developers, local colleges and others.

The classification system described in Chapter 2 can be used to outline the breakdown of activities by intervention classification, for LGF and GBF respectively. From this, the following observations can be made:

- Importance of transport: transport projects collectively made up 42% of the LGF flexible pot (but only 31% of projects, demonstrating that transport projects were typically larger than other types, reflecting their capital-intensive nature). Within this, road interventions were most prevalent – including new roads, road resurfacing, and junction improvements. For GBF, there was a noticeably lower proportion of transport-related spend (aggregated total of 15% of GBF allocation). Similar to LGF, road interventions were the most prevalent type of spending for GBF;
- Skills projects were the second most significant category of spending, making up 24% of LGF projects and accounting for 17% of spend and 17% of GBF projects (13% of spend). By far, the most prevalent type of spending within this category was on upgrades to the further education estate;
- Investment in employment, innovation and business support: Following transport and skills projects, other notable project types included development of new commercial spaces (either via construction or site remediation) and investment in innovation spaces. For LGF, employment accounted for 11% of projects (11% of spend) and innovation accounted for 7% of projects (6% of spend). For GBF, employment made up the largest proportion of fund allocation (19% of spend), followed by innovation projects (16% of spend). Business support projects made up 4% of LGF projects and 8% of GBF projects and accounted for 5% of spend for each fund. The majority of spend focused on provision of capital grants to support businesses;
- Housing projects made up 2% of all projects in both LGF and GBF and 3% of spend for each fund. Over half of all housing projects focused on site remediation enabling future housing development; and
- Green Recovery was newly introduced for GBF and made up 6% of GBF projects (4% of spend).

4.3 The strategic selection of projects

Summary:

The design of LGF was intended to ensure that project selection was strategic and locally focused. This was achieved through the pre-existing design of LEPs, which were assigned to ‘functional economic geographies’ and made up of representation from local public and private sector stakeholders. Every LEP was tasked with preparing a SEP which underpinned their Growth Deal and set the foundation for strategic project development.

In practice, some LEPs struggled to develop truly strategic project portfolios. This occurred in particular where SEPs were too vague to permit focused thematic project development; where LEPs did not have strong engagement in or ownership of their SEP, and where conflicting local priorities (political and otherwise) dominated, leading to a portfolio that was more likely to be aimed at achieving a 'fair share' for local authorities rather than a truly strategic set of projects.

Intention

As set out in Chapter 3, the design of LGF – a flexible 'single pot' delivered via decentralised decision-making – was intended to support strategic local decision-making, with projects designed and prioritised according to the needs of the local community. Three elements of LGF delivery were designed to ensure that project selection was strategic and locally focused:

- LEPs were assigned to functional economic geographies. When established, LEPs were organised at a regional level to reflect local economic, rather than political, boundaries. By distributing LGF through LEPs, the intention was to enable decision-making at this more strategic 'functional economic geography' level;
- LEP boards included representation from a diverse range of local stakeholders. LEP Boards comprised of a private sector chair, at least 50% membership from private sector stakeholders, and key local stakeholders including local authorities and higher education representatives. By distributing LGF through LEPs, the intention was to ensure that this diverse set of stakeholders could contribute their varied perspectives and deep local knowledge to the decision-making process; and
- The decision-making around LGF was guided by SEPs**.** In July 2013, each LEP was asked to develop a SEP – a strategic document which set out local priorities and laid the foundations for Growth Deals. These SEPs were submitted to government in March 2014. When assessing LEPs' bids for LGF funding, the strength of alignment with the SEP was one of the considerations made by government – proposals which aligned more closely with the LEP's SEP were given priority.

Operational experience

SEPs were developed by LEPs in partnership with their local authorities, and ultimately signed off by the LEP Board. In order to arrive at the proposed set of LGF projects, most LEPs issued a 'call for projects' to local authorities and local stakeholders, which was generally aligned with the themes described in the SEP.

A review of a sample of SEPs and accompanying Growth Deals performed for this study found that most LGF project portfolios were strongly aligned with the priorities stated in the LEP's SEP.[xxv] This was confirmed through the fieldwork – there was broad consensus amongst consultees that the SEPs were considered an important guidance document when developing LGF proposals. Some central government consultees observed variation across SEPs in terms of their quality and sophistication. They noted that some SEPs were considerably more evidence-based than others. In discussion with stakeholders, this was often attributed to a shortage of analytical capacity within local areas. Another common criticism of SEPs by consultees (and also borne out through the review performed as part of this study) was that some were extremely high-level, to the extent of being vague, and therefore did not provide a clear focus for the subsequent development of projects.

Some consultees reported that rather than achieving a truly strategic set of projects, the LGF portfolio for some LEPs was driven by a desire to ensure 'fairness' across local authorities. This approach prioritised giving each local authority a 'fair share' of projects rather than developing genuinely strategic, cross-boundary initiatives.

Drivers of strategic project selection
Based on the fieldwork, the following drivers of effective strategic prioritisation emerged:

- Engaged and effective LEP Board members who had 'ownership' of the SEP. Consultees reported that when LEP Boards were strongly involved in development of the SEP and subsequently took 'ownership' of the SEP, the LEP was better able to select a coherent set of projects than those that were less engaged;
- SEPs which had a clear focus. As described above, some SEPs were too high-level to act as an effective guide. Where SEPs clearly identified priorities, this enabled the development of multiple projects (potentially across multiple different intervention types) that would together contribute towards these spatial or strategic objectives. For example, Sheffield City Region LEP used LGF and GBF to fund several transport, innovation and skills projects linked to long-term investment in the innovation corridor and Enterprise Zone set out in its SEP;
- LEPs which were able to overcome local political drivers. Where LEPs had strong stakeholder relationships in place, this helped to overcome the 'pull' of local political drivers which could otherwise divert LGF project selection away from strategic projects and towards local political interests; and
- Geographical and political circumstances. Some LEPs faced more complex geographic circumstances than others – for example, large numbers of unitary authorities, and conflicting political leadership. LEPs with simpler geographic circumstances were better able to develop consensus to support genuinely strategic, cross-boundary strategy projects.

4.4 Experience of delivery

Summary

Over time, LEPs grew in their capacity, maturity, and expertise. This was due to natural growth through experience, but also tightening governance, increasing LEP funding, and an embedding of LEPs within the local policy landscape.

When interviewed, consultees provided evidence of innovative ways that the funding had been used, and how the flexibility afforded by the design of LGF and GBF permitted project delivery to be optimised. Nonetheless, some delays to project delivery did occur, linked to factors such as capital project complications, COVID-19 impacts, and wider macroeconomic factors.

