

## 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>	Churnet Works small business units				
<b>Reference</b>	Proposing organisation: Staffordshire Moorlands District Council				
<b>State Aid (Has state aid compliance been demonstrated).</b>	n/a				
<b>Brief description</b>	<p>This project involves SMDC agreeing to use its own resources and LEP grant (if awarded) to purchase a single storey steel frame building from the scheme developer, and managing its letting/sale of 8 units for end users. The development will incorporate external hard landscaping and car parking. The scheme can be delivered in 14 months following agreement to purchase and grant of planning approval.</p> <p>The project represents the final element completing a larger regeneration of the former Churnet Works and has the potential to increase attractiveness and land valuation across the whole regeneration site once the units are occupied.</p> <p>The request for LEP grant is to contribute towards the overall cost of the site purchase (£1.16m) including to help fund the external works, remediation, new road and preliminaries, helping bridge the gap caused by abnormal costs and low development value.</p> <p><b>The greater scheme</b> includes a 60-bed Travelodge; fast food outlet and 4 larger comparison retail units (totalling 1858m<sup>2</sup> /20,000 sq.ft.), <b>leaving a balance of 0.4ha of land</b> for other development remains, <b>which is the subject of this funding application.</b></p> <p>Ziran Land Ltd have offered to secure planning approval for this 0.4ha site and to subsequently build a small scale commercial development (B1) on this remaining plot on behalf of the Council. The site to be developed as a commercial scheme totalling 735 m<sup>2</sup> (7,910sqft) of ground floor accommodation + 268m<sup>2</sup> (2,880 sqft) for potential mezzanine extension if required, for a total of 8 business units, with 20 car parking spaces.</p>				
<b>Total Cost</b>	<b>£1,161,017</b>	<b>SSLEP request</b>	£500,000	<b>%</b>	<b>41</b>
<b>Net GVA/Land Value Uplift/BCR</b>		<b>LVU</b> *see Note 1. £35 per m <sup>2</sup> Comparable for county towns.		<b>Period (years)</b>	
<b>Outputs</b>	<b>Output</b>		<b>Number</b>		
	commercial development		735 m2 (7,910sq.ft.) of ground floor accommodation + 268m <sup>2</sup> (2,880 sq.ft.) for potential mezzanine extension if required		
	business units		8		
	car parking spaces		20		
	jobs		20		

	growing/new businesses	8
	n.b. <i>The full scheme development will create 130-170 new jobs including: 60 bed hotel (15-30 jobs); 20,000sqft retail (95-125 jobs). The commercial development element will generate 20 additional jobs and provide new accommodation for 8 growing/new businesses. Job numbers are based on Government's HCA Employment Densities Guide, 3<sup>rd</sup> Edition (November 2015).</i>	

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 benefit cost ratio (BCR) 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 Staffordshire Moorlands District Council Corporate Priorities 2015-2019: <ul style="list-style-type: none"> <li>• Aim 3 - To help create a strong economy by supporting further regeneration of towns and villages.</li> <li>• Aim 2 - To meet the council's financial challenges and provide value for money</li> </ul> Staffordshire Moorlands District Councils adopted Core Strategy (2014) Specifically: Policy SS5a (Leek Area Strategy)
Does the proposal clearly state which SEP objectives (or other relevant strategy or plan) are to be delivered? (State which)	Y The preferred option has a clear strategic fit with SEP refresh 2017 meeting <b>objective 3 (Competitive urban centres)</b> which aims to support "the right mix of places that are attractive as a destination to live, work and visit, underpinned by the right infrastructure."  In addition, this project will deliver against SSLEP Economic Growth Strategic Priorities 2017, contributing towards: <ul style="list-style-type: none"> <li>• Aim 7: deliver and enable the delivery of employment sites across S&amp;S, giving consideration to the portfolio of sites to maximise suitability for a range of businesses types and sectors that are we are aiming to develop, grow and attract.</li> <li>• Aim 8: To create a greater number of higher paid jobs in all parts of S&amp;S, a sufficient supply and range of suitable commercial accommodation and serviced employment land needs to be available</li> </ul>

