

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

Lead LA name: East Lindsey District Council

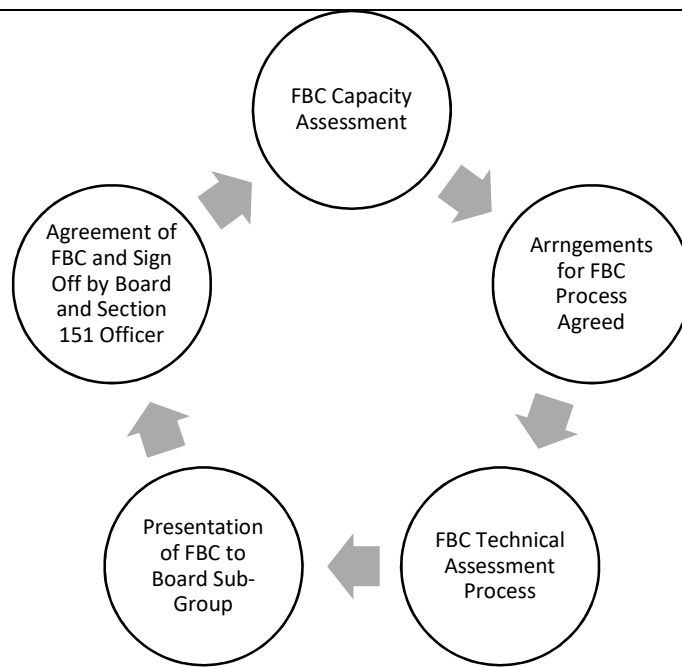
Name and job title: Adrian Sibley, Section 151 Officer

Signature:

Date: 29/7/21

Project summary table (Skegness)

| Project summary table |
|---|
| Project name: Hardy's Multi-User Trail |
| Date: 26 July 2021 |
| Actions taken to address project conditions 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. |
| Business case appraisal Provide details of how the business case has been appraised: <ul style="list-style-type: none">- type of business case- Any internal assurance- Any external assurance |
| 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">• 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• Stage 2 – Agreement with project of the process to achieve the Full Business Case• 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• Stage 4 – Presentation of Full Business Case to Connected Board Sub-Group (using the same groups which assessed the OBC forms)• Stage 5 – Agreement of FBC via Board and sign off by Section 151 Officer A flow chart showing the process set out above is shown below: |



| |
|---|
| Total project value (£, million) |
| £1.438 million |
| Towns Fund project value (£, million): |
| £0.52 million |
| Match-funding (Private or Public) Provide the total (£, million) and breakdown of sources |
| Funding is in place from retained earnings within the business specifically earmarked for delivery of the wider project. These funds are available to make an immediate start. |
| Quantified benefit-cost ratio/value for money (BCR or NPSV) 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. |
| BCR = 2.3 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 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 Hardy’s Multi-User Trail project, benefits arise from Active Travel benefits, additional visitors to the Farm and employment effects (residents into employment and labour supply). This project provides a 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 | | 0.52 | | | | |
| CDEL | | 0.52 | | | | |
| 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 |
|---|----------------------------------|-------------|--------|--|
| Subcontractor fails to complete project | Hardys Farm Ltd / Subcontractors | Low | High | We would usually pay for the works in arrears in instalments, therefore should a subcontractor fail for whatever reason, the funds would still be in place to complete the project. |
| Substandard completion of work | Hardys Farm Ltd / Subcontractors | Low | Medium | Continual monitoring of the works as they were completed would ensure that any issues were identified early and rectified. Additionally, specifications of work and guarantees would ensure that any issues were resolved post construction. |
| Poor weather delaying work | Hardys Farm Ltd / Subcontractors | Low | High | Our experience suggests that unless extreme weather is experienced there is sufficient slack in the schedule to deal with minor delays due to poor ground conditions. Given the proposed start date, this risk is much less than would be the case during the winter months. |
| Coronavirus Restrictions cause delay | Central Government | Medium | Low | Given the ability for contractors to remain at work during the most recent lockdown, the impact of future restrictions have reduced. Particularly given the outdoor nature of the project, |

| | | | | |
|--|----------------------------------|------|------|--|
| Materials shortages affecting ability to deliver | Hardys Farm Ltd / Subcontractors | High | High | Early booking of materials is essential given the timeline of the project. Early booking of concrete products are particularly important at the present time, however we have a network of suppliers for civil engineering products which will help to mitigate this risk. |
|--|----------------------------------|------|------|--|

