

**THE DONCASTER (CITY GATEWAY — RAILWAY SQUARE AND PHASE 1)
COMPULSORY PURCHASE ORDER 2023**

**SUMMARY PROOF OF EVIDENCE OF MATTHEW LAMBERT
FOR AND ON BEHALF OF CITY OF DONCASTER COUNCIL**

PINS REF: APP/PCU/CPOP/F4410/3324357

STATEMENT OF TRUTH

The evidence which I have prepared and provide for this public inquiry reference APP/PCU/CPOP/F4410/3324357 in this proof of evidence is true and has been prepared and is given in accordance with the guidance of my professional institution and I confirm that the opinions expressed are my true and professional opinions

Date: 27 March 2024

Signature: 

1. INTRODUCTION: MATTHEW LAMBERT

- 1.1 I am Matthew Lambert, a Principle Economic Consultant at Mott MacDonald and Technical Lead of Economics within Mott MacDonald's Cities Studio team.
- 1.2 My qualifications are BA (hons) in Politics and History from the University of Chester and an MSc in Political Communication from the University of Glasgow. I am a member of the Institute of Economic Development and a fully qualified Better Business Case Practitioner.
- 1.3 I have 9 years of experience in producing business cases and undertaking economic appraisals of a wide range of projects across multiple sectors.
- 1.4 As the lead economist on the Doncaster Towns Fund Full Business Case (the "Full Business Case") (CD/9) on behalf of Mott MacDonald, I led the economic appraisal of this project and authored the section of the economic case which set out how the appraisal was undertaken.

2. INVOLVEMENT WITH THE SCHEME

- 2.1 My role was to lead the economic appraisal, as part of the Economic Case for the Full Business Case for the extension of the Railway Square (the "Railway Square Extension") and the delivery of the Gateway Phase 1 mixed-use and public realm development (the "Gateway Office Development") (together the "Scheme") on behalf of the City of Doncaster Council ("Council"). I led on the economic appraisal of the Scheme and authored the section of the economic case within the Full Business Case (CD/9), which sets out how the appraisal was undertaken.

3. SCOPE OF EVIDENCE

- 3.1 My Proof of Evidence covers in detail the benefit and contribution to the well-being of the area being delivered by the Scheme.

4. BENEFITS AND CONTRIBUTION TO WELL-BEING OF THE AREA

- 4.1 The Scheme will deliver significant improvement to the social, economic and environmental well-being of the City Centre and the City of Doncaster as a whole.

4.2 In developing the Full Business Case for the Scheme (**CD/9**), I assessed the economic business case, which is part of the Full Business Case (**CD/9**), and the quantifiable benefits of the Scheme. The quantifiable benefits and analysis of this assessment are set out in paragraphs 4.3 to 4.11 below.

4.3 Economic benefits included in the appraisal:

4.3.1 The economic appraisal of the Scheme is based on the specific outputs of the Scheme itself and the wider impact these outputs will have on the local area. These benefits are closely tied to the Scheme's theory of change and are specific to this Scheme. The economic benefits included in this appraisal are:

- (a) Direct Land Value Uplift from the Gateway Office Development.
- (b) Amenity gain from the new and enhanced public realm from the Railway Square Extension.
- (c) Wider area Land Value Uplift resulting from the Scheme increasing commercial and residential land values within the wider area.
- (d) Active Modes benefits from increased walking and cycling induced in Doncaster as a result of this Scheme. This is primarily driven by the Railway Square Extension, but increased footfall will also be supported by the development of the City Gateway Development.
- (e) The welfare value of additional employment at the Gateway Office Development.
- (f) Crime reduction benefits from increased activity and passive surveillance in the area as a result of this Scheme.

4.4 My proof of evidence sets out in detail the methodologies used to calculate each of these benefits. A summary of each approach is shown below.

