

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	City East Link Road				
Reference					
State Aid (Has state aid compliance been demonstrated?).	<p>The application sets out compliance with State Aid on the following basis:</p> <ul style="list-style-type: none"> - The project seeks to improve the highways infrastructure to the east of the Stoke on Trent Area. Its primary purpose is to improve traffic flow and congestion and improve connectivity. - The applicant cites European Court of Justice rulings which indicate that the financing of infrastructure is not subject to State Aid rules provided that access to infrastructure is open to all, non-discriminatory, and there is no specific advantage conferred on a particular beneficiary. - The City Council is a highways authority and has the powers to construct and improve existing highways. 				
Brief description of scheme.	<p>The project forms part of the City East Link Road (CELR), which will connect the inner core of Stoke-on-Trent and the south east of the city onwards towards the Strategic Road Network. The CELR involves a programme of investment, including the construction of a new highway and junction / corridor improvements. This wider programme of investment (totalling £86.18 million) supports the delivery of the Midlands Connect Strategy, but is subject to £64.6m DfT funding (via Midlands Connect) through the Large Local Major Schemes funding programme. A commitment to this funding will not be made within the LGF programme period.</p> <p>At the request of the assessors, the bid has subsequently been rescoped to focus on the elements that would be directly funded by LGF, so that the suitability of these components for LGF funding, and their associated impacts, could be considered. The two elements funded by LGF are:</p> <ul style="list-style-type: none"> - Junction improvements at Joiners Square and - Improvements to the Bucknall Road Corridor <p>The costs, BCR and outputs set out below relate to the LGF funded components of the scheme. This assumes a 100% grant rate. However, if DfT funding were approved, the total grant to capital ratio would reduce to 10%.</p>				
Total Project Cost =	£8,590,417	SSLEP request =	£8,590,417	Grant to capital ratio%	100%*
Net GVA/Land Value Uplift/BCR =	Benefit Cost Ratio = 7.43	BCR / RoI/LVU=	In excess of 2	Period (years)=	60
Outputs	Output	Number			
	Homes	185 homes (potential for 463 further homes post-2025)			
	Transport User Benefits	£51.01 million			

* The total project costs and grant to capital ratio are being explored by SSLEP and an update will be provided at the board meeting. The SSLEP assurance framework does not allow for projects that are 100% funded by LGF, however SoTCC have incurred development costs getting to this stage and the capital value of these costs may be identified as match funding.

Notes

1. Net GVA gives the value of the additional services and good produced resulting from the project (allowing for leakage, displacement and multiplier effects).
2. The assessment focuses on the benefit cost ratio which looks at the return for investment of the publicly funded investment. A BCR for transport schemes is not directly comparable to a BCR for other schemes.
3. 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.

Strategic Case

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.

Does the proposal support the SEP or other relevant strategy or plan?

Y

There is a strong alignment between the wider CELR programme, the SSLEP SEP and other relevant policy objectives. For example, the £86m investment will deliver connectivity improvements and support growth within Stoke-on Trent, contributing directly to the SEP's Core City, Connected County, and Competitive Urban Centres priorities.

Specifically, the SEP identifies the centre of Stoke-on-Trent as a key focus for economic development with 'internal connectivity constraints, including peak hour congestion' as an economic weakness. Accessibility is identified as a market failure that constrains economic growth.

Beyond the SEP, the CELR investment will help to address constraints to growth identified in the Staffordshire Local Transport Plan, Delivering a Sustainable Transport System (DaSTS). The programme is also identified as a priority highway improvement in the Joint Core Spatial Strategy.

To the extent that the two junction improvements funded by LGF will enable the CELR investment, it can be considered that they will help to deliver against the objectives set out above, However, as funding for the wider CELR programme is uncommitted at this stage, these impacts are highly uncertain.

