HM Government

Blackpool Council

Part 1: Project Summary Document

Towns should complete this for each project.

Summary Document table
1. Project name: Blackpool Multiversity
2. Heads of Terms project conditions – 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.
The project had no conditions set out in the Heads of Terms (27th October 2020) by DLUHC (formerly MHCLG).
3. Business case appraisal Provide details of how the business case has been appraised including: – business case type – any internal or external assurances
A Green Book 5 case business case was developed for the Multiversity project. **Approach to Appraisal.** Business Case development has been managed and overseen by the Growth and Prosperity Team within Blackpool Council working directly with public, private and community stakeholders and supported directly by CBRE, Hawkins Brown, and external HM Treasury Green Book business case development specialists (Amion Consulting). To support the Business Case Appraisal process, Blackpool Council, as accountable body, ensured an assurance system was put in place that would provide Government and local partners with assurance that decisions over the allocation of Town Deal funding are proper, transparent, involves accountable decision making and deliver value for money whilst incorporating monitoring and evaluation activity. The Town Deal Investment Panel (TDIP) incorporating suitably skilled individuals drawn from the Blackpool Town Deal Board and relevant partner agencies (with representatives from the public, private, and community sectors), have been utilised to ensure there is sufficient oversight and scrutiny of the business case proposals brought forward. A private sector Town Deal Board member was appointed to Chair. This panel in turn reported to the Town Deal Board, regarding the allocation and best use of public sector funding. The TDIP has its own terms of reference agreed by the Town Deal Board.

The TDIP was supported by the Growth & Prosperity Team of Blackpool Council in line with its existing secretariat role to the Town Deal Board.

The following 6 stage process of appraisal was implemented:

- Stage 1: A full Business Case (using the five-case business model) was developed for the Multiversity scheme. The business case content and depth was proportionate to the funding amount requested (£9m Town Deal).

- Stage 2: The Business Case was submitted to the TDIP on 28th September. An initial presentation was provided to the TDIP on the same day and previously to the Town Deal Board on 17th September).

The TDIP undertook an initial review to ensure that the project was in line with the Town Investment Plan submission and the approval in the Government's Heads of Terms.

- Stage 3: If there were any concerns or suggested changes (i.e. a negative decision) the TDIP panel had the opportunity to return the submission with comments for improvement and subsequent resubmission.

- Stage 4: In the case of the Multiversity, it was a positive position, and the TDIP appointed independent appraisers (Genecon), drawn down from a Blackpool Council appointed Framework Panel further to tender. The appraisers then undertook a green book compliant appraisal, liaising with Council officers, ensuring it met with outlined VFM requirements.

- Stage 5: The independent evaluation report was fed back to the TDIP with recommendations at its 27th October meeting which the appraiser attended. The TDIP reviewed the appraisal and provided a recommendation to the Town Deal Board at its 12th November meeting and the Chief Executive of Blackpool Council (under approved delegation arrangements) for final approval. The business case was accompanied by recommendations for consideration.

- Stage 6: The scheme was approved by the Board and Blackpool Council's Chief Executive who have signed under his delegation and this Project Summary Document has been signed by the s151 Officer of the Council and the Town Deal Board Chair

Moving forward the following additional stages come into place:-

- Stage 7: Schemes will proceed once funding approval has been confirmed by DLUHC at which point a delivery contract will be drawn up between Blackpool Council as Accountable Body and the project sponsor.

- Stage 8: The TDIP will be provided with quarterly reports on scheme delivery and performance for monitoring purposes. Subsequent updates will be provided to the Town Deal board including outline of any actions required to support delivery

- Stage 9 : Scheme evaluation activity will be undertaken in line with that outlined in the individual business cases

4. MHCLG capital (CDEL) 5% payment

None of the 5% funding has been committed by this project at this stage. However the project is outlined to defray £515,000 by March 2022. Assuming DLUHC approval in December 2021 /January 2022, then the project will wish to access the anticipated £3.5m Town Deal programme monies requested by March 2022 which will incorporate the 5% payment within.

