

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.

| Project name | Month/Year |
|---------------------|-------------------|
| 1. NA | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |

Part 1: Project Summary Document

Towns should complete this for each project.

| Summary Document table |
|---|
| 1. Project name: The Vine |
| 2. Heads of Terms project conditions <ul style="list-style-type: none">– Actions taken to address any conditions attached to the project in the Heads of Terms, where applicable.– Where the condition was to provide a delivery plan please input in the section below (no.9) and/or attach to this document. |
| <p>The Vine Project focusses on offering a Library, Culture and Community Hub, housed in a purchased and refurbished building in the City Centre.</p> <p>There were no specific project conditions in the Heads of Terms (signed 13 January 2021) by DLUHC (formerly MHCLG).</p> |
| 3. Business case appraisal <p>Provide details of how the business case has been appraised including:</p> <ul style="list-style-type: none">– business case type– any internal or external assurances |
| <p>The Vine project seeks to create a flagship mixed-use, multifunctional hub for commercial, community, cultural and civic activity, across four floors at a currently vacant former retail unit (64-68 Bridge Street), at the heart of Peterborough City Centre.</p> <p>The project is being project managed by Peterborough City Council (PCC). The Outline Business Case (OBC) provides the evidence base and appraisal of options to support capital investment in the identified preferred option for The Vine. The business case has been developed using HM Treasury Green Book, departmental and Towns Fund Delivery Partner guidance as appropriate.</p> <p>At OBC stage, the project has been developed on behalf of PCC by a specialist multi-disciplinary project team and current levels of project development are equivalent to RIBA Stage 2 design.</p> <p>A specialist consultant, Jacobs, was appointed to develop the Outline Business Case.</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 Town Fund monies are transparent, have accountable decision making and deliver value for money whilst incorporating the monitoring and evaluation activity.</p> <p>Assurance of the project through development and subsequent delivery stages will follow the standard approach to assurance established for the Town Deal Programme. This reflects PCC's responsibility to demonstrate that The Vine will achieve value for money, through effective governance, selection, evaluation and commissioning processes.</p> |

The Towns Deal Board has an independent appointed Chair, and incorporates representatives from the public, private and community sectors and have been utilised to ensure there is sufficient oversight of the business case proposals brought forward.

The OBC development has been managed and overseen by PCC, including guidance of "The Vine" Working Group, a subset of key stakeholders from the wider Peterborough Town Deal Board and PCC officers.

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

4. MHCLG capital (CDEL) 5% payment

£103k of the 5% capital payment has been spent.

The main activities include project management, consultancy, surveys and the multi-disciplinary design project team costs.

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 departmental and Towns Fund-specific Guidance, supplemented by benchmarks and industry knowledge from the operational model and associated operational feasibility study

The economic appraisal considered three scenarios:

- The **Do Nothing** scenario, which represents the business as usual situation and likely outcome in the event of no Towns Fund investment (i.e. 64-68 Bridge Street remains a vacant site in a highly prominent part of the City Centre, with the Central Library continuing to operate in a peripheral part of the City Centre with low levels of footfall and public investment, as well as in a building with sub-optimal internal configuration and digital connectivity). Further, £4m of Towns Fund outlay that has already taken place to acquire the site, plus £50k per annum holding costs, will need to be recouped, potentially via sale of assets or reallocation of with Towns Fund capital funding. No tangible benefits will materialise in the absence of further intervention.
- The **Do Minimum** scenario, which represents a phased approach to the Do Maximum scheme reflecting the budget constraint of c. £13.3 million. This scenario assumes timely approval of Towns Fund investment only (alongside CIL/S106 contributions), with no further funding forthcoming. This would unlock a ground floor only scheme at The Vine, comprising new mixed use commercial (food and beverage, café/bar), education suites and community space situated at the heart of the city centre in the Towns Fund timeframe, with potential for future phases on upper floors post 2025/26 subject to additional funding availability from other sources.
- The **Do Maximum** scenario, which forecasts the anticipated outcomes and impacts associated with the full scheme at The Vine (i.e. a flagship mixed-use, multifunctional hub for commercial, community, cultural and civic activity, across four floors at a currently vacant former retail unit (64-68 Bridge Street), at the heart

of Peterborough City Centre). This will be enabled through bridging of an identified funding gap of £5.3m within the time frames of the Towns Fund programme (i.e. by close of 2025/26).