Appendix 4 sets out some of the specific benefits of the LGF investment, which will address the following problems:

- Bucknall New Road(BNR)/Potteries Way coupled with the junction at Joiners Square have been identified as key infrastructure development opportunities. Together they act as a key commuting corridor that provides access to the commercial opportunities in the City Centre and access to the A52. Under the current operating conditions, it is beginning to have a

	<p>detrimental impact on areas ability to realise its economic potential.</p> <ul style="list-style-type: none"> - The area experiences extensive congestion that has led to unreliable journey times being experienced on public transport users, BNR carries 30% of all buses into the city centre, [there are] unsafe conditions for both cyclists and pedestrians, and is already beginning to experience air quality issues in the area <p>In addition, the LGF funded investments will make a direct contribution to the following plans:</p> <ul style="list-style-type: none"> - City Centre Access Strategy (CCAS) – In 2014 SoTCC developed the CCAS which prioritised transport investment into key strategic schemes linked. Both of the two key junction and corridor improvements are supported within the CCAS. - Transforming Cities Fund (TCF) – SoTCC was successful in a bid to secure funding through the Transforming Cities Fund which will be targeted at public and sustainable transport links. The two key junction and corridor improvements are complimentary to the proposals which are currently being promoted through TCF. - Air Quality Improvements – SoTCC is currently working with Central Government on a programme to improve Air Quality in the city. The two key junction and corridor improvements support current proposals being promoted through this Cross-Boundary Working Group (including Newcastle-under-Lyme Borough Council and Staffordshire County Council).
<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 CELR investment is expected to deliver against:</p> <ul style="list-style-type: none"> - Core City: rapid, planned growth of the conurbation on the city of Stoke-on-Trent - Connected County: to build on our central location, excellent external connectivity and existing peri-urban sites to deliver the right blend of further employment sites and supporting infrastructure to drive business growth, encourage inward investment, and meet our labour market needs. - Competitive Urban Centres: to significantly enhance growth opportunities from an attractive and thriving city of Stoke-on-Trent city and other towns across Staffordshire where people are eager to live, work and enjoy themselves. <p>The LGF funded investment has the potential to contribute to these objectives on the basis that they (i) can potentially enable the wider CELR investment and (ii) they provide significant transport benefits in their own right.</p>
<p>Is the project specifically named in the SEP or other key plan / strategy?</p>	<p>The project is not specifically referenced in the SEP, however it does include a reference (on page 38) to the</p>

	<p>need to improve transport connections to provide City Centre access from strategic transport routes.</p> <p>The wider City East Link Road project is also identified in the Joint Core Spatial Strategy (adopted 2009) as a priority highway improvement.</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> <p>There are a number of SMART objectives identified for the CELR investment. These are supported by identified measures of success. However, SSLEP should confirm with the applicant the specific objectives that can be attributed to this investment.</p> <p>In addition, the supporting Appendix 4 (<i>Review of Benefits</i>) and further clarification with the applicant identify the following objectives of direct relevance to the LGF funded components:</p> <ul style="list-style-type: none"> - To facilitate economic growth through supporting development, help to deliver the Joint Local Plan, and providing a safe and efficient transport system to support existing businesses - Provide congestion relief, especially on key corridors and at key junctions whilst enhancing safety for all transport users - To improve south-east connectivity in North Staffordshire and improve access to employment by reducing severance for all modes of travel. - Positively contribute to North Staffordshire's clean air and reduction of greenhouse gas emissions and noise - To protect and preserve existing environmental conditions <p>The LEP funded junction improvements will also have a positive impact on improving air quality through reduced standing and vehicle idling times.</p>
<p>Outputs <i>Should be based on net figures and applicants should attach additionality calculations allowing for leakage, displacement and multiplier effects.</i></p>	
<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? - Are there wider impacts e.g. environmental, sustainability, health and safety, competition, rural, business impact. 	<p>Acceptable</p> <p>The acceptable classification is provided on the basis of the transport impacts – measured in terms of Transport User Benefits. The assessment of these outputs is in line with relevant guidance and considered more fully in the Economic Case.</p> <p>However, the situation regarding jobs and homes is less clear. The updated business case reports that the investment will deliver 440 jobs and 185 homes, however further clarification with the applicant has confirmed that the employment outputs are associated with the full CELR. Therefore, while it is possible that the LGF investment may help to enable these outputs, as they are also dependent on the completion of the wider CELR (which is currently uncommitted), the delivery of these</p>