	<ul style="list-style-type: none"> <li>• Aim 9: Ensure that we have premises ready and available, across all use classes, so that we can take advantage of future inward investment opportunities</li> <li>• Aim 10: Alongside wider overall aims such as generating more high-value jobs, carefully consider the types of business premises that we are encouraging and directly developing in S&amp;S in order to ensure that developments are having a positive impact on local government finances and providing a revenue stream to fund other priorities (e.g. unlocking difficult sites).</li> </ul>
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> )	Yes. Rehearsed in Business Plan.
<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> </ul>	<p>Acceptable.</p> <p><b>Valuation:</b> BE group have undertaken an independent professional valuation of the development and reviewed both the construction cost estimates, market rental income assessment and end valuation. The end valuation of the site is based on a rental value of £5.50/sq ft and a yield of 9 per cent. This produces a capital value for the completed scheme of £575,000, which BE group consider to be the market value on completion.</p> <p><b>Additionality:</b> The LEP grant is fully additional and is required to ensure the proposal can be delivered. This is because:</p> <ul style="list-style-type: none"> <li>• The project will not duplicate provision from the private sector as it is not economically viable for the private investment sector.</li> <li>• The project will not duplicate self-construction from the commercial sector utilising other grant sources as micro-small businesses do not have access to sufficient levels of match funding and could not access loan finance for construction which would outweigh market valuation if re-sold. In addition, micro businesses are unlikely to have capacity or ability to manage risk of building their own property.</li> <li>• The land is unlikely to be developed without LEP</li> </ul>

Are there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact?	<p>support and has remained vacant for 6 years due to the identified financial viability gap.</p> <ul style="list-style-type: none"> <li>The cost of construction works is estimated at £1.16m - therefore the grant requested from SSLEP represents the difference between the amount that SMDC is able to borrow to invest in the development, including an additional amount over and above commercial end valuation and the cost of delivery.</li> </ul> <p>This is well rehearsed in the Business Plan but in summary will support wider social-economic impacts in that it will provide employment opportunities within the ward of Leek North, which in latest index of Multiple Deprivation (IMD) this area was ranked 7,957 out of 32,844 in England, i.e. within the most deprived quartile.</p>
Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?	<p>Yes.</p> <p>The principal barrier to development is the availability of funding to fill the identified funding gap - primarily arising from abnormal costs of ground remediation, foundations and delivery of the access road. If LEP grant funding is awarded, then the Council will enter into a formal agreement to purchase the completed scheme.</p>
Are the strategic risks clear?	<p>Yes.</p> <ol style="list-style-type: none"> <li>Planning application delayed: Mitigation: <ul style="list-style-type: none"> <li>Even if delayed timescale would still fall within LEP financial year</li> </ul> </li> <li>Reduced grant offer and funding gap remains. Mitigation: <ul style="list-style-type: none"> <li>Fixed price offer/timescales so no increase in price of delivery</li> </ul> </li> <li>Lower job outcomes than anticipated Mitigation: <ul style="list-style-type: none"> <li>Total level of proposed development is defined and agreed and not likely to change.</li> <li>Accommodation outputs and land value uplift unaffected</li> </ul> </li> </ol>
Are there any dependencies on this project and what impacts could they have on the project?	<p>Yes.</p> <p>The principal dependency is the planning application which has not yet been determined. The developer is engaged in detail pre-application discussions with the Council to agree the approach and principles of the development and on track to submit the application by the end of January. Although there is no presumption of grant award, the pre-application discussions carried out so far have addressed matters to enable a positive determination of the application. There is a 13 week statutory determination period.</p> <p>The second key dependency is funding. Without a funding package being in place, the Council will not enter into any contractual agreement with the developer, and the developer will not start work on site without the contract being in place.</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>The project will be managed and reported in accordance with the established Staffordshire Moorlands and High Peak Alliance project management methodology, which incorporates Treasury Green Book and Prince2 methodology.</p> <p>The delivery team is already in place and has the experience and expertise to undertake this project. All members are experienced Prince 2 qualified project managers; with expertise in delivering large scale externally funded projects. This experience has been gained through working on projects as part of the High Peak Borough Council and Staffordshire Moorlands District Council strategic Alliance, as well as through previous work experience of officers. Key projects delivered include; town centre/heritage re-development for commercial use and infrastructure works. In addition, the Council's asset team currently manage 31 units in the Moorlands and has the experience and capability to manage lettings and associated contacts.</p>
Has consultation taken place that supports the proposal?	<p>Y</p> <p>The proposals have not been subject to widespread community consultation as they are commercially sensitive.</p> <p>In 2016, the Council undertook business and community consultation on the need for new business accommodation within Leek which identified strong support for:</p> <ul style="list-style-type: none"> <li>• the use of brownfield land for development;</li> <li>• strong support for proposals which will create new jobs and</li> <li>• demand from small businesses for new grow-on accommodation, particularly from engineering, manufacturing and agri-supply chain businesses.</li> </ul> <p>There will be a full consultation through the planning application process.</p>
Are there clear stakeholders that are supporting the project?	<p>Y</p> <p>Staffordshire Moorlands Chamber of Commerce, as the principal business forum, are in support of the proposals.</p> <p>The project also has the support of Staffordshire County Council through the District Deal governance arrangement.</p>