Increasing LEP capacity, maturity and focus

There was strong evidence collected from across the fieldwork that although some LEPs initially lacked capacity and experience, over time, they matured and developed a stronger and more confident voice. Several stakeholders commented that the approach for Growth Deal 3 and GBF was more refined and targeted than had been seen for earlier Growth Deals, and that this is partly evidenced through the greater sophistication and maturity of LIS (which were produced in 2018) compared to SEPs. The increase in capacity, maturity and sophistication of LEPs was driven by:

- An embedding of LEPs within national government structures through good relationships with MHCLG and locally through collaboration with business leaders and local authorities, as the key route for local economic development;
- Increased funding being channelled towards LEPs, including core funding from central government;
- The natural growth in LEPs' experience and expertise as LGF projects progressed; and
- Increased sophistication of LEP governance and assurance processes (which is discussed in detail in Chapter 5).

Alignment with other local economic development funding

As discussed previously, the funds were deliberately designed to offer local areas the flexibility to support a wide variety of intervention types. This permitted local areas to use the funding alongside other sources of local economic development funding. Evidence from consultees and analysis of monitoring data show that LEPs were very effective at this. Many highlighted how the flexibility and long-term nature of funding (in the case of LGF) supported private sector investment and also helped to maximise the draw-down and effectiveness of other, often less flexible, funding schemes. Examples were provided of how other funding sources had been used to support pipeline development that laid the foundation for future LGF and GBF project selection and development.

Some LEPs also used LGF and GBF in creative and innovative ways through the provision of loans or equity investments that could provide a future financial return. Examples were provided of how LEPs were able to use repaid loans to reinvest in economic development activities.

Timescales for project delivery

All stakeholders agreed that, in alignment with guidance from central government, the deliverability (or 'shovel ready' nature) of projects was the most important factor in selecting projects for GBF (discussed further in the following section). Many LEP consultees also highlighted that deliverability was very important for LGF. Despite this, the scale and complexity of some of the projects, the tight timeframes for delivery (especially for GBF), unforeseen delays, and wider macroeconomic challenges linked to COVID-19 and supply chain issues, all contributed to some project delays.

LEPs were often able to manage these delays by using 'freedoms and flexibilities' which effectively allowed the 'swapping' of spend from other capital schemes. 'Freedoms and flexibilities also meant that funding was paid to the LEP in advance of need. LEP consultees reported that they welcomed this flexibility, which enabled local areas to work more effectively within the challenging confines of annual funding allocations. Many consultees also highlighted the crucial role of LEP accountable bodies to facilitate the optimal management of funding streams through the use of 'freedoms and flexibilities'.

Project Status

Table 4-1 below shows the four project status categories (from 'complete' through to 'ongoing delivery') used in the monitoring data, and the number of projects assigned to each for both LGF and GBF. Over half of LGF projects are considered 'complete' with no further outputs to be delivered. In contrast, for GBF only one-fifth of projects are considered complete. A further one-third of LGF projects (and just under half of GBF projects) are considered 'financially complete' – meaning that all funds have been spent, with just some final outputs still being delivered. This is particularly to be expected for some project types (such as housing projects, for example) which are longer-term in nature and are expected to continue to be in the delivery stage for some time after projects have been completed. Only 4-5% of projects still have outstanding LGF or GBF funding still to spend, and many of these are expected to be completed over the next year or so at the time of writing.

When examining project status by type, housing and employment projects are amongst those least likely to be complete. Rail, road and regeneration projects are all particularly likely to be in the lowest stages of completion (either in ongoing delivery or with work ongoing). This reflects the complex nature of these capital investments and may also have been influenced by construction delays occurring due to COVID-19, and related construction market challenges (such as cost inflation).

Table 4-1: Project status LGF and GBF

Status	Number of projects [LGF/GBF]	Percentage of projects [LGF/GBF]
Complete	1,273 / 115	58% / 30%
Financially complete	613 / 196	27.9% / 52%
LGF/GBF spent – work ongoing	257 / 55	12% / 15%
Ongoing delivery	49 / 12	2% / 3%
Not contracted	3 / 0	0.1% / 0%

Source LGF&GBF monitoring spreadsheets, Q1-Q2 2024-2025 & Steer-ED, 2025

4.5 Deliverability and 'shovel ready' projects

Summary

The requirement to propose projects that were highly deliverable and in an advanced stage of development was clearly communicated as part of the call for GBF projects. This reflected the imperative to provide a short-term financial stimulus as part of the government's economic response to the COVID-19 pandemic.

This was clearly understood by LEPs, although the short timescales meant that their ability to put forward appropriate projects largely depended on the quality of their existing project pipelines. Some areas noted that to be genuinely 'shovel ready' required both funding and planning to be in place already, which occurred infrequently.

Overall, LEPs put forward projects that could reasonably be expected to be delivered within the 18-month delivery period. However, the challenging delivery environment during COVID-19 and the resulting supply chain and inflationary pressures led to unexpected delays across many projects, and ultimately the extension of the final deadline for completion of spending.

Intention

GBF was part of the government's economic response to the COVID-19 pandemic. The imperative was to support 'shovel ready' capital schemes that could be delivered quickly to provide short-term financial stimulus. It took place during a period when the Office for Budgetary Responsibility was predicting a recession and high unemployment, and the construction sector was halted due to lockdowns. While shovel-readiness was a consideration to some extent for the selection of LGF projects, it mainly focused on long-term, strategic projects.

Operational experience

Deliverability was a clear priority

Central government clearly and effectively communicated the 'shovel ready' message and local areas prioritised this in project selection. The fast-moving economic situation linked to COVID-19 meant that the timescales for local areas to identify, prioritise and submit proposals to GBF were extremely short – around two weeks. Local areas were therefore largely unable to issue calls for new projects and instead relied upon their existing project pipelines to identify projects that were the best fit for GBF and could be delivered within the required 18-month delivery period.

Figure 4-3 sets out an example of a scheme delivered using innovative funding mechanisms to ensure successful delivery.

Figure 4-1: Vignette of a scheme delivered using innovative funding mechanisms to ensure successful delivery

Carriageworks, Swindon & Wiltshire LEP

LEP Geography:
South West

Project type:
Business Support

Status:
Financially Complete

GBF Funding:
£4m

Project summary:
The project restored and repurposed a Grade 2 listed building on the historic Great Western Railway works. Partners including Swindon Borough Council, the LEP and Historic England took an innovative and collaborative approach to deliver maximum value. The works transformed the disused space into modern workspaces for digital & creative industries, as well as enhancing the cultural and heritage value of the site by preserving and showcasing the historic fabric of the building. Through 4 anchor tenants including 2 universities, and enhanced connectivity and accessibility of the site to the town and its railway station, the Carriageworks is catalysing the development of a digital, creative and tech cluster in Swindon.