From October 2021 onward a proportion of the 5% will be used towards a new Programme Monitoring Office (PMO) staffing function and towards Council finance team costs, who will directly support the EDGE project in its delivery.

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 case for the project was developed by Amion Consulting which incorporated all value for money elements. This was subsequently viewed and approved as satisfactory by independent appraiser Genecon.

The key results of the Economic Case based on quantified benefits are summarised in the Appraisal Summary Table (Table 1.2 below). As can be seen, Option 4.1 has been identified as the preferred option due to its initial BCR of 3.1:1 and its adjusted BCR of 4.8:1. These figures demonstrate Option 4.1 represents 'high' value for money. The next best alternative is Option 5 which has an initial BCR of 2.3:1 and an adjusted BCR of 3.7:1. Option 5's BCR also represents 'high' value for money.

Table 1.2: Appraisal Summary Table

	Option 1	Option 4.1	Option 5
[A] PV of initial benefits (£000)	0	£254,994	£23,209
[B] PV of adjusted benefits (£000)	£0	£142,796	£12,997
[C] PV of public sector costs (£000)	0	£83,204	£9,876
[D] PV of Towns Fund-only costs (£000)	0	£9,871	£9,876
[E] PV of project costs[1] (£000)	0	£83,204	£59,253
NPSV (£000) [A-C]	0	£314,586	£26,330
Initial BCR (xx:1) [A/C]	0	3.1:1	2.3:1
Adjusted BCR (xx:1) [A+B/C]	0	4.8:1	3.7:1
Total project cost BCR [A/E]	0	3.1:1	2.3:1*

** In relation to the private sector costs involved in delivering option 5, these costs are captured in the land value uplift analysis and therefore, in line with the DCLG Appraisal Guide (see Page 19), are not included here to avoid double counting.*

Please note : As the adjusted BCR figure is over 4:1 please note the additional information below:-

Key Assumptions

The assessment of economic benefits has been undertaken in full compliance with the latest HM Treasury Green Book (2020) and relevant Departmental guidance published by the MHCLG, DfT and BEIS. There are a number of over-arching assumptions which apply to the value for money assessment (unless otherwise stated):

- all short-listed options have been appraised over a 20-year period, which reflects a conservative view about the life of the asset;
- where Present Value figures are presented, costs 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 reference case. Adjustments have also been made for leakage, displacement and multiplier effects where appropriate (as detailed below); and
- Optimism Bias has been calculated for each short-listed option using HM Treasury methodology and included in the value for money analysis.

Appraisal Methodology

Land value uplift (PV, £000)	£0	£3,750	£1,294
Wider land value uplift (PV, £000)	£0	£64,670	£9,735
Labour supply benefits (PV, £000)	£0	£82	£9,248
Residents into employment benefits (PV, £000)	£0	£10	£343
Productivity – skills uplift (PV, £000)	£0	£186,482	£0
Productivity – wage premium (PV, £000)	£0	£0	£2,590
Distributional benefits (PV, £000)	£0	£142,796	£12,997
Other benefits – net additional jobs	0	31	582
Other benefits – cumulative net add'l GVA (£000)	0	£11,000	£210,000
Wider benefits percentage score	0	79%	50%

Additionality and Optimism Bias

Of key importance in assessing the impact of the proposals is the extent to which new activity is truly additional and 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 where appropriate:

- **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; and
- **Deadweight** – outputs which would have occurred without the project (the Reference Case).

In the example of employment, additionality of 58.5% has been calculated using the below information:

Increase in gross jobs (FTEs)	0	53	1,184
Gross local jobs (accounting for leakage)	0	48	1,061
Net local jobs (accounting for displacement)	0	34	683
Total net local jobs (accounting for multiplier)	0	48	970
Total net local additional jobs (accounting for deadweight)	0	31	582

Optimism Bias is the proven tendency for appraisers to be optimistically biased about key project parameters, including capital costs and operating costs and project duration.

