



**Lead Local Authority's name & signature of the Chief Executive Officer or S151 Officer**

Lead LA name: East Lindsey District Council

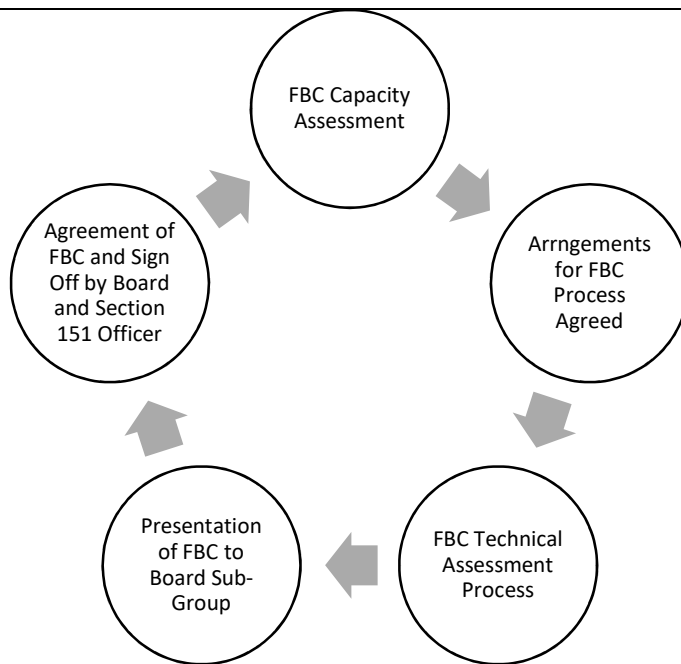
Name and job title: Adrian Sibley, Section 151 Officer

Signature:

Date: 29/7/21

### Project summary table (Skegness)

<b>Project summary table</b>
<b>Project name: Police Training and Conference Centre</b>
<b>Date: 26 July 2021</b>
<b>Actions taken to address project conditions</b> Provide details of actions taken to address any conditions that were attached to the project in the Heads of Terms, where the condition was to provide a delivery plan this should be inputted in the section below.
No Conditions have been applied
<b>Business case appraisal</b> Provide details of how the business case has been appraised: <ul style="list-style-type: none"><li>- type of business case</li><li>- Any internal assurance</li><li>- Any external assurance</li></ul>
This Business Case has been appraised through the Towns Fund local assurance framework. Details of the key steps are set out below: <ul style="list-style-type: none"><li>• Stage 1 – Capacity of each project to progress to a Full Business Case considered based on the Outline Business Case form through a dialogue with the Towns Fund staff</li><li>• Stage 2 – Agreement with project of the process to achieve the Full Business Case</li><li>• Stage 3 – Engagement of specialist agency to support completion of technical aspects of the Business case particularly the Benefit Cost Ratio element working with the Towns Fund staff</li><li>• Stage 4 – Presentation of Full Business Case to Connected Board Sub-Group (using the same groups which assessed the OBC forms)</li><li>• Stage 5 – Agreement of FBC via Board and sign off by Section 151 Officer</li></ul> A flow chart showing the process set out above is shown below:



<b>Total project value (£, million)</b>
£2.121Million
<b>Towns Fund project value (£, million):</b>
£1Million
<b>Match-funding (Private or Public)</b> Provide the total (£, million) and breakdown of sources
<p>£0.458 million of match funding from the Police and Crime Commissioner, plus £0.663m from National Probation Service, total (£1.121m).</p> <p>The total value of the project is £2.121m. The PCC capital programme included the whole project cost for refurbishment works for Skegness Magistrates Court. The PCC associated capital charges for their contribution funded by borrowing are included in the current budget and Medium Term Financial Plan.</p>
<b>Quantified benefit-cost ratio/value for money (BCR or NPSV)</b> Where a quantified value for money ratio has not been generated, please summarise the evidence used by the S151 officer to demonstrate value for money.
<p><b>BCR = 3.3</b></p> <p>AMION Consulting has been appointed to calculate Benefit Cost Ratios (BCRs). BCRs are widely used in government to assess the overall value for money of intervention. The assessment of economic benefits has been undertaken in full compliance</p>

with the HM Treasury Green Book and relevant Departmental guidance published by the Ministry for Housing, Communities and Local Government (MHCLG). It has also had regard to specific advice published by government in relation to Towns Fund.