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 | 01/04/21 | Planning & Design completed in preparation of scheme |
| Feasibility work completed | 01/04/21 | |
| Acquisition of statutory powers | 01/04/21 | |
| Detailed design completed | 01/04/21 | |
| Planning Permission submitted | 06/12/19 | |
| Match funding secured | 01/04/21 | |
| Procurement process issued | 01/05/21 | |
| Procurement contracts Awarded | 21/08/21 | |
| Start of construction | 01/09/21 | Dependant on timely confirmation of start with contractors |
| Completion of construction | 01/11/21 | Roughly 8 weeks of construction activity |
| Start of activity | 01/12/21 | Assuming some final ground preparation and landscaping following construction completion |

Partnerships:

None

Planning Permission:

Secured

Interdependencies:

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

Risks and mitigations:

As per deliverability section above. In addition, commitments in place for the upkeep and maintenance of the trail: As the trail is situated on land belonging to Hardys Farm Ltd, the insurance, maintenance, and upkeep will fall on the landowner after the initial construction. This will be met as any liability will fall with the landowner so therefore it is strongly in their interest to ensure that the standard of finish is properly maintained for the safety of the path users along with the visual appeal of our adjoining development. This is one of the key drivers for delivering the path to a high specification, to ensure that its longevity is enabled and it is easy to repair when the need arises.

Town Deal Board Chair name & signature

TDB Chair Name:

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

| | |
|---------------------------------|--|
| Project Name | Hardys Multi User Trail |
| Project Location | A52, Ingoldmells, Skegness, Lincolnshire |
| Site ownership | Hardys Farm Ltd |
| Planning Application Ref | S/090/01847/19 |

| | | | |
|--------------------------------|---------------|--------------------------------|----------|
| Total Project Value (£) | £1,438,514.23 | Town Funding Sought (£) | £520,000 |
|--------------------------------|---------------|--------------------------------|----------|

| | | | |
|----------------------------|---|------------------|--------------|
| Lead Applicant | Hardys Farm Ltd | | |
| Organisation Type | Limited Company | | |
| Applicant Address | Grays Farm, Anchor Lane, Ingoldmells, Skegness, Lincs. PE25 1LZ | | |
| Main Contact Person | Stuart Hardy | | |
| Contact Email | stuart@hardysfarm.co.uk | Telephone | 07795 402668 |

| | |
|---|--|
| Project Summary (this will be used for publicity purposes and uploaded onto the GL LEP website) | <p><i>i) Economic Impact</i></p> <p><i>The provision of this public realm asset will encourage visits by walkers and cyclists, therefore helping to extend the season and increase visitor spend during the shoulder season. Whilst the direct financial impacts of public goods are very difficult to quantify, the synergies with other projects will undoubtedly improve the ability of visitors to move around the area.</i></p> |
| | <p><i>ii) Delivery of Towns Fund Priorities</i></p> <p><i>The trail meets objectives for improving connectivity on the coast, improving the perception of place, and encouraging use of sustainable forms of transport. This will ensure that we are investing in a cleaner and greener future, enabling our communities to make environmentally sound choices.</i></p> |

| Project Start Date <i>date from which eligible expenditure will be incurred</i> | Financial Completion Date <i>date by which eligible costs will have been defrayed</i> | Practical Completion Date <i>date by which all Outputs/Results will be achieved</i> | Activity Completion Date <i>the date by which all the operation's activities described in the application will be completed</i> |
|---|---|---|---|
| 01/09/21 | 31/12/2022 | 01/12/2021 | 01/04/28 |

| Funding Summary | | | | | |
|-----------------|-----------------------|--------------------------|---------------------------|----------------------|--------------------|
| | Town Fund Funding (a) | Public Match Funding (b) | Private Match Funding (c) | Totals (d) | Contribution Rates |
| Capital | £520,000 | £0 | £918,514.23 | £1,438,514.23 | 36.15% |
| Revenue | £0 | £0 | £0 | £0 | 0% |
| Totals | £520,000 | £0 | £918,514.23 | £1,438,514.23 | 36.15% |

| Delivery Partners | | | | |
|--|-----|--|----|---|
| Will you work with other organisations to deliver this project? | YES | | NO | X |
| If YES, please state which other lead partners will be involved in delivery. | | | | |