The economic costs for each intervention include an allowance for Optimism Bias. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald, with all project costs assumed to fall into the 'standard building project' category. A summary of the most significant mitigations made for each intervention is included in the table below:

INTERVENTION	TYPE	UPPER BOUND OB	MITIGATED OB	COMMENTS
Entire project	Standard building project	24%	17.5%	Key mitigations include reducing the risk of project through the experience within the Council and College of undertaking major capital projects and procuring and managing appropriately skilled contractors; the experience embodied within the business case, project management team and level of project intelligence captured to date; as well as the detailed site selection process.

Risk and Sensitivity Analysis

The risks are medium in nature, primarily as a result of the Council and the College's commitment to the project and the in-house expertise at the Council of bringing forward major projects on town centre regeneration sites. The team having extensive experience in delivering transformative projects for Blackpool.

The first key risk relates to the tight timescales of acquiring all the properties to clear the site for development and to have the Multiversity ready to open in September 2025/2026. The second key risk relates to the funding package to deliver the project. While funding strategy options have been identified, they will be agreed by the College and the Council at the next stage, when Town Deal funding is confirmed.

All these issues can be addressed with strong and effective project, programme and financial management. The Multiversity is a project which is being promoted for the public good and for the benefit of the community. Therefore, it must be procured in the most tax efficient way.

A risk matrix has been prepared as part of the Multiversity Campus Study and has been monitored on a weekly basis and reported to the working group and steering group.

Stage	Key Risks	Overall Rating
Feasibility / Design	Ensuring appropriate design and costed solutions are identified and agreed at the detailed design stage (next stage) and securing planning approval on the site for the Multiversity Campus scheme.	L
Consents/approvals	Securing vacant possession within the required timescales.	M
Financial	Funding strategy options have been identified and a preferred approach will be agreed and put	M

	in place at the detailed design stage after the Town Deal funding is confirmed.	
Implementation	To be jointly delivered by the Council and the College who will sign the Memorandum of Understanding when the Towns Deal funding is confirmed.	L
Management & operation	To be managed and operated by the College.	L
Wider (PEST)	Use and application of advanced digital technology, ensuring benefits flow to the education sector, skills and learning agenda, businesses and communities.	L

Sensitivity analysis has been undertaken to test the robustness of the value for money estimates and their susceptibility to change in any of the key conditions underlying the programme.

The first form of sensitivity analysis is scenario testing. This approach considers the potential implications of changes to key outputs or costs for the delivery of economic benefits and value for money. The scenarios include some more 'technical' changes – for example, adjusting optimism bias or other assumptions.

The following scenarios have been run:

- Scenario 1: A residual asset value for the Multiversity of £22m (based on an asset value of £42.6m by year 20, assuming a straight line depreciation is applied to the building, but no depreciation is applied to the land value) is netted off from the public sector costs of the preferred option
- Scenario 2: Deadweight of 36% is applied to the skills productivity uplift benefits;
- Scenario 3: Wider land value uplift is removed from the benefits analysis;
- Scenario 4: Optimism bias for costs remains at 24%;
- Scenario 5: Benefits are reduced by 20% and costs are increased by 20% in a worst-case scenario
- Scenario 6: The upper bound costs are applied to the preferred option

The table below sets out the results from this scenario testing. Option 4.1 remains robust to these changes, with initial BCRs above 2.0:1 in all scenarios. The BCRs in this scenario testing still represent high value for money, demonstrating robustness within the assessment.

Core scenario	0	3.1:1	2.3:1
Sensitivity test 1	0	4.2:1	2.3:1
Sensitivity test 2	0	2.3:1	2.3:1
Sensitivity test 3	0	2.3:1	1.4:1

Sensitivity test 4	0	2.9:1	2.2:1
Sensitivity test 5	0	2.0:1	1.6:1
Sensitivity test 6	0	2.6:1	2.3:1

6. Deliverability

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

Yes

7. Delivery plan

Including details of:

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

The Town Deal specific project, whilst initial activity is already ongoing, will operate from anticipated DLUHC approval in January 2022 through to June 23. The Multiversity construction phase will be from September 23 to September 2025. Outline milestones are as below :