For the Police Training and Conference Centre project, specific benefits modelled are associated with degree apprenticeship learning, labour supply benefit, wellbeing benefit from moving residents into employment, land value uplift of refurbished centre and social value benefits from attending conferences/events. Majority of benefits arise from labour supply benefits and learning benefits. This project provides a very strong value for money when looking at the BCR (MHCLG Appraisal Guide classes a BCR greater than two as 'high' value for money and between one and two as 'acceptable').

For detail on the economics methodology, please see the Economic Case in the Stage 2 – Business Case Template.

**Nominal financial profile (£, million)**

	20/21	21/22	22/23	23/24	24/25	25/26
Towns Fund		1				
CDEL		1				
RDEL						

**Deliverability**

Is the Towns Fund project deliverable by 31 March 2026? (Y). Provide a short summary of any major risks and mitigation plans.

Risk	Owner	Probability	Impact	Mitigation
Contractor delay may result in the accommodation not being refurbished in time	Head of Asset and Facilities Management	Low	High	<ul style="list-style-type: none"> <li>Use of the PAGABO framework to promptly appoint</li> <li>Regular progress review meetings between risk owner and provider</li> </ul>
Impact of Coronavirus (Covid-19) on: <ul style="list-style-type: none"> <li>cost of materials</li> <li>availability of materials</li> <li>costs being incurred as a consequence of Covid-19 safe working practices</li> </ul>	Head of Asset and Facilities Management	Medium	Medium	<ul style="list-style-type: none"> <li>Original costings included contingency</li> </ul>
Unforeseen works required	Head of Asset and Facilities Management	Low	High	<ul style="list-style-type: none"> <li>Detailed plans and costings provided in advance of commencement of work</li> <li>Immediate escalation from provider to risk owner</li> </ul>

**Delivery plan**

Including details of:

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

They should be submitted as attachments with annex C.

Delivery Plan summary – full details attached in Towns Fund Business Case document appendix

**Timescales and Milestones:**

Milestone	Forecast Date	Comments
Initial scheme design complete	May 2020	
Feasibility work completed	May 2020	
Acquisition of statutory powers	6 <sup>th</sup> September 2020	Formal decision to proceed with works taken by PCC
Detailed design completed	June 2020	
Planning Permission submitted	N/A	Planning consent for change of use is not required for this project.
Match funding secured	June 2020	Commitment from NPS.
Procurement process issued	June 2020	Decision taken to use PAGABO framework.
Procurement contracts Awarded	July 2020	Direct contract award.
Start of construction	July 2020	
Completion of construction	August 2021	

**Partnerships:**

Lincolnshire Police  
National Probation Service

**Planning Permission:**

Secured

**Interdependencies:**

This is a self-contained project from the perspective of delivery with no interdependencies.

**Town Deal Board Chair name & signature**

TDB Chair Name: Chris Baron

Signature:

Date: 29/7/21

**By signing, I agree that:**

- The business case, in a proportionate manner, is Green Book compliant.
- This project represents value for money.
- Any other relevant assessments eg Environmental Impact Assessment have been carried out.

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

Job title: Section 151 Officer

Name: Adrian Sibley

Signature:

Date: 29/7/21

## Business Case – Skegness Towns Fund

<b>Project Name</b>	Police Training and Conference Centre
<b>Project Location</b>	Skegness, PE25 1BH - town centre, but not on the High Street
<b>Site ownership</b>	The whole site is in the control of the lead applicant (Police and Crime Commissioner for Lincolnshire)
<b>Planning Application Ref</b>	It has been established that planning consent for change of use is not required for this project.

<b>Total Project Value (£)</b>	£2.121 million	<b>Town Funding Sought (£)</b>	£1 million
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<b>Lead Applicant</b>	Police and Crime Commissioner for Lincolnshire		
<b>Organisation Type</b>	Public sector		
<b>Applicant Address</b>	Office of the Police and Crime Commissioner, Lincolnshire Police and Fire Headquarters, <b>Deepdale Lane, Nettleham, Lincoln, LN2 2LT</b>		
<b>Main Contact Person</b>	Joanne Davison		
<b>Contact Email</b>	Joanne.davison@lincs.police.uk	<b>Telephone</b>	01522 947406