	<p>outputs is uncertain at this stage and they do not meet the test of 'dependent development'.</p> <p>The situation regarding the housing outputs is less clear as the applicant has confirmed that the homes will be delivered prior to 2025 and can be considered as dependent on the LGF investment. Based on the evidence provided, it has not been possible to verify this, however we note that the 185 homes were previously agreed between the applicant and SSLEP as outputs associated with the LGF investment.</p> <p>Further clarification with the client has confirmed that a further 463 homes could come forward on sites that could more reasonably be considered to be dependent on the two junction improvements funded by LGF. However, these sites are currently being promoted through the Joint Local Plan Preferred Options process and are at various stages of the pre-planning and delivery process. While it is likely that some of these homes will be delivered prior to 2025, development projections cannot be confirmed at this stage. Also, without detailed transport modelling or agreed planning policy, it has not been possible to confirm the dependency of these homes on the proposed investment.</p>
<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y A detailed risk register has been provided for the two junction improvements and there are no significant constraints or dependencies affecting development.</p>
<p>Are the strategic risks clear?</p>	<p>Y A detailed risk register is appended to the application. These largely relate to the delivery of the scheme (e.g. cost and programme management).</p>
<p>Are there any dependencies on this project and what impacts could they have on the project?</p>	<p>N The submission states that there are no deliverables or activities on which this investment is dependent.</p>
<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>	<p>N The assessors are not aware of any relevant lessons and none are provided in the application.</p>
<p>Has consultation taken place that supports the proposal?</p>	<p>Y Consultation on the delivery of the CELR has taken place as part of the Strategic Options consultations on the Joint Local Plan in February 2018. Consultations undertaken as part of the Joint Local Plan Strategic Options will help to shape the Preferred Option for the CELR and associated development proposals.</p>
<p>Are there clear stakeholders that are supporting the project?</p>	<p>Y The CELR project has been designated as one of four schemes to be supported by Midlands Connect (at a sub-regional level) in a submission to DfT for LLMS funding. If successful, the comprehensive CELR will be fully funded. The City Council's Bid was noted as being 'very strong' and Midlands Connect have revised their</p>

	funding strategy so that they can recommend the CELR project to the DfT to be funded through this round of LLMS funding.
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<p>Strategic Case Assessment Summary</p> <p>High: <i>Strong strategic fit / supports SEP/Key Strategies and accelerates job creation, business investment and site development.</i></p> <ul style="list-style-type: none"> - 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>Medium: <i>Good strategic fit. Project supports growth but lead to medium scale improvements/outputs.</i></p> <p>Low: <i>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>

<p>Medium</p> <p>The project provides good strategic fit by providing significant improvements to accessibility and connectivity within Stoke on Trent. It also has the potential to contribute to significantly greater strategic impacts if the wider CELR programme of works receives funding. The score awarded is entirely dependent on these benefits of the scheme.</p> <p>However, we have not awarded a ‘high’ category as the impacts are predicated on the modelling of Transport User Benefits. The case for accelerating development and job creation is weaker and linked to the wider CELR programme. While some direct housing outputs (463 homes) are potentially dependent on the LGF funded investment, the supporting evidence for these homes is weak and there is no certainty over their delivery by 2025.</p>
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<p>The Economic Case</p> <p><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"> - Is the additionality and supporting documentation convincing? - Do outputs represent value for money, based on previous projects and known benchmarks as applicable? 	<p>The project costs and benefits have been assessed using standard DfT TAG processes. The underlying assumptions applied within the assessment are considered to be robust.</p> <p>Individual junction models have been utilised to assess each of the two proposed junction enhancements in isolation. Whilst there are limitations in this approach, not least that it does not permit for strategic re-routing of traffic as a result of either underlying growth or the proposed scheme measures, it is considered to be an acceptable tool to be utilised, as long as the limitations are accounted for in the outputs.</p> <p>Direct benefits have been assessed in terms of the journey savings through congestion relief resulting from the two</p>

individual scheme measures. The overall present value of benefits forecast to be generated by the overall scheme are significant and considerably higher than the present value of scheme costs. An overall benefit to cost ratio of 7.43 to 1 is forecast, representing very high value for money from investment.

For Joiners Way scheme, the forecast journey time savings resulting from the investment are highly significant. Taken at face value, they demonstrate clear evidence to support the investment in this element of the scheme. Further investigation indicates that in the future year (2036) traffic modelling the level of growth applied in the Reference Case scenario would appear to result in a breakdown in the operation of the junction. In the absence of strategic re-routing, it is likely that the local junction model will over-predict the level of congestion and so the impacts may not be so high in reality. Even if an allowance is made to adjust for this limitation then it remains clear that this scheme element will still deliver high or very high value for money from investment.

For the Potteries Way/Bucknall New Road scheme element, the benefits associated with the scheme are less transparent. The outputs from the local junction model appear to indicate that the scheme provides very limited journey time benefits. Taken in isolation, the scheme would appear to offer very poor value for money, with the present value of benefits significantly lower than the present value of costs for this scheme element.