| 1. Deliverability |
|---|
| <p>1.1 What is the Project?</p> <p>(Please summarise in 100 words or less. More specific details can be provided in other sections of the form)</p> <p>Delivery of a one mile long, 2.4m wide multiuser path, interconnecting existing footpaths and providing pedestrian and off road route for transit between the major resorts of Ingoldmells and Chapel St Leonards. The path will be provided to a very high standard on private land away from the main carriageway. In addition, the project aims to deliver facilities for extending the bus route on Anchor Lane to allow interconnection between the Stagecoach 1, 1A & 3 bus routes will be provided alongside proposed highways improvements within the wider tourism and commercial development.</p> |
| <p>1.2 How will the project be delivered, to and by whom?</p> <p>Briefly explain:</p> <ul style="list-style-type: none"> • The specific activities that will be undertaken as part of the project • Who are the target beneficiaries? • Where the project's activity will take place <p>The trail is located along the main A52 connecting Chapel St Leonards and Ingoldmells on land owned by Hardys Farm Ltd and has planning permission already in place. This will join existing roads and paths to create a free to use, 4-mile circular route, with connection to the beach and promenade. The A52 is the main connecting road for the coastal resorts along the within Lincolnshire, which attract almost 5m visitors per annum, and sited between two of the major resort villages. The trail will feature wide verges and is lined by native trees which when mature will provide an attractive environment for the route as shown in the visualisation submitted. All maintenance will be undertaken at the cost of Hardys Farm Ltd, thus providing employment both during construction and in the longer term.</p> <p>The project will consist of an initial phase of groundworks to excavate the footpath on the provided strip, this will then be metalled with a stone base, concrete path edged and finished with a tarmac surface. This path will link into the existing footpath network at Anchor Lane in Ingoldmells and Trunch Lane in Chapel St Leonards and run parallel to the A52 in a 20m deep corridor lined with native hedgerows and trees.</p> |

The main beneficiaries of these works will be the residents and visitors to Chapel St Leonards and Ingoldmells, along with the Pick Your Own fruit farm and Car Boot sales ground businesses along the route.

2. Project Need

2.1 Why is the project needed?

Currently, no safe passage exists for pedestrians on the A52 which links the resorts of Ingoldmells & Chapel St Leonards, who are forced to push children in buggies and use slow-moving mobility scooters on a 60mph road during the busy tourist season. People currently have no option but to walk on the road to transit between the villages or access businesses such as the fruit-farm and car boot sales ground along the route. This project meets the GLLEP Structural Investment Strategy (SIS pg.36) that “by strengthening the visitor economy, services can be enjoyed by local people, making an area more attractive to live and help attract and retain skilled staff” and improve on the limited connectivity and detached visitor offer in the area.

In addition to the above benefits, the Multi-User Trail should also assist in extending the tourist season, as it will provide an off-road route for leisure cyclists and walkers while enabling easy connection into the coastal path. As a family seaside resort, we have not attracted enough natural tourism or cycling visitors, and facilities such as this will improve infrastructure to help attract this market. These visitors are more likely to visit outside of our standard peak season. Therefore they will provide economic benefit during the shoulder season, helping to smooth the peaks and troughs in demand that family seaside resorts face, which have been hugely exacerbated by the School term-time fines policies in recent years.

Furthermore, the trail and bus turnaround will improve footfall for the businesses adjacent to the route, and by making migration easy, open up access between the resorts and increase footfall throughout the locality. The wider benefits of this project focus on the improvement of place. An improved environment will encourage people to visit and also help attract skilled workers to live here. This is of great value to businesses already operating here, as highly skilled and professional workers are desperately sought in this area. As outlined in the GLLEP SIS, “a high-quality environment can enhance quality of life, improve productivity, help tackle deprivation and attract people, businesses and investment” (SIS pg.127) which given the very high deprivation indices for this area, would be especially valuable.

The benefits of providing an enhanced piece of infrastructure would be available to both our traditional visitors and residents, allowing people to move freely between the two resorts. As discussed previously this is currently a hazardous journey, does not provide a good visitor experience and creates a detached network of infrastructure. This is an opportunity to provide a much more valuable asset than would otherwise be provided, complementing the other aims of the towns fund in enhancing the quality of visitor offer and improving the area.

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.