<p><b>Project Summary</b> (this will be used for publicity purposes and uploaded onto the GL LEP website)</p>	<p><i>i) Economic Impact</i></p> <p>Covid-19 recovery - Covid-19 has had a significant impact on employment In Skegness. As of July 2020, over 12% of the working population of Skegness were in receipt of benefits, which is 200% higher than in July 2019. Skegness has an unemployment benefit claimant rate that is higher than any other town in the county. This project will ensure a number of existing posts are retained within the area, as well as creating new employment opportunities.</p> <p>Skegness has limited employment opportunities and as a result many young people leave the area to seek employment. This project will enable 30 new skilled jobs within Lincolnshire Police as well as securing approximately 30 existing National Probation Service jobs in the area.</p> <p>The area experiences seasonality issues when services are only utilised or open during the summer peak/holiday season. The centre will be used consistently through the year and conference/meeting space will be let to third parties, providing access to local, modern facilities for Skegness businesses and public sector partners. We would also seek to host conferences or training that could require local accommodation for event attendees in the 'off season'.</p>
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In terms of the wider local economy, a Lincolnshire company has been appointed to undertake the refurbishment work.

*ii) Delivery of Towns Fund Priorities*

**Urban regeneration, planning and land use** - Skegness Magistrates Court was closed by HMCTS in September 2016. The building has been vacant since this time and has fallen into a state of disrepair. This project involves the redevelopment and repurposing of a dilapidated site to provide quality commercial space.

**Clean growth** - The project supports the 'clean growth principle' with green and sustainable elements used throughout the refurbishment, including a new roof covering with upgraded insulation, a new heating and ventilation plant with BMS auto control energy management systems, photovoltaic solar panels, LED lighting, triple glazing, new energy efficient aluminium window frames, separate metering, six electric vehicle charging points and a charging infrastructure to increase the number of points in the future.

**One Public Estate** - The National Probation Service (NPS) will occupy part of the building, having received a notice to quit from their current location (Skegness Town Hall). The NPS is a statutory criminal justice agency and part of Her Majesty's Prison and Probation Service. Their aims are very closely aligned to those of Lincolnshire Police. and we are seeking to make best use of a public sector site in collaboration with NPS, generating efficiencies through reduced running costs and working in a more integrated way to reduce offending. The closer working arrangements with NPS in the same building will also lead to better management of and improved rehabilitation pathways for local offenders. This should result in a positive impact on crime in the town, particularly crimes such as shop theft which can be a blight on the local economy.

<b>Project Start Date</b> <i>date from which eligible expenditure will be incurred</i>	<b>Financial Completion Date</b> <i>date by which eligible costs will have been defrayed</i>	<b>Practical Completion Date</b> <i>date by which all Outputs/Results will be achieved</i>	<b>Activity Completion Date</b> <i>the date by which all the operation's activities described in the application will be completed</i>
July 2020	August 2021	March 2023	March 2023

Funding Summary					
	Town Fund Funding (a)	Public Match Funding (b) – please state	Private Match Funding (c) Please state	Totals (d)	Contribution Rates (if applicable) (a)/(d) x 100
Capital	£1.000m	£1.121m	-	£2.121m	47%
Revenue					
<b>Totals</b>	<b>£1.000m</b>	<b>£1.121m</b>	<b>-</b>	<b>£2.121m</b>	<b>47%</b>

Delivery Partners				
Will you work with other organisations to deliver this project?	YES	x	NO	
If YES, please state which other lead partners will be involved in delivery.				
Lincolnshire Police				
National Probation Service				

1. Deliverability
<p><b>1.1 What is the Project?</b></p> <p>(Please summarise in 100 words or less. More specific details can be provided in other sections of the form)</p> <p>The project involves the refurbishment of the old Skegness Magistrates Court, which has been vacant since 2016 and is now in a state of disrepair. This will enhance the townscape and improve the perception of the area, making it more attractive and accessible to residents, businesses and visitors.</p> <p>The building will be refurbished to provide a Training and Conference Centre for Lincolnshire Police and office accommodation for the National Probation Service (NPS) which will create and retain jobs in the area. The training and conference facilities will be let to third parties as appropriate, providing access to local, modern facilities.</p>
<p><b>1.2 How will the project be delivered, to and by whom?</b></p> <p>Briefly explain:</p> <ul style="list-style-type: none"> <li>• The specific activities that will be undertaken as part of the project</li> <li>• Who are the target beneficiaries?</li> <li>• Where the project's activity will take place</li> </ul> <p>Lincolnshire Police has identified the old Magistrates Court at Skegness as their preferred East Coast training / conference and meeting venue that satisfies the current and future training demands of the Force. The site, within the Skegness Town Centre area, will be redeveloped to provide good quality, flexible accommodation.</p>

The additional training capacity will support the Horizons 2023 Programme's Uplift Project. The first group of 30 student officers to use the building did so on April 6<sup>th</sup>, when they were one week into their training.

