

Thursday 29th October 2020

10am-11:30am

MS Teams Meeting with Dial In Option

AGENDA

Open Meeting			
Item	Subject	Lead	Report Status/Timing
1	Introductions & Apologies	James Leavesley / Sinead Butters	5 mins
2	Declarations of Interest		
3	Notes of the previous meeting and any matters arising		
5 mins			
Governance & Finance			
4	Audit & Finance Committee <i>**Commercially Sensitive**</i> (a) Query re i54 Western Extension (b) Outstanding LGF contracts – position (c) Q2 spend position on LGF <i>n.b. Some elements of this item may be published after the meeting following clarifications</i>	Secretariat c/o Simon Ablewhite	Discussion 10 mins
Delivery			
5	Getting Building Fund Update: (a) Summary and Recommendation(s) of the LEP Chief Executive (b) Business Case appraisals – approach and context Business cases for decision: <ul style="list-style-type: none"> • New Enterprise Collaboratory • Shire Hall regeneration project • Local Sustainable Transport package (c) Skills Equipment Fund – approach to appraisals	Secretariat c/o Mark Parkinson / Hatch Regeneris	Decision 20 mins
6	City Deal & Growth Deal: Programmes Overview <ul style="list-style-type: none"> • Stoke-on-Trent Flood Alleviation scheme (<i>Steve Lovatt, SoTCC and Ian Cook, Environment Agency</i>) This will be tabled as the first item on the agenda	Project Sponsor(s) c/o Stoke-on-Trent City Council & Environment Agency	Information/ Discussion 15 mins
7	Programme Risk Register Risk Register (paper 7.1)	Caroline Brown / Secretariat c/o Sharon Palphreyman	Discussion 5 mins
8	Issues and actions to escalate to LEP Executive Board	All	Discussion/ Decision

			5 mins
-	Commercially Confidential Items None other than potentially some aspects of Item 4	-	-
9	Any Other Business	James Leavesley / Sinead Butters	5 mins
10	Next scheduled SPMG Meeting: Tuesday 1st December 2020, 10:00 – 11:30		

SPMG Membership overleaf:

SPMG Membership		
Voting Members	Private/Public Sector	Confirmed Attendance
Caroline Brown (Exec Board Private Sector Director)	Private	✓
Sinead Butters (Vice-Chair)	Private	✓
James Leavesley (Chair)	Private	✓
Tony McGovern (CCDC)	Public	✓
Alun Rogers (SSLEP Executive Board Chair)	Private	✓
Jon Rouse (SoTCC);	Public	Tbc
Quorate: For the SPMG meeting to be quorate no fewer than three voting members (2 private sector directors; 1 public non-exec member) should be present. Ref: Pg. 21, Assurance Framework		
Secretariat support		
Sharon Palphreyman (Programme Manager, SSLEP)	Secretariat	✓
Simon Ablewhite (S151 Officer for the LEP, Accountable finance lead)	Secretariat	✓
Mark Parkinson (Chief Executive, SSLEP)	Secretariat	✓
Non-voting: the following representatives may attend in an advisory/observer capacity:		
Clare Hannah, CLGU representative	CLGU	✓
LEP Board Directors (none confirmed)	-	-
Senior non-executive public sector members (none confirmed)	-	-

Enc: n.b. The pdf contains quick links to help navigation to the papers

Paper 1	Minutes of previous meeting 23.09.2020	agenda item 3
Paper 2	Governance and Assurance paper (SA)	agenda item 4
Paper 3	CEO Summary and recommendations	agenda item 5a
Paper 4	New Enterprise Collaboratory	agenda item 5b i
Paper 5	Shire Hall regeneration project	agenda item 5b ii
Paper 6	Local Sustainable Transport package	agenda item 5b iii
Paper 7	Skills Equipment Fund – approach to appraisals	agenda item 5c
Paper 8	Risk and Issue log	agenda item 7

