

EXTENSION TO NEWCASTLE ENTERPRISE CENTRE PROJECT

APPENDIX 4

Value For Money calculations

These calculations use the Government's job density figures. The SCC job density figures from the Silverdale Enterprise Centre is twice that of the Government's figures therefore if the SCC figures were used, the VFM would be less than ½ of the cost per job shown below.

1. Direct single year correlation

Scheme cost - £1,580,000

Additional anticipated job numbers - 13

VFM = £121,540 per job

2. Direct single year correlation

SCC Investment - £440,000

Additional anticipated job numbers - 13

VFM = £33,850 per job

3. Whole life correlation

The key factor not considered by these figures is the longevity of the project.

Assumptions:

- 10% void ratio
- churn of 20% per annum
- Project life = 120 years

Calculation:

- Average additional expected job number = 11.7 (13 less 10%)
- Churn = 2.34 jobs per year (11.7 x 20%)
- Time from opening to target occupancy = 2 years
- Beneficiaries = 3 (Av. Yr. 1) + 9 (Av. Yr. 2) + 118 x 2.34 (Yr. 3 – Yr. 120)
= 288 people.

Therefore

SCC Investment - £440,000

Additional anticipated job numbers - 288

VFM = £1,530 per job