

## 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>	<b>Staffordshire County LSTP</b>				
<b>Reference</b>					
<b>State Aid (Has state aid compliance been demonstrated).</b>	<b>Unknown</b>				
<b>Brief description</b>	<p>To deliver targeted and scalable sustainable transport packages for Core City and Competitive Urban Centres, including Stoke-on-Trent, Newcastle-under-Lyme, Burton upon Trent, Tamworth, Lichfield, Stafford and Cannock - focusing on improving access opportunities to employment, education and training. Building on the successes and benefits of proven sustainable transport interventions that have been delivered over the last five years through Local Sustainable Transport Funds and extending the Growth Deal (1) programme that is currently being delivered during 2015/16 to 2018/19.</p> <p>Growth Deal (3) schemes include enhanced walking and cycling connectivity to and within town centres, access to rail stations, improved bus information and facilities and the management of traffic on congested routes.</p> <p>There is evidence that investing in sustainable transport, will help contribute to a healthier nation and broaden employment and training horizons for people seeking work or education opportunities. As well as benefiting existing businesses, sustainable transport provision will improve the attractiveness of an area and encouraging further Business Case investment in jobs and housing.</p>				
<b>Total Cost</b>	<b>£15.61M</b>	<b>SSLEP request</b>	<b>£6.46M</b>	<b>%</b>	<b>41%</b>
<b>Net GVA/Land Value Uplift/BCR</b>		<b>BCR / RoI/LVU</b>		<b>Period (years)</b>	
<b>Outputs</b>	<b>Output</b>		<b>Number</b>		
	Not rehearsed.		Not rehearsed.		

Note – Net GVA gives the value of the additional services and goods 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>	
<p>Does the proposal support the SEP or other relevant strategy or plan?</p>	<p>Y</p> <p>Supports all 5 SEP priorities:</p> <p><b>1<sup>st</sup>: Competitive Urban Centres</b> – enables sustainable growth of the City and town centres, and enhances housing and employment growth opportunities</p> <p><b>1<sup>st</sup>: Core City</b> – supports economic growth of the urban conurbation, including growth planned in the City Centre</p> <p><b>2<sup>nd</sup>: Connected County</b> - enhances connectivity along key routes to town centres, City centre, strategic housing and employment sites, the trunk road network and rail services</p> <p><b>3<sup>rd</sup>: Skilled Workforce</b> – encourages the local and future workforce to increase physical activity through walking and cycling. Evidence shows that there is a measurable difference in productivity levels between staff with higher and lower levels of physical activity. It also improves access between deprived areas and urban centre, especially for those without use of a private car</p> <p><b>4<sup>th</sup>: Sector Growth</b> – a more attractive and accessible environment will support growth in the business / professional service and retail sectors in the City and town centres</p>
<p>Does the proposal clearly state which SEP objectives (or other relevant strategy or plan) are to be delivered? (State which)</p>	<p>Y</p> <p>The project aligns with the latest DfT Door to Door strategy (March 2013).</p> <p>The Local Sustainable Transport Packages will also support the delivery of the follow policies:</p> <p><b>Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy 2006-2026:</b>            Policy SP1 Spatial Principles of Targeted Regeneration            Policy SP3 Spatial Principles of Movement and Access            Policy ASP1 – Stoke-on-Trent City Centre Area Spatial Policy            Policy ASP2 – Stoke-on-Trent Inner Urban Core Area Spatial Policy            Policy ASP3 – Stoke-on-Trent Outer Urban Area            Policy ASP4 – Newcastle Town Centre Area Spatial Policy            Policy ASP5 – Newcastle and Kidsgrove Urban Neighbourhoods Area Spatial Policy</p> <p><b>East Staffordshire Local Plan 2012-2031:</b>            Strategic Policy 11: Bargates/Molson Coors Strategic Allocation            Strategic Policy 20: Town and Local Centres Hierarchy</p>