SSLEP Strategic Programme Management Group (SPMG)

Tuesday 29th September 2020, 13:00 – 14:00

Virtual meeting via Microsoft Teams link

Notes and Actions

<p>In attendance:</p> <p>Voting members:</p> <ul style="list-style-type: none"> James Leavesley (Chair), Sinead Butters (Vice-Chair), Alun Rogers (SSLEP Executive Board Chair); Caroline Brown (Exec Board Private Sector Director); Tony McGovern (CCDC) <p>Secretariat Support:</p> <ul style="list-style-type: none"> Mark Parkinson (SSLEP CEO), Sharon Palphreyman (Programme manager, SSLEP); <p>Non-voting attendees: None</p> <p>Apologies: Jon Rouse (SoTCC), Simon Ablewhite (SCC, S151 Accountable finance lead), Clare Hannah, CLGU/BEIS representative</p>		
Item		Action
1	Welcome	
2	Declarations of Interest & Agreed Protocols There were no declarations of interest. The meeting is quorate.	
3	<p>Progress on actions from the last meeting, 14/09/20</p> <ul style="list-style-type: none"> The minutes were agreed as accurate. <p><u>Item 7 – formal sign off of previous (approved) minutes.</u> ACTION: JL as Chair to sign off approved minutes from SPMG meetings held on:</p> <ul style="list-style-type: none"> 24/02/20 SPMG meeting (JL) 17/06/20 – SPMG - Project Call meeting 1 (JL) 18/06/20 – SPMG - Project Call meeting 2 (JL) 13/07/20 – SPMG – Project Call Stage 2 meeting (JL) 14/09/20 – SPMG – meeting (JL) <p>A.O.B 1) Redundancy /Employment – the LEP’s role. ACTION: AW to chase up figures</p>	<p>JL</p> <p>AW</p>
4	<p>Financial update</p> <p>a) I54 Western Extension – financial update</p> <p><i>SA had sent apologies for the meeting but had provided a paper for circulation with the agenda pack.</i></p>	

	<ul style="list-style-type: none"> • SB asked for clarification that the reduced call on the grant will be a reduction in the amount of retained rates rather than a reduction in LGF and GBF grants. Clarity needed re the “underspend” referred to in the paper. • Discussion took place around whether SPMG could have chosen to have done more with the LGF/GBF allocated to the i54WE scheme – could the GBF have been better utilised to grow other GBF changes in the area? • Further discussion on the points above to take place with SA prior to the next SPMG on 29th October (<i>meeting has been scheduled for 19/10/20</i>) 	SA
5.	<p>CDGD Programmes Overview</p> <p>a) Outputs – historic infrastructure schemes (paper 7a) – (Jon Vining)</p> <p>JL welcomed JV to the meeting. JV presented the paper that had been circulated prior to the meeting, explaining the lag on outputs (from the SCC perspective – other sponsors are involved). The historic infrastructure schemes delivered on time and in budget and there is no single key factor causing the lag in outputs.</p> <p>JL thanked JV for presenting his paper. Discussion followed.</p> <ul style="list-style-type: none"> • The LEP invested in problematic sites in order to unlock them for development • 2013 to 2015 the emphasis nationally was on spend – getting the money out of the door. • Currently, companies are looking for sites in the Midlands of 2+ acres but don’t want buildings. In future we need to be clear about what will be developed on the land • SB felt that the LEP should determine an approach to drawing a line under the historic schemes where outputs won’t be delivered within the LEP reporting timelines. Re-baseline outputs instead of continually reporting the same failures. • Lessons learned for the future: <ul style="list-style-type: none"> ○ appropriate planning approval; outline planning permission can be in place but developers can still encounter lengthy delays and issues with reserved matters (detailed planning permission) ○ add in a “deflator” factor when forecasting outputs ○ develop good practice around setting the criteria around the programmes ○ document and show the improvements made – traceability of lessons learned ○ apply these lessons to GBF – the LEP cannot afford to commit again to outputs/objectives that we can’t deliver <p>JL asked MP to send a note to JV thanking him for attending the meeting</p>	