Other key assumptions included:

- An appraisal period of thirty years, for most impacts;
- Where Present Value figures are presented, costs and values have been discounted at 3.5% for most elements (a health discount rate of 1.5% has been applied for health and wellbeing-related impacts);
- All monetised costs and benefits have been converted to 2021/22 real prices;
- The costs and benefits of the intervention options are presented in net terms with adjustments made for leakage, displacement and multiplier effects where appropriate; and,
- Optimism Bias has been applied at 24% in line with HM Treasury Green Book Supplementary Guidance.

The following economic impacts were quantified and monetised within the economic appraisal:

- **Footfall** at The Vine, which translates into increased expenditure directly (i.e. at The Vine) and indirectly (i.e. across the wider City Centre)
- **Labour Supply Impacts** as a result of direct employment at The Vine and employment induced across the wider City Centre due to increased footfall, resulting in:
 - **Welfare impacts:** associated with increased tax take as previously unemployed residents return to work;
 - **Wellbeing impacts:** associated with improved life satisfaction for previously unemployed residents returning to work;
 - **GVA Uplift** (a place-based impact), derived through application of productivity benchmarks to the forecast increase in direct employment at the new facilities and indirect employment generated through wider expenditure;
- **Increased Productivity** associated with T-Level learners engaged at the proposed education suites, measured through the wage premium approach utilising skills-based uplift benchmarks sourced from DfE;
- **Land Value Uplift** (LVU); measured using Valuation Office Agency land value proxy data to cover direct LVU associated with the asset itself and wider LVU associated with the regeneration benefits accruing to proximate residential and commercial properties.;
- **Amenity;** reflecting an improved streetscape measured using benchmark amenity values derived from departmental guidance;
- **Business Incubation and Growth;** reflecting the provision of commercial space suitable for start-ups, micro-businesses and SMEs;
- **Active Mode;** reflecting the provision of cycle and walking friendly infrastructure as part of development;
- **Crime;** reflecting the potential for reduced incidences of criminal activity in proximity to the asset following regeneration;
- **Community Cohesion;** reflecting the potential for increased sense of belonging fostered by provision of community and civic asset that are fully accessible to the entire community;

- **Social, Cultural and Heritage Capital** impacts; reflecting the wellbeing impacts of improved access to key infrastructure including libraries, community space and cultural assets.

The key results of the appraisal based on quantified and monetised benefits are summarised below. As evidence in the summary results, both the Do Minimum and Do Maximum scenarios return strong and positive key value for money metrics (i.e. benefit cost ratio [BCR] and net present social value [NPSV]). That said, the Do Maximum scenario outperforms the Do Minimum scenario across both metrics (i.e. benefit cost ratio [BCR] and net present social value [NPSV]), confirming its position as the preferred option for intervention.

| Metric | Derivation | Do Minimum | Do Maximum |
|---|------------|------------|------------|
| Benefits | | | |
| Net Additional 'Initial' PVB (£m, 2021/22 prices and values) | A | 30.17 | 59.27 |
| Net Additional 'Adjusted' PVB (£m, 2021/22 prices and values) | B | 80.90 | 263.47 |
| Costs | | | |
| Total PVC of Public Sector Costs (£m, 2021/22 prices and values) | C | 14.18 | 19.81 |
| Total PVC of Private Sector Costs (£m, 2021/22 prices and values) | D | 0.00 | 0.00 |
| Total PVC of Economic Costs (£m, 2021/22 prices and values) | E: C+D | 14.18 | 19.81 |
| Initial Analysis | | | |
| BCR | F: (A-D)/C | 2.13 | 2.99 |
| NPSV | G: A-E | 15.99 | 39.46 |
| Adjusted Analysis | | | |
| BCR | H: (B-D)/C | 5.70 | 13.30 |
| NPSV | I: B-E | 66.72 | 243.66 |