During the process of obtaining planning permission for the wider tourism development, consultation was undertaken with the affected Parish Councils which identified wholehearted support for the access improvement and community benefit elements of the scheme, of which this is a significant part. During these council meetings, concerns were voiced by Councillors regarding the lack of safe pedestrian transit along the A52, with visitors often seen pushing children in buggies on the edge of a 60mph road during

the summer season. Therefore this will provide a significant improvement on perception of place from these visitors.

The access improvements will be greatly appreciated by both visitors and local residents. There has been a long standing underinvestment by the public sector in Ingoldmells & Chapel St Leonards, particularly for encouraging and enabling sustainable forms of transport.

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.

The project will, as outlined above, contribute to improving the perception of place by visitors and residents by providing a high quality, landscaped access between the resorts. This will help the towns fund to provide a facility for a wider range of visitors, including walkers and cyclists, who will likely visit outside the standard peak season. Therefore, this will help to lengthen the season and improving the financial viability of local businesses and improve their ability to reinvest and consequently, the quality of offer.

This project will also improve connectivity on the coast, by creating new, safe sustainable routes between resorts, whilst concurrently enabling bus routes to interconnect and make it easier for visitors and residents to move around the area and encourage use of public transport.

In addition to the above benefits, the Multi-User Trail should also assist in extending the tourist season, as it will provide an off-road route for leisure cyclists and walkers while enabling easy connection into the coastal path. As a family seaside resort, we have not attracted enough natural tourism or cycling visitors, and facilities such as this will improve infrastructure to help attract this market. These visitors are more likely to visit outside of our standard peak season. Therefore they will provide economic benefit during the shoulder season, helping to smooth the peaks and troughs in demand that family seaside resorts face, which have been hugely exacerbated by the School term-time fines policies in recent years.

The benefits of providing an enhanced piece of infrastructure would be available to both our traditional visitors and residents, allowing people to move freely between the two resorts. As discussed previously this is currently a hazardous journey, does not provide a good visitor experience and creates a detached network of infrastructure. This is an opportunity to provide a much more valuable asset than would otherwise be provided, complementing the other aims of the towns fund in enhancing the quality of visitor offer and improving the area.

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 | 01/04/21 | Planning & Design completed in preparation of scheme |
| Feasibility work completed | 01/04/21 | |
| Acquisition of statutory powers | 01/04/21 | |
| Detailed design completed | 01/04/21 | |
| Planning Permission submitted | 06/12/19 | |
| Match funding secured | 01/04/21 | |
| Procurement process issued | 01/05/21 | |
| Procurement contracts Awarded | 21/08/21 | |
| Start of construction | 01/09/21 | Dependant on timely confirmation of start with contractors |
| Completion of construction | 01/11/21 | Roughly 8 weeks of construction activity |
| Start of activity | 01/12/21 | Assuming some final ground preparation and landscaping following construction completion |

4. Options Analysis

4.1 Rationale for Town Fund funding?

Currently, no safe passage exists for pedestrians on the A52 which links the resorts of Ingoldmells & Chapel St Leonards, who are forced to push children in buggies and use slow-moving mobility scooters on a 60mph road during the busy tourist season. People currently have no option but to walk on the road to transit between the villages or access businesses such as the fruit-farm and car boot sales ground along the route. This project meets the GLLEP Structural Investment Strategy (SIS pg.36) that “by strengthening the visitor economy, services can be enjoyed by local people, making an area more attractive to live and help attract and retain skilled staff” and improve on the limited connectivity and detached visitor offer in the area.

As a by-product of increasing visitor numbers through schemes such as this there will be a safeguarding effect on the wider employment market, and create jobs with less seasonality in third party businesses to support these visitors. Furthermore, the wider development that this project is a part of will also deliver up to 100 new jobs in our business plus the jobs created in the commercial development which this trail links to. Therefore this helps meet the priority for creation of jobs and lengthening the season by both this specific project and to a much greater effect the wider scheme.

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

We investigated support through the RDPE, however it was difficult to align the additionality of the scheme with their funding priorities. Discussions were held with Sustrans and Lincolnshire County Council who were unable to consider funding or adoption of the route as it runs through private land and is not directly adjacent to the public highway.