The National Probation Service (NPS) previously had a Contact Centre located in the Skegness Town Hall premises and received notice to quit. The space required by Lincolnshire Police for the training and conference venue is circa 1048m<sup>2</sup> leaving circa 465m<sup>2</sup> available for NPS to rent, thereby allowing them to retain a presence in the area and generating income towards running costs for Lincolnshire Police.

As a result of the project, 30 new jobs will be created in 2021/22 and 30 jobs retained in the local area. This will provide employment opportunities for local residents, as well as providing opportunities for volunteering.

Officer intakes are planned for March/April 2021, October 2021 and early 2022. From that point onwards we expect to have one intake of thirty undertaking initial training at Skegness every year. The creation of this training centre will be a direct encouragement for local people to consider a career in policing, delivering a workforce representative of the communities served, and connecting where people live and work. Lincolnshire Police are considering a range of measures to have a greater proportion of its workforce resident in the East of the county and the creation of the training centre in Skegness would be at the heart of this.

A Business Case has been developed and approved by the Police and Crime Commissioner. The OJEU compliant PAGABO procurement framework has been used to directly appoint a provider (Robert Woodhead) to undertake the required refurbishment work to the building. This work is complete and the facility is ready for occupation as of April 2021.

Skegness College and the proposed FE campus would be used to provide students for role plays that are key for our training for officers' engagement with young people. This also has a positive impact on students' perceptions of the police and seeing them as part of their community. As the new FE provision develops Lincolnshire Police is committed to creating close ties to ensure that students have positive views of local policing and public safety. There is also the opportunity for academic/vocational link up and hosting work experience placements.

## **2. Project Need**

### **2.1 Why is the project needed?**

Employment and training opportunities for local people – the centre would provide a career pathway opportunity for a number of young people, providing employment and negating the need to move out of area to secure work. Opportunities are also being explored to deliver work experience placements and develop links with the proposed FE campus.

Safeguarding and retention of jobs – investment in this project would secure the longer term presence of Lincolnshire Police at this site. The closure of Skegness Custody Suite and sale of the buildings is one of the options for achieving cost efficiencies and generating one-off income for the Force. The creation of a training centre at the station guarantees the long term viability of Skegness as a Tier 1 station (full station facilities with public front counter and custody suite) and also secures the presence of NPS in the area, with approximately 30 jobs.

The workforce of Lincolnshire Police currently resides 25% in the boundaries of East Area, 50% in the boundaries of the West area and 25% outside the force area but largely to the West of the Force area. The experience is

that this has made it difficult for the force to fill roles in East area because of the natural desire to work closer to home. Added to this, the Eastern and Central European population mostly reside within East Area and therefore under-representation of this demographic is exacerbated. The force has a strategic desire to redress this imbalance and one of the key strands to this is to provide facilities within the East of the county that reflect the emphasis of the East. To access Forces services, training and other essential activities it is largely the case that officers and staff need to travel to HQ or beyond. This creates additional burdens on staff and encourages decisions about home location to the west of the Force area. Currently, this starts from day one of a Police Officer's service that commences within a classroom in Nettleham. The creation of an East coast training facility will improve this for initial training but also allow for those within the East to have much of their force training delivered within the area boundaries. On opening, the Skegness facility will be largely utilised for initial training but even during the first two years L&D are planning on other key training that could be delivered using the newly created facilities.

In addition, within the Uplift Programme the Force is seeking to recruit those applicants that speak Polish, Latvian, Lithuanian and Russian. It is the Force view that having greater numbers with these skills will improve relationships with and understanding of Eastern/Central European communities and improve the quality of the policing service provided to those communities.

**2.2 What research or evidence has been undertaken to demonstrate the need , demand or impact of this project? Please attach or provide links to completed studies and impact assessments where available.**



Diversity Barriers and Opportunities Report

**2.3 Please explain how the project will deliver the strategic objectives of the Town Fund. How will the project support the key principles of sustainable development – including Equality and Diversity assessments.**

As of July 2020, over 12% of the working population of Skegness were in receipt of benefits and Skegness has an unemployment benefit claimant rate that is higher than any other town in the county. The regeneration of Skegness for long-term economic and productivity growth is dependent upon providing employment opportunities for the resident population and providing an environment which is attractive and accessible to residents, businesses and visitors.