The Applicant has acknowledged this limitation but has responded by stating that this specific proposal needs to be considered in the context of the wider CELR project and that it is required to 'lock in the benefits' of the wider project. The importance of the Bucknall New road corridor is re-stated, particularly in relation to buses, cyclists, and pedestrians. The Applicant states that the benefits cannot be evidenced through a conventional approach to quantified transport benefits.

We consider that a scheme that includes increased highway capacity should, at least in part, be well suited to being evidenced through a conventional approach to quantified transport benefits. All of the wider benefits described in relation to supporting the CELR project can only be derived if congestion along the corridor is reduced. The evidence presented within the traffic model indicates that this will not be the case. Whilst we accept there may potentially be other benefits, no alternative description of the potential type or scale of these benefits has been provided for us to assess. For example, we are not clear if the scheme provides specific measures for buses or cyclists. Without such evidence it is challenging to conclude that this scheme element offers value

	<p>for money from investment.</p> <p>Reference is made to jobs and homes that will be unlocked by the CELR project; however these cannot be directly attributed to the scheme within this funding submission. As identified in the Strategic Case, further clarification with the applicant suggest that up to 463 homes may be dependent on the LGF funded investment, but the evidence for these sites is weak and there is no certainty that the homes would be delivered by 2025.</p>
<p>Options Analysis <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></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, partially</p> <p>Traffic modelling work has been undertaken of the junction to explore various layouts aimed at increasing operating efficiency. The modelling work incorporates a do-nothing scenario against which the impact of alternative scheme options has been compared.</p> <p>Alternative scheme options were not selected as it was deemed they would not offer tangible congestion relief. This is clearly a reasonable basis for reducing the options to be taken forward; however, in relation to the Potteries Way scheme, it is not clearly demonstrated why the preferred scheme option is likely to represents a better option than the alternatives (see below for more detail).</p> <p>Different levels of assumed underlying growth could, theoretically, impact upon the choice of preferred option but this is unlikely to be significant in the context of this scheme.</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>Y, partially</p> <p>It is clear that that the preferred Joiners Square scheme selected offers substantial congestion relief. Whilst not directly presented as a comparison to the alternative scheme options, it is recognised that the scale of benefits from the preferred option is substantial.</p> <p>The outputs for the Potteries Way/Bucknall New Road scheme do not demonstrate any notable congestion relief and so it is not clear from the evidence presented why this option is likely to be more beneficial than alternative options.</p>
<p>Risk Management - Have all appropriate risks been considered?</p>	<p>Yes</p> <p>The submission makes reference to a detailed review of risked</p>

<ul style="list-style-type: none"> - 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>associated with the schemes as part of a full review of risks for the CELR project.</p> <p>Reference is made to a full assessment of risk being undertaken in the project and a risk register has been appended to the application.</p> <p>A 12.5% risk allowance has been incorporated within the costs for the scheme and reference is made to risk items within the breakdown of scheme costs.</p> <p>However, the applicant has confirmed that a priced risk register will be produced by the contractor as part of the contractor procurement process.</p>
<p>Optimism Bias <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>Optimism bias of 15% has been added to the scheme costs within the Economic Case. We consider this to be appropriate for a scheme of this nature and current status of development.</p> <p>It is consistent with DfT TAG A1.2 guidance</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>No assessment of distributional impacts has been presented within the submission.</p> <p>It is considered likely that nearly all of benefits will accrue within the SSLEP area, albeit some long-distance vehicle trips could be captured within the impacts.</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

High

The overall economic case for the scheme is considered to be strong, with the project BCR likely to be well in excess of 2 to 1. A BCR of 7.43 to 1 is projected by the Applicant, although it is likely that this includes a moderate over-estimate of benefits.

There are, however, concerns around the economic benefits attributable to the Potteries Way / Bucknall New Road junction improvement and a clear case that this element of the project represents high, or even medium, value for money is not made.

Appropriate levels of optimism bias are included in the analysis. A 12.5% risk allowance has been included within the scheme costs. The benefits of the scheme should extensively be captured within the SSLEP area.

It should also be noted that the 'high' classification is solely dependent on the transport user benefits associated with the junction improvements. No employment outputs, that can be directly attributed to the LGF funded investments, are identified in the updated business case. Similarly, the applicant states that up to 463 homes may be dependent on these works, however the evidence provided in support of these claims is limited and there is no certainty that these homes will be delivered by 2025.