Key lessons learned and success factors:
The phasing of works and combination of multiple funding sources achieved greater outcomes than could be achieved by one agency acting alone. Swindon Borough Council delivered Phase 1 which provided assurance that Phase 2 was shovel ready and primed for GBF. Historic England funded aspects that other funds couldn't, and Towns Fund will fund Phase 3 with further improvements for Swindon.

"The flexibility of GBF was very helpful and having Phase 1 already in motion gave an example of the types of outputs we could achieve. We've looked at the figures on it and it wouldn't stack up without this phasing. This enables us to add value at each stage in terms of the types of tenants that we're getting in, and the activity and income generated." – Local authority representative

Approach to selecting 'deliverable' projects
LEPs prioritised projects based on deliverability, however, the extent to which these projects were 'shovel ready' varied significantly and was open to interpretation. Consultations with LEPs highlighted that the approach to project selection varied significantly between LEPs. Typically, projects selected fell into one of the following three categories:

- Projects at advanced feasibility stage: Investment in projects that had already been developed, had planning secured or at an advanced stage, and with other funding already secured;

- Investments in ‘phase 2’ extension or expansion projects which had initially been funded through LGF and were therefore easier to mobilise and had established delivery partners; and
- Investment in short-term smaller projects that did not necessarily require planning permission or could be delivered quickly following planning permission and did not require other funding sources.

Some consultees reported that, in their view, relatively few projects fell into the first category because of the way in which local authority project development takes place. Due to the costs and complexity of securing planning permission for large-scale capital schemes, projects are unlikely to have gotten to the stage of having planning permission secured before all funding is in place. Therefore, in most cases, even where GBF provided the ‘missing’ funding for a new project, it was often only at that stage that a local authority would invest resources in pursuing planning permission.

Challenges associated with delivering capital projects

Stakeholders discussed the fact that capital projects can be prone to unexpected delays caused by unforeseen building and engineering challenges, issues with suppliers or delays in the planning system. Whilst many built some contingency into delivery timeframes, the required 18-month delivery timeframe provided little leeway if delays were encountered. In addition, GBF project delivery took place in an uncertain economic climate which resulted in many projects experiencing delays due to COVID-19 restrictions, challenges around the availability of materials, and cost increases. This all contributed to a challenging environment to deliver capital projects. Whilst most projects could conceivably have been profiled to be complete within 18 months, the inability to build in contingency resulted in many overrunning and ultimately the government allowing spend to continue beyond the originally intended completion date of March 2022.

5 Governance, Management & Monitoring

5.1 Key findings

This chapter discusses the governance model used for delivery of LGF and GBF, and the approaches to performance management, monitoring, and evaluation.

- LEPs were at the core of LGF and GBF delivery. LGF was first introduced at a time when there was strong political support for decentralisation, and in accordance with this, central government involvement to ensure accountability, transparency and fit-for-purpose governance was deliberately light-touch. However, in time the political context shifted. A series of government inquiries and reviews also revealed concerns around the transparency and accountability of LEP processes, leading to a successful 'tightening up';
- Management of LGF by central government was initially intended to be light-touch. However, in alignment with the evolution of the approach to governance, a more involved approach from to performance management developed over time; and
- The system for monitoring LGF and GBF, and supporting guidance documents, changed frequently. A key criticism from LEP interviewees was that there was a lack of clear guidance around how output metrics should be defined. Overall, a lack of guidance and varying interpretation by LEPs led to a monitoring dataset that would benefit from more completeness, comparability, and robustness and that, although fulfilling financial reporting requirements, has limitations on other fronts.

5.2 The governance model

Summary

LEPs, supported by a nominated local authority accountable body, were at the core of LGF and GBF delivery. Expectations from central government around the management of LEPs and their processes to ensure accountability, transparency, and fit-for-purpose governance were initially deliberately light-touch – in alignment with the ethos of decentralisation. However, over time, this changed. A series of government inquiries and reviews revealed concerns that there were insufficient processes in place to ensure transparency and accountability. This was accompanied by a shifting political context, with a general move in sentiment away from the idea of 'confidence in the business voice' towards a desire for greater involvement of elected local officials.

Processes were successfully 'tightened up' in response to the challenges described above, with more stringent guidance documents and more explicit requirements being issued to LEPs. However, this did result in a reduction of the original intention for local areas to have the freedom to make decisions independently.

Intention

As discussed previously, LEPs – strategic partnerships comprising businesses, local authority leaders, and other public sector partners – were at the core of LGF delivery. Each LEP was required to have at least half of its memberships from the private sector and a private sector chair, meaning that there was a strong business voice within each LEP.

Since LEPs were not generally statutory bodies in their own right (and could not, therefore, enter into contractual agreements), each LEP had an appointed *accountable body* which took on contractual and financial functions on their behalf. The accountable body was selected from amongst the local authorities within a LEP's geographic area, and took responsibility for providing contractual functions, managing the transfer of funding, and overseeing the operation of the LEP.

Oversight of LEPs (and their accountable bodies) was provided by MHCLG, via a cross-government unit, the Cities and Local Growth Unit (CLGU). CLGU constituted members from MHCLG and the former department BIS and worked alongside DfT to provide oversight. Ultimately, CLGU was accountable to HM Treasury.

The *National LEP Assurance Framework* (published by MHCLG initially in 2014, and then updated in 2016) set out expectations regarding standards and practices that LEPs should adhere to in order to ensure that decisions around funding were "*proper, transparent, and that they deliver value for money*" (page 3).[xxvi,xxvii] It also set out an expectation that each LEP should publish its own local assurance framework, setting out for example details of LEP board members, roles and responsibilities (including of the accountable body) and working arrangements. The LEP Assurance Framework also set out expectations around, for example, the publication of meeting minutes, compliance with Freedom of Information requests, local engagement in decision-making, and so on.

It is important to note that the original Assurance Framework, at 17 pages long, was deliberately brief, with a central government stakeholder reporting: "*We have kept it light touch, focused only on those key practices and standards which are necessary […]*" and the framework stating (page 3); "*LEPs have rightly established and structured themselves in very different ways, reflecting the differing needs and demands of each area, and we are not seeking to change that*." (page 5).[xxviii] As discussed in Chapter 3, the original intention for LGF was the decentralisation of power – devolving decision-making power and accountability to a more localised level than had been seen for previous regional development funding. Central government stakeholders reported that upon launch of LGF there was strong optimism regarding the potential of business leaders to make well-informed, appropriate, local decisions. As such, the governance setup was one which empowered these business leaders (with oversight from other LEP members, local government, LEP accountable bodies, and central government) to make decisions on behalf of their local areas.