- **Executive Approval of the Multiversity Campus Masterplan** & Delivery Strategy Study (October 2021);
- **Project Mobilisation for the Next Stage of Work** will start after the above approval in October 2021;
- **Property Acquisitions & Site Clearance Work** (Mobilisation for this work will start in October 2021. Acquisitions will start when Town Funding is confirmed. All properties will be acquired and the site cleared by June 2023);
- **Site Preparation & Road/Infrastructure & Utility Works** for the Multiversity Campus (Starts in July 2021 and ends in September 2023);
- **On - Site Construction of the Multiversity** & External Works (Starts in October 2021 and ends in September 2025);
- **Completion of the Multiversity Campus** Buildings & Occupation (September 2025).

The project will be delivered by Blackpool Council and Blackpool and The Fylde College. The Council and the College are finalising a Memorandum of Understanding (MOU) which sets out their working arrangements and key areas of responsibility to deliver the Multiversity Campus in Blackpool Town Centre.

As the Multiversity scheme will be administered by Blackpool Council working with Blackpool & the Fylde College, this project will need to comply with the recognised contract procedural rules of both Parties when appointing scheme contractors etc.

Risks, Constraints and Dependencies

The **risks** are medium in nature, primarily as a result of the Council and the College's commitment to the project and the in-house expertise at the Council of bringing forward major projects on town centre regeneration sites.

The first key risk relates to the tight timescales of acquiring all the properties to clear the site

for development and to have the Multiversity ready to open in September 2025/2026. The second key risk relates to the funding package to deliver the project. While funding strategy options have been identified, they will be agreed by the College and the Council at the next stage, when Town Deal funding is confirmed.

All these issues can be addressed with strong and effective project, programme and financial management. The Multiversity is a project which is being promoted for the public good and for the benefit of the community. Therefore, it must be procured in the most tax efficient way.

A risk matrix has been prepared as part of the Multiversity Campus Study and has been monitored on a weekly basis and reported to the working group and steering group.

Constraints
The main constraint to the delivery of the project would the failure to secure Town Deal funding to support the Multiversity. It would be very difficult to mitigate for this occurrence due to scale of the project which requires a town centre location and a cleared site of approximately 1 hectare.

It is not a project that can be delivered in phases as the agreed design concept occupies a large occupational footprint which requires every existing property to be cleared on the site before work can start. It is difficult to envisage another suitable opportunity in the short term to secure a £9m government grant that is needed for a new Multiversity Campus.

Dependencies
The key dependency is the confirmation of Town Deal funding to acquire the properties to ensure that site is cleared for the development of the Multiversity.

The Park Road Campus which is owned by the College is another key dependency as it will be vacated when the Multiversity is built. The College and the Council have agreed that the Campus will be redeveloped after the College has vacated the site and the receipt from the sale guaranteed for the Multiversity project.

A full risk register was attached to the business case but a summary is as below :-

PROJECT RISKS		
Stage	Key Risks	Overall Rating
Feasibility / Design	Ensuring appropriate design and costed solutions are identified and agreed at the detailed design stage (next stage) and securing planning approval on the Multiversity Campus scheme.	L
Consents/approvals	Securing vacant possession within the required timescales and approval for the Multiversity Campus scheme	M

Financial	Funding strategy options have been identified and a preferred approach will be agreed and put in place at the detailed design stage after the Town Deal funding is confirmed.	M
Implementation	To be jointly delivered by the Council and the College who will sign the Memorandum of Understanding when the Towns Deal funding is confirmed.	L
Management & operation	To be managed and operated by the College.	L
Wider (PEST)	Use and application of advanced digital technology, ensuring benefits flow to the education sector, skills and learning agenda, businesses and communities.	L

8. Town Deal Board Chair name & signature

Name of the Town Deal Board: Blackpool

Chair's name and signature: Paul Smith

Date: 12th November 2021

9. By signing, I agree that:

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

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

Name of the lead Local Authority: Blackpool Council

Job title: Director of Resources and S151 Officer

Name and signature: Steve Thompson

Date: 17th November 2021