



## Brownfield Land Release Fund2: Round 3

### Value for Money Guidance

**PLEASE NOTE – WIDER AREA IMPACTS GUIDANCE UPDATED AS AT 5 FEBRUARY 2024**

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## **Section One: Overview**

The Technical Annex (TA) is the basis of assessment for the BLRF2 Value for Money (VfM) gateway criterion.

**Firstly**, the assessment provides an illustrative Benefit Cost Ratio (BCR) and an initial VfM category. The BCR is an estimate of the present value benefits for the project divided by the present value costs.

To receive BLRF2 funding, your project needs to obtain a VfM category of at least 'Acceptable'. Section Two of this guidance provides a step-by-step guide on how to produce the initial BCR and VfM category.

VfM Category	Thresholds	Would this score pass the BLRF2 gateway?
Very High	BCR greater than or equal to 4	Pass
High	BCR between 2 and 4	Pass
Medium	BCR between 1.5 and 2	Pass
Acceptable	BCR between 1 and 1.5	Pass
Poor	BCR between 0 and <1	Fail
Very Poor	BCR below zero	Fail

*Table 1: Value for Money Categories*

**Secondly**, the TA provides an estimated additionality. This accounts for:

- a) the extent homes may have been developed on the proposed project site regardless of government funding, and;
- b) whether building on the proposed site could displace housing development from elsewhere.

Unlike previous Brownfield / Land Release Fund (LRF) funding rounds, the estimated additionality result cannot be amended by the council (it may however be moderated by One Public Estate (OPE) assessors). More guidance on how to complete the additionality assessment can be found in Section Two, Step Four.

**Thirdly**, for BLRF2.3, the TA includes the wider area placemaking impacts relating to developing on brownfield land for urban regeneration schemes. These impacts will only apply to schemes that meet specific criteria including delivering at least 50 homes. These can only be applied if suitable supporting evidence of how a scheme meets the criteria for inclusion is provided, and will be closely linked to a scheme's Strategic Case.

The greater value from either the wider area placemaking impacts **or** the brownfield amenity impacts will be included if wider area placemaking impacts are demonstrated. This is because some of the same impacts will be captured in both measures. This will be done by the Technical Annex automatically.

**Finally**, the TA includes a Non-Monetised Impacts (NMI) Assessment for those projects which have not reached a VfM category of Acceptable based on their illustrative BCR, or



where the initial BCR is close to 1.0. This allows councils the opportunity to explain the wider benefits of their proposed sites, such as transport impacts, and to justify how these impacts are equivalent to the “switching value” needed to reach a VfM category of at least Acceptable.

## Section Two: Step by Step Guidance on completing the initial BCR

This section provides a step-by-step guide to help councils obtain their initial BCR score on the Technical Annex Tab (from rows 1 to 101 on the TA). Councils should fill in the form from top to bottom, and complete the cells highlighted in red.

### Step 1: Complete your Project Details (rows 11-16)

1	<b>BROWNFIELD LAND RELEASE FUND (2023/24) - ECONOMIC CASE TECHNICAL ANNEX</b>	
2		
3		
4	<b>Notes and Instructions</b>	
5	This is a tool for calculating the approximate economic costs and benefits generated by a new housing development for a project applying for the Brownfield Land Release Fund 2. It makes use of broad assumptions and will not be able to account for all site specific characteristics.	
6	Applications must achieve an “Acceptable” final Value for Money category to pass the VM gateway criteria. This is when a scheme is <b>consistent with</b> a Benefit Cost Ratio (BCR) of 1.0 or above after <b>both</b> the Benefit Cost Ratio (BCR) and Non-Monetised Impacts (NMIs) are taken into account.	
7	Value for Money is assessed through a combination of impacts that we monetise (and use to estimate a BCR) and impacts that we can not monetise (through the NMI assessment). This will provide an initial Value for Money Category. NMIs are those impacts that are not monetised in the BCR but may still impact the applications Value for Money. You will need to provide information of what impacts are applicable to your scheme, the scale of these in reference to your switching value (the monetary value of benefits you need to reach “Acceptable” Value for Money), and a proportional amount of evidence to support it. In some cases, the collective impact of NMIs can change your final Value for Money Category from your initial Value for Money Category and will be assessed upon submission.	
8	Further information can be obtained from your local OPE contact.	
9	<b>To use: complete all sections in red.</b>	
10		
11	<b>Project details</b>	
12	Project Name:	<b>INSERT PROJECT NAME</b> <small>Please ensure that the project name matches the project name on the Basic Details Form</small>
13		
14	BLRF funding required in 2024/25 (£m)	<b>£0.000</b> <small>Please ensure that the grant amount matches the Basic Details Form</small>
15		
16		
17	<b>Value for Money Summary</b>	
18		

Image 1 Description: Screenshot of the Technical Annex showing the Project details section

- i. You must ensure your project name is **exactly** the same across all your application documents, including the Basic Details Form and Application Form. To note, this is case sensitive. Please do not use a backslash “\” or slash “/” in the project name.
- ii. Add the total BLRF2 funding required.
- iii. At this stage, ignore the Value for Money summary box and move to the Monetised Impact Assessment section.