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
The project will be delivered by SoTCC.
The project plans for both junctions include an allowance for procurement of private contractors.

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

Y
Subsequent clarification with the applicants has confirmed that The Joiners Square (JS) and Bucknall New Road (BNR) works will be procured as two separate works packages, to be procured between April 2020 and June 2020. The BNR works will be procured between February 2020 and April 2020. It is envisaged that both works packages will be procured through SoTCC's Term Contractor who has been appointed through an OJEU-complaint procurement process.

This process is in line with SoTCC's Contract Procedure Rules. All in-house costs will be met by SoTCC and all procurement risk is reflected in the 12.5% allowance for costs.

	Through further clarification with the applicant, they have confirmed that the programmes for each scheme are achievable and have built in resilience where tasks can potentially be accelerated to secure delivery. Planning permission is not required for either of the proposed junction improvements. SoTCC has access to a variety of national and regional construction frameworks (e.g. Midlands Highways Alliance, SCAPE) and will use existing relationships with framework contractors, alongside a well-resourced project management team, to ensure contractor programmes are both robust and achievable.'
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	Y See above.
Are personnel / TUPE implications fully explained and addressed?	Not considered to be relevant to this bid.
Are any in house costs clear and proportionate?	Not considered to be relevant to this bid.
Who will own the assets after the project is completed?	The applicant has confirmed that all post-completion assets will be owned and adopted by SoTCC.
Does the risk assessment adequately consider and address any procurement risks?	Y A risk allowance of 12.5% has been assumed across both schemes.

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

Following further clarification with the applicant, we are satisfied that the requirements of the commercial case are satisfied.

SoTCC have an established procurement framework which will be utilised. Detailed programmes and a risk register have been provided alongside the submission and further work (inc. detailed risk assessment) is factored into the overall programme.

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>	
Are all the lifetime costs identified? I.e. anything obvious missing, any blank lines or provisional sums.	N The lifetime costs are not included in the appended cost reports, however the applicant has confirmed that post-construction, All assets will be owned and adopted by SoTCC.
Have all lifetime costs and issues of financial sustainability been fully considered	N See above
Has all the matched funding been secured or is there a funding gap?	There is no funding gap for the junction improvements included in this bid – all future investment is 100% funded by LGF. However, the investments do forms part of the wider CELR project, which would be funded by SoTCC and DfT, however the DfT costs are not committed at this stage.
Is the strategy for securing the funding package reasonable and appropriate?	Y On the basis that the two pieces of infrastructure forming part of this submission are 100% LGF funded. Wider funding for the CELR is uncommitted at this stage and those elements do not form part of this submission.
Does the level of cost proposed represent value for money based on known benchmarks? i.e. cost per square metre for new build	Y The cost assumptions have not been verified by the assessors, but we can confirm that they are based on independent cost reports provided alongside the submission. We note that there is a minor discrepancy in the costs for Joiners Sq (of £75,000) which should be verified prior to confirming the final award.
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 Not relevant to this bid.
Is the level of contingency appropriate?	Y A risk allowance of 12.5% has been assumed across both junctions.
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 The applicant has confirmed, through clarification that the risk of cost overruns will be managed by SoTCC through the contract management process on the

	project with the ultimately liability for any overruns being with SoTCC.
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)	N No such costs have been identified in the submission.
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?	N This has not been considered in the submission.
Monitoring and Evaluation - is there financial provision for monitoring and evaluation	Y The submission includes a Benefits Realisation Plan which identifies the key objectives, outputs and outcomes to be monitored. This is developed at a CELR level but could equally apply to the LGF funded investments. It is recommended that submission of a Benefits Realisation Plan covering the LGF funded investments only should form a condition of grant funding.

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

Submission includes detailed project costs and further clarification has confirmed the situation regarding costs over runs and risk.

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.