Evolution of the governance model

Over time, concerns began to emerge around the effectiveness of the governance model for LEPs as some issues came to light – for example, it emerged that some LEP Board members held private interests which had not been declared. Figure 2-2 sets out key developments in the governance of LEPs. In 2016, the National Audit Office (NAO) published a report on LEPs which raised concerns about LEPs' ability to deliver on Growth Deals.[xxix] Following this, in October 2017, MHCLG published the 'Mary Ney Review' – an independent review of LEP Governance and Transparency, led by Non-Executive Director for the Department, Mary Ney.[xxx] The review considered whether there was sufficient transparency and fit-for-purpose governance of LEPs. It found mixed results regarding the robustness of governance arrangements and noted several gaps in the current Assurance Framework (and the extent to which it was being complied with). The Review made recommendations around subjects such as, for example, a requirement that all LEPs publish a whistleblowing policy and that the National Assurance Framework set out specific requirements on principles regarding conflicts of interest. It also made suggestions about the financial data that LEPs should routinely publish to increase transparency.

The government accepted all of the Mary Ney Review's recommendations and made it a requirement of ongoing funding that all LEPs comply with them. In *Strengthened Local Enterprise Partnerships*, published in 2018, the government set out how it would enact the recommendations of the review, and further actions that would be taken to enhance overall accountability and transparency.[xxxi] One of these actions included the replacement of the National LEP Assurance Framework with a new guidance document, the *National Local Growth Assurance Framework* (first published in 2019, and updated several times since) which, at 95 pages long, sets out substantially more detail around how accountability and transparency should be enacted compared to the original 17-page document.[xxxii]

Central government stakeholders, in discussion via fieldwork, were keen to highlight the wider political context of this period in which changes to governance and accountability emerged. The period in question encompassed the end of the Conservative-Liberal Democrat Coalition in 2015, and the EU Referendum in mid-2016. According to interviewees, there was a shift in sentiment over this period. Whereas the original sentiment was that local businesses could provide strong, well-informed local decision-making, there was a shift towards scepticism around the role of businesses, and nervousness about a lack of accountability (especially since business leaders are not elected). The original confidence in the role of businesses was replaced by a desire for MPs and local councillors to be more closely involved, and for central government to have far greater oversight than had been originally planned: "*This reflected changing government views - ministers moved from freedom to greater focus on accountability"* [Central government stakeholder].

Operational experience

In discussion with stakeholders, it was clear that LEPs were initially relatively immature bodies, which did not have the required strength of processes in place. As such, a journey occurred in which LEPs grew in their maturity and sophistication of governance, while central government became more prescriptive and more involved in how LEPs should be managed. LEP interviewees confirmed that the maturing central processes and evolution of the guidance did indeed shift practices at the LEP level (particularly because assessment of LEP performance had the potential to affect funding allocations). Thus, by the end of the delivery period, a very different approach was arrived at compared to the early experience, which was felt (in particular by central government stakeholders) to be superior in terms of transparency and accountability. LEP interviewees noted, however, the increased resourcing requirements associated with the new way of doing things – which some felt to be disproportionate. There were also some comments from LEP interviewees around the time taken for central government to produce new guidance, which often felt rushed or late – and this sometimes led to delivery challenges for LEPs. Ultimately, the situation evolved into one where LEPs had improved transparency and accountability measures, and central government gained better oversight of LEPs. However, this did result in a reduction of the original intention for local areas to have the freedom to make decisions around processes related to accountability and transparency independently. In the words of one stakeholder: "*The new phase was about local delivery, but not local control*" [central government interviewee].

While there was broad consensus amongst interviewees around this 'journey', the experience of individual LEPs varied. Although there was never any formal documentation or communication that LEPs would receive differing levels of oversight, in reality, the level of involvement from central government did vary between LEPs. Interviewees from both central government and LEPs reported that this was related to assessments of LEP capacity, governance and risk at the LGF allocation stage. Thus, although never formally communicated, those LEPs that were judged to be at greater risk of delivery received additional scrutiny compared to those that had strong governance structures in place. This also aligns with the Mary Ney Review, which found variation between LEPs in the strength of governance.

5.3 Performance management

Summary

Management of LGF was initially intended to be light-touch. However, in alignment with the evolution of the approach to governance, a more involved approach to performance management developed. What was initially badged as 'annual conversations' were later re-named 'annual performance reviews', and a much 'tighter' approach to management ensued.

Intention

Management of LGF was initially intended to be light-touch, aligning with the principles of devolution and local accountability. Thus, the initial approach involved very little expectation of 'performance management'. Early documents made reference to 'annual conversations' between central government and LEPs which were the key mechanism by which central government reviewed LEP performance. For example, the 2016 National Assurance Framework states: "*The 2016 Annual Conversation (held between Government and each LEP to review performance) will include a discussion on the progress of LEPs in revising their local assurance frameworks in line with this updated national guidance*".

Evolution in the approach and operational experience

In alignment with the shift in overall governance approach described in section 5.2, the approach to performance management also evolved such that central government was more proactively involved than it had been previously. Thus, what were originally dubbed 'annual conversations' later evolved to be 'performance reviews'. Stakeholders described these performance reviews as having a strong focus on LGF expenditure, since this was the main funding source available to LEPs. Although used sparingly (and in reality, according to one central government stakeholder, difficult to implement due to the contractual mechanisms in place), it was made clear that government had the ability to withhold future years' allocations if they were not satisfied by the results of these reviews. Thus, the approach to performance management for the later stages of LGF and also for GBF involved a tighter approach to management than had originally been designed. For GBF, there was much closer management – for example, any changes to project scope, spend or other details needed to be approved via an official change control process.

The important role of teams within MHCLG who manage relationships with local government was highlighted by multiple interviewees (both central government and LEP). Senior MHCLG officials within these teams were responsible for conducting the annual performance reviews. Successful implementation of these roles relied upon the skill of individuals to effectively cascade messages and implement the requirement. This was not implemented effectively across all areas (there were some notable gaps where turnover of MHCLG staff led to knowledge gaps and relationships not being in place) but in general, the function was performed effectively and was widely praised.

5.4 Monitoring and evaluation

Summary

The system for monitoring LGF and GBF was initially through an online portal known as LOGASnet. The requirements involved uploading quarterly data to track spend and outputs. Over time, reporting requirements and guidance documents changed frequently. A key criticism from LEP interviewees was that there was a lack of clear guidance around how output metrics were defined. This was coupled with a lack of scrutiny (until very recently) from central government. As a result, there was a great deal of inconsistency between LEPs in the monitoring data submitted.