## Step 2: Complete the Monetised Impact Assessment (rows 35-50)

Monetised Impact Assessment	
Select lower / single tier authority from dropdown:	SELECT SITE LOCATION
How many hectares will be brownfield land?	0.000
Current Site type for Brownfield Amenity Impacts:	Residential
Current Brownfield Condition:	Will need to be removed
Existing use value of site assumed in 2023/24 (100%):	£0
If applicable, adjustment to existing use value: If applicable, please provide supporting evidence of your adjustment to the existing site value:	100%

*For current site type for the purposes of calculating Brownfield Amenity impacts:*  
*Previous residential use* - mainly empty houses or flats in poor condition and/or poorly maintained open spaces around the properties. This should also be applied for all sites that do not fit into the definitions of commercial or industrial use below.  
*Previous commercial use* - Empty shops, office buildings, or other structure such as car parks and / or old or poorly maintained buildings, pavements and surrounding public spaces.  
*Previous industrial use* - Abandoned warehouses and industrial buildings.

*For Current Brownfield Condition:*  
*Will be reused* - the existing building/structure on site can be renovated and updated to be made fit for residential use. This means the existing building/structure on site will remain.  
*Will be removed* - the existing building/structure on site is dangerous or not repairable and will be demolished for the new residential development.  
*Already removed* - the building/structure has already been mostly completely demolished, but some foundation or other remnants of the previous structure/building may remain. The site would still need to be cleaned up before new construction could begin.

*For Adjustments to existing use value:*  
 The existing use value should reflect the value of the site in its current use. By default, these are based on Valuation Office Agency estimates of industrial land value. This can be adjusted if evidence is provided to reflect local characteristics. Please provide any supporting evidence along with your application such as:  
 - Local site-specific valuations.  
 - Local valuations of similar sites.  
 - Evidence of why there is a lawful economically productive use for the site in its current use.

Image 2 Description: Screenshot of the Technical Annex showing the Monetised Impact Assessment

- i. Select the single-tier council the proposed project is located in. Please note that this should reflect councils in their 2023 geographies.
- ii. Enter the size of the project site in hectares (BLRF2 only accepts projects on brownfield land). Please remember to cross-check the size stated across all application documents.
- iii. Indicate the current site type for Brownfield Amenity Impacts, as per the guidance provided:
  - Previous residential use* - mainly empty houses or flats in poor condition and/or poorly maintained open spaces around the properties. This should also be applied for all sites that do not fit into the definitions of commercial or industrial use below.
  - Previous commercial use* - Empty shops, office buildings, or other structures such as car parks and / or old or poorly maintained buildings, pavements and surrounding public spaces.
  - Previous industrial use* - Abandoned warehouses and industrial buildings.
- iv. Indicate the current brownfield condition, as per the guidance provided:
  - *Will be reused* - the existing building/structure on site can be renovated and updated to be made fit for residential use. This means the existing building/structure on site will remain.
  - *Will be removed* - the existing building/structure on site is dangerous or not repairable and will be demolished for the new residential development.
  - *Already removed* - the building/structure has already been mostly completely demolished, but some foundations or other remnants of the previous structure/building may remain. The site would still need to be cleaned up before new construction could begin.
- v. The TA will provide an initial existing land value cost in its current use based on the Valuation Office Agency estimates of industrial land value. Unlike previous rounds of



B/LRF, councils can override the automatic land value if robust evidence is provided that justifies why industrial land value is not relevant for the proposed project. This can be done by reducing the existing value in bands of 10% via the dropdown in cell D48.

- vi. If you have adjusted the existing use land value, you will need to provide evidence such as:
- Local site-specific valuations
  - Local valuations of similar sites
  - Evidence of why there is low/nil economically productive use for the site in its current use.

To note, if you are submitting evidence via an appendix, please add the document's title to the evidence box in D49 to make it clear that more information has been submitted.

### Step 3: Complete the Funding and Housing Unit Table (rows 51 -78)

Year	Other central government funding required (outside of BLRF funding, £m)	Number of Housing Completions / Units from released land (Gross)	of which: Social Rent	of which: Affordable Rent
2024/25	£0.000	0	0	0
2025/26	£0.000	0	0	0
2026/27	£0.000	0	0	0
2027/28	£0.000	0	0	0
2028/29	£0.000	0	0	0
2029/30	£0.000	0	0	0
2030/31	£0.000	0	0	0
2031/32	£0.000	0	0	0
2032/33	£0.000	0	0	0
2033/34	£0.000	0	0	0
2034/35	£0.000	0	0	0
2035/36	£0.000	0	0	0
2036/37	£0.000	0	0	0
2037/38	£0.000	0	0	0
2038/39	£0.000	0	0	0
2039/40	£0.000	0	0	0
2040/41	£0.000	0	0	0
2041/42	£0.000	0	0	0
2042/43	£0.000	0	0	0
2043/44	£0.000	0	0	0
2044/45	£0.000	0	0	0
2045/46	£0.000	0	0	0
2046/47	£0.000	0	0	0
2047/48	£0.000	0	0	0
2048/49	£0.000	0	0	0
<b>Total (Nominal, Undiscounted)</b>	£0.000	0	0	0

Image 3 Description: Screenshot of the Technical Annex showing the Funding and Housing Unit Table

- i. If applicable, please enter any *other central government funding required (outside of BLRF funding)* in £m:
- *E.g. Levelling Up Fund used to release the site would be entered, however the Affordable Housing Grant required to deliver the housing would not.*
  - *If the scheme is reliant on other central government funding to come forward, this must be included within the Technical Annex and detailed in your application form. Where funding decisions are pending, please include this information in the application form including the funding source, expected decision date and relationship to BLRF2.2 scheme (i.e. are they covering the same site), especially where projects are also on pipelines or reserve lists. Your [Regional Team](#) can provide further advice and support on how to reference these sources in both the bid and TA.*
- ii. In the “Number of Housing Completions / Units from released land (Gross)” column please add in the number of homes the BLRF funding will release land



for.

