

## Business Case Assessment

Government expects an economic appraisal of a business case to be based on Green Book appraisal methods and take into account departmental specific guidance where appropriate e.g. DfT's WebTAG but where changes in land use is concerned, we would expect analysis consistent with the DCLG Appraisal Guide 2016. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

<b>Project Name</b>	Doxey Road Regeneration and Stafford Western Access Route	
<b>Reference</b>		
<b>State Aid (Has state aid compliance been demonstrated).</b>		Staffordshire County Council
<b>Brief description</b>	<p>This proposal enables the regeneration of a key gateway site between the new development location and Stafford town centre, creating direct employment and housing outcomes, and the delivery of the critical access improvements which will help to ease congestion in Stafford, make the town fit for the future in the light of planned growth linked to the future planned HS2 compatible services, and facilitate the long term development of the west of Stafford and other parts of the town.</p> <p>The Doxey Road site is the primary gateway between Stafford town centre and the proposed west of Stafford Strategic Development Location. Spanning either side of Doxey Road, the site is currently in a relatively poor condition and is home to an office block and distribution facility for St. Gobain abrasives, and used motor sales and repair facility.</p> <p>The Doxey Road proposal will be to relocate the St. Gobain facility to an alternative site in Stafford, safeguarding local employment and bringing forward a previously underused plot of land at this important location, with an overall project cost of around £8 million.</p> <p>The key objectives of the Stafford Western Access Route that need to be realised are as follows:</p> <ul style="list-style-type: none"> <li>☐ Provide high quality transport infrastructure required to deliver development In Stafford</li> <li>☐ Reduce congestion on routes into and around the town centre which act as a constraint on growth proposals</li> <li>☐ Facilitate improved access by sustainable modes between housing growth areas and the town centre</li> </ul> <p>£8.5m is sought from Growth Deal 3 for the Stafford Western Access Route. £2.0m is required in 2018/19 and £6.5m in 2019/20.</p> <p>The £2m GD3 funding in 2018/19 will contribute to the land acquisition and relocation of Saint Gobain. At the SWAR Project Delivery Team meeting on 25 January 2018 it was reported that contracts with Saint Gobain are largely agreed with no major outstanding issues</p>	

Total Cost	£62.1m	SSLEP request		£8.5m	%	14%
Net GVA/Land Value Uplift/BCR		BCR / Rol/LVU		2.58%	Period (years)	60
Outputs	Housing units		Jobs (new / safeguarded)		Transport (new road)	
SWAR (GD1) – previously approved	1000				1.2 km	
Doxey Rd. & SWAR (GD3)	1350		100			
Total SWAR scheme	2350		100		1.2 km	

Note – Net GVA gives the value of the additional services and good produced resulting from the project (allowing for leakage, displacement and multiplier effects). The assessment focuses on the benefit cost ratio which looks at the return for investment of the publically funded investment. A BCR for transport schemes is not directly comparable to a BCR for other schemes. The DCLG Appraisal Guide states that interventions around the benefits of changes in land use should be measured using Land Value Uplift, rather than modelling based on jobs and GVA.

<b>Strategic Case</b>	
<i>The strategic case sets out the rationale for the proposal. It makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.</i>	
Does the proposal support the SEP or other relevant strategy or plan?	Y <b>Competitive Urban Centres:</b> enables growth of the town centre and delivery of housing and employment development, including land at Doxey Road. <b>Connected County:</b> enhances connectivity to the town centres, and housing and employment sites <b>Skilled Workforce:</b> improves access between residential areas and the urban centre. <b>Sector Growth:</b> a more attractive and accessible environment will support growth in the business / professional service and retail sector
Does the proposal clearly state which SEP objectives (or other relevant strategy or plan) are to be delivered? (State which)	Y The project directly supports four SEP priorities: <b>1<sup>st</sup>: Competitive Urban Centres</b> – enables significant levels of housing and employment growth in a main urban centre where people are eager to live, work and enjoy themselves <b>1<sup>st</sup>: Connected County</b> - provides a new link between two 'A' roads through Stafford and on to strategic employment sites and the trunk road network, providing excellent connectivity and directly delivering a high quality employment site and supporting infrastructure to drive business growth, encourage inward investment and meet our labour market needs <b>1<sup>st</sup>: Sector Growth</b> – supports growth in the business/professional service and retail sectors in a main urban centre