To ensure the robustness of the core analysis presented above, a series of sensitivity tests were undertaken to determine both scenario's resilience to changes in key assumptions. The analysis demonstrates that the project under its Do Minimum and Do Maximum forms is resilient to major changes in key input assumptions to the economic model. Reducing the scale and significance of key benefit streams (as per Sensitivity Tests 2 [application of 24% optimism bias to benefits] and 3 [loss of benefits linked to a failure to relocate the library]), will not cause the project to generate fewer benefits than costs overall. Further, increasing the scheme's estimated cost by 50% will not cause the scheme's costs to outweigh the benefits (i.e. Sensitivity Test 1). Potential upside impacts in terms of the scale and extent of wider land value benefits to the City Centre serve to substantially enhance the project's value for money position (Sensitivity Test 4a and 4b). Hence, the project will continue to offer value for money even if the scale of benefits forecast does not materialise to the full extent expected, or if the scale of costs grows significantly. This provides confidence and reassurance that the economic case for the project is robust.

| Value for Money Metric | Sensitivity Test 1 | Sensitivity Test 2 | Sensitivity Test 3 | Sensitivity Test 4a | Sensitivity Test 4b |
|--|--------------------|--------------------|--------------------|---------------------|---------------------|
| Do Minimum | | | | | |
| Net Additional PVB (£m) | 30.17 | 22.93 | 30.17 | 53.56 | 42.83 |
| Total PVC of Public Sector Costs (£m) | 28.37 | 14.18 | 14.18 | 14.18 | 14.18 |
| Total PVC of Private Sector Costs (£m) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Total PVC of Economic Costs (£m) | 28.37 | 14.18 | 14.18 | 14.18 | 14.18 |
| BCR | 1.06 | 1.62 | 2.13 | 3.78 | 3.02 |
| NPSV | 1.80 | 8.75 | 15.99 | 39.38 | 28.65 |
| Do Maximum | | | | | |
| Net Additional PVB (£m) | 59.27 | 45.04 | 50.37 | 109.16 | 86.28 |
| Total PVC of Public Sector Costs (£m) | 39.62 | 19.81 | 19.81 | 19.81 | 19.81 |
| Total PVC of Private Sector Costs (£m) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total PVC of Economic Costs (£m) | 39.62 | 19.81 | 19.81 | 19.81 | 19.81 |
| BCR | 1.50 | 2.27 | 2.54 | 5.51 | 4.36 |
| NPSV | 19.65 | 25.23 | 30.56 | 89.35 | 66.47 |

The strong, positive and resilient performance of the preferred 'Do Maximum' option from a value for money metric perspective was further strengthened through consideration of wider benefits not captured within the quantified and monetised economic appraisal above. Some of the key wider benefits expected to arise in the preferred 'Do Maximum' option include:

- Positive contribution to decarbonisation and wider environmental sustainability aspirations;
- Increasingly accessible civic and community assets;
- Improved image and reputation of Peterborough;
- Increased footfall at the heart of Peterborough;
- Increased opportunities for informal learning;
- Creation of a cultural hub;
- Construction stage job creation estimated at 190 construction stage job years;
- Diversification and activation of City Centre;
- Increased opportunity for volunteering;
- Catalysing Wider City Centre Regeneration; and
- Contribution to Peterborough City Centre Conservation Area.

The economic appraisal demonstrates that the project represents excellent value for money under its Do Minimum and Do Maximum forms. Combining BCRs in excess of 2.0:1 (i.e. high value for money category), positive NPSVs and wide range of material wider and qualitative economic impacts, the project has the potential to transform the Lower Bridge Street section of Peterborough City Centre.

The performance of the Do Maximum scenario, which involves full development and fit-out of The Vine across four floors, has the potential to unlock the most economic impact in Peterborough City Centre. This is reflected in optimal BCR and NPSV values. In particular, intervention in this form will maximise the potential to create a coherent ecosystem within The Vine at the nexus of commercial, civic and community uses and requirements, to drive positive socio-economic outcomes for the Peterborough resident and business communities. Co-location of complementary uses will create a holistic facility where the constituent elements add up so that the cumulative impact is greater than the sum of the parts. For example, new library provision will support formal learning space provided as part of education suites, whilst formal and informal learners will have access to pathways/stepping stones into employment, as well as work placements and work experience opportunities at commercial space. At same time, new library provision will help drive footfall for hospitality uses and vice versa.