- e.g. if you are demolishing 4 vacant units, and then building a total of 12 units, enter 8 into the table against the financial year row when the homes are scheduled to be completed. Please contact your Regional Team to discuss how homes that are in an uninhabitable condition should be addressed.

iii. Of these homes, please enter the number of homes that will be let at social rent in the “of which social rent” column.

- Social rent is defined as rent that the residents will be paying to the registered providers and/or the councils set in accordance with the Government’s rent policy for Social Rent.
- In the Basic Details Form, we define “social rent” as rents that are 30-60% of market rents.
- Make sure the financial year row the homes are entered to is in the same row as the number of housing completions.

iv. Of these additional homes, please enter the number of homes that will be affordable rent in the “of which affordable rent” column.

- Affordable rent is defined as rent that is set at up to 80% of market rent.
- Make sure the financial year row the homes are entered into is in the same row as both the number of housing completions and the social rent.

#### Step 4: Complete the Additionality Assessment (rows 80-101)

The additionality assessment is split into two sections, Deadweight and Displacement.

Deadweight		Answer	Displacement		Answer
Does the land require remediation or clean-up?					
If YES: Is there a funding gap for this remediation/clean-up after developer contributions and private finance have been used?		YES	Is some proportion of the scheme social or affordable rented housing?		0%
Will local infrastructure upgrades be required if the site is developed to full capacity? (i.e. the site will not be able to deliver the stated number of houses without the required infrastructure works.)		NO	Is the local authority an area of relative low, medium or high affordability?		
If YES: Is there a funding gap for this remediation/clean-up after developer contributions and private finance have been used?		NO	Is there a low, medium or high level of relative development activity in the local housing market?		
Is land assembly complicated by multiple owners or ransom strips?		NO	How many units will the scheme unlock/enable?		0 (40%)
Does the majority of the site already have detailed planning permission?		YES	<b>Estimated Displacement</b>		<b>100%</b>
Will intervention accelerate delivery?		NO	<small>A funding gap exists for the purposes of the additionally assessment if it cannot be solved by:                      - reducing the proportion of affordable housing to the minimum level considered acceptable by the local planning authority                      - increasing the density of housing whilst still being acceptable by the local authority                      - changing other components of the build specification within the level acceptable within building regulations and that is acceptable to the local authority                      Note: We may adjust your deadweight % to reflect any local factors related to your application when undertaking moderation. There is a minimum 10% displacement and adjustment for AHP applied in the additionally calculation.</small>		
<b>Estimated Deadweight</b>		<b>10%</b>			
<b>Estimated Additionality</b>		<b>0%</b>			

Image 4 Description: Screenshot of the Technical Annex showing the Additionality Assessment

### Deadweight

When completing the deadweight assessment, start with the first question and answer the



remaining questions sequentially: once completed, the TA will produce an estimated deadweight, which cannot be amended. The “Additionality Guidance” tab provides an overview of the calculation. The table below provides further explanation and examples of the evidence needed to justify your answers. You can cross refer to evidence in your application form, but if your application is not well evidenced, OPE assessors may moderate your answers.

Deadweight flowchart question	Explanation of the question	Example acceptable evidence for ‘YES’
<p>1) a) Does the land require remediation or clean-up?</p> <p>1) b) If 'YES', Is there a funding gap for this remediation/clean- up after developer contributions and private finance have been used?</p>	<p>a) Answer Yes if the site requires land remediation or clean up (including demolition).</p> <p>b) If you require funding, you need to consider whether there is a funding gap to deliver the site, and if so why this funding gap cannot be mitigated by amending aspects of the proposed project. If these aspects cannot be amended, you need to provide evidence within your application to explain why.</p>	<p>Evidence that land remediation / clean-up / demolition is creating the viability issue:</p> <ul style="list-style-type: none"> <li>● Development appraisal;</li> <li>● Costing methodology eg cost certificates, market testing, similar projects</li> </ul> <p>It should only be considered a funding gap in the additionality assessment if it cannot be solved by:</p> <ul style="list-style-type: none"> <li>● Reducing the proportion of affordable housing to the minimum level considered acceptable by the council e.g. referencing their local plan. Therefore, if you are submitting a project with high levels of affordable housing please justify this (linking to local policy / decisions) within your application.</li> <li>● Increasing the density of housing whilst still considered acceptable by the council</li> <li>● Changing other components of the build specification within the level acceptable within building regulations and that is acceptable to the council e.g. regarding energy efficiency</li> </ul>
<p>2) a) Will local infrastructure upgrades be required if the site is developed to full capacity?</p>	<p>a) If your project requires further infrastructure (i.e. roundabouts, roads, new access) to release the site please mark this as a yes. Without the infrastructure, the site will not be able to deliver the stated number of houses. If no, go to question 3.</p>	<p>Evidence that requirement for local infrastructure upgrades (and land remediation / clean-up / demolition) is creating the viability issue:</p> <ul style="list-style-type: none"> <li>● Development appraisal</li> <li>● Costing methodology eg cost certificates, market testing, similar projects</li> </ul> <p>It should only be considered a funding gap in the additionality assessment if it cannot be solved by:</p>