	<b>2<sup>nd</sup>: Skilled Workforce</b> – provides improved access to jobs for the local existing and future workforce through an enhanced network for all modes of transport.
Is the project specifically named in the SEP or other key plan / strategy?	Identify page
Does the proposal clearly state what the objective(s) is/are in “SMART” terms? (Specific, Measurable (delivery / achievement can be objectively Monitored), Achievable, Relevant and Time constrained. If not then is the objective clearly set out so that its achievement can be monitored? <i>(If it cannot be monitored the proposal cannot be judged as good value for money).</i>	N Not overtly.
<b>Outputs</b> <i>Should be based on net figures and applicants should attach additionality calculations allowing for leakage, displacement and multiplier effects.</i>	
<ul style="list-style-type: none"> <li>- Are the net benefits/outputs clear?</li> <li>- Is there an independent professional valuation of the land?</li> <li>- Is the basis of the additionality calculation clear and considered appropriate? (Are benchmarks used, what evidence is provided to support the identified outputs?)</li> <li>- Are there genuinely unquantifiable costs and benefits associated with a proposal? If so does the proposal clearly explain why quantification cannot reasonably be made?</li> <li>- Other there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact.</li> </ul>	<p>Outputs and benefits well-rehearsed in the bid documentation.</p> <p>The SWAR directly unlocks 2,200 houses in the West of Stafford out of a total of 5,560 homes planned to be delivered by 2031 in Stafford Town. 2,200 new homes will support around 9,500 direct (construction), indirect (suppliers providing goods, services and materials) and induced (supported by increased spending) jobs.</p> <p>These new homes will also contribute around £22m in additional taxes (local and national) and around £60m increased spend in local shops and services. Developers will also be providing a new primary school, local centre and a significant financial contribution towards secondary education places. Growth in the West of Stafford also includes Doxey Road regeneration scheme that is directly related to the delivery of Section C of the SWAR. As well as contributing to the forecast growth in homes and jobs, the regeneration scheme will secure 100 jobs; reclaim 19.5 acres of derelict land and create high quality public open space.</p>
Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?	<p>Y</p> <p><b>Construction / technical:</b></p> <ul style="list-style-type: none"> <li>• The result from the test pile work and vibration analysis may require a change to the foundation solution. Detailed surveys and monitoring will be carried out and amendments to the design will be made as appropriate</li> <li>• Adverse weather conditions may affect the programme. Scheme costs and programme</li> </ul>