<p>Is there a delivery plan with clear & detailed milestones?</p>	<p>Y</p> <p>Key dates are as follows:</p> <p>Joiners Square milestones Design work is currently underway. Detailed Design: 19/12/2019 Land Negotiation: 01/04/2020 Contractor Procurement: 09/06/2020 Construction: 31/3/2021</p> <p>Bucknall New Road Milestones Detailed Design: 03/02/2020 Contractor Procurement: 05/04/2020 Construction: 31/3/2021</p> <p>Note – the end date is close to the LGF funding cut-off, so careful monitoring should be considered to ensure that this project remains on-track.</p> <p>The timescales were raised with the applicant who noted that ‘The programmes appended to the Updated Business Case are achievable and have built in resilience where tasks can potentially be accelerated to secure delivery. Planning permission is not required for either of the proposed junction improvements. SoTCC has access to a variety of national and regional construction frameworks (e.g. Midlands Highways Alliance, SCAPE) and will use existing relationships with framework contractors, alongside a well-resourced project management team, to ensure contractor programmes are both robust and achievable.’</p>
<p>Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)</p>	<p>Y</p> <p>Management Case for the CELR will be applied to these elements. This will adopt Stoke-on Trent City Council’s Project Management Processes and Financial Regulations.</p> <p>The City Council’s Project Management Processes are underpinned by a Gateway Approval Process (GAP) that support a project from initial concept through to delivery, project completion and finally project closure.</p> <p>The project will be managed through a robust process of project management tools and principles based around PRINCE2 methodology.</p>
<p>Are risk management arrangements acceptable given</p>	<p>Y</p>

<p>the scale of the project?</p> <ul style="list-style-type: none"> - Is there an effective risk register with mitigating actions? - Are there any risks which could have a disproportionate impact on the project? 	<p>Risk register is provided with the submission. Risks identified are mitigated in the register.</p> <p>A priced risk register will be produced by the contractor as part of the contractor procurement process.</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>In relation to the day to day governance and project management of the project, this will comprise of an internal Project Officer Group with strategic management undertaken by the Transport Infrastructure Board (TIB). The TIB consists of Senior Council Officers and Members and has agreed Terms of Reference and set decision making powers consistent with the overall Council Constitution.</p> <p>In addition to the City Council's Internal Governance arrangements the project will also be subject to Stoke and Staffs Local Economic Partnership's Assurance Processes. This includes regular reporting, monitoring and evaluation by LEP through the City & Growth Deal Board, Strategic Finance Group and the LEP Executive.</p> <p>The original assessment states that 'SoTCC TIB has approved progression' and we are not aware of this situation having changed.</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>The submission includes a Benefits Realisation Plan which identifies the key objectives, outputs and outcomes to be monitored.</p> <p>This is developed at a CELR level but could equally apply to the LGF funded investments. It is recommended that submission of a Benefits Realisation Plan covering the LGF funded investments only should form a condition of grant funding.</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

Robust and proportionate project management processes are set out in the submission. These relate to the wider CELR programme, but the applicant has confirmed that these will also apply to the LGF funded elements.

Given the delivery timescales, SSLEP should consider robust monitoring and review arrangements, notably in the early part of the project.

Business Case Assessment Summary

Project Name	City East Link Road
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
Economic	High (note comments about options and whether a higher impact option is possible)
Commercial	High
Financial	High
Management	High – note that there is little scope for slippage in the programme
Recommendation	<p>The project is suitable for funding, independent of the outcome of the DfT investment in CELR. However:</p> <ul style="list-style-type: none"> - SSLEP should ensure that it is satisfied with considering these two junctions as a single project (given that the rationale for one junction is significantly weaker than the other). - SSLEP should also consider the limited potential for project slippage and agree a monitoring plan that regularly tracks project delivery – particularly in the early part of the programme. - SSLEP should note that the value for money assessment is based solely on the transport user benefits associated with this scheme. As currently structured, potential for the project to deliver employment and housing outputs is unclear. The investment could unlock 463 homes post-2025 and the applicant has identified 185 homes which are deliverable prior to this and claimed as dependent housing, however these homes do not form part of the VfM assessment.

		<ul style="list-style-type: none"> - The scheme may also enable additional SoTCC and DfT investment in the CELR, which will deliver further economic impacts relating to jobs, housing and journey time savings, however as the DfT investment is uncommitted at this stage, these benefits are highly uncertain and fall outside the scope of this LGF funded investment. - At the time of submission, the scheme was 100% funded by LGF which does not satisfy the SSLEP Assurance Framework. However, SSLEP are in the process of confirming the match funding position with the applicant and will provide an update at the Board meeting. 	
Assessor	Daniel Lindsay	Date	06/11/2019
Verification		Date	

To Be Completed After PAG: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

To Be Completed After SPMG: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

To Be Completed After Executive Board: Record of Decision	
Chair:	
Date of Meeting:	
Decision:	