<p>2) b) If 'YES', Is there a funding gap for this remediation/clean-up after developer contributions and private finance have been used?</p>	<p>b) If this is marked as a yes, you need to consider whether there is a funding gap to deliver this part of the site, and why this funding gap cannot be mitigated by amending aspects of the proposed projects. If these aspects cannot be amended, you need to provide evidence within your application to explain why.</p>	<ul style="list-style-type: none"> <li>• reducing the proportion of affordable housing to the minimum level considered acceptable by the council e.g. referencing their local plan</li> <li>• increasing the density of housing still considered acceptable by the council</li> <li>• changing other components of the build specification within the level acceptable within building regulations and that is acceptable to the council e.g. regarding energy efficiency</li> </ul>
<p>3) Is land assembly complicated by multiple owners or ransom strips?</p>	<p>Is the wider development site in multiple ownerships (i.e. other than council owned) or is a small piece of land required to enable development (normally at the boundary/access point),</p>	<p>Evidence of ownership of land, titles or annotated plans</p>
<p>4) Does the majority of the site already have detailed planning permission?</p>	<p>Answer 'yes' if full planning permission has been obtained.</p>	<p>Evidence in application form regarding existing planning permissions</p>
<p>5) Will intervention accelerate delivery?</p>	<p>This should be marked as Yes, as you should have already evidenced why the project will not go ahead without BLRF2 intervention, therefore by receiving BLRF2 funding the project will be accelerated.</p>	<p>Evidence of the viability issues:</p> <ul style="list-style-type: none"> <li>• Development appraisal</li> <li>• Costing methodology i.e. cost certificates, market testing, similar projects</li> </ul> <p>Evidence of deliverability within the application form.</p>

To note, for BLRF2 Round 3 the question “will the project create a new market/product or demonstrate viability” has been hidden and will automatically produce the answer “no.” OPE may revise this answer during the assessment period if, upon reading the bid, the assessor believes your proposed project will produce a new market product.

### Displacement

This section estimates the impact of developing the proposed site on market housing development elsewhere, based on affordability and level of development activity in the council area and the size of the project. (Delivery of affordable housing does not cause displacement). Displacement is





automatically generated with the information you have provided in other cells: this cannot be amended.

Once both sections have been completed, the estimated additionality will be automatically produced by the TA and cannot be amended.

### Step 5: Check your Illustrative BCR Score in the Value for Money Summary (rows 18-33)

Value for Money Summary		Appraisal Summary Table (£m)	
	Land Value Uplift		£0.00
	Health Benefits from Affordable / Social Rent		£0.00
	Distributional Benefits from Affordable / Social Rent		£0.00
	Brownfield Amenity Impacts		£0.00
	Wider Area Impacts (if applicable)		£0.00
	<b>Present Value Benefits (PVB):</b>		<b>£0.00</b>
	BLRF funding		£0.00
	Other Central Government Funding		£0.00
	<b>Present Value Costs (PVC):</b>		<b>£0.00</b>
	<b>Initial Benefit Cost Ratio (PVB / PVC):</b>		<b>0.00</b>
	<b>Initial Value for Money Category:</b>		<b>Poor</b>
	<b>Switching Value to Acceptable Value for Money:</b>		<b>£0.00</b>

*If Wider Area Impacts are applicable, the greater value of either the Wider Area Impacts and Brownfield Amenity Impacts will be taken.*

*Before non-monetised impacts are considered*  
*Before non-monetised impacts are considered*  
*+ value indicates £m required to achieve BCR of 1.0 & - value indicates £m above a BCR of 1.0*

Image 5 Description: Screenshot of the Technical Annex showing the Value for Money Summary Section

Once you have completed the above steps, you will need to return to rows 18-33 within the “Technical Annex” tab to the Value for Money Summary section where the TA has equated the information you have provided into an illustrative BCR score, and an initial VfM category.

VfM Category	Thresholds	Would this score pass the BLRF2 gateway?
Very High	BCR greater than or equal to 4	Pass
High	BCR between 2 and 4	Pass
Medium	BCR between 1.5 and 2	Pass
Acceptable	BCR between 1 and 1.5	Pass
Poor	BCR between 0 and <1	Fail
Very Poor	BCR below zero	Fail

Table 1 (repeated): Value for Money Categories

### Interpreting your BCR and initial VFM Category

- If your project has an **illustrative BCR above 1.0**, equivalent to an initial VfM category of Acceptable or above, the project has likely passed the BLRF2 gateway based on BCR alone.
- If your project has an **illustrative BCR of 1.0, or close to 1.0**, we advise you to consider submitting evidence to justify the inclusion of Wider Area Impacts, as set out in Section Three below, and/or, to consider including Non-Monetised Impacts (NMIs), as set out in Section Four below. This is particularly advisable if you have adjusted the Existing Use Value for the land.
- If the **BCR is less than 1.0** you will need to consider submitting evidence to justify the inclusion of Wider Area Impacts, as set out in Section Three below, and/or, to



consider including Non-Monetised Impacts (NMIs), as set out in Section Four below, in order to reach the gateway Vm category of Acceptable. This is explained in more detail in Section Four below.