The Do Minimum scenario represents a possible first phase of the Do Maximum scenario, that falls within the committed and confirmed budget envelope for the project that exists at this point in time. It assumes a reduced but futureproofed shell and core provision alongside fit-out of the Ground Floor only. Whilst this option will unlock fewer economic benefits than the Do Maximum scenario due to the space and use constraints incurred through use of the Ground Floor only, it nevertheless represents excellent value for money. Further, due to the futureproofing of shell and core assets, it does not preclude the Do Maximum scenario from being realised in the medium to long term, subject to additional funding. Effectively, it represents the minimum scale of impact likely to materialise from Towns Fund investment, in the event that additional funding does not materialise to realise the full scheme for The Vine. Even this minimum scale of impact represents a strong value for money proposition.

Within this context, the Economic Case finds that whilst the Do Maximum scenario represents the best use of public sector resources and should be retained as the preferred option and end goal for The Vine project, it also finds that a phased approach, entailing activities within the Do Minimum scenario, provides a feasible alternative that also represents value for money, should additional funding not be secured to deliver the full scheme. This reflects the potential for the asset to deliver an integrated, holistic combination of complementary uses that drive cumulative economic benefits that are substantially greater than the sum of the parts, ensuring the asset will become a critical part of the commercial, community and civic fabric of Peterborough.

6. Deliverability

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

Yes the project will be delivered within the Towns Fund timeline.

7. Delivery plan

Including details of:

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

Delivery Plan

The scheme is being led and promoted by PCC. PCC will be fully responsible for project delivery and have already engaged in procurement activities to appoint several organisations to support project development.

Timescales/Milestones

The key milestones for delivering The Vine are as follows:

- DLUHC Approval – June 2023
- Commencement of RIBA2+ Design Activities – June 2023
- Public Consultation – Summer 2023
- Planning Submission – August 2023
- Planning Determination – January 2024
- Operator Procurement Finalised – February 2024
- Design and Build Contract Awarded – May 2024
- Construction Commencement – May 2024
- Construction Completion and Commencement of Activities – February 2024

Partnerships

PCC propose to deliver the project in partnership with the following key stakeholders and organisations:

- Potential Tenants, including:
 - Businesses: start-ups, micro and small enterprises within the creative, retail and cultural sectors in particular, that could be interested in establishing activities within the enterprise infrastructure created at The Vine.
 - Education Providers: such as Anglia Ruskin University, City College Peterborough and Peterborough College, that could be interested in utilising formal or informal education space incorporated into The Vine (including bespoke education suites, seminar rooms and the library).
 - Leisure/Culture Operators: including Vivacity, independent arts organisations and artists and community groups, that could utilise the events space and other public areas to host exhibitions, performances, galleries and other leisure/cultural activities.
 - Peterborough Libraries: who may wish to utilise a new additional or replacement library within Peterborough's central core.
- Organisations supporting businesses in Peterborough, including Opportunity Peterborough, Chamber of Commerce, Cambridgeshire and Peterborough Combined Authority and Peterborough Positive (the city's business improvement district). These organisations represent a range of existing businesses and play a role in attracting new business and investment into the City.
- Politicians, including ward councillors, cabinet members, group leaders and local MPs, who provide representation for their constituents (i.e. local residents)
- Potential Users, including library users, workers looking for shared office space, community users, food/drink/retail users, tourists and city centre residents, who will interact with The Vine on a daily basis.
- Nearby buildings, for example, other commercial operations and businesses on Bridge Street, the City Market (Food Hall) and City Market (outdoor).
- Community Organisations and Interest Groups, including Disability Peterborough, Peterborough Civic Society, wider Peterborough community groups and social media groups.
- Local Media, including Peterborough Telegraph, Peterborough Matters, We Love Peterborough, Moment Magazine, BBC Radio Cambridgeshire, BBC Look East and Anglia TV.

