

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.

Project Name	Programme of Walking and Cycling Improvement Schemes				
Reference	LGFSS07 - Local Sustainable Transport package (SoTCC)				
State Aid (Has state aid compliance been demonstrated).	n/a				
Brief description	Approx. 1200m of new footway / cycleway				
Total Cost	£1,000,000	SSLEP request	£1,000,000	%	tbc
Net GVA/Land Value Uplift/BCR	Not rehearsed	BCR / Roi/LVU	See Note 2 below:	Period (years)	
Note 1:	Land Value Uplift (LVU) is currently the preferred BEIS measure.				
Outputs	Output			Number	
	New footway / cycleway			Approx. 1200m	
	Dropped kerbs			Approx. 300	
	Restricted access measures to streets in the City Centre pedestrian zone			4 streets	
	Toucan (cycle friendly) pedestrian crossing traffic signal upgrades			2 no.	

Note 1.– 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.

Note 2.- The VFM assessment for this programme is based upon comparators with other similar schemes, where Capita who undertook an independent assessment confirm that rates and costs compare favorably with schemes of a similar nature and scale and represent good VFM.

Strategic Case	
<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
Does the proposal clearly state which SEP objectives (or other relevant strategy or plan) are to be delivered? (State which)	Y 1. Competitive Urban Centres: 2. Core City: 3. Connected City: 4. Skilled Workforce: 5. Sector Growth:

	Of the 5 key Objectives three specifically refer to local infrastructure and internal connectivity of our key urban centres. Clearly this Local Sustainable Transport Plan programme of interventions is directed as making such improvements at the local level.
Is the project specifically named in the SEP or other key plan / strategy?	No
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>	No. The objectives are rehearsed within the Economic Case of the application documentation. These include a focus on health, wellbeing via the encouragement of cycling and walking, reducing traffic congestion,
Outputs <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"> - Are the net benefits/outputs clear? - Is there an independent professional valuation of the land? - Is the basis of the additionality calculation clear and considered appropriate? (Are benchmarks used, what evidence is provided to support the identified outputs?) - Are there genuinely unquantifiable costs and benefits associated with a proposal? If so does the proposal clearly explain why quantification cannot reasonably be made? - Other there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact. 	<p>Yes. Outputs clearly rehearsed in the schedule of works.</p> <p>n/a</p> <p>Not rehearsed.</p> <p>All of the measures proposed will also contribute towards improving the health of the workforce and as a result, improving their levels of productivity, reducing absenteeism and less of a demand on public health services.</p> <p>It is expected to achieve outcomes including new cycle users and walkers to work or for leisure; a reduction in short journeys by car, providing health and environmental benefits. . Comparable schemes are being delivered nationally and evidence is available that these types of initiatives can successfully help to encourage modal shift to sustainable travel.</p>
Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?	Low risk.

Are the strategic risks clear?	Yes. There are no major risks involved, for example land acquisition and complex procurement processes.
Are there any dependencies on this project and what impacts could they have on the project?	No. The project has a set of reserve schemes that can be activated at short notice to take-up any slippage.
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?	Yes. Comparable schemes are being delivered nationally and evidence is available that these types of initiatives can successfully help to encourage modal shift to sustainable travel.
Has consultation taken place that supports the proposal?	Partly, with more to come. A key stakeholder and public consultation is to be undertaken where appropriate. Any objections received will be reported back to the City Council and a decision subsequently made. Some initial consultation with local businesses in the city centre has already been undertaken on the proposed restricted vehicular access measures scheme and only one concern was raised, and which is still under discussion. Early stakeholder consultation has also taken place with Staffordshire University and the 6 th Form College as well as with the Council's Cabinet Member for Regeneration, Transport and Heritage, who fully supports the programme outlined above.
Are there clear stakeholders that are supporting the project?	Yes. Sustainable travel initiatives have been completed over the last 15/20 years using LTP Integrated Transport block supported by strong government policy that is committed to encourage sustainable travel and reducing the need to travel.

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.*

	considered deliverable within the timeframe of the Growth Deal 3 funding.
<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>Yes.</p> <p>The package of measures will contribute to addressing the issue and levels of worklessness in the City by providing alternative safe and convenient access routes to employment sites by sustainable means of travel. These measures provide improved connectivity to the Etruria Valley site within the Ceramic Valley Enterprise Zone, the University Quarter, and the Rail Station.</p> <p>This scheme will benefit existing businesses as well as creating the right conditions to help attract future inward investment. The pedestrianised areas are only able to be enforced by the Police, who themselves do not have the resources to give priority to this ongoing problem.</p> <p>The package of work builds upon previous LSTP investment from Growth Deal 1.</p>
<p>Risk Management</p> <ul style="list-style-type: none"> - 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? 	<p>Yes.</p> <p>The risks will be owned and managed in line with the City Council's Corporate Risk Management Policy.</p> <p>The project promoters are confident that as the lands are within their ownership and control, and the scheme has in-built flexibility, risks are minimised.</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"> - 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? 	<p>No.</p> <p>Not applicable to this project.</p>
<p>Distributional Impacts</p> <ul style="list-style-type: none"> - 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? 	<p>None identified.</p>