Please consult your OPE Regional Programme Manager for project specific advice.

### **Section Three: Wider Area Impacts (if applicable) (rows 103-133)**

Wider area (placemaking) impacts relate to developing on brownfield land for urban regeneration schemes (if applicable). These can only be applied to projects of **at least 50 units**, in line with the criteria outlined below, and where suitable supporting evidence of how a scheme meets the criteria for inclusion is provided, and will be closely linked to a scheme's Strategic Case.

The greater value from *either* the wider area placemaking impacts *or* the brownfield amenity impacts will be included if wider area placemaking impacts are demonstrated. This is because some of the same impacts will be captured in both measures. This will be done by the Technical Annex automatically.

Where a project has wider transformational benefits, these benefits can be taken into account when calculating the Value for Money of a project. The extent of transformation will vary depending on the location and project characteristics, and will only be appropriate for projects as indicated below.

#### **Step one: Indicate whether Wider Area Impacts apply**

- i. These impacts should only be assessed for projects that are:
  - In urban locations;
  - Of significant scale relative to the local housing market (**at least 50 units**); and
  - Have clear placemaking and regeneration objectives that are likely to result in the surrounding area becoming more desirable. The justification for including these impacts must be clearly linked to the underlying rationale for the intervention and the socio-economic context in the area, with robust evidence provided.
- ii. If 'NO' please proceed to Non-Monetised Impacts (if applicable).
- iii. Only select 'YES' if a project aims to transform a particular place to help restore and enhance the pride and viability of the wider location. The extent of transformation will vary depending on the location but could range from a scheme transforming a specific site to a large-scale regeneration project that is part of a wider regeneration strategy. This could also be by providing a critical mass of housing and jobs and/or delivering a broader range of community benefits. This should be closely related to your Strategic Case and can reference the same evidence.



B	C	D	E	F	G	H	I
Do Wider Area Impacts apply?	YES	<p><b># 'NO' please proceed to Non-Monetised Impacts below. Only select 'YES' if a project aims to transform a particular place to help restore and enhance the pride and viability of the wider location. The extent of transformation will vary depending on the location but could range from a scheme transforming a specific site to a large-scale regeneration project that is part of a wider regeneration strategy. This could also be by providing a critical mass of housing and jobs and/or delivering a broader range of community benefits. This should be closely related to your strategic case and can reference the same evidence.</b></p> <p><b>These impacts of housing interventions should only be assessed for projects that are:</b></p> <ol style="list-style-type: none"> <li>1) In urban locations;</li> <li>2) Are of significant scale relative to the local housing market (at least 50 units); and</li> <li>3) Have clear placemaking and regeneration objectives that are likely to result in the surrounding area becoming more desirable. The justification for including these impacts must be clearly linked to the underlying rationale for the intervention and the socio-economic context in the area, with robust evidence provided.</li> </ol> <p><b>Identifying relevant Lower Super Output Areas (LSOAs):</b></p> <p>LSOAs are small geographical areas defined by the Office for National Statistics (ONS) at the census that contain between 400 and 1,200 households. To calculate an estimate of the Wider Area (Placemaking) Impacts, you need to identify and list all the LSOAs within 1.5km of the (approximate) centre of your site.</p> <p><i>This can be done in a number of ways including the hyperlink provided to the <a href="#">ONS Open Geography portal</a> and following these steps using the taskbar on the right-hand side of the map:</i></p> <ol style="list-style-type: none"> <li>1) Search site location using the address or postcode</li> <li>2) 'Drop a point' in the (approximate) centre of your site, and select 'Filter to this point'</li> <li>3) Insert '1.5' into the 'Distance' box, and set 'Units' to 'kilometers'</li> <li>4) Select table view, and then copy and paste each name once under 'LSOA11NM' into the cells in the TA.</li> </ol>		<p><b>Explanation of Wider Area Impact application to site</b></p> <p>(INSERT HERE)</p>			
Please identify all Lower Super Output Areas (LSOAs) within 1.5km of the BLRF site using this <a href="#">Hyperlink</a> :				<p><b>Supporting Evidence (including document titles for supporting evidence)</b></p> <p>(INSERT HERE)</p>			
LSOA 1:	Lewisham 022B						
LSOA 2:	Lewisham 025B						
LSOA 3:	Lewisham 026A						
LSOA 4:	Lewisham 030A						
LSOA 5:	Lewisham 026B						
LSOA 6:	Lewisham 037C						
LSOA 7:	Lewisham 037D						
LSOA 8:	Lewisham 022D						
LSOA 9:	Lewisham 026D						
LSOA 10:	Lewisham 039C						
LSOA 11:	Lewisham 026C						
LSOA 12:							
LSOA 13:							
LSOA 14:							
LSOA 15:							
LSOA 16:							
LSOA 17:							
LSOA 18:							
LSOA 19:							
LSOA 20:							
LSOA 21:							
LSOA 22:							
LSOA 23:							