#### 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.

**Medium**

**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?

The project will not duplicate provision from the private sector as there is widespread market failure in the commercial property investment market in rural areas, as investors fail to specifically recognise the high levels of occupancy and returns on high quality accommodation within the rural context (preferring to focus on high value returns on residential development). Without the leadership of the public sector and investment from public funding, the lack of suitable accommodation will continue to stifle SME growth in rural areas. It will not happen without LEP and Council funding.

In the context of this site, the cost of the construction is higher than the rental return required to permit a fully commercially led development. This has been validated by BE group's review of construction costs.

The LEP monies provide gap funding in support of the project but also has wider enabling implications as if the project were not to progress and the land left vacant with negligible management, it will deter take-up/footfall to the retail and hotel units.

There will also be cost implications with regard to the overall viability of full scheme as service access infrastructure will have to borne solely by other components of the greater development. However, at this point the developer has not provided quantifiable information on the potential financial impact to the wider scheme if the proposed public funded element were not to go forward.

The project will deliver value for money outcomes of:

- Land value uplift £35 per m<sup>2</sup>  
[This compares to DCLG estimated range for West Midlands of £12-£40 for brownfield uplift for business parks]
- Floorspace/grant request: 1sqm:£498  
[Benchmark comparison: 1sqm workshop for every £701]
- Jobs 1: £2,857-£3,846  
[This compares to local benchmark: 1 job to £14,035.] The full scheme development will generate 130-175 new jobs including

- Do outputs represent value for money, based on previous projects and known benchmarks as applicable?

	<p>60 bed hotel (15-30 jobs); 20,000sqft retail (95-125 jobs) plus the B1/2 element (20 jobs) –the LEP grant would represent a rate of 1 Job: £2,857-£3,846.</p> <ul style="list-style-type: none"> <li>• Certainty of delivery and short term delivery timescales</li> <li>• No staff time, technical studies or consultancy fees are required</li> <li>• Economies of scale for access into site have been achieved through simultaneous development (and evidenced by BE group review)</li> <li>• Value for money is achieved through a joint planning application and contractors.</li> <li>• Reduced legal costs and associated timescales, as only one piece of contract agreement to be negotiated.</li> </ul>
<p><b>Options Analysis</b> Options analysis starts from a list of all reasonable alternatives including a <u>do nothing option</u> (the so called counterfactual) or if doing nothing is not possible a do minimum option.</p>	
<p>- Is it clear why the initial list of options has been reduced to the preferred option? - Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?</p>	<p>Yes. This proposal is a response to an opportunity site, rather than a Council owned asset which has been through an options analysis in accordance with Treasury Green Book methodology. A long list of options have been considered by both the private &amp; public sectors (residential development); fully affordable housing development led by Ascent (a joint venture between the council and Your Housing Group); high density housing; retail and employment use.  The initial preference from the private sector was for high density housing and a planning application submitted and approved in 2014 for 58 apartments and 28 dwellings. This scheme was unable to progress in part because of the costs of remediation of contaminated land for residential use, and housing market sales assessment on value/demand for this type of property. Subsequent private sector/Social housing provider analysis of site for housing has not resulted in any proposals coming forward.</p>
<p>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?</p>	<p>Yes. The rationale for choosing the preferred option/proposal is:</p> <ul style="list-style-type: none"> <li>• The land has been vacant for 6 years and is unlikely to be developed without intervention;</li> <li>• Lack of supply of alternative modern commercial accommodation within Leek – there are currently no modern small B2 business units between 1,000-5,000 sqft available to lease within Leek;</li> <li>• Business leakage and relocation out of Leek due to lack of suitable accommodation;</li> <li>• Business stagnation due to lack of suitable accommodation;</li> <li>• No alternative site within Leek which can be easily</li> </ul>