	<p>may be affected.</p> <ul style="list-style-type: none"> <li>Delays to construction as a result of statutory undertakers diversion /protection works. Early engagement has taken place to minimise this risk.</li> </ul> <p><b>Financial:</b></p> <ul style="list-style-type: none"> <li>Not securing the additional funding required to deliver the full scheme. Local contributions have been significantly increased and a strong case is being made to secure additional LGF</li> <li>Land may need to be acquired using the CPO process however negotiations are ongoing to limit any potential delays to the programme.</li> </ul> <p><b>Commercial:</b></p> <ul style="list-style-type: none"> <li>The mechanism for securing the funding from the main developer has been confirmed as a section 278 agreement. This is at the draft stage with details to be finalised.</li> </ul>
Are the strategic risks clear?	<p>Y</p> <p>Pre-site operations:</p> <ul style="list-style-type: none"> <li><b>Securing planning consent for new St Gobain facility at Redhill Business Park (Very low risk</b> as site is part of established business park which benefits from outline consent)</li> <li><b>Securing planning consent for the redeveloped Doxey Road site (Low risk</b> – site is identified for mixed use development in the Plan for Stafford Borough and the principle of development has been discussed with Stafford Borough Council planning officers)</li> <li><b>Land ownership of St. Gobain site at Doxey Road (Medium risk</b> – discussions to date with St. Gobain have been highly productive with a good working relationship which is designed to avoid the need for a CPO. Securing land through negotiation and relocation of St. Gobain provides a much better value for money option than the CPO process (and potential liabilities))</li> <li><b>Securing funding (Medium risk</b> – project has been promoted as a priority for the Growth Deal 3 funding package)</li> </ul> <p>Post start on site:</p> <ul style="list-style-type: none"> <li><b>Increased costs of Redhill relocation (Medium risk</b> – mitigated by proposal to enter into an “end to end” deal with Kier through a fixed price contract. Project contingency allowance and fully costed, fully agreed specification of</li> </ul>

	<p>building)</p> <ul style="list-style-type: none"> <li>• <b>The potentially high costs of land reclamation at Doxey Road (Medium risk</b> - these are currently being confirmed following the results of a Ground Investigation Study and Remediation Strategy which will inform details and costs of the necessary ground treatment works)</li> </ul> <p><b>The demand for housing and commercial land at Doxey Road (Medium risk</b> - the plot is at a key gateway to the West Stafford Strategic Development Location and market demand assessments commissioned have identified that the development plots will be attractive to the market. An initial offer has been provided by Kier for the housing identified on plots 2 and 3</p>
Are there any dependencies on this project and what impacts could they have on the project?	<p>Y</p> <p>The County Council has completed the acquisition of land from Stafford Borough Council. Terms have been agreed for the acquisition of land from Doxey Road Limited and land owners on the section of road from Martin Drive to Doxey Road. The County Council's legal team is progressing the sale contracts and it is envisaged that these acquisitions will be completed in advance of a Public Inquiry.</p>
Are there any lessons learned from previous experience in this area (across the SSLEP area and wider) and if so how are these being applied? What best practice is being applied?	<p>Y/N</p>
Has consultation taken place that supports the proposal?	<p>Y</p> <p>The Statement of Community Involvement submitted as part of the planning application in June 2015 provides details of all consultations that have taken place since the first community events in December 2009 and January 2010 when initial scheme options were considered. It includes an updated Communication Plan.</p> <p>Consultations and stakeholder management that has taken place since the publication of the Statement of Community Involvement in June 2015 includes the following:</p> <ul style="list-style-type: none"> <li>• Responses to the planning application</li> <li>• Public information boards on the line of the proposed route</li> <li>• West of Stafford Strategic Development Location masterplan meetings organised by Stafford Borough Council</li> </ul>

	<ul style="list-style-type: none"> <li>• Saint Gobain development meetings</li> <li>• Meetings with other land owners along the route</li> <li>• Castletown and Castlefields Residents' Association meetings</li> <li>• Stafford Rotary Club presentation</li> <li>• Network Rail meeting</li> <li>• Western Power Distribution meetings</li> <li>• Environment Agency and Staffordshire Wildlife Trust meetings</li> <li>• Updates provided to local councillors and Member of Parliament.</li> </ul>
Are there clear stakeholders that are supporting the project?	Y

### Strategic Case Assessment Summary

**High:** Strong strategic fit / supports SEP/Key Strategies and accelerates job creation, business investment and site development.

- Schemes that are specifically mentioned in the SEP as strategically important and/or
- Genuinely transformational outputs at a scale to make significant impact sectorally / spatially.

**Medium:** Good strategic fit. Project supports growth but lead to medium scale improvements/outputs.

**Low:** May have strong elements but overall case is weak e.g. unclear strategic fit, projects with strategic fit but leads to small scale improvements/outputs.