## Step two: Identify all Lower Super Output Areas within 1.5km of the site

### **GUIDANCE UPDATED 5 FEBRUARY 2024:**

- i. LSOAs are small geographical areas defined by the Office for National Statistics (ONS) at the census that contain between 400 and 1,200 households. To calculate an estimate of the Wider Area (Placemaking) Impacts, you need to identify and list all the LSOAs within 1.5km of the (approximate) centre of your site.
- ii. **We have identified an issue with this process which means that not all of the eligible LSOA are captured, as the website is not measuring distance correctly due to a conversion factor working incorrectly. To rectify this, applicants should input 2.4 km rather than 1.5 km into the distance box once they have dropped the Pin on the centre of their site. This should now correctly calculate the number of LSOAs within 1.5 km of the approximate centre of the site.**
- iii. This can be done in a number of ways, including the [hyperlink provided to the ONS Open Geography portal](#) and following these steps using the taskbar on the right-hand side of the map:
  - 1) Search site location using the address or postcode
  - 2) 'Drop a point' in the (approximate) centre of your site, and select 'Filter to this point'
  - 3) Insert '2.4' into the 'Distance' box, and set 'Units' to 'kilometres'
  - 4) Select table view, and then copy and paste each name once under 'LSOA11NM' into the cells in the TA.

## Step three: Provide an explanation of the Wider Area Impacts application to site

- i. For projects to apply the wider area impact methodology, they should exhibit one or more of the following attributes:
  - A prominent site that will address significant negative externalities caused on site that



impact the surrounding area, such as removing existing blight or remediating brownfield land:

- A project that aims to transform a particular place to help restore and enhance the pride and viability of that location. The extent of transformation will vary depending on the location but could range from a smaller project transforming a specific site to a large-scale regeneration project that is part of a wider regeneration strategy. This could also be in the form of providing a critical mass of housing and jobs and/or delivering a broader range of community benefits;
- Projects being developed in or on the edge of urban areas that will not only address housing needs but deliver a range of other significant amenity benefits such as open space, active transport (cycleways, pathways), other recreational uses and employment opportunities that will serve and benefit existing residents in the wider area.

There should be a read across from this narrative to the Strategic Case which should be cross referenced. A separate short explanatory narrative on why the project meets one of more of the bullet points should also be included.

#### **Step four: Supporting evidence**

- i. In all cases it must be clearly evidenced how the intervention addresses the wider regeneration needs of the surrounding area and how the project contributes to placemaking. Supporting evidence should include how the proposal aligns with your council's placemaking and regeneration policies, including Local Plan policies. This can be closely related to the logic and evidence you have provided to support your Strategic Case. Please refer to the Fund Details for more guidance on the evidence needed to support your Strategic Case and how that should be referenced.

### **Section Four: Non-Monetised Impacts Assessment (row 97-106)**

#### **Definitions of NMIs**

NMIs are impacts which are difficult to monetise with accuracy, such as energy efficiency and transport impacts, because they have a large potential range. Please note, the range of available NMIs has been reduced from earlier BLRF2 rounds, as the TA now directly includes a number of regeneration benefits in the main assessment calculator.

Two examples are outlined below that describe the potential impacts of demolishing a derelict building in different circumstances:

#### **Example A**

- The site currently has an old derelict building on it, situated in an urban location, surrounded by 100 homes.
- The derelict building is partly demolished. The remaining part of the building is sympathetically upgraded and refurbished to become flats. The demolished section of the building is replaced by new homes built to Passivhaus standard, with all waste materials recycled.
- By partly demolishing the building, the site may make substantial energy savings because the carbon emissions already embodied within the existing building would



not be lost through the demolition process. Further, for the part of the site that is demolished, the energy efficiency of the new homes would likely reduce the site's carbon emissions in the coming decades.

- Additionally, if the development includes a new publicly accessible cycle pathway from one side of the site to another, it will likely lessen the travel time for residents in the surrounding area to get to the centre of town, as well as traffic noise and air pollution.
- It can therefore be surmised that the impact of partly demolishing the derelict building in this example will most likely positively impact the surrounding residents by the reduction in carbon emissions, air pollution and travel time.

### Example B

- The site currently has an old derelict building on it, situated within an industrial estate, surrounded by 5 homes.
- The entire derelict building is demolished and is replaced with homes built to a policy standard level: all materials are taken to a waste disposal unit. The site includes infrastructure that services the site such as an access road.
- The new site is not as impactful as Example A because the site has not provided significant improvement for the wider community; any positive impacts of this site (the new homes), are already considered in the BCR assessment, as the positive impacts are only really impacting the residents of these new homes.

To be clear, non-monetised impacts are not:

- Impacts that are already counted in your BCR score such as affordable housing or social rent.
- “Business as usual” impacts such as a new access road.
- Impacts that are likely to be displaced such as jobs/employment (i.e. a job on a site is likely displacing a job from elsewhere) or Economic Growth, Gross Domestic Product or Gross Value added (i.e. increased economic activity on a site is likely displacing activity from elsewhere).

All NMIs must be clearly linked to your proposed project.

### How to “Quantify” and Evidence your NMIs

For a project to reach a gateway VfM category of acceptable, evidence that the scale of the NMI is equivalent to the “switching value” must be provided.