<p>Economic Case Assessment Summary</p> <p>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</p> <p>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</p> <p>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</p>
<p>MEDIUM</p>

<p>The Commercial Case</p> <p>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?</p>	
<p>Is the relationship with any private sector partners that will also deliver clear?</p>	<p>Yes. The individual projects will be delivered using in-house design teams and the City Council’s Highways Framework Term Contract with Galliford Try as well as the City Council’s in-house Highways Maintenance Team.</p>
<p>Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds</p>	<p>Yes. No lengthy procurement process is required to deliver the above schemes. The use of the existing framework and partnering arrangements enables pre-tendered rates and schedules to be used.</p>
<p>Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?</p>	<p>Yes. The Programme phasing is clearly rehearsed in schedules within the bid proposals.</p>
<p>Are personnel / TUPE implications fully explained and addressed?</p>	<p>n/a</p>
<p>Are any in house costs clear and proportionate?</p>	<p>Yes. The term framework contract has been independently reviewed by Capita, the conclusion of which confirmed “excellent value for money was</p>

	being achieved” and the benefits of early contractor involvement recognised.
Who will own the assets after the project is completed?	SoTCC
Does the risk assessment adequately consider and address any procurement risks?	Yes. The basket of projects exceeds the funding available and allows for schemes to be brought forward at short notice should another of the schemes run slow or have to be removed from the programme.

<p>Commercial Case Assessment Summary <i>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.</i></p> <p><i>Medium: Overall the commercial case is well constructed and convincing. However, specific elements are not strong /require improvement.</i></p> <p><i>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.</i></p>	
<p>MEDIUM/HIGH</p>	

<p>The Financial Case <i>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.</i></p>									
Are all the lifetime costs identified? I.e. anything obvious missing, any blank lines or provisional sums.	Yes. Using industry standard methodologies.								
Have all lifetime costs and issues of financial sustainability been fully considered	<p>Y: see below:</p> <table border="1"> <thead> <tr> <th>Output</th> <th>Lifetime Cost (Initial capital cost plus future maintenance)</th> </tr> </thead> <tbody> <tr> <td>Approx. 1200m of new footway / cycleway</td> <td>£325k up to replacement in 25 years</td> </tr> <tr> <td>Approx. 300 dropped kerbs</td> <td>£212k up to replacement in 25 years</td> </tr> <tr> <td>Restricted access measures to 4 streets in the City Centre pedestrian zone</td> <td>£250k up to replacement in 25 years</td> </tr> </tbody> </table>	Output	Lifetime Cost (Initial capital cost plus future maintenance)	Approx. 1200m of new footway / cycleway	£325k up to replacement in 25 years	Approx. 300 dropped kerbs	£212k up to replacement in 25 years	Restricted access measures to 4 streets in the City Centre pedestrian zone	£250k up to replacement in 25 years
Output	Lifetime Cost (Initial capital cost plus future maintenance)								
Approx. 1200m of new footway / cycleway	£325k up to replacement in 25 years								
Approx. 300 dropped kerbs	£212k up to replacement in 25 years								
Restricted access measures to 4 streets in the City Centre pedestrian zone	£250k up to replacement in 25 years								

	2 No. New Toucan (cycle friendly) pedestrian crossing traffic signal upgrades	£40k up to replacement in 20 years
Has all the matched funding been secured or is there a funding gap?	n/a	
Is the strategy for securing the funding package reasonable and appropriate	Yes. There is considerable public and private match funding attached to this scheme. The numbers indicate the specific LGF contribution to the programme of works.	
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Yes. Scheme costs are preliminary estimates which have been estimated using from the existing schedule of rates in the City Council's Framework Term Contract and appropriate contingency incorporated. The contract has been independently reviewed by Capita, the conclusion of which confirmed excellent value for money was being achieved.	
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?	n/a Check figures properly calculated e.g. RICS Red Book	
Is the level of contingency appropriate?	Yes. Contingency is dealt with by the flexibility within the suite of projects.	
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	Tbc.	
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Dealt with by the flexibility within the suite of projects.	
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 identified.	
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?	Not rehearsed.	
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Yes. The programme will be regularly reviewed to ensure	

	<p>spend is kept within budget. These reviews will be based on more accurate costs as the schemes are further developed and outturn costs of schemes are known once completed.</p>
--	--

<p>Financial Case Assessment Summary</p> <p>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.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>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.</p>	
<p>MEDIUM</p>	

