

## **Towns Fund Stage 2 Business case guidance Annex C: Summary Document template**

Towns must:

- Submit a completed Summary Document for each project to Ministry of Housing, Communities and Local Government (MHCLG) as soon as they are ready and within 12 months of agreed Heads of Terms.
- **Where towns require funding in 2021/22** then Summary Documents **must** be submitted to MHCLG by 14 January 2022.
- Note that in the event of late submission of Summary Documents (SD), MHCLG cannot guarantee payment. If there is a risk of late submission, towns should promptly liaise with their MHCLG local leads.
- **With the first Summary Document, include** Part 2: Town Investment Plan (TIP) conditions (where applicable).

Please note: MHCLG will use the financial profile (Annex A-1) submitted previously to make any payment.

### **Programme-level update**

Where not submitted today, the remaining Summary Documents submission timings.

<b>Project name</b>	<b>Month/Year</b>
1. The Vine – Library & Culture Hub	Oct 2022
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

# **Part 1: Project Summary Document**

Towns should complete this for each project.

<b>Summary Document table</b>
<b>1. Project name: Lincoln Road</b>
<b>2. Heads of Terms project conditions</b> <ul style="list-style-type: none"><li>– Actions taken to address any conditions attached to the project in the Heads of Terms, where applicable.</li><li>– Where the condition was to provide a delivery plan please input in the section below (no.9) and/or attach to this document.</li></ul>
<p>The Lincoln Road Project is for delivery of public realm improvements along the Lincoln Road corridor.</p> <p>There were no specific project conditions in the Heads of Terms (signed 13 January 2021) by DHLUC (formerly MHCLG).</p>
<b>3. Business case appraisal</b> <p>Provide details of how the business case has been appraised including:</p> <ul style="list-style-type: none"><li>– business case type</li><li>– any internal or external assurances</li></ul>
<p>The Outline Business Case (OBC) provides the evidence base to support the investment in the development and has been developed using the Towns Fund Delivery Partner guidance. The Business Case has been laid out in five sections in keeping with the recognised HM Treasury Green Book “five case” methodology.</p> <p>A specialist consultant, Jacobs, was appointed to develop the Outline Business Case.</p> <p>The Outline Business Case (OBC) development has been managed and overseen by PCC. The final design, funding package and Full Business Case will be assured by PCC.</p> <p>Peterborough City Council, as accountable body ensured an assurance process was put in place to provide government and local partners with assurance that decisions over the allocation of the Towns Fund monies are transparent, have accountable decision making and deliver value for money whilst also incorporating the monitoring and evaluation activity.</p> <p>The Towns Fund Board has an independent appointed Chair. The Towns Fund Board incorporates representatives from the public, private and community sectors and have been utilised to ensure there is sufficient oversight and scrutiny of the business case proposals brought forward.</p> <p>There are also two internal Peterborough City Council Boards for internal scrutiny. The Lincoln Road Redevelopment project reports into the Regeneration and Infrastructure Board. The Board provides strategic leadership, oversight, challenge and tracks and monitors project progress.</p>

The Outline Business Case will be endorsed by the Towns Fund Board and presented to the Cabinet at PCC. It will then be assured by Monitoring Officer, Director of Resources (s151 officer) and the Executive Director Place and Economy.

When all assurances are in place, the Towns Fund Project Summary document will be submitted to DLUHC for approval.

#### 4. MHCLG capital (CDEL) 5% payment

There are no activities associated with the 5% CDEL.

#### 5. Quantified benefit-cost ratio/value for money (e.g. Benefit Cost Ratio or Net Present Social Value)

A quantified benefit-cost ratio should be provided. If it has not been generated, a summary of evidence used by the S151 Officer to demonstrate value for money should be stated.

A full green book compliant economic appraisal was prepared by Jacobs to support the business case. The economic appraisal was predicated on a bespoke model underpinned by the latest relevant Towns Fund-specific Guidance.

The economic appraisal considered two scenarios:

**Do Minimum scenario** represents the business as usual situation and likely outcomes in the event of no Towns Fund investment (i.e. no public realm improvement activity in Millfield District Centre.

**Do Something scenario** forecasts the anticipated outcomes and impacts associated with timely approval of Towns Fund investment (i.e. a programme of public realm improvement activity in Millfield District Centre.

Other key assumptions included:

- An appraisal period of thirty years was adopted for most impacts. This approach is aligned with the anticipated persistence or duration of economic impacts. On this basis, the appraisal period commences from an opening year of 2024 through to 2053. It should however be noted that given the asset life of the intervention being proposed, there could be some benefits that accrue past 30 years which have not been captured to ensure a robust assessment.
- All monetised figures used in the appraisal are presented in 2021 prices and values using real price adjustment factors in line with the Office for Budget Responsibility's inflation forecast and the prevailing HM Treasury Green Book discount rates (i.e. 1.5% per annum for thirty years for health-related impacts; 3.5% per annum for thirty years for non-health related impacts).
- Economic impacts have been modelled using a bespoke model that synthesizes various potential impacts before aggregating costs and benefits into a single consistent price and value base (i.e. 2021 prices and values), to inform two key value for money metrics: benefit-cost ratio and net present social value.

- The model is underpinned by the latest relevant departmental and Towns Fund-specific Guidance. The data and guidance adopted includes:
  - HM Treasury Green Book
  - DLGG Appraisal Guide
  - MHCLG Land Values for Policy Appraisal
  - HCA Additionality Guide
  - Towns Fund Stage 2 – Business Case Template; Economic Case: Best Practice Guidance
  - PCC footfall data for Millfield District Centre
  - PCC Retail Study (and Appendices)

The Economic Case appraises the value for money position of the preferred option against a reference case or Do Minimum scenario, which assumes business as usual activity (i.e. no public sector intervention into regeneration of Lincoln Road at Millfield District Centre).