	<p>Strategic Policy 21: Managing Town and Local Centres Strategic Policy 35: Accessibility and Sustainable Transport</p> <p><b>The Plan for Stafford Borough 2011-2031:</b> Policy Stafford 1 – Stafford Town Policy Stafford 3 – West of Stafford Policy Stafford 4 – East of Stafford Policy Stafford 2 – North of Stafford Policy T1 - Transport</p> <p><b>Tamworth Local Plan 2006-2031:</b> Policy HG2: Sustainable Urban Extensions Policy SU1: Sustainable Transport Network Policy SU2: Delivering Sustainable Transport Policy SU3: Climate Change Mitigation Policy SU6: Community Facilities</p> <p><b>Cannock Chase Local Plan (Part 1) 2006-2028</b> Policy CP5 - Social Inclusion and Healthy Living Policy CP6 - Housing Land Policy CP8 - Employment Land Policy CP9 - A Balanced Economy Policy CP10 - Sustainable Transport Policy CP11 - Centres Hierarchy</p> <p><b>Lichfield District Local Plan Strategy 2008 - 2029</b> Core Policy 5: Sustainable Transport Core Policy 6: Housing Delivery Core Policy 7: Employment &amp; Economic Development Core Policy 8: Our Centres Core Policy 10: Healthy &amp; Safe Lifestyles Core Policy 11: Participation in Sport &amp; Physical Activity</p>
<p>Is the project specifically named in the SEP or other key plan / strategy?</p>	<p>Generically, Yes: P.16</p>
<p>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></p>	<p>Y</p> <ul style="list-style-type: none"> <li>- Increased public transport patronage on selected services</li> <li>- Increased walking and cycling on treated corridors</li> <li>- Reduced peak hour traffic congestion in urban centres</li> </ul> <p>The “project” is in fact a group of separate projects each of which requires further detail on the size, cost, scope and sequencing within the overall LSTP programme. These are individually detailed in the LSTPI (November 2015) Summary Pro-forma.</p>
<p><b>Outputs</b> <i>Should be based on net figures and applicants should attach additionality calculations allowing for leakage, displacement and multiplier effects.</i></p>	
<p>- Are the net benefits/outputs clear?</p>	<p><b>Acceptable</b> Jobs, housing units, commercial floor space and</p>

<p>- Is there an independent professional valuation of the land?</p> <p>- Is the basis of the additionality calculation clear and considered appropriate? (Are benchmarks used, what evidence is provided to support the identified outputs?)</p> <p>- Are there genuinely unquantifiable costs and benefits associated with the proposal? If so does the proposal clearly explain why quantification cannot reasonably be made?</p> <p>- Are there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact.</p>	<p>other outcomes are well and specifically rehearsed.</p> <p>The project will help to deliver housing, employment and retail growth in line with Local Plans. It will help to reduce traffic congestion, leading to reduced delays and more reliable journeys. An enhanced pedestrian environment will promote sustainable travel and healthier lifestyles. Improved bus facilities and information will encourage increased patronage and reduced reliance on the private car. Sustainable travel enhancements will improve accessibility to education and training opportunities and lead to increased employment potential. Improvements to public transport, walking and cycling will support lower income groups and reduce social exclusion.</p> <p>There is evidence that investing in sustainable transport, through a mixture of Growth Deal capital funds and revenue Access Funds, will help contribute to a healthier nation and broaden employment and training horizons for people seeking work or education opportunities. As well as benefiting existing businesses, sustainable transport provision will improve the attractiveness of an area and encouraging further investment in jobs and housing.</p> <p><b>Not rehearsed.</b></p> <p>N</p> <p>N</p> <p>Y</p>
<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Unknown. Not had sight of the Risk Register.</p>
<p>Are the strategic risks clear?</p>	<p>Y</p> <p>Risk factors to delivery of the project are identified as:</p> <ul style="list-style-type: none"> <li>- Objections received via consultation processes relating to scheme elements such as Traffic Regulation Orders</li> <li>- Co-dependencies with public transport operators</li> <li>- Variations in contributions from private co-</li> </ul>