	<p>developed;</p> <ul style="list-style-type: none"> <li>• Certainty of delivery with willing public and private sector partners.</li> </ul>
<p><b>Risk Management</b></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</p> <p>Risk management arrangements are in place through the Staffordshire Moorlands Alliance project monitoring arrangements. It should be noted that this scheme is a significantly lower risk for both the Council and LEP as the preferred option would be purchase of a completed fully built development. This means that the finance, construction and delivery schedule risks remain with the private sector until completion of works and agreed handover.</p>
<p><b>Optimism Bias</b></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>	<p>The project does not include an allowance for optimism bias, as a fixed price for purchase of the completed scheme has been offered and delivery timescales are for short term delivery.</p> <p>Allowances for risk and contingency are incorporated within the offer price and are at developer's risk.</p> <p>It is therefore not appropriate to use methodologies set out for optimism bias in same way as would be the case for a traditionally procured and built scheme.</p>
<p><b>Distributional Impacts</b></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>	<p>Limited.</p> <p>A scheme of 8000 sq ft is a small development and in the context of LGF funding represents a low level of grant request but the scheme will form part of a portfolio of development across the whole LEP geography and is a key local priority. As indicated in strategic case this project will support wider social-economic impacts in that it will support employment opportunities within the most deprived wards in Leek.</p> <p>The scheme is unlikely to have any impact outside of LEP area due to small scale of development and likely business take-up will be driven by the local business base.</p>

#### **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**

### 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?	Yes. With the proposed option the asset is not procured via a traditional route. The proposal is to purchase a fully built development from Ziran Land Ltd who will be undertaking the wider scheme re-development of Churnet works. The private sector developer will receive a developer’s profit of 15% on construction costs, and BE Group has confirmed that this price is more cost effective than if the Council were seek direct funding for construction costs. The relationship will be a simple legal transaction of exchange of contracts on completion.
Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds	Yes. The proposal is to purchase the completed at a fixed price. The funding is therefore not for purchasing work, goods or services but for acquiring an asset which falls under the exclusions from procurement regulations (Public Contract Regulations 2015) exclusion for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them (Part 10.1 (a)).
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	n/a - purchase of completed development in April 2019.
Are personnel / TUPE implications fully explained and addressed?	n/a
Are any in house costs clear and proportionate?	The Council will cover its legal costs associated with purchase from revenue resources and on-going management and maintenance costs will be the responsibility of the Council as landowner and covered by rental income.
Who will own the assets after the project is completed?	Staffordshire Moorlands District Council
Does the risk assessment adequately consider and address any procurement risks?	n/a - unless there is a dependency on the delivery of the Travelodge for the greater scheme to proceed.

### 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.

**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.	<u>Annual income</u> Net income per annum based on £5.50 per sqft rental income less maintenance cost at 10% pa and applying 90% occupancy factor- £35,195.
Have all lifetime costs and issues of financial sustainability been fully considered	Adequately rehearsed for the nature of this project.
Has all the matched funding been secured or is there a funding gap?	n/a if SSLEP grant of £0.5M approved.
Is the strategy for securing the funding package reasonable and appropriate?	Yes. Rehearsed in the Business Plan.
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Yes. BE group have undertaken an independent review of construction costs and price to determine if there was scope to additionally reduce asking price (previous price offer was £1.3m). Confirmed that "normal" construction costs for comparable small industrial units, are in the region of £85.00/sq.ft.
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 Local value calculation undertaken by developer determines completed site value to be £140,000 for 0.4ha site, which equates to a value of £350k per ha. This valuation has been reviewed by BE group and confirmed that this is an accurate reflection of market value for commercial land in Staffordshire Moorlands. Value uplift/m2 would therefore equate to £35 per m <sup>2</sup> . [This compares to DCLG estimated range for West Midlands of £12-£40 for brownfield uplift for business parks.]
Is the level of contingency appropriate?	n/a No contingency is included over and above the developers offer price as funding is used to purchase a fixed price completed building on exchange.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	No.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Not separately identified - included within lifetime costs and covered by rental income
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)	A fixed price is offered, with the only variable any change in Stamp duty. Due to the short timescale this is unlikely to be an issue.
Contingent liabilities - Does the proposal explain and estimate any contingent	Yes. The Council will be liable for on-going maintenance and

liabilities that may result from the proposal? - Does the project sponsor adequately explain how these will be managed and any costs met?	upgrading of all unoccupied properties and for maintaining service road and verges within site boundaries. These costs will be covered by rental income.
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Yes. Any costs associated with monitoring will be sourced from the Councils revenue budgets.