The extent of capability and capacity to conduct monitoring and evaluation varied between LEPs. Some struggled to find the capacity to comply with CLGU monitoring requirements, while others went beyond the requirements and conducted monitoring and evaluation to support local performance management.

Overall, the lack of guidance and varying interpretation by LEPs led to monitoring data that would benefit from more completeness, comparability, and robustness and that, although fulfilling financial reporting requirements, has limitations on other fronts.

Intention

Monitoring and evaluation play key parts in the policy cycle. Monitoring involves the systematic gathering of data to demonstrate performance (including project implementation, and realisation of project outputs) and evaluation involves the critical review of performance compared to what was anticipated. At the outset of LGF, a large set of output metrics were developed which would be gathered by LEPs and submitted to CLGU. However, a key criticism from LEP interviews was that there was a lack of clear guidance around how these metrics were defined. The monitoring process initially operated via an online platform known as *LOGASnet*. The platform was not unfamiliar to local authorities, since it was already in use for other local government monitoring. A series of pilots was also undertaken with a selection of LEPs to test the use of LOGASnet. Upon implementation, LEPs were required to submit key financial and delivery data to CLGU via LOGASnet on a quarterly basis.

LEPs were also required to conduct locally-commissioned evaluations of both LGF and GBF. A national evaluation was only decided upon much later, leading to the commissioning of this process evaluation and its preparatory *Scoping and Feasibility Study*.

Evolution and operational experience

After two years of using LOGASnet for LGF reporting, CLGU made the decision to transition to a simplified system of Excel spreadsheets, which were emailed directly to CLGU by LEPs at the end of each reporting period. The transition was intended to improve user-friendliness for both LEPs and central government. Although this overall approach (monitoring via Excel spreadsheet) was then maintained, the spreadsheets themselves were changed or updated several times. An accompanying guidance document, which defined metrics and set out submission deadlines and Frequently Asked Questions, was issued in 2017 alongside the transition to Excel spreadsheets. This guidance was updated regularly (to provide improved clarification and to correct incorrect definitions that had been used in the beginning).

When discussing monitoring requirements, there was broad consensus amongst LEP interviewees that the frequent changes to both collection method and guidance documents resulted in frustration and challenge: each time guidance documents or collection systems were updated, the new requirements needed to be passed on to delivery partners, and new working arrangements needed to be established. Furthermore, some interviewees reported a range of technical problems with accessing systems and/or data. Over time, systems were improved, and data requests were streamlined in order to make the process more straightforward for LEPs, however, this remained a source of frustration for LEPs throughout.

Through discussion with consultees, it was clear that the level of expertise in conducting monitoring and evaluation activities varied between LEPs, and capacity also posed a significant challenge amongst some LEPs. Some, particularly those with experience in delivering European Funds, had previous experience that they could draw on to create suitable monitoring processes. Some of these LEPs, based on their prior experience, chose to gather additional information from projects – beyond what was required for reporting to CLGU – which they found to be helpful for supporting local performance management and evaluation activities. Others, in contrast, had only limited prior experience conducting monitoring and evaluation (and in some cases insufficient capacity), and this resulted in returns which were, overall, of lower accuracy, completeness, and consistency.

A key finding from the fieldwork, reported by both central and local government interviewees, was that there was little scrutiny by central government of either the monitoring data or the evaluation outputs produced by LEPs. As a result, inconsistencies in metrics pervaded (for example differing interpretations of how ‘jobs created’ should be calculated, or what should be counted as ‘match funding’) and this leads to concerns that aggregation of LEP returns at a national level would not be appropriate. Overall, the monitoring data that was reviewed as part of this evaluation would benefit from more completeness, comparability, and robustness and, although fulfilling financial reporting requirements, has limitations on other fronts.

Furthermore, LEP interviewees reported feeling that their efforts in monitoring and evaluation were ‘wasted’ due to the minimal feedback received on the data and evaluations they submitted. One stakeholder expressed that the reporting process felt, until fairly recently, ‘one-way’ – data and evidence were provided to central government, but little feedback was ever returned as to how information was used, or whether the quality and consistency of the data was sufficient. Some did note, however, that over the past year the level of interest in and scrutiny of monitoring data has become more robust.

6 Conclusions & Recommendations

6.1 Overview

This section summarises the key conclusions from this report, across the three themes of the delivery model; programme delivery; and governance, management and monitoring. It then offers a series of recommendations stemming from the research findings, to build on the legacy of LGF and GBF for future policy delivery.

6.2 Conclusions

The delivery model

LGF was announced in 2013 as a ‘single pot’ of £12 billion in devolved, flexible, capital funding to support local economic growth. Of the total £12 billion, approximately £7 billion was in scope for this evaluation. LGF funding was managed by LEPs and overseen by MHCLG. Seven years later, in 2020, GBF was introduced as a COVID-19 response measure. GBF was a continuation of LGF in its delivery mechanism and processes and provided £900 million funding dedicated to stimulating economic growth by investing in ‘shovel ready’ projects.

There were three important elements to the delivery model used for LGF and GBF: first, funding was delivered flexibly through a ‘single pot’ – giving local areas the freedom to spend the funding according to a wide range of local priorities. This approach was welcomed by all, and the evaluation found strong evidence to demonstrate that LEPs made use of this flexibility in the variety and cross-cutting nature of projects they selected, and that the private sector played a valuable role in the selection and delivery of projects. Second, the funding distribution mechanism was designed to be competitive, with LEPs competing with one another to receive funding. The intention was that this competitive tension between areas would raise the quality of bids. In reality, however, the level of competitive tension was less than intended – driven by a lack of systematic communication to LEPs of the criteria by which projects would be judged, and a lack of resource within central government to conduct a thorough assessment of projects. While there is evidence that some adjustments were made to account for the differing strength of LEPs, SEPs, and supporting governance processes, final distribution did not differ greatly from ‘per capita’ allocations. The final key element of the delivery model was that decision-making around the funding, once agreed, was decentralised, with local areas being responsible for decisions around the design and selection of projects. This was successfully achieved, with local areas well-positioned to make decisions to meet local economic priorities.

Programme delivery

The approach to designing and selecting projects to be delivered through LGF generally involved issuing a ‘call for projects’ to local authorities and other local partners. The extent to which the final portfolios of projects were effective and strategic varied – in some areas, the portfolio of projects was highly strategic and crossed geographic and sectoral boundaries to deliver a synergistic selection of projects. In other areas, the portfolio was more segmented, with a sense of each local authority receiving 'their fair share' of projects. The research found that project portfolios were most likely to be strategic in situations where LEPs were strongly engaged and had 'ownership' of the SEP, where the SEP itself had a clearly communicated purpose, and where geographical and political contextual factors did not get in the way of a truly strategic selection. The inclusion of the business voice (implemented via LEP Chairs and membership) was welcomed by stakeholders, with business contributors providing rigour to local project management processes, supporting more innovative delivery mechanisms, and contributing a commercial viewpoint to project selection.