	and delivering the presentation. b) Forecast outputs post 2021 (SP – verbal update) – paper was circulated with agenda pack.	MP
6.	Programme Risk Register <ul style="list-style-type: none"> • SPMG did not raise any comments or request any changes to the risk log/issue log • Next steps – align risk/issue log and reports • Power BI app to be introduced. 	
7.	Issues and actions to escalate to SSLEP Executive Board <ul style="list-style-type: none"> • None 	
8.	A.O.B <ul style="list-style-type: none"> • There was no other business 	
9.	Next SPMG meeting: Thursday 29 th October 10:00 – 11:00	
	<p>Acceptance of minutes</p> <p>These notes represent an accurate record of the SSLEP Strategic Programme Management Group (SPMG) held on Tuesday 29th September 2020 via Microsoft Teams.</p> <p>Signed: _____ Date: _____</p> <p>James Leavesley, Chair of SPMG</p>	

Strategic Programme Management Group**Thursday 29 October 2020****Getting Building Fund project appraisals:****Summary & Recommendations of the Chief Executive of the LEP****Introduction**

1. The papers to support items 5b i, ii, and iii comprise business case appraisals in respect the following three projects:
 - Item 5b (i) - New Enterprise Collaboratory
 - Item 5b (ii) - Shire Hall
 - Item 5b (iii) - Staffordshire Sustainable Transport Plan
2. The paper to support item 5c is in relation to:
 - Skills Equipment Fund

Item 5 b (i) – New Enterprise Collaboratory

3. The technical appraisals undertaken by Hatch Regeneris provide a recommendation to the LEP Secretariat to approve the funding.
4. Hatch Regeneris have informed the LEP Secretariat that the submitted completed standard business case proformas are supported by the following appendices:
 - Annex A1 Chamber Collaboratory Letter - Staffs Uni - 25 August 2020
 - Annex A2 Growth Hub Letter of support for Staffs Collaboratory Project Aug 2020
 - Annex B SU Funding Confirmation and support MJv2 090920
 - Annex C State Aid Advice Letter 21 August 2020 [NEC][clean]
5. Should members of the SPMG wish to review copies of the business case proformas or supporting annexes in advance of the scheduled meeting, please contact the LEP Secretariat.

Item 5 b (ii) – Shire Hall

6. The technical appraisals undertaken by Hatch Regeneris provide a recommendation to the LEP Secretariat to approve the funding, but of particular note is that the risk register is reported at 'very high level'.

7. Hatch Regeneris have informed the LEP Secretariat that the submitted completed standard business case proformas are supported by the following appendices:
 - Appendix 1 Shire Hall Option Appraisal Plans
 - Appendix 2 Shire Hall Risk Register v1.0
 - Appendix 3 Shire Hall - Statutory Declaration 7.8.1981
 - Appendix 4 Sample SCC Licence Agreement
 - Appendix 5 Letter of Support GBF_ShireHall_PF
 - Appendix 6 Other Stafford Developments
 - Appendix 7 Shire Hall Location plan
 - Appendix 8 Project Governance Diagram.v1
 - Economic Model
8. Should members of the SPMG wish to review copies of the business case proformas or supporting annexes in advance of the scheduled meeting, please contact the LEP Secretariat.

Item 5 b (iii) – Staffordshire Sustainable Transport Plan

9. The technical appraisals undertaken by Hatch Regeneris provide a recommendation subject to further justification given to the benchmarks provided in the economic case.
10. Hatch Regeneris have informed the LEP Secretariat that the submitted completed standard business case proformas are supported by the following appendices:
 - JK A444 cycle imps PCT data
 - South Walls Stafford Bid (benchmark for the economic assessment)
11. Should members of the SPMG wish to review copies of the business case proformas or supporting annexes in advance of the scheduled meeting, please contact the LEP Secretariat.