4.5 Land Value Uplift

- 4.5.1 Land Value Uplift ("LVU") relates the difference in values between land in its current and future uses. The future use in this case in the City Gateway building, which is proposed for office use. The direct LVU of the Scheme relates only to the City Gateway building.
- 4.5.2 The LVU of the Scheme was assessed in accordance with guidance from Department for Communities and Local Government ("DCLG") Appraisal Guide 2016 (**POE/ML/1**). The current and future use values were each sourced from Valuation Office Agency ("VOA") land value benchmarks for Doncaster, from VOA's Land Values for Policy Appraisal (**POE/ML/2**), which were adjusted to 2022 prices using HM Treasury GDP Deflators (**POE/ML/3**).
- 4.6 The direct LVU impact of the City Gateway building is worth £751,711 in present value terms over a 30-year appraisal period
- 4.7 Amenity gain
- 4.7.1 Amenity gain values any new or safeguarded public space within a given project. The Scheme, in particular the Railway Square Extension Phase 1, will deliver 4,036 sqm of new public realm space which would not have otherwise been delivered.
- 4.7.2 This new public realm was valued using Department for Communities and Local Government ("DCLG")¹ Appraisal Guide 2016) (**POE/ML/1**).
- 4.7.3 The impact of this amenity gain for the Railway Square Extension element of the Scheme is worth £826,804 in present value terms over a 30-year appraisal period.
- 4.8 Wider LVU
- 4.8.1 Wider LVU captures the broader regeneration impact of the Scheme, focussing on existing local businesses and residential units which increase in value as a result of higher levels of activity and higher quality spaces, each of which contributes to making the

¹ The DCLG is now the Department for Levelling Up, Housing and Communities (DLUHC)

area around the Scheme more attractive to businesses, customers and residents.

4.8.2 The wider commercial LVU was assessed using Transport for London's ("TfL's") Valuing Urban Realm Toolkit ("VURT") (**POE/ML/7**). VURT assesses the economic impact of enhanced lighting, personal security, quality of environment and maintenance on existing commercial premises. The VURT analysis, underpinned by a detailed Pedestrian Environment Review System ("PERS") assessment (**POE/ML/8**), valued the impact of the wider commercial LVU for the Scheme at £1,629,130 in present value terms over a 30-year appraisal period.

4.8.3 Wider residential LVU was assessed using a methodology developed by property firm CBRE, which applies a 1.5% per annum uplift in residential land values within 750m of a major regeneration project. There are currently 3,051 homes within 750m of the Scheme, which equates to an uplift in value of £5,531,760 in present value terms over a 30-year appraisal period. In order to be cautious, this benefit was only captured for 10 of the 30-year appraisal period.

4.9 Active mode appraisal

4.9.1 The active mode benefits of increased walking and cycling were captured using the Department for Transport's Active Mode Appraisal Toolkit ("AMAT") (**POE/ML/9**), which aligns to the DfT's WebTAG Unit A5-1.

4.9.2 This analysis assessed the benefits to health, congestion, air quality and wellbeing from increased levels of walking and cycling as a result of the public realm enhancements delivered by the Scheme.

4.9.3 The active mode benefits of the Scheme are valued at £7,432,872 in present value terms over the 30-year appraisal period.

4.10 Employment impacts

4.10.1 The employment impacts of the Scheme are driven by the City Gateway building and reflect the employment that can be

accommodated at the site and the wider impact this new employment has on Doncaster's economy.

4.10.2 The employment impacts of the Scheme were assessed using Mott MacDonald's proprietary Transparent Economic Assessment Model (TEAM) (**POE/ML/12**) to estimate employment numbers. Adjustments were made to account for additionality and the total net additional employment impacts were valued in accordance with Annex A of HM Treasury Green Book 2020 revision (**POE/ML/13**).

4.10.3 The welfare impact of the employment created by the Scheme is worth £32,354,811 in present value terms. In order to be cautious, this benefit was only counted for ten years, with a variable occupancy rate applied to account for the impacts of the market on this property over time, which may decline as the property ages.

4.11 Crime reduction benefits

4.11.1 The increase in activity in the area around the Scheme is anticipated to support passive surveillance and a reduction in crime and anti-social behaviour within the wider area around the Scheme. Greater activity in these areas will increase the number of people in the area and reduce the opportunity for crime and anti-social behaviour to occur without detection, ultimately reducing the occurrence of crime in this area.

4.11.2 A cautious estimate for the reduction in crime was applied, combined with an assumption of a low amount of additionality of this impact. This reflects caution and the understanding that crime is not entirely opportunistic and has a number of wider, societal drivers, which cannot be fully addressed by the Scheme or by any similar scheme of its type. The methodology used to assess the value of crime reduction as a result of the Scheme has been fully endorsed by DLUHC.

4.11.3 The value of this benefit is worth £81,771 in present value terms.

4.12 Scheme costs

- 4.12.1 The costs of the Scheme were estimated by the City of Doncaster Council and provided to Mott MacDonald (**POE/ML/15**).
- 4.12.2 Optimism bias was applied at a rate of 15% to the costs of the Scheme in accordance with HM Treasury Green Book Supplementary Guidance on Optimism Bias (**POE/ML/16**).
- 4.12.3 Inflation was removed from the costs of the Scheme in accordance with HM Treasury Guidance (**POE/ML/13**).
- 4.12.4 The costs of the Scheme, including optimism bias and excluding inflation is shown below.