The approach to delivery of projects evolved over time as LEPs grew in their capacity, maturity and expertise. While the majority of funding has been spent and many outputs delivered, some projects are still undertaking delivery or monitoring outputs. At the time of writing 58% of the 2,195 LGF projects and 30% of the 378 GBF projects were recorded as 'complete' (that is, all funding had been spent, and there were no further outputs to report). Some delays to project delivery occurred, linked to factors such as planning delays and development lags (often seen in complex capital projects), COVID-19 impacts, and wider macroeconomic factors. For GBF, a clear focus was placed on proposing projects which were highly deliverable. LEPs' ability to respond to this requirement largely depended on the quality of their existing project pipelines. The challenging delivery environment during COVID-19, and the resulting supply chain and inflationary pressures, led to unexpected delays across many projects, and ultimately the extension of the final deadline for completion of spending. While LEPs did propose projects which could reasonably be expected to be delivered within the 18-month delivery period, some noted that being genuinely 'shovel ready' required funding and planning to be in place, which was not the case in many instances.

Governance, monitoring and management

LEPs were at the core of LGF and GBF delivery. LGF was first introduced at a time when there was strong political support for decentralisation, and in accordance with this, processes to ensure accountability, transparency and fit-for-purpose governance were deliberately light-touch. However, in time the political context shifted towards a desire for greater involvement of elected local officials. A series of government inquiries and reviews also revealed concerns around transparency and accountability, leading to a 'tightening up' of processes: this included moving to a more involved approach to performance management (with central government playing a greater role in scrutinising LEP performance and delivery of funding and outputs over time), and more extensive guidance documents and requirements being implemented to ensure accountability and transparency. This led to a setup with greater consistency and more controls in place, however, it also resulted in a dampening of the original intention for local areas to have the freedom to make decisions independently.

The system for monitoring LGF and GBF (and supporting guidance documents) changed over time. Overall, a criticism from LEP interviewees was that there was a lack of clear guidance around how output metrics should be defined, resulting in a monitoring dataset that would benefit from more completeness, comparability, and robustness and that, although fulfilling financial reporting requirements, has limitations on other fronts.

6.3 Recommendations

Programme design

The following recommendations relate to the pre-delivery period – actions that can be taken to optimise conditions for the delivery of funding.

1. Extend and build upon the 'single pot' notion **–** Stakeholders welcomed the flexible 'single pot' as a mechanism for delivering local growth. This concept could be extended further – by including a broader selection of government departments amongst the contributors to the pot, with MHCLG as the central coordinator. As an alternative to using departmental funds, funding could be allocated directly from HM Treasury – thus avoiding the tendency for local areas to allocate funding in accordance with the distribution of contributing departments (which is likely to have reduced the extent to which LGF and GBF portfolios were truly strategic and responded to the needs of local areas). A broader set of government agencies could be included (for example housing agency Homes England has a highly relevant remit) as well as alternative sources of financing (such as for example via inclusion of finance partners such as UK Investment Bank);
2. Dedicate sufficient time to thinking and set-up. The desire to deliver new policies at pace can sometimes result in insufficient time for considered design, engagement and testing. This can be detrimental to the quality of subsequent delivery – leading to frequent changes in approach and guidance, which can cause confusion and frustration amongst delivery partners. It is also important to ensure that central teams are sufficiently resourced to engage with partners, provide advice, and systematically appraise projects and manage monitoring and evaluation activities;
3. Early engagement for collaborative development **–** Many of the delivery challenges that arose with LGF design could have been avoided through engagement with local areas to test thinking and explore options collaboratively, prior to programme launch. MHCLG staff responsible for managing relationships with local areas are a key resource for engaging with local areas, and greater use of this resource, and time taken to canvas views of local areas, would help to reduce the need for pivots in approach after a fund has launched. MHCLG should seek to enhance its position of having (and using) trusted partners within local areas who can act as a sounding board for new ideas; and
4. Set – and communicate – clear 'rules of the game'. The evaluation found that LEPs were not able to compete effectively for LGF funding because they were not given a clear steer on the quantity of funding available, or how funding would be allocated. Central government should agree 'what good looks like' for competitive funding bids prior to announcing the funding competition and should clearly communicate this to local areas. Alongside this, central government should agree on how portfolios will be assessed, and ensure sufficient resource is set aside to implement this. This clarity will help to build trust between central and local government and help to avoid confusion and wasted resource.

Effective Delivery

The following recommendations seek to provide suggestions as to how the delivery of local growth funding could be optimised.

5. Provide stability through use of review points. Evolution of approach (for example, changes to guidance documents, systems, assessment processes, etc.) is often necessary in light of emerging challenges or contextual factors during delivery of a programme. However, these changes also lead to uncertainty, frustration and wasted resources at the local level. As a compromise, it may be beneficial to set review points in advance and agree that systems and guidance will be reviewed and updated at these agreed points in time – offering stability in the intervening periods;
6. Build local capacity. A key finding of the evaluation was that local capacity, capability, and the strength of the locally developed pipeline were key factors that determined the success of local portfolios. At the time of writing, LEP functions are being transferred to unitary and combined authorities. While LEPs themselves no longer exist, this local capacity challenge remains. For future funding streams, central government should consider how it can support local areas to build capacity and capability – for example through provision of revenue funding alongside capital funding, and also, with the support of MHCLG, through targeted interventions in local areas facing the greatest capability gaps; and
7. Move beyond 'shovel ready'. This evaluation noted some challenges around the concept of a 'shovel ready' scheme, nothing that these rarely exist in reality. A long-term, integrated delivery strategy for delivery of a pipeline of projects is encouraged.

Governance, monitoring and management

Finally, the recommendations below address the governance, monitoring and management approach to future funding.