The creation of a training centre in the old Magistrates Court (which is adjacent to and has interconnectivity with the existing Skegness Police Station) guarantees the long term viability of Skegness as a Tier 1 station (full station facilities with public front counter and custody suite). It not only supports the creation of 30 new, skilled posts in 2021, but it also secures the presence of NPS in the area, with the associated retention of approximately 30 jobs.

The centre will be used consistently through the year and conference/meeting space will be let to third parties, providing access to local, modern facilities for Skegness businesses and public sector partners. We would also seek to host conferences or training that could require local accommodation for event attendees in the 'off season'.

As the new FE provision develops Lincolnshire Police are committed to exploring the opportunity for academic/vocational link up and hosting work experience placements. This will help negate the need for young people to leave the area to undertake training.

A key strand of the Horizons 2023 Programme's Uplift Project is the intention to attract and recruit a greater number of officers to the force. Campaigns to recruit more officers have already commenced both nationally and locally. In Lincolnshire three groups have been identified as priority targets for positive attraction work as a result of the Diversity, Barriers and Opportunities report at 2.2, these are:

- People who currently reside on the East coast
- Eastern European communities where English is a second language
- Black and Minority Ethnic (BAME)

### 3. Project Timeline and Milestones

Please outline the key steps that have been, or will be, completed to ensure delivery of the project

Milestone	Forecast Date	Comments
Initial scheme design complete	May 2020	
Feasibility work completed	May 2020	
Acquisition of statutory powers	6 <sup>th</sup> September 2020	Formal decision to proceed with works taken by PCC
Detailed design completed	June 2020	
Planning Permission submitted	N/A	Planning consent for change of use is not required for this project.
Match funding secured	June 2020	Commitment from NPS.
Procurement process issued	June 2020	Decision taken to use PAGABO framework.
Procurement contracts Awarded	July 2020	Direct contract award.
Start of construction	July 2020	
Completion of construction	August 2021	

Please provide details on any other key work or stages that need to be completed (by when) to ensure delivery

Milestone	Forecast Date	Comments
Recruitment of second training team within Lincolnshire Police	February 2021	Team recruited and in post.

### 4. Options Analysis

#### 4.1 Rationale for Town Fund funding?

The project aligns to the Towns Fund objectives. We have maximised other income opportunities through our arrangement to lease accommodation to NPS.

#### 4.2 What other funding or delivery mechanisms were considered to deliver the proposed activity?

Home Office specific grant for the Police Uplift Programme was considered however it was fully utilised on other eligible expenditure so we were unable to use some of that grant for the Skegness Magistrates Court project.

**4.3 Additionality: What will the project deliver above and beyond what would happen anyway?**

Skegness College and the proposed FE campus would be used to provide students for role plays that are key for our training for officers’ engagement with young people. This also has a positive impact on students’ perceptions of the police and seeing them as part of their community. As the new FE provision develops Lincolnshire Police would be committed to creating close ties to ensure that students have positive views of local policing and public safety. There is also the opportunity for academic/vocational link up and hosting work experience placements.

As well as new officer intakes, other training will be delivered at this location which will bring officers in from across the force to Skegness. We shall also over the next 6-24 months seek to deliver more force wide functions from the Skegness site which could result in the need to recruit a further 30 staff. Although we expect the majority of new recruits to travel daily because they will be living more locally a number will need accommodation throughout their training period, which will benefit the local hospitality services.

It is also intended to use the building as a venue for community safety focussed courses on Prevent, Modern Slavery, County Lines etc. might add some wider community benefit.

**4.4 Scalability: What would happen if reduced Towns Fund funding was available?**

The assumption that external funding from the Town Deal will be forthcoming underpins our plans for future investment for the benefit of Skegness and elsewhere. If reduced Towns Fund funding was available the shortfall would need to be met from within the core policing budget, thereby resulting in a reduced budget for operational policing.

**5. Proposed Costs**

**5.1 Funding Profile**

	Previous years	Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Future Years	Total
i) Capital						
Towns Fund				£1.000m		1.000m
Public				£1.113m	£0.008m	1.121m
Private						
<b>Total Capital</b>				£2.113m	£0.008m	£2.121m

ii) Revenue Costs						
<b>Total revenue</b>				-	-	-
<b>Total Project Costs</b>				<b>£2.113m</b>	<b>£0.008m</b>	<b>£2.121m</b>
<b>Total Towns Funding</b>				<b>£1.000m</b>		<b>£1.000m</b>

### 5.2 Please provide more detail on what Towns Fund funding will be spent on

Demolition & Reconfiguration; Roof Works and Photovoltaic Panels; Windows & Doors; Electrical Works; Plumbing & Heating; Air Con; Lift; Ceiling/Floor/Décor; Access System & CCTV; Kitchen/WC/Shower; Blinds/ Furniture/Partition; Vehicle Charging; External Works.