	<p>investors</p> <p>Otherwise, the main risks are the detailed designs not being completed (within the control of the sponsoring authority) and consultations leading to alterations to the measures.</p> <p>Delivery risks are likely to be minimal as the package of measures are contained within the existing highway boundary and could be delivered through the County Council's infrastructure + partnership by Amey or the City Council's NEC3 Highways Minor Works Framework Contract.</p>
Are there any dependencies on this project and what impacts could they have on the project?	Limited in each case.
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?	Y Delivery of highways related schemes is commonplace and the risks, methodologies and procurement routes are well developed and practiced, with well-established protocols, routines, checks and balances.
Has consultation taken place that supports the proposal?	Y Consultations planned to take place for each TRO.
Are there clear stakeholders that are supporting the project?	Y Constituent local authorities of Staffordshire County, Network Rail, local transport providers.

<p><b>Strategic Case Assessment Summary</b>  <i>High: Strong strategic fit / supports SEP/Key Strategies and accelerates job creation, business investment and site development.</i>  - 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.</p> <p><i>Medium: Good strategic fit. Project supports growth but lead to medium scale improvements/outputs.</i></p> <p><i>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.</i></p>	
High/Medium.	
<p><b>The Economic Case</b>  <i>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.</i></p>	
<p>Project Additionality / Cost Benefit Analysis</p> <ul style="list-style-type: none"> <li>- Is the additionality and supporting documentation convincing?</li> <li>- Do outputs represent value for money, base on previous projects and known benchmarks as</li> </ul>	<p>This project will unlock significant private sector funding opportunities that will support regeneration and economic growth. Partnership working with public transport operators will also underpin the project and will offer the opportunity to maximise the</p>

applicable?	sustainable transport benefits from investment.
<b>Options Analysis</b> <i>Options analysis starts from a list of all reasonable alternatives including a <u>do nothing option</u> (the so called counter factual) or if doing nothing is not possible a do minimum option.</i>	
<ul style="list-style-type: none"> <li>- Is it clear why the initial list of options has been reduced to the preferred option?</li> <li>- Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?</li> </ul>	<p>Cannot be deduced from information available although a prioritisation process has been undertaken, leaving the most robust schemes in the current programme.</p> <p>Key variables are not rehearsed.</p>
<p>Is the rationale for choosing the preferred option clear?</p> <p>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?</p>	<p>Y</p> <p>The project references other previously delivered LSTF type packages which have demonstrated value for money. Improved access to employment opportunities and skilled workforces will provide support for economic regeneration and growth as well as helping deliver sustainable residential development. Significant private sector funding will be levered in alongside other local contributions to add value.</p>
<p>Risk Management</p> <ul style="list-style-type: none"> <li>- Have all appropriate risks been considered?</li> <li>- Are the risk management arrangements credible, and are the risk management costs also built in?</li> <li>- Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?</li> </ul>	<p>Y/N?</p> <p>The Risk Register has not been shared but is planned to be shared on a monthly level. Previously approved sustainable transport projects have been or are being delivered within outlined timescales. The project risks will be managed appropriately and stakeholder consultations are recognised as vital to the success of the project. Delivery of the project will be managed efficiently and effectively throughout the process, based on experiences from similar project deliveries.</p>
<p>Optimism Bias</p> <p><i>Optimism bias decreases as the project firms up, risk management becomes more detailed and costs are firmed then</i></p>	
<ul style="list-style-type: none"> <li>- Does the proposal contain an allowance for Optimism Bias?</li> <li>- Is the level of optimism bias included sensible in relation to the stage reached in preparing the business case?</li> <li>- Has this been calculated?</li> </ul>	Not evidenced.
<p>Distributional Impacts</p> <ul style="list-style-type: none"> <li>- What % of project impacts are outside the SSLEP area and how has this figure been arrived at?</li> <li>- Does the project have different impacts on different sections of society/are there any re-distributional impacts?</li> </ul>	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

Medium/High.