#### 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?

Yes – extracted from Business Case below:  
NOTE: discussion with client indicates that a slippage of max. 6 months may be applied to dates as the business units planning application was only submitted after the SSLEPs approval in principle to the Business Case.

Action	Timescale
SMDC Cabinet – recommendation to give delegated approval to Executive Director to accept grant (if offered) and agree purchase with Ziran Land Ltd	5 <sup>th</sup> December 2017 – Approval granted
Planning permission for commercial units submitted	31st January 2018
LEP decision on funding	May 2018
Planning determination	April 2018
Discharge of pre-commencement conditions	July 2019

	Construction (start on site)	Oct/Nov 2018
	Construction completion	April 2019
	Condition inspection and exchange contracts (10% payment)	May 2019
	Financial completion (90% payment & stamp duty fees liable)	June 2019
	Void period (during letting contract agreements)	July- Aug 2019
	Benefit realisation commence	September 2019
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	<p>Y</p> <p>The delivery team is in place and appears to have the experience and expertise to undertake this project. It is claimed that all members are experienced Prince 2 qualified project managers; with expertise in delivering large scale externally funded projects, gained through working on projects as part of the High Peak Borough Council and Staffordshire Moorlands District Council strategic Alliance, as well as through previous work elsewhere.</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</p> <p>Rehearsed in detail in the Business Case supported by an Impact/Probability assessment.</p>	
Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	<p>Yes</p> <p>Staffordshire Moorlands District Council Cabinet in August 2017 granted delegated authority to the Director of Place in consultation with Director of Finance to negotiate the heads of terms of acquisition with the developer, subject to financial appraisal, planning approval, demand analysis, due diligence and legal advice.</p> <p>A further report was approved on 5<sup>th</sup> December 2017 which has approved delegated authority to Executive Director to accept SSLEP grant offer (if made) and enter into a contract with Ziran Land Ltd, subject to acceptance of grant offer. This means that subject to SSLEP grant offer, the Council is in a position to agree purchase without the need to secure further committee approvals.</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>Yes</p> <p>Internal monitoring of occupation levels and job growth is proposed but additional evaluation can be undertaken subject to SSLEP contract/grant offer requirements.</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.

**High**

Project Name		Churnet Works small business units	
Reference			
Programme Management Team Assessment Summary			
<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		Medium	
Economic		Medium	
Commercial		High	
Financial		High	
Management		High	
Recommendation		Offer the grant sum requested in full. The scheme will not progress otherwise. The scheme is ready to start immediately planning permission is granted and is expected to complete within 18 months of grant approval. This is a simple asset purchase with consequently low risks associated to the project delivery.	
Assessor	John Devlin SSLEP Programme Consultant	Date 04 <sup>th</sup> April 2018	
Verification	David Nicholls SSLEP Programme Manager	Date 01 <sup>st</sup> May 2018	

<b>To Be Completed After PAG: Record of Decision</b>	
Chair:	Peter Davenport
Date of Meeting:	24 <sup>th</sup> April 2018
Decision:	<p>The business case assessment should be updated prior to presentation to the Executive Board to:</p> <ul style="list-style-type: none"> <li>○ clearly identify why this site has been chosen</li> <li>○ reflect current timescales</li> <li>○ remove comparisons to London Mill scheme (now withdrawn)</li> </ul> <p>The Programme Assurance Group recommended for approval the Churnet Works small business units business case, recommending that the SSLEP Executive release a capital grant award of £500,000</p>

<b>To Be Completed After Executive Group: Record of Decision</b>	
Chair:	David Frost
Date of Meeting:	17 <sup>th</sup> May 2018
Decision:	Members approved the recommendation for a capital investment of £0.5m for the delivery of the Churnet Works, Leek, small business unit scheme in accordance with the Business Case Assessment