### 5.3 Please detail the key assumptions used in the development of your budget and the research completed to prepare it, including how you ensure that the costs are commensurate with the required quality.

Providers supplied detailed costed plans prior to commencement of works and a cost/benefit analysis of options was undertaken prior to approving costs. This included costed plans relating to:

- Demolition and reconfiguration of building
- IT
- Revenue

All work is reviewed and a sign-off process is in place prior to payment to ensure that work has been undertaken to the required standard. The majority of cost has now been incurred and therefore the funding profile is an accurate reflection of spend incurred to date rather than cost estimates.

PCC revenue costs of the borrowing to fund the capital investment have been included in the PCC budget and Medium Term financial plan.

### 5.4 State the source(s) of your match funding, whether it is in place and if not, when is it likely to be confirmed?

£0.458 million of match funding from the Police and Crime Commissioner, plus £0.663m from National Probation Service, total (£1.121m).

The total value of the project is £2.121m. The PCC capital programme included the whole project cost for refurbishment works for Skegness Magistrates Court. The PCC associated capital charges for their contribution funded by borrowing are included in the current budget and Medium Term Financial Plan.

**6. Forecast Outputs**

**6.1 Output Profile**

	2018/19	2019/20	2020/21	2021/22	2022/23	Future Years	Total
<b>i) Core Outputs (Strategic Economic Plan)</b>							
Public Investment Leveraged (£)				£1.113m	£0.008m		£1.121m
Private Sector Investment Leveraged (£)							
Number of new Jobs Created (gross)				30	30		60
Number of Jobs Safeguarded (gross)				30			30
Number of new housing units completed							
<b>ii) Local Strategic Outputs</b>							
Commercial floorspace refurbished/constructed and occupied (sqm)				465	465		930
Number of businesses assisted to improve performance				2			2
Number of learners supported							
Number of new businesses created							
GVA Uplift							
<b>iii) Others (please list) *</b>							
Improving perceptions of the place by residents/visitors (%)				10%			10%
Number of enterprises utilising high quality, affordable and sustainable commercial spaces				9	12	12 per annum minimum	



**6.2 Please describe the rationale and assumptions you have made in establishing the outputs and results which will be achieved. This must link clearly to the project's activity and objectives. Please explain your method for calculating the target levels**

**Public Investment** - £0.458 million of match funding from the Police and Crime Commissioner, plus £0.663m from National Probation Service, total (£1.121m).

**Jobs created** – 30 new skilled jobs within Lincolnshire Police in 2021/22. Other training will also be delivered at this location which will bring officers in from across the force to Skegness. We shall also over the next 6-24 months seek to deliver more force wide functions from the Skegness site which could result in the need to recruit a further 30 staff.

**Jobs safeguarded** – The project will secure 30 posts within NPS

**Delivery of quality commercial space** - The space required by Lincolnshire Police for the training and conference venue is circa 1048m<sup>2</sup> leaving circa 465m<sup>2</sup> available to rent. In addition, when not in use by the Force, the training and conference facilities can be let as appropriate. It is assumed that 1 other organisation each month will utilise the facilities from July 2021.

**Improving perceptions of the place by residents/visitors** - The building has been vacant since September 2016 and has fallen into a state of disrepair. The redevelopment of the site will provide an enhanced townscape that is more attractive and more accessible to residents, businesses and visitors.

**Number of businesses assisted to improve performance**

As a minimum, Lincolnshire Police and NPS will be assisted to improve their performance.

**6.3 Please outline how the project will gather and assess evidence of outputs.**

- Public investment will be evidenced through financial reporting in line with the requirements of the Town Deal agreement
- The number of jobs created and safeguarded will be reported by Lincolnshire Police and NPS respectively
- Lincolnshire Police will report on the utilisation of the 465 m<sup>2</sup> commercial space and will separately report on use of the facilities by other organisations
- Lincolnshire OPCC will survey residents on their perceptions of the place prior to and post the project

**7. Management & Control**

**7.1 Please describe whether or not the necessary team is in place to carry out the proposed activity and if not what the plans are to recruit the relevant expertise? Please insert structure chart, if available.**

The necessary team to deliver the activity is in place. The specification was developed by Lincolnshire Police staff from the Learning and Development, ICT and Building Management teams. The procurement team provided the necessary expertise to inform the engagement of the provider to undertake the redevelopment of the building, and their work has been overseen by the Head of Asset and Facilities Management.