### 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?	Partly. Private partners are referred to – presumably as minority contributors to schemes via Highways or Planning Acts. Also private transportation companies and housebuilders are referenced, although not specifically aligned to individual projects at this stage.
Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds	Y As the programme progresses, the alternative procurement options available will be assessed to identify which one offers the best value for money for each element of the programme. Alternative options include open competitive tender and the Midlands Highway Alliance framework contract.
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	Y In headline form.
Are personnel / TUPE implications fully explained and addressed?	N/A
Are any in house costs clear and proportionate?	Y/N Not separately rehearsed.
Who will own the assets after the project is completed?	The assets will remain in the ownership of the relevant local highway authority.
Does the risk assessment adequately consider and address any procurement risks?	Y The main risk is that detailed designs have not been completed and consultations during the appropriate development phase may lead to alterations to the measures. Alternative procurement routes are rehearsed.

### 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.

### 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.	N Limited information available.
Have all lifetime costs and issues of financial sustainability been fully considered	Assumed that normal Highways related criteria apply.
Has all the matched funding been secured or is there a funding gap?	Funding package appears complete.
Is the strategy for securing the funding package reasonable and appropriate	Y £5m is being sought from Growth Deal (3) with local contributions available from other local authority resources and developer funds
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Y Figures are based upon competitively tendered rates.
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?	Unknown. n/a?
Is the level of contingency appropriate?	Unknown. Contingency appears to be managed from within each element of the programme.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	N
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y/N Summarised.
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)	Y/N 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



Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Y/N Not separately identified but presumed to within the fee regime.
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<p><b>Financial Case Assessment Summary</b></p> <p><b>High:</b> 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.</p> <p><b>Medium:</b> Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p><b>Low:</b> 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.</p>	
Medium.	

<p><b>The Management Case</b></p> <p>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.</p>	
Is there a delivery plan with clear & detailed milestones?	Y Delivery plan & phasing/sequencing rehearsed.
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	Y The array of schemes are commonplace in nature, not technically complex, and relatively easy to manage on an individual basis.
Are risk management arrangements acceptable given the scale of the project? - Is there an effective risk register with mitigating actions? - Are there any risks which could have a disproportionate impact on the project?	Y A Risk Register is maintained to identify the mitigation measures that may need to be put in place to manage the risks identified and to ensure the successful delivery of the initiatives. The Risk Register is maintained and reviewed regularly throughout the project and revised as necessary. This ensures that appropriate mitigation measures are taken and any new or previously unforeseen risks are identified.
Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	Y Yes, SSLEP Board.
Evaluation - Are the evaluation proposals proportionate and	Not known.

acceptable? (Larger scale projects should be independently sourced) Do they accord with national LGF guidance issued by HMG?	
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<p><b>Management Case Assessment Summary</b></p> <p><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.</p> <p><b>Medium:</b> Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p><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.</p>
High/Medium.

**Business Case Assessment Summary**

<b>Project Name</b>	<b>Staffordshire County LSTP</b>
<b>Reference</b>	
<b>Programme Management Team Assessment Summary</b>	
<p><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.</p> <p><b>Medium:</b> Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p><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.</p>	
Strategic Case	High/Medium.
Economic	Medium.
Commercial	Medium.
Financial	Medium.
Management	High/Medium.

Recommendation		The proposals represent a programme of individually small works that appear to be well planned, understood and managed. There is a sound logic supporting the selection of the individual schemes and a strong plan for the integration of networks, opening-up of development lands and the better connection of communities, residential areas and workplaces. Plus the creation of safer city centre areas. This assessment was based upon the information available.	
Assessor	John Devlin, Programme Consultant	Date	20/10/2017
Verification	David Nicholls	Date	23/10/2017

<b>To Be Completed After APMB: Record of Decision</b>	
A/Chair:	David Nicholls
Date of Meeting:	31 <sup>st</sup> October 2017
Decision:	The CDGD Assurance Programme Board approved the business case subject to clarification and metrics of the programme outputs and outcomes, recommending that the SSLEP Executive release a capital grant award of £0.46m to the Local Sustainable Transport Package (LSTP Staffordshire). Business Case reissued with additional output metric clarification

<b>To Be Completed After SSLEP Executive Group: Record of Decision</b>	
Chair:	David Frost
Date of Meeting:	14 <sup>th</sup> December 2017
Decision:	Business case approved