The appraisal finds that by delivering public realm improvements to a currently outdated, tired and vehicle-dominated streetscape, in order to improve pedestrian experiences, improve vitality and vibrancy of businesses and encourage social interaction, the preferred option can deliver a strong value for money proposition. This is demonstrated through the strong performance of economic metrics such as Benefit Cost Ratio (BCR) (c. 2.4) and Net Present Social Value (+£6.2 million).

Value for Money Metric	Value
<b>Net Additional PVB</b>	<b>£10,718,900</b>
Total PVC of Public Sector Costs	£4,437,425
Total PVC of Private Sector Costs	£0
<b>Total PVC of Economic Costs</b>	<b>£4,437,425</b>
<b>BCR</b>	<b>2.42</b>
<b>NPSV</b>	<b>£6,281,475</b>

The strong economic performance of the preferred option is linked to a range of economic benefits that the project is forecast to unlock, as summarised below:

Impact Category	Net Additional Impact
Active Mode Impacts	4,429,571
Wider Residential LVU	594,174
Wider Commercial LVU	2,856,814
Crime	1,013,845
Amenity	871,777
Labour Supply Impacts	952,719
<b>Total</b>	<b>10,718,900</b>

The quantified and monetised assessment within the Economic Case is supplemented by a strong set of wider, non-quantifiable benefits that also result from the preferred option, including:

- (i) higher Levels of expenditure per visit within Millfield District Centre
- (ii) increased growth in GVA
- (iii) reduction in accidents
- (iv) improvements in air quality
- (v) reductions in carbon emissions
- (vi) enhanced image and reputation of District Centre
- (vii) construction stage jobs (39 construction stage jobs years)

(viii) increased journey ambience

In summary, the economic appraisal demonstrates that the Do Something scenario, which seeks to deliver the Lincoln Road project with Towns Fund support is the preferred intervention option for the project.

## 6. Deliverability

Will this project still be delivered within the Towns Fund timeframe? (Y/N)

Yes, the project will be delivered in the Towns Fund timeframe.

## 7. Delivery plan

Including details of:

- timescales and key milestones
- partnerships
- interdependencies
- risks and mitigation measures (if not provided above).

### Key Milestones

The key milestones for the project are as follows:

- May 2022 to November 2022 RIBA Stage 3 - Design Development
- June 2022 – PCC internal assurance complete
- July 2022 – Submission to DLUHC for approval
- Summer 2022 – Public Consultation
- September 2022 – DLUHC approval for the project
- December 2022 - RIBA Stage 3 Gateway Sign Off
- December 2022 – April 2023 - RIBA Stage 4 – Design Development
- May 2023 - RIBA Stage 4 – Gateway Sign Off
- August 2023 – March 2024 – Construction

### Partnerships

PCC will deliver the project working with the Milestone Infrastructure who are the incumbent highway services provider to PCC via the Peterborough Highway Services partnership.

### Interdependencies

An engagement exercise is planned to discuss the proposals with landowners and seek agreement to extend the redevelopment of the pavements to include property frontages. It may be that not all agree to the proposals, and this could mean that there will be inconsistent finishes along the road depending on where agreement has or has not been provided, and the reduction in surfaces to redevelop will in turn reduce the requirement/scope of works.

### Risks and Mitigations

A Project Key Risk Register which identifies project risks below and mitigations will be produced as part of the next phase of design work. The key risks at this stage are:

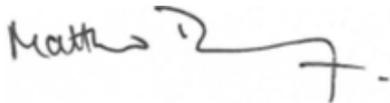
- **Project costs escalation** - due to high levels of inflation or a shortage in skilled construction labour. This is mitigated through appropriate allowance for contingency.

- **Design** - The design is impacted by legal ownership boundaries. This will be mitigated by carrying out engagement activities with landowners around the proposals/requirements.
- **Utility Diversions** – Unexpected utility diversions have the potential to cause significant programme delays and cost increases. Full Statutory Undertaker (STATS) searches will be undertaken as part of the Preliminary Design work during the next phase of the scheme development.
- **Stakeholder / Public Acceptability** – The detailed design of the redevelopment should continue to be supported by key stakeholders impacted by scheme proposals, as well as members of the public this will be achieved through consultation and engagement.

#### 8. Town Deal Board Chair name & signature

Name of the Town Deal Board: Peterborough

Chair's name and signature: Matthew Bradbury



Date: 7<sup>th</sup> June 2022

#### 9. By signing, I agree that:

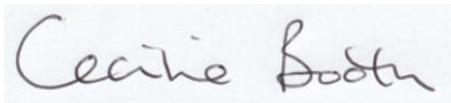
1. The business case, in a proportionate manner, is Green Book compliant.
2. The 5% early capital (CDEL) has been included in the Town Fund project costs across the programme.
3. This project and expenditure represent value for money, including the 5% early capital (CDEL) provided.
4. Project-level Equality Impact Assessments such as Public Sector Equalities Duty and/or Environmental Impact Assessments have been undertaken.
5. For final submission - programme-level Public Sector Equality Duty assessment has been undertaken by the accountable body.

#### Name of the lead Local Authority and signature of the Chief Executive Officer or S151 Officer

Name of the lead Local Authority: Peterborough City Council

Job title: Interim Corporate Director, Resources / S151 Officer

Name and signature: Cecilie Booth



Date: 6<sup>th</sup> June 2022