**7.2 Please explain the key risks identified for the project and how these will be managed and mitigated throughout the project. Please attach separate risk register, if available.**

Risk	Owner	Probability	Impact	Mitigation
Contractor delay may result in the accommodation not being refurbished in time	Head of Asset and Facilities Management	Low	High	<ul style="list-style-type: none"> <li>• Use of the PAGABO framework to promptly appoint</li> <li>• Regular progress review meetings between risk owner and provider</li> </ul>
Impact of Coronavirus (Covid-19) on: <ul style="list-style-type: none"> <li>• cost of materials</li> <li>• availability of materials</li> <li>• costs being incurred as a consequence of Covid-19 safe working practices</li> </ul>	Head of Asset and Facilities Management	Medium	Medium	<ul style="list-style-type: none"> <li>• Original costings included contingency</li> </ul>
Unforeseen works required	Head of Asset and Facilities Management	Low	High	<ul style="list-style-type: none"> <li>• Detailed plans and costings provided in advance of commencement of work</li> <li>• Immediate escalation from provider to risk owner</li> </ul>

# ECONOMIC CASE ANNEX

## INTRODUCTION

The purpose of the **Economic Case** is to identify the proposal that delivers best public value to society, including wider social and environmental effects.

## APPROACH TO ECONOMIC CASE

The Economic Case assesses the economic impacts of the **Police Training Centre** project and whether value for money for the public sector is optimised. This initially involved developing a long-list of options, with the options qualitatively assessed to identify a shortlist. A quantitative comparison of the shortlisted options and the Base Case is then set out to identify the preferred option. Sensitivity analysis follows to test the quantitative findings of the preferred option.

The assessment of economic benefits for this **Towns Fund** scheme has been undertaken in full compliance with the latest **HM Treasury Green Book** (2020) and relevant Departmental guidance, such as Ministry for Housing, Communities and Local Government (MHCLG).

There are a number of overarching assumptions which apply to the value for money assessment (unless otherwise stated):

- all short-listed options have been appraised over a **30-year period**, consistent with appraisal guidance for the refurbishment of existing assets.
- where Present Value figures are presented, cost and values have been **discounted at 3.5%**
- all monetised costs and benefits have been converted to **2021/22 prices**, with general inflation excluded.
- the costs and benefits of the intervention options are presented in net terms and relative to the Base Case. Adjustments have also been made for **additionality** e.g. leakage, displacement and multiplier effects where appropriate (as detailed below).
- **Optimism Bias** of 20% has been calculated using HM Treasury methodology and included in the value for money analysis.

The framework for assessing the economic benefits of the **Police Training Centre** project has been developed having regard to the HM Treasury Green Book, MHCLG, BEIS and DCMS guidance. As set out within the MHCLG Appraisal Guide, projects should be appraised on the basis of a **Benefit Cost Ratio (BCR)**.

The calculation of costs and benefits has accounted for latest recommendations from MHCLG in relation to the Towns Fund, as well as other recent publications for regeneration and cultural projects. Reflecting the diverse nature of the interventions and their expected impacts, as well as the existing conditions within Boston and

Skegness, a wide range of external benefits have been assessed in accordance with guidance as set out in the Economic Benefits section below.

## **ADDITIONALITY**

Of key importance in assessing the impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. Furthermore, it is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated.

To assess the net additional impact of the proposals and overall anticipated additionality of the proposed project options, the following factors have therefore been considered:

- **Leakage** – the proportion of outputs that benefit those outside of the project’s target area or group
- **Displacement** – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets
- **Multiplier effects** – further economic activity associated with additional local income and local supplier purchases
- **Deadweight** – outputs which would have occurred without the project (Base Case)

The approach to assessing the net additional impact of a project, taking into account the above adjustments, is shown diagrammatically below.