Project costs — including optimism bias at 15%

Scheme	Towns Fund	Council	Total
City Gateway building	£23,103,500	£1,150,000	£24,253,500
Railway Square	£4,771,350	£2,070,000	£6,841,350
Total	£27,874,850	£3,220,000	£31,094,850

Source: Economic costs summary, Mott MacDonald (**POE/ML/17**)

Present value costs

- 4.12.5 The above costs have been discounted in accordance with HMT Green Book (**POE/ML/13**) guidance in order to produce the present value costs of the project that will be used in the appraisal to assess the Value for Money (“VfM”) offered by the Scheme in the form a Benefit:Cost Ratio (“BCR”) and Net Present Social Value (“NPSV”).
- 4.12.6 Present value costs have been adjusted using a discount rate of 3.5% per annum for this appraisal as set out in HMT Green Book (**POE/ML/13**). Discounting to a single present value allows for the direct comparison of costs and benefits that occur at different times. Discounting adjusts for social time preference to account for the high value society places on present consumption compared with

consumption in the future. All costs and benefits used within this and all HMT Green Book (**POE/ML/13**) compliant appraisals are discounted to present values in this instance, all costs and benefits have been discounted to 2022 prices. It is the present value cost that is used to calculate the BCR and NPSV of this project.

4.12.7 The present value cost of this project is shown below.

Present value costs

Project costs	Total nominal² cost	Present value cost (2022 prices)
Town Deal	£27,874,850	£25,360,162
City of Doncaster Council	£3,220,000	£2,929,512
Total	£31,094,850	£28,289,674

Source: Economic costs summary, Mott MacDonald (**POE/ML/17**)

4.13 Value for Money

4.13.1 The Value for Money assessment is based on the costs and benefits set out above, the findings of this analysis is summarised in the form of a BCR and NPSV, both of which are set out below.

4.13.2 The Scheme produces a BCR of 1.72 which is rated 'medium' by the standard UK Government's Value for Money framework³ (**POE/ML/18**).

A summary of the appraisal is shown below

² **Nominal values** do not account for the social time preference and instead presents the costs as the total value of the cost or benefit.

³ Department for Transport, 2015, Value for Money Framework, p.25.

Benefit	Total present value
Direct Land Value Uplift	£751,711
Amenity gain	£826,804
Wider LVU — commercial	£1,629,130
Wider LVU — residential	£5,531,760
Active mode benefits	£7,432,872
Employment impacts	£32,354,811
Crime reduction	£81,771
Total benefits	£48,608,860
Costs	£28,289,674
BCR	1.72
NPSV	£20,319,185

Source: Economic costs summary, Mott MacDonald (**POE/ML/17**)

4.14 Relevance of the analysis

- 4.14.1 The appraisal was undertaken at the time of the submission of the Full Business Case (**CD/9**) in 2022. Despite this, the analysis presented above remains relevant and accurate as the benefits of the Scheme are driven by the outputs to be delivered, which remain unchanged since the submission of the Full Business Case (**CD/9**). Each of the benefits set out above will still be delivered as a result of the Scheme and there is no reason to believe that the scale of these benefits would differ significantly from what is set out above. Any changes to the values of the benefits would be negligible and would have no substantive impact on the Value for Money of the scheme.

5. CONCLUSION

5.1 In my professional opinion, and on behalf of the Council, I am satisfied that if the Scheme is delivered as proposed, the benefits set out in the Value for Money assessment will be achieved and the Scheme will secure the value for money set out in the analysis. The economic benefits captured within the economic appraisal for the Scheme are directly linked to the specific outputs of the Scheme. Accordingly, as the outputs of the Scheme (the City Gateway building and the Railway Square Extension Phase 1) are the same as when the appraisal was undertaken, the benefits set out above will be delivered as set out in the appraisal. The Scheme generates a significant quantum of economic benefits that exceed the cost of the Scheme. The Benefit-Cost Ratio of 1.72 is both realistic and robust, having been produced using appropriate methodologies that are endorsed by DLUHC and other UK Government departments, including HM Treasury. The appraisal is fully compliant with HM Treasury's Green Book and reflects best practice within the field of economic appraisals. As a significant amount of caution was factored into the appraisal, primarily through the assumptions that were used for deadweight and displacement of impacts, it is likely that the actual benefits of the Scheme may exceed the benefits captured within the appraisal. In my professional opinion, the economic appraisal of the Scheme is robust, accurate and reflects the value of the Scheme to the economy of Doncaster and the wellbeing of its residents and workforce.