High

### The Economic Case

The economic case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal. Ensure that the benefits of the development have been calculated in accordance with Green Book and Departmental Guidance e.g. Land Value Uplift – DCLG Appraisal Guidance 2016, DfT WebTAG.

#### Project Additionality / Cost Benefit Analysis

- Is the additionality and supporting documentation convincing?
- Do outputs represent value for money, base on previous projects and known benchmarks as applicable?

The scheme produces substantial benefits amounting to £116.8 million. These benefits are mainly generated by travel time savings. The scheme will provide a shorter route for many trips providing both time savings and lower vehicle operating costs. The reduced congestion in the town centre resulting from the scheme will also provide time savings for traffic not directly using the new roads. Construction and maintenance delays have been taken into account.

### Options Analysis

Options analysis starts from a list of all reasonable alternatives including a do nothing option (the so called counter factual) or if doing nothing is not possible a do minimum option.

- Is it clear why the initial list of options has been reduced to the preferred option?

Y

- Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?	Rehearsed in tabular form.
Is the rationale for choosing the preferred option clear? If the preferred option does not represent the best value for money of the options considered are the decisive factors that influenced the decision clear and justifiable?	Y The result of the appraisal identified that Option F should be taken forward as the Preferred Option. Overall, it scored best in the assessment. It had the highest benefit to cost ratio; was the most popular route in a public consultation exercise; and achieved 85% of the intervention objectives.
Risk Management - Have all appropriate risks been considered? - Are the risk management arrangements credible, and are the risk management costs also built in? - Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?	Y Y Y The main outstanding risks are currently as follows: <ul style="list-style-type: none"> <li>• Adverse weather conditions and flooding may affect the programme. Scheme costs and programme may be affected.</li> <li>• Delays to construction as a result of statutory undertakers diversion /protection works. Early engagement has taken place to minimise this risk.</li> <li>• Unforeseen impact of pile driving activity</li> <li>• Land may need to be acquired using the CPO process however negotiations are ongoing to limit any potential delays to the programme.</li> </ul>
Optimism Bias <i>Optimism bias decreases as the project firms up, risk management becomes more detailed and costs are firmed then</i>	
- Does the proposal contain an allowance for Optimism Bias? - Is the level of optimism bias included sensible in relation to the stage reached in preparing the business case? - Has this been calculated?	The Benefit to Cost ratio (BCR) has been calculated by Atkins Consultants. All benefits and costs have been assessed over a 60-year project lifetime then discounted back to a common base year of 2010. Discount rates of 3.5% and 3.0% have been applied to benefits and costs for years 1-30 and 31-60 respectively. The optimism bias for the scheme remains at 15% based on the reasons stated in the January 2015 MSBC. The SWAR has not as yet reached full approval when a 3% optimism bias uplift will be applied. Optimism Bias allowance 15%.
Distributional Impacts - What % of project impacts are outside the SSLEP area and how has this figure been arrived at? - Does the project have different impacts on different sections of society/are there any re-distributional impacts?	n/a



#### Economic Case Assessment Summary

**High:** Strong case across the board. High additionality. Alternate options identified / considered and preferred option logically identified. Risk management robust. Optimism bias clearly accounted for. Distributional impacts clear/which impacts will fall outside area. Land value uplift calculated and identified.

General – BCR 10% above comparator data

Transport – BCR higher than 2

**Medium:** Good strategic fit. Project supports growth but lead to medium scale improvements.

General – BCR is within 10% of comparator data

Transport – BCR higher than 1.5 - 2

**Low:** Unclear strategic fit. Projects with strategic fit but lead to small scale improvements.

General – BCR is below 10% of comparator data

Transport – lower than 1.5

High/Medium

#### The Commercial Case

The commercial case is concerned with issues of commercial feasibility and sets out to answer the question “can the proposed solution be effectively delivered through a workable commercial deal or deals?” Has Land value uplift been calculated and accounted for – who benefits from the uplift?