For the economic modelling, we have assumed a composite additionality factor of 80%

## ECONOMIC BENEFITS

The economic modelling included a number of monetised benefits, consistent with governmental guidance. These included (i) land value uplift; (ii) educational; (iii) wellbeing of residents into work; (iv) labour market entrants; and (v) events. These benefits are outlined in more detail below

Towns Fund investment theme	Key benefits	Wider social and economic benefits	Key guidance to model and monetise benefits
Urban regeneration, planning and land use	<ul style="list-style-type: none"> <li>• <i>Land value uplift</i></li> </ul>	<ul style="list-style-type: none"> <li>• Uplift in private land values</li> <li>• Increases in local employment and GVA</li> </ul>	MHCLG
Skills infrastructure	<ul style="list-style-type: none"> <li>• <i>Educational</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased employment and income</li> <li>• Attraction of businesses interested in the skills offered by the new infrastructure</li> </ul>	BEIS
Enterprise infrastructure	<ul style="list-style-type: none"> <li>• <i>Residents into work</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased employment and income</li> <li>• Better wellbeing</li> </ul>	MHCLG
Enterprise infrastructure	<ul style="list-style-type: none"> <li>• <i>New entrants</i></li> </ul>	<ul style="list-style-type: none"> <li>• Increased employment and income</li> <li>• Improved wellbeing</li> </ul>	MHCLG
Arts, culture, and heritage	<ul style="list-style-type: none"> <li>• <i>Events</i></li> </ul>	<ul style="list-style-type: none"> <li>• Social benefits from improved access to culture</li> <li>• Community cohesion</li> </ul>	DCMS

## ECONOMIC COSTS

The financial costs of the proposed intervention have been developed by the **Police Training Centre** Project Team, drawing on significant experience of delivering similar projects across the local authority areas.

The nominal financial costs in the Financial Case have been converted to economic costs in line with the Green Book approach by using the HM Treasury's GDP deflator index to convert estimates of future costs to Constant (2021/22) prices. The constant price costs have been adjusted to present value costs by applying the Treasury's Social Time Preference discount rate of 3.5% per annum. Public capital expenditure within the programme is expected to run until 2022/23, in line with the Towns Fund guidance.

Type	Source	Total Amount
Public sector cost (undiscounted)	Local Authority	£2.1 million
Public sector cost (discounted)	Green Book STPR	£2.1 million
Optimism Bias	AMION	£0.4 million
Public sector cost (with OB)	-	£2.5 million

## VALUE FOR MONEY ASSESSMENT

A bespoke economic model was created to calculate the Benefit Cost Ratio, BCR of the proposed intervention. The results are summarised below

Value for money assessment (£M, discounted, 2021 prices)		Core scenario	Sensitivity test 1 No educational	Sensitivity test 2 No labour entrant
<b>Economic benefits</b>				
Land value uplift		£0.2	£0.2	£0.2
Educational		£2.5	-	£2.5
Residents in work		£0.5	£0.5	£0.5
Labour market entrants		£4.9	£4.9	-
Events		£0.3	£0.3	£0.3
<b>Total economic benefits</b>	<b>(A)</b>	<b>£8.4</b>	<b>£5.9</b>	<b>£3.5</b>
<b>Economic costs</b>				
Towns Fund	(B)	£1.2	£1.2	£1.2
Co-funding	(C)	£1.3	£1.3	£1.3
<b>Total public sector</b>	<b>(D) = (B) + (C)</b>	<b>£2.5</b>	<b>£2.5</b>	<b>£2.5</b>
<b>Benefit Cost Ratio</b>	<b>(A) / (D)</b>	<b>3.3</b>	<b>2.8</b>	<b>1.7</b>

From Green Book (2020) guidance (p. 40): When considering proposals from a UK perspective the relevant values are viewed from the perspective of UK society as a whole. Where appraising a place based policy or a UK wide proposal with place based effects the relevant values include effects in the place of interest and similar nearby travel to work areas. The relevant costs and benefits which may arise from an intervention should be valued and included in Social CBA unless it is not proportionate to do so. The priority costs and benefits to quantify are those likely to be decisive in determining the differences between alternative options. The appraisal of social value involves the calculation of Net Present Social Value (NPSV) and Benefits Cost Ratios (BCRs) the ratio of benefits to costs.

## SUMMARY

The analysis undertaken in this Economic Case was consistent with HM Treasury's Green Book and other departmental guidance.

For the **Police Training Centre** project, specific benefits modelled are associated with degree apprenticeship learning, labour supply benefit, wellbeing benefit from moving residents into employment, land value uplift of refurbished centre and social value benefits from attending conferences/events. Majority of benefits arise from labour supply benefits and learning benefits.

The costings have been calibrated for Optimism Bias and discounted using HMT's 3.5%.

The **BCR = 3.3** provides a "very strong" value for money. (MHCLG Appraisal Guide classes a BCR greater than two as 'high' value for money and between one and two as 'acceptable').