Until this funding scheme came to our attention, we were intending to provide a standard grassed path as required by the planning permission. This would be the most cost effective solution for us as a business, however we feel that it is an opportunity to improve the amenity of the area by providing a much more usable

and attractive solution for the benefit of all. This further expanded in scope to try to also deliver cycling infrastructure which is futureproof and potentially attracts a wider demographic of customer to the area.

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

Until this funding scheme came to our attention, we were intending to provide a standard grassed path as required by the planning permission. This would be the most cost effective solution for us as a business, however we feel that it is an opportunity to improve the amenity of the area by providing a much more usable and attractive solution for the benefit of all. This then expanded in scope to try to also deliver cycling infrastructure which is futureproof and potentially attracts a wider demographic of customer to the area. As such, this will offer very limited benefit for cyclists, parents with buggies and disabled/mobility scooter users which, given the demographics of our visitor base, the latter groups are a significant proportion of potential users.

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

In order to deliver the additional benefits of a hard surfaced multi user path rather than a simple public footpath, and bring about the benefits referenced above the grant scheme is imperative. Without it, a simple grass footpath would be provided, a great opportunity to provide additionality would be lost and the area would not gain a facility which helps to meet current national and regional objectives. The surface of the footpath is a cost which cannot be scaled back, and is the primary source of the cost of the project.

5. Proposed Costs

5.1 Funding Profile

| | Previous years | Year 1 | Year 2 | Year 3 | Future Years | Total |
|----------------------------|-----------------|----------------|-------------------|-----------|----------------|-------------------|
| i) Capital | | 2020/21 | 2021/22 | 2022/23 | | |
| i) Capital | | | | | | |
| Towns Fund | £0 | £0 | £520,000 | £0 | £0 | £520,000 |
| Public | £0 | £0 | £0 | £0 | £0 | £0 |
| Private | £220,000 | £20,000 | £918,500 | £0 | £10,000p/a | £1,208,500 |
| Total Capital | £220,000 | £20,000 | £1,438,500 | £0 | £50,000 | £1,728,500 |
| ii) Revenue Costs | £0 | £0 | £0 | £0 | £0 | £0 |
| Total revenue | £0 | £0 | £0 | £0 | £0 | £0 |
| Total Project Costs | £220,000 | £20,000 | £1,438,500 | £0 | £50,000 | £1,728,500 |

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

The towns fund will be spent on groundworks to enable delivery of the multi user path, including materials and aggregates, tarmac surfacing and culverts to cross ditches at the northern extremity of the trail. Along with landscaping and ensuring the surrounding verge is finished to a high standard. Finally funding will be used to

extend the bus route of the number 3 route to facilitate turning further down Anchor Lane to enable it to interconnect with the 1 & 1A routes.

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.

A finished quality has been specified which meets Lincolnshire County Council specifications, and has been designed to withstand plant and machinery using the path to maintain the hedgerows and ditches which line the route. This will ensure the safety and longevity of the surface and ensure that the investment lasts and will continue to present a high quality finish to visitors.

The provision of a deep base coat of tarmac and a 25mm wearing course will ensure that maintenance is straightforward and the surface is capable of withstanding use and weather over the longer term.

The intention is to seed the verges with pollinator mixes to provide a visual interest and ecological benefit along the route.

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?

Funding is in place from retained earnings within the business specifically earmarked for delivery of the wider project. These funds are available to make an immediate start.

| 6. Forecast Outputs | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|---------------------|------------------|
| 6.1 Output Profile | | | | | | | |
| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Future Years | Total |
| Core Outputs (Strategic Economic Plan) | | | | | | | |
| Public Investment Leveraged (£) | | | | | | | |
| Private Sector Investment Leveraged (£) | | | | 918,514 | | | 918,514 |
| Number of new Jobs Created (gross) | | | | 2 | 2 | 2 pa | 2 pa |
| Number of Jobs Safeguarded (gross) | | | | | | | |
| Number of new housing units completed | | | | | | | |
| | | | | | | | |
| Local Strategic Outputs | | | | | | | |
| Commercial floorspace refurbished/constructed and occupied (sqm) | | | | | | | |
| Number of businesses assisted to improve performance | | | | | | | |
| Number of learners supported | | | | | | | |
| Number of new businesses created | | | | | | | |
| GVA Uplift | | | | | | | |
| | | | | | | | |
| Others (please list) * | | | | | | | |
| Increased Footfall | | | | | 29,600 | 29,600 pa | 29,600 pa |
| Modal Shift | | | | | 3540 | 3540 | 3540 pa |
| Increase in Visitors | | | | | 2250 | 2250 | 2250 pa |

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

Increased Footfall – based on projecting forward a proportionate growth in the current number of pedestrian journeys to tourism assets in Skegness.