Is the relationship with any private sector partners that will also deliver clear?

Y

Staffordshire County Council chose Amey in March 2014 as its new strategic partner of choice for Infrastructure+, following a rigorous procurement process. This innovative partnership has been specifically designed to build capacity, add value and ensure we can deliver major projects such as the Stafford Western Access Route in the most efficient manner.

The partnership allows the contractor to be involved at the earliest possible opportunity through co-location, with designers and specialists working alongside the on-site delivery teams.

The partnership is providing an end-to-end approach from scheme inception to construction and the SWAR has already benefited from this collaborative working with Amey providing construction advice.

Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds

Y

Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?

Y

Key Milestones 2017/18 Onwards:  
CPO process (with inquiry)  
Start: September 2016  
Finish: November 2018.



	Construction – major works (CPO with inquiry) Start: November 2018 Complete: December 2020
Are personnel / TUPE implications fully explained and addressed?	Not rehearsed.
Are any in house costs clear and proportionate?	Not separately rehearsed.
Who will own the assets after the project is completed?	SCC
Does the risk assessment adequately consider and address any procurement risks?	Y

#### Commercial Case Assessment Summary

**High:** Strong case across the board. Procurement methodology is appropriate / robust with a full timescale. Asset ownership and management clear. Risk management effective. In house costs considered proportionate.

**Medium:** Overall the commercial case is well constructed and convincing. However, specific elements are not strong /require improvement.

**Low:** May have strong elements but overall case weak e.g. procurement methodology and timescale not clear, not clear on asset or risk management or in house costs considered disproportionate.

Medium/High

#### The Financial Case

The financial case is concerned with issues of affordability, financial viability/sustainability and sources of budget funding. It covers the lifespan of the scheme and all attributable costs.

Are all the lifetime costs identified? I.e. anything obvious missing, any blank lines or provisional sums.	Y/N  Check how estimated and identify e.g. estimate, based on previous project, QS estimate, scheduled of rates, quotes, tenders etc. Cross reference to optimism bias. Check ongoing financial viability.
Have all lifetime costs and issues of financial sustainability been fully considered	Y/N Check how estimated and identify them.
Has all the matched funding been secured or is there a funding gap?	Rehearsed in Business Case: Table 6
Is the strategy for securing the funding package reasonable and appropriate	Y
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Y
Has Land Value Uplift been calculated – has it been accounted for in the development appraisal – who gets the benefit – should SSLEP/Public Sector partners participate in uplift?	Y/N Check figures properly calculated e.g. RICS Red Book Valuations.

	Summarise
Is the level of contingency appropriate?	Y/N Summarise level
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	Not rehearsed.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y Rehearsed in comprehensive Risk Register.
Are there any particular cost elements that are particularly price sensitive and could impact on the project viability if there is a significant change? (Price sensitivity)	Not rehearsed.
Contingent liabilities - Does the proposal explain and estimate any contingent liabilities that may result from the proposal? - Does the project sponsor adequately explain how these will be managed and any costs met?	Y/N for contingent liabilities If Y explain how being dealt with
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Y

#### Financial Case Assessment Summary

**High:** Strong case across the board. Costs basis strong (e.g. tenders / professionally estimated, full costs included including appropriate contingency), handling of liabilities clear, financial provision for monitoring and evaluation. Value for money against outputs clear. Lifetime costs assessed and financially viable.

**Medium:** Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.

**Low:** May have strong elements but overall case weak e.g. procurement methodology and timescale not clear. Not clear on asset or risk management. In house costs considered disproportionate.

High

#### The Management Case

The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete. The Senior Responsible Owner should be identified.