Interdependencies

The project is also intrinsically linked to a range of wider development and regeneration initiatives slated for Peterborough and the City Centre in particular:

- The Vine is one of eight projects forming part of the wider Town Deal, with direct complementarities and links to a series of other parts of the programme, including:
 - The Incubation Hub Feasibility Study, which will align with the aims of The Vine to create enterprise space for start-ups, micro and small enterprises.
 - The Embankment Masterplan, located nearby to the south on the River Nene.
 - Station Quarter Redevelopment, location nearby to the north-west, in the vicinity of Peterborough Rail Station.

The Town Deal Programme is designed to have a cumulative impact greater than the sum of its parts, therefore it is important that The Vine capitalises on

regeneration driven by other Town Deal projects to maximise the scale of positive socio-economic impact for Peterborough and its residents.


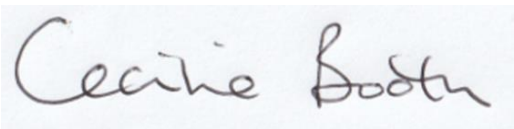
- Emergence of Anglia Ruskin University in Peterborough from September 2022, which will deliver a step-change in education opportunities and provision in the City. The Vine, as a key provider of formal and informal learning spaces (e.g. via education suites and a new library), has the potential to support the emergence of the university campus.

Risks

The key risks and proposed mitigations for The Vine project are:

- **Building unknowns and subsequent ongoing costs and programme issues:**
- **Insufficient funding to deliver project:** an observed funding gap of c. £5.3m exists for the project. PCC have mitigation plans in place to deal with this risk, including:
 - Development of a comprehensive funding strategy to identify additional funding partners to help bridge the funding gap (such partners include the Combined Authority, PCC Capital Programme, DfE's Further Education Capital Transformation Programme and T-Level Capital Fund, the Public Sector Decarbonisation Fund, Heritage Lottery Fund, Arts Council England, S106 and CIL, commercial sponsorship, plus the receipts of any sale of 62 Bridge Street)
- **Inability to fully relocate or accommodate requirements of the Library:** despite broad support for providing additional library provision within The Vine, the exact form and scale of library provision has not yet been confirmed. Failure to secure a substantial library presence in The Vine could impact on footfall and other key metrics associated with the facility. To mitigate this risk, PCC and the multi-disciplinary design team engage regularly with Peterborough Libraries to ensure their requirements can be met within The Vine project, as far as reasonably possible. This engagement will continue throughout the project development and design process.
- **Failure for the project to be operationally sustainable:** the requirement to provide social, civic and community facilities at peppercorn rental rates could undermine the aspiration for the asset to be self-sustaining from an financial operations perspective. To mitigate this risk, PCC has commissioned feasibility analysis to demonstrate the operational viability of the project.
- **Lack of operator interest:** the facility is an innovative, flagship asset that does not have a wide range of potential operators active in the market. To mitigate this risk, PCC have already undertaken a procurement exercise that establishes Local Spaces as the preferred operators for The Vine, subject to further due diligence and PCC confirmation. Local Space have engaged with the multi-disciplinary team to spearhead discussions with key stakeholders, provide input to scheme design and lead feasibility analysis of the project's operational phase.

These risks reflect the early stage of design development for the project, which will continue to evolve as the design process continues. Hence, whilst these risks are severe at this stage of project development, it is expected that these will become increasingly manageable and controllable as the project moves forward and firmer decisions are made regarding the scale and type of key uses including the library.

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|---|
| 8. Town Deal Board Chair name & signature |
| <p>Name of the Town Deal Board: Peterborough</p> <p>Chair's name and signature: Matthew Bradbury</p>  <p style="text-align: right;">Date:23/12/2022</p> |
| 9. By signing, I agree that: |
| <ol style="list-style-type: none"> 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 |
| <p>Name of the lead Local Authority: Peterborough City Council</p> <p>Job title: Executive Director of Corporate Services and S151 Officer</p> <p>Name and signature: Cecilie Booth</p>  <p style="text-align: right;">Date:22/12/2022</p> |