Modal Shift – based on the number of public sector transport users evidenced through Skegness railway station.

Increase in Visitors – based on a 5% pa increase connected with the current baseline of visitors to Hardy's facilities.

Number of new jobs created – based on assumed level of spend and GVA increase arising from the visitor numbers above.

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

Increased footfall – annual footfall surveys.

Based on a random annual sample of path users.

Based on current record keeping arrangements at Hardy's attraction.

Extrapolation of the three data collection activities above and division of identified spend by cost per tourism job.

| 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. | | | | |
| Expertise for delivery of the project is already in place within Hardys Farm Ltd and the preferred subcontractors. We have a very strong track record of implementing and delivering groundworks projects, both in house and using subcontractors, but more commonly as a hybrid of the two. This project is well within the scale of works we have undertaken previously | | | | |
| 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 |
| Subcontractor fails to complete project | Hardys Farm Ltd / Subcontractors | Low | High | We would usually pay for the works in arrears in instalments, therefore should a subcontractor fail for whatever reason, the funds would still be in place to complete the project. |
| Substandard completion of work | Hardys Farm Ltd / Subcontractors | Low | Medium | Continual monitoring of the works as they were completed would ensure that any issues were identified early and rectified. Additionally, specifications of work and guarantees would ensure that any issues were resolved post construction. |
| Poor weather delaying work | Hardys Farm Ltd / Subcontractors | Low | High | Our experience suggests that unless extreme weather is experienced there is sufficient slack in the schedule to deal with minor delays due to poor ground conditions. Given the proposed start date, this risk is much less than would be the case during the winter months. |
| Coronavirus Restrictions cause delay | Central Government | Medium | Low | Given the ability for contractors to remain at work during the most recent lockdown, the impact of future restrictions have reduced. Particularly given the outdoor nature of the project, |

| | | | | |
|---|---|-------------|-------------|---|
| Materials shortages affecting ability to deliver | Hardys Farm Ltd / Subcontractors | High | High | Early booking of materials is essential given the timeline of the project. Early booking of concrete products are particularly important at the present time, however we have a network of suppliers for civil engineering products which will help to mitigate this risk. |
|---|---|-------------|-------------|---|

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 **Hardy's Multi-User Trail** 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 **Hardy's Multi-User Trail** 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.