Summary of the technical appraisals covered under Item 5 b

12. In respect of the New Enterprise Collaboratory, the Strategic Case, Economic, Commercial and Management aspects all score as 'High' with Financial aspects as 'Medium'. The financial case is set out at a relatively high level but is considered by Hatch Regeneris to be proportionate to the value of funding sought. It was noted that procurement is yet to commence, and there are potentially some risks in relation to project costs, but these are not considered to be significant given the nature of the

works and basis on which costs have been estimated. A point was also made under the management aspects regarding the Monitoring & Evaluation plan to detail the commitments.

13. In respect of the Shire Hall project, the Strategic Case and Commercial aspects score as 'High' with Economic, Financial and Management aspects scoring as 'Medium'. The key points raised by Hatch Regeneris is around the provision of a more detailed risk register prior to contracting.
14. In respect of the Staffordshire Sustainable Transport Plan, the Strategic Case, Financial and Management aspects all score as 'Medium' with Commercial aspects as 'High'. The Economic case is considered border line 'Medium' and it is recommended that a reference scheme to demonstrate the Benefit to Cost Ratio is undertaken by the Local High Authority prior to contracting.
15. In terms of conformity with the original metrics (inputs and outputs) submitted as part of the submission to UK Government, Hatch Regeneris have been requested to provide a supplementary note to aid the LEP Secretariat and SPMG in their provision of advice and decision making respectively. This will be issued as a supplementary note to SPMG before the 29 October 2020 meeting.

Item 5 c – Skills Equipment Fund – approach to appraisals

16. In previous rounds of Skills Equipment Fund (SEF), an overall allocation of funding (from Local Growth Fund) was provided to Staffordshire County Council (SCC) or SEF investments. SCC, acting as the accountable body for these funds, had the flexibility to allocate funding to prioritised investments. If projects were deemed unsuitable for funding, SCC was able to reallocate funding to alternative SEF projects.
17. The Getting Building Fund award to the LEP is allocated on a project basis. However, the Cities and Local Growth Unit have confirmed that, in the case of SEF, the allocation was awarded on a 'programme' basis and the approach previously adopted can continue – subject to a change request being agreed.
18. The paper prepared to support Item 5 c is designed to regularise this process.

Recommendations of the Chief Executive, Stoke-on-Trent & Staffordshire LEP

I recommend that:

- a) SPMG business case approval is granted for the three projects with the following conditions to be discharged prior to contracting:
 - i. The New Enterprise Collaboratory project sponsor submit a Monitoring & Evaluation Plan to the LEP Secretariat;

- ii. The Shire Hall project sponsor submit a more detailed Risk Register to the SPMG and attend the next meeting to explain their approach to risk management and how it relates to project inputs, outputs and inter-relationship with other funding schemes (e.g. Future High Streets Fund); and
 - iii. The Staffordshire Sustainable Transport Plan project sponsor submit a 'Benefit-to-Cost Ratio' note to Hatch Regeneris and the LEP Secretariat (to be brought back to SPMG if there any technical concerns, i.e. low score).
- b) SPMG approve the five recommendations set out the Staffordshire Skills Capital Fund report provided by Hatch Regeneris under Item 5 c.

Reasons for Recommendations:

1. To ensure the SPMG discharge their responsibilities set out in the Assurance Framework.
2. To demonstrate to Central Government, that the LEP and its partners are capable are managing levels of project risk associated with short term policy interventions such as the Getting Building Fund, to help mitigate the economic impact of the Covid-19 pandemic.