Is there a delivery plan with clear & detailed milestones?	Y
Are the proposed programme management arrangements and methodology sound and effective?	Y Established methodologies and novel integrated

<p>(Complex projects should be using PRINCE2 methodology)</p>	<p>design &amp; delivery in use.</p> <p>The SWAR programme is being managed through a governance structure that provides a clear decision-making line to the LEP. A Project Board has been formed that is chaired by Staffordshire County Council's Commissioner for Highways and the Built County. The Cabinet Member for Economic Growth is a member of the Project Board to ensure that decisions made are reported to the LEP via the Cabinet Leader. The Board is also attended by the Finance Manager in a project assurance role and the Connectivity Strategy Manager who is responsible for transport policy and strategy and the production of the business case.</p>
<p>Are risk management arrangements acceptable given the scale of the project?</p> <ul style="list-style-type: none"> <li>- Is there an effective risk register with mitigating actions?</li> <li>- Are there any risks which could have a disproportionate impact on the project?</li> </ul>	<p>Y</p> <p>Faithful+Gould has been commissioned by Staffordshire County Council to undertake structured updates of the risk register and to re-calculate the Quantitative Cost Risk Analysis (QCRA). Risk assessment and management workshops have been held and Project risks, cost uncertainties and proposed mitigation measures are reviewed at the workshops.</p> <p>When new risks and mitigation measures have been identified, they have been allocated to the most appropriate owner. Risks that have the greatest impact on delivery have been closely monitored and managed. Outside of the formal workshops, risk management has formed an essential part of the development of the project and meetings with the LEP have enabled risks to be continually reviewed and reported.</p>
<p>Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)</p>	<p>Y</p> <p>On 5th November 2015, the Planning Committee accepted the recommendation to approve the planning application by Staffordshire County Council for the construction of the SWAR, subject to the conditions reported on 24th December 2015. Planning permission for development was granted pursuant to powers under the Town and Country Planning Act 1990 and Regulation 3 of Town and Country Planning General Regulations 1992.</p>
<p>Evaluation -</p> <p>Are the evaluation proposals proportionate and acceptable? (Larger scale projects should be independently sourced)</p> <p>Do they accord with national LGF guidance issued by HMG?</p>	<p>Y</p> <p>Rigorous evaluation protocols appear to have been applied.</p>

#### **Management Case Assessment Summary**

**High:** Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.

**Medium:** Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.

**Low:** May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.

Medium

(Risk of CPO timescales and unknown ground conditions reduced this to a Medium)

### Business Case Assessment Summary

Project Name		Doxey Road Regeneration and Stafford Western Access Route	
Reference			
Programme Management Team Assessment Summary			
<b>High:</b> Strong case across the board. Delivery plan, management methodology and risk management robust and clear. Clear evidence that project can be delivered within proposed timescales. Evaluation appropriate and accords with national guidelines. Full approvals.			
<b>Medium:</b> Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.			
<b>Low:</b> May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.			
Strategic Case		High	
Economic		High/Medium	
Commercial		Medium/High	
Financial		High	
Management		Medium	
Recommendation		A well-constructed Business Case with extensive, seemingly robust, support documents and analyses. SCC were requested to provide a schedule of additional outputs & outcomes relating to the additional funding.  Recommend approval.	
Assessor	John Devlin	Date	25 <sup>th</sup> January 2018
Verification	Dave Nicholls	Date	25 <sup>th</sup> January 2018

### To Be Completed After APMB: Record of Decision

Chair:	Peter Davenport
Date of Meeting:	31 <sup>st</sup> January 2018
Decision:	The CDGD Assurance Programme Board recommended for approval the Doxey Road and Stafford Western Access Route business case subject to assurity of the 2018/19 investment and clarification of outputs, recommending that the SSLEP Executive release a capital grant award of £8.5m to the Doxey Road and Stafford Western Access Route scheme

### To Be Completed After SSLEP Executive Board: Record of Decision

Chair:	David Frost
Date of Meeting:	15 <sup>th</sup> February 2018
Decision:	Business Case approved