Non-Monetised Impacts (If Applicable)			
The Benefit Cost Ratio above is based on the benefits associated with Land Value Uplift (the net private benefits of development to the individuals and/or firms locating within the site area), Brownfield Amenity Impacts, Wider Area Impacts (if applicable), and health and welfare benefits associated with the provision of additional affordable housing. In reality, there are likely to be a number of other impacts which are difficult to monetise which should be taken into account when setting a final Value for Money Category. The HMT Green Book A1, and DLUHC appraisal guide provide examples of NMIs. See the prospectus for information on how to assess Non-Monetised Impacts (NMIs).			
Type (SELECT FROM DROPDOWN)	Guidance on Non-Monetised Impact	Explanation of application to site and scale of impact	Evidence of application to site (including document titles for supporting evidence)
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	(INSERT HERE)	(INSERT HERE)
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	(INSERT HERE)	(INSERT HERE)
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	(INSERT HERE)	(INSERT HERE)
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	(INSERT HERE)	(INSERT HERE)
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	(INSERT HERE)	(INSERT HERE)



Image 7 Description: Screenshot of the Technical Annex showing the Non Monetised Impacts (NMIs) section

If your VfM category is Poor or Very Poor, the switching value will show as a “+” value in £ millions - the value that is required to ‘switch’ the VfM to an Acceptable category.

If your VfM category is Acceptable, or above (a BCR above 1.0), the switching value will show as a “-” as the project has passed the VfM gateway. However, if your BCR is just over 1.0, you may wish to include NMIs in case at assessment the project BCR is lowered.

Each NMI included in your TA should be well evidenced with a metric or potential quantified range, so that an assessment can be made as to whether inclusion comfortably meets the necessary switching value.

For the NMIs included in the TA drop downs, the table below (Table 3) provides NMI definitions, ways to quantify the NMI and examples of acceptable evidence.

Name of NMI	Acceptable evidence for ‘YES’
<p><b>Operational Greenhouse Gas Emissions / Energy Efficiency:</b> The proposed funded works and/or development will be subject to high build standards relating to sustainability and energy efficiency, with homes consistent with the expected Future Homes Standard. The proposed new dwelling will as a result have higher energy efficiency than the existing housing stock in England.</p>	<p>Evidence in their application of compliance with the Future Homes Standard, or specific elements of the build specification that it is reasonable to expect will have a similar impact on total energy efficiency.</p> <p>The Technical Annex will automatically populate a range of switching values in the Non-Monetised Impact Table, in the column “Guidance on Non-Monetised Impact” on a project- by-project basis, based on the information populated in the other tables. The information will state, for example “If the project meets the criteria, the scale of impact of reducing operational greenhouse gas from new housing could be between £0.08m - £0.12m.” More information on this can be found in NMI Assessment Table Step 3: Evidence of application to site</p>



**Environmental and Natural capital:** The development will conserve and enhance the natural environment, including through mitigating and remediating spoiled and contaminated land; preserving and increasing biodiversity; carbon sequestration; noise attenuation and improving natural habitats. Detailed descriptions should evidence how (at least one of) the following services are enhanced.

Show clear evidence that the intervention proposed would have positive natural capital benefits that is not covered within other NMIs. Evidence should show a clear description of the service to be enhanced (e.g. air filtration through planting more trees, noise attenuation through landscape design).

There are no automatic switching values for this NMI within the Technical Annex. Therefore, please use the tools within DEFRA's natural capital approach to value impacts e.g. using i-tree.eco to quantify the structural and environmental effects of urban trees and calculate their value to society. The tools used should be stated with information on the method employed that can be replicated or submitted separately in the application.

For further information on estimating impacts related to natural capital improvements, see the Department for Environment, Food and Rural Affairs 'Enabling a Natural Capital Approach (ENCA) guidance for improvements to urban habits:

<https://www.gov.uk/government/publications/enabling-a-natural-capital-approach-enca-guidance>

The following tools can be used to aid valuation:

1. Natural Environmental Valuation Online (NEVO):  
<https://www.leep.exeter.ac.uk/nevo/>
2. i-tree.co:  
<https://www.forestresearch.gov.uk/research/i-tree-eco/i-tree-eco-projects/>
3. CIRIA (2015, 2019), B£ST - Benefits Estimation Tool:  
<https://www.susdrain.org/resources/best.html>
4. Exeter University, Outdoor Recreation Valuation Tool (ORVal):  
<https://www.leep.exeter.ac.uk/orval/>



<p><b>Net Transport Impacts (Travel Time Savings, Noise, Air Quality, Health):</b> The project includes the provision of transport infrastructure that will also impact existing households in the area such as, for example, through a change in journey times. This includes sustainable transport options, such as cycleways. This does not include typical transport infrastructure that exists in most developments e.g. access road, footpaths within the development only used by the residents.</p>	<p>Evidence must be provided of what the transport intervention is that will provide transport impacts.</p> <p>There are no automatic switching values for this NMI within the Technical Annex. Therefore, accepted evidence would be, for example, a detailed explanation / supporting evidence of the use / future use of that transport infrastructure.</p> <p>A scale of impact of the benefits for cycling and walking infrastructure using the Department for Transport's Active Mode Appraisal Toolkit (AMAT) can be submitted alongside your application. Clear evidence should be provided for your forecasts of cycling / walking in the area.</p> <p>AMAT: <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120994/active-mode-appraisal-toolkit_November2022.xlsx">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120994/active-mode-appraisal-toolkit_November2022.xlsx</a> AMAT user guide: <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1102781/active-model-appraisal-toolkit-user-guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1102781/active-model-appraisal-toolkit-user-guidance.pdf</a></p>
<p><b>Other impacts as a result of the project.</b> Explain what the non-monetised impact is and how it can be considered additional to the project. That is, without this funding the impact is not likely to be displacing that activity / service from somewhere else outside of the site, or to somewhere else outside of the site. To have a potential impact on your final Value for Money category, you must provide either an estimate of the value of that impact or other metrics that can be used to assess its scale. Please refer to the <a href="#">HMT Green Book</a> and <a href="#">DLUHC Appraisal Guide</a> for more information.</p>	<p>There are no automatic switching values for this NMI within the TA. The evidence must demonstrate that the impact is additional to the site. In the absence of any robust evidence, it should be considered not additional (0% additionality).</p>