8. Shifting the emphasis from scrutiny to support**.** Building on the need to support local areas facing capacity and capability challenges, a mindset change is encouraged away from *scrutiny* of local areas' activities, and towards providing greater *support* for areas, in particular those which are less mature or face greater capacity constraints. Additional support could take the form of, for example, providing access to shared services, templates, or standardised processes. The evaluation noted that initial failures in governance occurred because some LEPs did not have robust practices in place to ensure good governance – for example, whistleblowing policies or conflict of interest declaration processes to ensure local delivery was inclusive, balanced, and managed conflicts effectively. Similarly, some SEPs were considered too vague to be of optimal value – guidelines on what a best-practice SEP should look like could help to ensure a higher level of quality. Offering templates for such policies and processes would help local areas that do not have these in place to build on the knowledge of others while still giving the freedom for more mature areas to continue with their established approaches. Indeed, such support does not need to be wholly provided by central government, and a greater emphasis on knowledge sharing and peer learning would also be beneficial;
9. Ensure MHCLG has access to appropriate mechanisms for managing performance. The evaluation found that due to the devolved nature of funding, MHCLG had relatively 'weak' mechanisms at their disposal for managing poor performance. Building clawback mechanisms into future funding agreements would offer greater ability to apply performance management, even if these were rarely used; and
10. Ensure fit-for-purpose monitoring systems, managing the trade-off between comprehensiveness and collection burden. This evaluation found challenges in the

systems used for monitoring and an overly complex approach to monitoring outputs. Standardisation and digitisation of monitoring tools are recommended for the future, distinguishing between factors that are most important for performance management (such as project status and progress against spend targets) and factors that can be used to establish the extent to which project outputs and outcomes have been realised. Conducting an evaluation scoping study prior to commencement of the programme would be an effective mechanism for establishing appropriate monitoring to facilitate future impact evaluation.

Annex A: Case Studies

A.1 Innovative delivery mechanisms and outcomes

Overview of the theme

The long-term, flexible nature of LGF was intended to allow LEPs to focus on investments which were right for their areas. This theme explores a selection of projects which demonstrated innovative delivery mechanisms and showed how longer-term funding allocations facilitated delivery of innovative project types.

Approach to case study selection

Case study themes were identified based on a review of documentation related to the Funds, linked to the rationale for the approaches taken and their objectives.

A longlist of project case studies was identified through a review of project data and engagement with each LEP. Final case studies were chosen to reflect a breadth of projects for each theme, ensuring a broad mix of geographic and thematic representation across LEPs.

Did the long-term nature of LGF/GBF enable LEPs to invest in more innovative solutions and increase quality / value for money?

The long-term nature of the funds enabled LEPs to take a long-term approach and to invest in a more considered and strategic manner. Swindon & Wiltshire LEP's investment in the Carriageworks typifies this.

The LEP's GBF investment enabled Phase 2 of work to take place, following previous investment from Swindon Borough Council and prior to subsequent investment from the Towns Fund and Historic England.

Stakeholders reported that the ability to think long-term and invest alongside partners gave certainty to other investors and resulted in a higher quality, more impactful outcome than would otherwise have been achieved. The Carriageworks is an unusual opportunity given the prominence of its site and its role in Swindon's industrial heritage. The mix of investment partners and the phasing of works not only enabled the hard infrastructure improvements to be made and the economic benefits to be realised, it ensured investment could be made in ensuring the building fulfilled its role in a regenerated town centre.

It was recognised that work would require multiple phases, and this approach of Swindon Borough Council taking the up front risk in Phase 1, enabled value to be added at each stage and for impact to be evidenced and income generated, strengthening the case for further investment.

Did the flexibility of LGF/GBF enable more innovative approaches?

Cambridge & Peterborough and New Anglia LEPs used the flexibility of LGF to invest in the *Medtech Accelerator*. Early stage investments in startup businesses is not an approach traditionally taken in the public sector, but the flexible nature of LGF enabled the LEPs to pursue this option. This addressed a gap in early-stage funding for innovative medtech companies, supporting growth and innovation and provides potential returns on the original investment. Although this requires a patient approach to see a return on investment, stakeholders report that the project is already delivering results, with three commercialisation deals completed and almost £10m in additional funding leveraged.

At Goonhilly in Cornwall, the LEP was able to provide funding at an optimal moment in time to derisk the project for other investors and accelerate the growth of Cornwall's space sector. The flexibility of LGF was critical to achieving this. Whilst other funding may ultimately have been available, this would have either meant much greater risk for a private investor (with consequent potential impacts on timing and costs), or a separate bid for public sector funding which would have involved delay and uncertainty.

Barriers and challenges to delivery:

Capital infrastructure project investments via LGF were often by nature complex and faced viability challenges. LEP funding helped to address viability issues, whilst the patient approach to partnership enabled logistical barriers to be overcome.

Many projects emphasised challenges around project management capacity to support with project delivery, often underestimating the complexity of schemes. This emphasises the need for robust business case approaches and viability assessments.

Lessons learned and success factors:

All examples in this case study required joint working from multiple partners. This requires flexibility and trust from all parties to deliver results that deliver more benefit than each party acting independently. In each case, the LEP's investment was part of wider mix of funding, often serving to unlock bigger sums from other investors. LEPs also played a key role in giving confidence to other partners.

A.2 Delivering ‘shovel ready’

Overview of the theme

GBF invested in ‘shovel ready’ infrastructure projects to quickly mobilise existing or well-developed proposals, boost economic growth and fuel local recovery and job creation.

This theme explores a selection of projects that were intended to be ‘shovel ready’ – including both projects which were successful and those which faced challenges. The purpose of these case studies is to extract learning on enablers and challenges to projects achieving ‘shovel ready’.

Approach to case study selection

Case study themes were identified based on a review of documentation related to the Funds, linked to the rationale for the approaches taking and their objectives. A longlist of project case studies was identified through a review of project data and engagement with each LEP. Final case studies were chosen to reflect a breadth of projects for each theme, ensuring a broad mix of geographic and thematic representation across LEPs.

To what extent did shovel ready projects exist?

The call for GBF projects emphasised the need for highly deliverable, advanced-stage projects to provide a short-term financial stimulus in response to the COVID-19 pandemic. This requirement was well understood by LEPs. However, due to the tight timescales, their ability to propose suitable projects and ensure assurance and VfM largely depended on the quality of their existing project pipelines, such as projects with completed feasibility studies, strategic sites in masterplans, or projects with progressed designs and worked-up contracts.

Did the prioritisation of shovel ready projects contribute to economic resilience and local recovery?

Prioritising ‘shovel ready’ projects enabled the mobilisation of strategic local economic projects which encouraged economic recovery and built economic resilience. These projects were typically at the advanced feasibility stage, involving phase 2 extensions, expansions or were short-term smaller projects. For example, the Killingholme Marshes Drainage Scheme safeguarded 1,500 jobs in the local area. The Beech Hill Phase 1&2 project activated a stalled local housebuilding project to deliver 106 new affordable homes and retrofit 70 homes. Barnsley College Digital Innovation Hub Phase 2 was an extension of the project to extend learning space and maximise outputs including new apprenticeships, new learners and new jobs.

Barriers and challenges to delivery:

To be truly ‘shovel ready’, projects typically needed both funding and planning in place, which was rare. Although LEPs generally proposed projects that could be reasonably delivered within the 18-month timeframe, COVID-19-induced supply chain disruptions and inflationary pressures led to unexpected delays and extended spend deadlines.