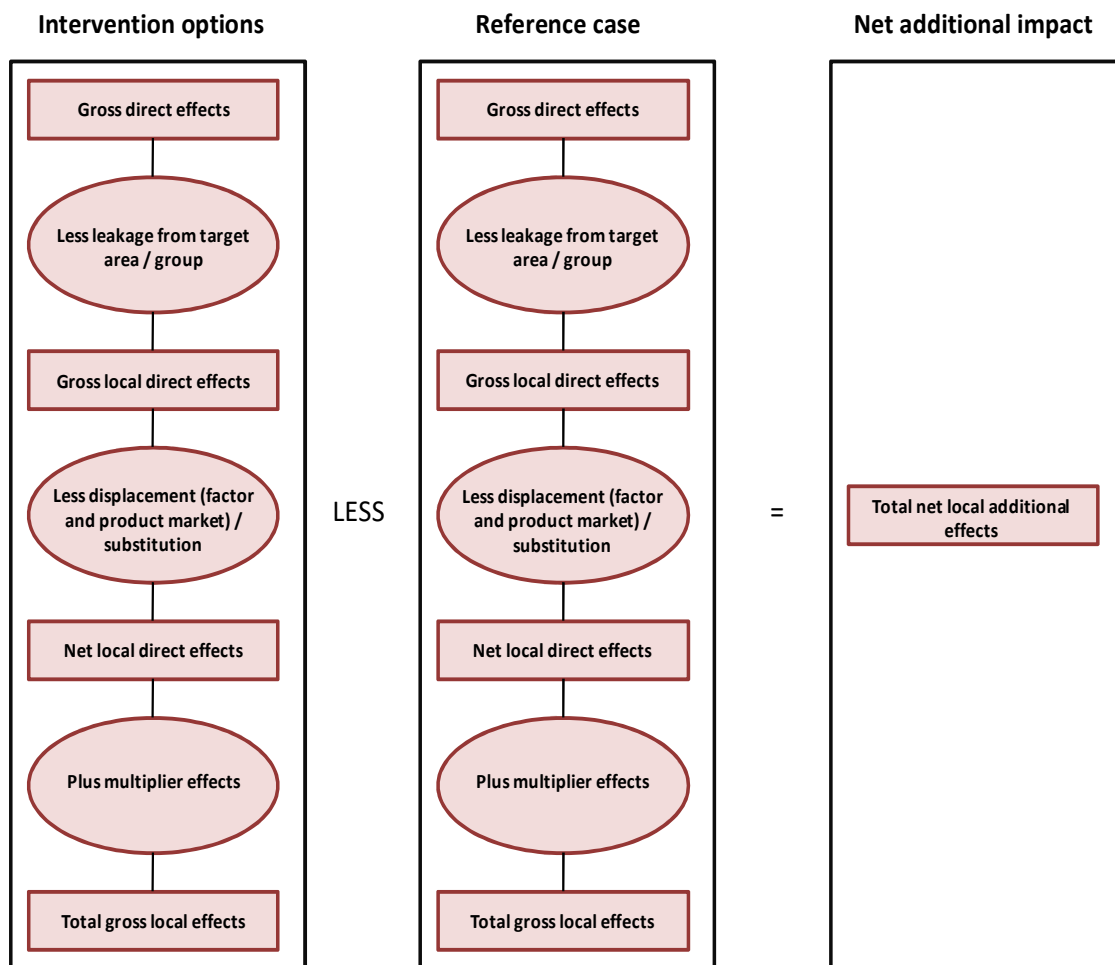
ADDITIONALITY

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) Active Travel; (ii) additional visitors; (iii) wellbeing of residents into work; and (iv) labour market entrants.

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 |
|------------------------------------|--|---|---|
| Local transport | <ul style="list-style-type: none"> User benefits (time savings, cost savings) Environmental benefits | <ul style="list-style-type: none"> Health benefits (from increased physical activity and improved air quality) Productivity benefits (e.g. agglomeration) | DfT's Transport Appraisal Guidance (TAG) |
| Arts, culture, and heritage | <ul style="list-style-type: none"> Visitors | <ul style="list-style-type: none"> Social benefits from increased visitors Community cohesion | DCMS |
| Enterprise infrastructure | <ul style="list-style-type: none"> Residents into work | <ul style="list-style-type: none"> Increased employment and income Better wellbeing | MHCLG |
| Enterprise infrastructure | <ul style="list-style-type: none"> New entrants | <ul style="list-style-type: none"> Increased employment and income Improved wellbeing | MHCLG |

ECONOMIC COSTS

The financial costs of the proposed intervention have been developed by the **Hardy's Multi-User Trail** 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 | £0.52 million |
| Public sector cost (discounted) | Green Book | £0.52 million |
| Optimism Bias | AMION | £0.10 million |
| Public sector cost (with OB) | - | £0.62 million |

VALUE FOR MONEY ASSESSMENT

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

| Value for money assessment (£M, discounted, 2021 prices) | | Core scenario | Sensitivity test 1 No visitors | Sensitivity test 2 No jobs |
|---|------------------------|---------------|-----------------------------------|-------------------------------|
| Economic benefits | | | | |
| Active Travel | | £1.17 | £1.17 | £1.17 |
| Visitors | | £0.21 | - | £0.21 |
| Residents in work | | £0.02 | £0.02 | - |
| Labour market entrants | | £0.02 | £0.02 | - |
| Total economic benefits | (A) | £1.40 | £1.19 | £1.36 |
| Economic costs | | | | |
| Towns Fund | (B) | £0.62 | £0.62 | £0.62 |
| Co-funding | (C) | - | - | - |
| Total public sector | (D) = (B) + (C) | £0.62 | £0.62 | £0.62 |
| Benefit Cost Ratio | (A) / (D) | 2.3 | 2.2 | 2.2 |

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 **Hardy's Multi-User Trail** project, specific benefits come from benefits arise from Active Travel benefits, additional visitors to the Farm and employment effects (residents into employment and labour supply).

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

The **BCR = 2.3** provides a "high" value for money. (MHCLG Appraisal Guide classes a BCR greater than two as 'high' value for money and between one and two as 'acceptable').