**NMI Assessment Table Step 1: Select from the dropdown (rows 135-144).**

Once you have considered which NMIs are relevant to your project, select an option from the dropdown available in the column labelled "Type". Please remember we are looking for quality over quantity, so please select the NMIs that provide the largest expected impacts.

Once you have selected an NMI, the TA will automatically populate the column labelled





“Guidance on the Non-Monetised Impact,” which includes definitions of the NMI and may include a quantified scale of switching values. More information is provided below.

### **NMI Assessment Table Step 2: Explanation of application to site and scale of impact**

Please outline how the selected NMI is linked to your proposed BLRF2 project, and the scale of impact.

For example, for Net Transport Impacts, you could outline the fact you are including a new cycle path for your project, explain the reasons why this is necessary, and how this impacts your surrounding residents.

As Examples A and B demonstrated (outlined in the Definition of NMIs section), the key focus here is to explain how your project will impact not only the residents due to live in the new homes, but also positively impact surrounding residents.

OPE will be assessing the scale of impact, and deciding whether an NMI is likely to have a significant impact, or multiple NMIs in combination, are clearly of sufficient scale to increase the initial VfM category to acceptable which would pass the gateway requirement.

### **NMI Assessment Table Step 3: Evidence of application to site**

Within the spreadsheet in “Evidence of application to site” please include a summary of the required evidence. Please make sure the quantified aspects of your evidence are obvious.

If the evidence requires an appendix, please make this clear and include the title of the document and the relevant page number.

If the NMI is Operational Greenhouse Gas Emissions / Energy Efficiency, the “Guidance on Non-Monetised Impact” column will include a sentence that provides a tailored project by project quantified scale of switching values, based on the project information entered in the VfM sections.

You do not need to provide any more quantified evidence and instead need to provide qualitative evidence such as photos, design briefs and strategic links (as outlined in the NMI Definitions and Evidence Table above).

If the NMI is:

- a) Environmental and Natural capital,
- b) Net Transport Impacts (Travel Time Savings, Noise, Air Quality) or;
- c) Other,

you will need to provide quantified evidence as the Technical Annex will not produce a potential quantified range.



Non-Monetised Impacts (If Applicable)			
The Benefit Cost Ratio above is based on the benefits associated with Land Value Uplift (the net private benefits of development to the individuals and/or firms locating within the site area), Brownfield Amenity Impacts, Wider Area Impacts (if applicable), and health and welfare benefits associated with the provision of additional affordable housing. In reality, there are likely to be a number of other impacts which are difficult to monetise which should be taken into account when setting a final Value for Money Category. The HMT Green Book A1, and DLUHC appraisal guide provide examples of NMIs. See the prospectus for information on how to assess Non-Monetised Impacts (NMIs).			
Type (SELECT FROM DROPDOWN)	Guidance on Non-Monetised Impact	Explanation of application to site and scale of impact	Evidence of application to site (including document titles for supporting evidence)
Operational Greenhouse Gas Emissions / Energy Efficiency	The proposed funded works and/or development will be subject to high build standards relating to sustainability and energy efficiency, with homes consistent with the expected Future Homes Standard. The proposed new dwelling will as a result have higher energy efficiency than the existing housing stock in England.  If the project meets the criteria, the scale of impact of reducing operational greenhouse gas emissions from new housing could be between £0m - £0m.	[INSERT HERE]	[INSERT HERE]
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	[INSERT HERE]	[INSERT HERE]
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	[INSERT HERE]	[INSERT HERE]
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	[INSERT HERE]	[INSERT HERE]
Non-Monetised Impact	Please select Non-Monetised Impact from the dropdown list to the left	[INSERT HERE]	[INSERT HERE]

Image 8 Description: Screenshot of the Technical Annex showing an example of a Non-Monetised Impact, within the list of dropdown options.

Links and suggestions of how to provide this quantified evidence can be found in the NMI Definitions and Evidence Required table above.

#### NMI Assessment Table Step 4: Ensure the NMI quantified metrics equate to the switching values

Once you have finished compiling your evidence, we recommend you check the illustrative scale of the quantified metrics against the switching value required to increase your VfM category.

If your switching value is £0.26m (£260,000), the quantified evidence provided for your NMIs needs to **clearly** meet the required switching value and should therefore **equate to a sum above this switching value**.

#### Contact Us

If you have any further questions on your VfM assessment please do [contact your OPE Regional Programme Manager](#).

End