The Beech Hill housing project faced delays due to shortages of basic materials such as timber during COVID-19. When material prices stabilised, the higher prices which emerged caused a viability gap and delay in project delivery. Barnsley College Digital Innovation Hub also reported material inflation as a key risk however were successful in working with contractors to control pricing and reduce delays.

Lessons learned and success factors:

Both Killingholme Marshes Drainage Scheme project and The Beech Hill project demonstrate that investing in preliminary research and idea development (for example feasibility studies and masterplans) is crucial for ensuring projects are genuinely ‘shovel ready’ and can start quickly. Having contractor frameworks in place is also beneficial for shortening tendering processes and starting on site sooner. Stakeholder and community engagement at the early stages was also reported as a valuable enabler – helping to encourage community buy-in and remove early obstacles. Barnsley College's Digital Innovation Hub Phase 2 demonstrates a project that benefited from the enhanced efficiency and maturity of South Yorkshire LEP. The LEP's introduction of a Programme Management Office streamlined the process for GBF funding applicants by assisting them in preparing business cases more effectively. Consequently, timing expectations for Phase 2 were managed more accurately, resulting in a smoother and faster start on site and acceleration of the growth of Cornwall’s space sector. The flexibility of LGF was critical to achieving this. Whilst other funding may ultimately have been available, this would have either meant much greater risk for a private investor (with consequent potential impacts on timing and costs), or a separate bid for public sector funding which would have involved delay and uncertainty.

A.3 Leveraging the private sector case

Overview of the theme

The role of the private sector was a key element of LGF and GBF programme design. This case study explores specific projects in which the private sector was particularly engaged/involved – either in delivery of a project, or through the distribution of projects to grantees.

Approach to case study selection

Three projects were selected, which provide two types of intervention – one in which a private sector initiative was driven supported by GBF funding, and two others which were grant programmes to local businesses.

Did the decentralised approach via LEPs result in projects with strong commerciality?

All projects were tested for the extent to which they would have gone ahead in the absence of government intervention, and also for the number of jobs created by each. There was a clear link to job creation for all projects. One project, the AccXell Construction School, was very clearly linked to an industry need for skilled construction workers – meaning that the project is strongly supportive of future commercial endeavours.

Did the decentralisation of LGF/GBF funding via LEPs encourage private sector leverage?

The funding itself encouraged private sector leverage, although it's possible that some of these projects would have gone ahead anyway. There was no clear evidence to suggest that decentralisation itself resulted in enhanced private sector leverage, however the relatively small-scale of these projects means that many of them could not have realistically been considered at a more centralised level.

Barriers and challenges to delivery:

The COVID-19 pandemic was reported to be a major challenge to delivery, due to its effect on business operations and pricing. One consultee also discussed having little prior experience working with the public sector, and a need to be guided through the application process – which the LEP successfully supported with.

Lessons learned and success factors:

When reviewing grant applications, private sector participants brought commercial experience and knowledge and were able to use this knowledge when considering the viability of proposals

Several consultees reported that the *networks* of private sector participants were a key enabling factor – including for the promotion of schemes and setting up delivery partnerships. The private sector was also reported to add a helpful additional layer of scrutiny to project selection – helping to ensure project selection was based on viability and value for money and reducing the influence of local political factors when deciding where to channel funds.

Endnotes

---

[i] Heseltine, M. (2012). *No Stone Unturned in Pursuit of Growth.*
[ii] Department for Communities and Local Government. (2016). *Local Growth Fund Spending Review Business Case* (2016/17).
[iii] Department for Communities and Local Government. (2016). *Local Growth Fund Spending Review Business Case* (2016/17).
[iv] National Audit Office. (2016). *Local Enterprise Partnerships.*
[v] Ney, M (2017). *Review of LEP Governance and Transparency*. Department for Communities and Local Government.
[vi] National Audit Office. (2016). *Local Enterprise Partnerships.*
[vii] Ney, M (2017). *Review of LEP Governance and Transparency*. Department for Communities and Local Government.
[viii] National Audit Office. (2016). *Local Enterprise Partnerships.*
[ix] Ney, M (2017). *Review of LEP Governance and Transparency*. Department for Communities and Local Government.
[x] Ministry of Housing, Communities & Local Government, (2018) *Strengthened Local Enterprise Partnerships*
[xi] National Audit Office, (2019) Local Enterprise Partnerships: an update on progress
[xii] Committee of Public Accounts, (2022), *Local economic growth*
[xiii] Heseltine, M. (2012). *No Stone Unturned in Pursuit of Growth.*
[xiv] Heseltine, M. (2012). *No Stone Unturned in Pursuit of Growth.*
[xv] Nicol Economics. (2019). *Mid-Term evaluation of the Local Growth Fund in Cumbria*.
[xvi] Amion Consulting and PJA. (2020). *Mid-Term evaluation of the Cornwall and Isles of Scilly Local Growth Fund Programme*, Final Report
[xvii] Heseltine, M. (2012). *No Stone Unturned in Pursuit of Growth.*
[xviii] Department for Communities and Local Growth. (2015). *The Composition of the Local Growth Fund*.
[xix] Arcadis. (2021). *Leeds City Region Growth Deal, Independent Impact Evaluation.*
[xx] Nicol Economics. (2019). *Mid-Term evaluation of the Local Growth Fund in Cumbria*.
[xxi] Nicol Economics. (2019). *Mid-Term evaluation of the Local Growth Fund in Cumbria*.
[xxii] Department for Communities and Local Government (2016). *Local Growth Fund Business Case* (2016/17)
[xxiii] EKOS Consultants. (2019) *Cheshire & Warrington Local Growth Fund Mid Term Evaluation*
[xxiv] SQW. (2020). Enterprise M3 LEP: *Mid-term evaluation of Local Growth Fund and Growing Places Fund programmes.*
[xxv] Local Growth Deals - GOV.UK (www.gov.uk)
[xxvi] HM Government. (2014). *LEP Assurance Framework.* GOV.UK.
[xxvii] Department for Communities and Local Government. (2016) *Local Enterprise Partnership National Assurance Framework.* GOV.UK.
[xxviii] HM Government. (2014). *LEP Assurance Framework.* GOV.UK.
[xxix] National Audit Office. (2016). *Local Enterprise Partnerships.*
[xxx] Ney, M (2017). *Review of LEP Governance and Transparency*. Department for Communities and Local Government.
[xxxi] Ministry of Housing, Communities & Local Government, (2018) *Strengthened Local Enterprise Partnerships*
[xxxii] GOV.UK (2019) *National local growth assurance framework*. GOV.UK