<p>The Management Case</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>	
<p>Is there a delivery plan with clear & detailed milestones?</p>	<p>Yes.</p> <p>University Quarter:</p> <ul style="list-style-type: none"> • Phase 1: 2018-19 • Phase 2: 2018-2020 • Phase 3: 2019-20 <p>City Centre Access Restrictions: 2018-2021</p> <p>Festival Park/Etruria Valley:</p> <ul style="list-style-type: none"> • Signalling: 2019-20 • Cycle & footways: 2019-2021 <p>Local Network Improvements:</p> <ul style="list-style-type: none"> • Dropped kerbs: 2018-2020 • Signalling on NCN: 2019-2020 <p>There is confidence that the schemes can be delivered in the timescale. As one of the schemes in future years will require third party agreements, two contingency schemes have been identified above as the next highest priority schemes should the agreements not be achieved in good time.</p>

<p>Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)</p>	<p>Yes. The City Council has an excellent track record in delivering the types of schemes in this package through the DfT Integrated Transport capital block allocation. The Growth Deal 1 LSTP allocation to Stoke was delivered on time and fully committing the budget.</p> <p>There is confidence that the package can be delivered in the timescale as there are no major risks involved, for example land acquisition and complex procurement processes.</p>
<p>Are risk management arrangements acceptable given the scale of the project?</p> <p>- Is there an effective risk register with mitigating actions?</p> <p>- Are there any risks which could have a disproportionate impact on the project?</p>	<p>Yes. The risks will be owned and managed in line with the City Council's Corporate Risk Management Policy. A range of measures will be adopted to mitigate risk, for example, working closely with relevant partners and, if necessary, redirecting resources to schemes within the package. The project will be managed by maintaining a comprehensive record of scheme costs and, where feasible, benchmarking the programme against previous sustainable transport programmes, to maintain control of costs, hence maximising value for money.</p> <p>Assumed.</p> <p>No planning permission or land acquisitions are required.</p>
<p>Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)</p>	<p>Yes. A legal agreement with a City Council key stakeholder, Staffordshire University and Stoke-on-Trent 6th Form College are required to deliver one of the projects, and which positive initial discussions have already taken place.</p>
<p>Evaluation - Are the evaluation proposals proportionate and acceptable? (Larger scale projects should be independently sourced) Do they accord with national LGF guidance issued by HMG?</p>	<p>Yes. It is expected that benefits will start to be realised within the year of delivery but increasing as users, including motorists, become increasingly aware of the different travel options open to them. Generally, evidence demonstrates that behavioural change that is expected to be established will have a lasting impact beyond the funding period. Monitoring of outcomes will be achieved through assessment of:-</p>

	<ul style="list-style-type: none"> • Overall changes in the level of walking and cycling through counts and targeted surveys, as necessary. • Behavioural change recorded at employment locations • Customer / stakeholder experience and feedback.
--	--

<p>Management Case Assessment Summary</p> <p>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.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>Low: May have strong elements but overall case weak e.g. delivery plan lacks clear dates, risk management inadequate, project lacks internal approvals.</p>
<p>HIGH</p>

Business Case Assessment Summary

Project Name	Programme of Walking and Cycling Improvement Schemes
Reference	
Programme Management Team Assessment Summary	
<p>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.</p> <p>Medium: Overall the case is well constructed and convincing. However, specific elements are not as strong /require improvement.</p> <p>Low: 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	Medium-High
Economic	Medium
Commercial	Medium-High
Financial	Medium

Management	High		
Recommendation	<p>Overall a sensible suite of measures to address: health, commuting, disability, air quality issues. The procurement methodology is known and well-rehearsed. There has been an assessment of lifetime costs as part of the assessments.</p> <p>The innate flexibility of the overall suite of projects and the flexible procurement methodology, plus having the contingency projects on stand-by, all contribute to the reassurance that the scheme can deliver the scope of works proposed within the funding deadline.</p> <p>Providing the risk register is established and actively managed, that the suite of schemes is driven by the project managers, and that an awareness of contingent liabilities is maintained throughout the delivery period, the scheme delivery proposals appear robust.</p>		
Assessor	John Devlin	Date	30 th January 2019
Verification	David Nicholls	Date	31 st January 2019

To Be Completed After CDGD PAG: Record of Decision

Chair:	Jacqui Casey
Date of Meeting:	6 th February 2019
Decision:	The Programme Assurance Group recommended for approval the LSTP (Stoke on Trent) business case, recommending that the SSLEP Executive release a capital grant award of £1,000,000

To Be Completed After Executive Board: Record of Decision

Chair:	David Frost
Date of Meeting:	14 th February 2019
Decision:	The executive board approved a capital grant award of £1,000,000 to the Local Sustainable Transport Package, Stoke-on-Trent, for the delivery of a programme of walking and cycling improvement schemes