Contact Details

Report Commissioner: Mark Parkinson
Job Title: Chief Executive, SSLEP

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	New Enterprise Collaboratory
Reference	
<p>State Aid (Has state aid compliance been demonstrated?).</p>	<p>The applicant states in the Business Case that the <i>'University could structure this project so that it would not be a recipient of state aid for the provision of the Collaboratory, provided that it is used and can be characterised as an "educational and research" facility, which is available to students, graduates and "pre-start-up" and not to existing businesses'</i>. This is supported by a statement from the applicant's legal adviser which confirms this position.</p> <p>Further clarification has confirmed that use of the facility will be monitored to ensure that no more than 20% of use is by existing businesses. The university retains state aid advice from solicitors Shakespeare Martineau to ensure the use is within the state aid rules and regulations. This will consider State aid received in the preceding three years.</p> <p>SSLEP should ensure through its ongoing monitoring of the project that the processes set out above are in place to confirm ongoing State aid compliance.</p>
<p>Brief description of scheme.</p>	<p>The project will provide a dedicated research, innovation and knowledge exchange 'collaboratory' workspace (147 sqm) which will enable access to specialist facilities where pre start-ups will share the 'co-working environment with the wider University's Enterprise Zone.</p> <p>The collaboratory is intended to act as an 'ideas, new venture and innovation catalyst for new business creation and product stimulated development through research and knowledge exchange activities within the university'. It will provide:</p> <ul style="list-style-type: none"> - Dedicated and technology enabled workspace, and - RD&I equipment to complement the 'existing campus innovation support ecosystem, research, innovation and knowledge exchange'. <p>The scheme is intended to provide a shared space where engineers, technologists, creative and other disciplines can come together to exchange ideas, provide solutions and explore options and opportunities through knowledge exchange with the university.</p> <p>The capital investment will fund the fit-out of space within the university's Mellor Building, which would be co-located with the existing hatchery, incubator units, and RD&I labs. The capital investment will fund:</p> <ul style="list-style-type: none"> - Workspace: the fitting out the space to provide a 'digitally enhanced' collaborative shared large to enable RD&I. - The purchase of RD&I equipment including: <ul style="list-style-type: none"> o Equipment for the ceramics and craft sector (metal laser cutter, colour 3D printer, ceramic 3D printer). o Equipment for the digital sector (4x Mac Pro + Pro Display, 2x PC workstations, and 6x Wacom Cintiq 32"). <p>The facility is not intended to provide permanent accommodation for businesses or pre start-ups, but is a space for developing and testing ideas and concepts and to promote</p>

	cross-working. Successful pre-starts will have the option to move into the Hatchery or other accommodation in the University Enterprise Zone.				
Total Project Cost =	£721,600	SSLEP request =	£500,000	Grant to capital ratio%	69%
Net GVA/Land Value Uplift/BCR =	Benefit Cost Ratio = 4.0	BCR / RoI/LVU=	Very good VfM (≥4).	Period (years)=	5
Outputs	Output	Number			
	Total Employment (gross)	44			
	Total Employment (net)	22			
	GVA (Net)	£2.0 million			
	<i>Note – the Business Case reports Net GVA of £1.2 million, but £2 million is consistent with the supporting evidence provided and the BCR quoted.</i>				
	Start-up businesses assisted	22			
	New products developed	10			
	IP registrations	4			

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/LIS or other relevant strategy or plan?	Y The project was shortlisted for Getting Building Fund following an initial review by SSLEP and a subsequent assessment by Hatch. This project was subsequently assessed as being suitable for GBF by Government. The project will complement existing activity at the University Enterprise Zone and can potentially 'feed' the wider offer – e.g. business start-ups may grow onto the Hatchery and other space in the zone. The project will support innovation and collaboration within two priority sectors and will help to generate new businesses and products from the SSLEP region.
Does the proposal clearly state which SEP/LIS objectives (or other relevant strategy or plan) are to be delivered? (State which)	Y The links to the LIS are clearly set out in the business case, including:

	<ul style="list-style-type: none"> - Ideas: by promoting the increased absorption of by businesses of new techniques and technologies, through enhanced R&D and knowledge exchange with research institutions including Staffordshire University. The collaboratory will act as a focus for collaborative research, knowledge exchange and proof of concept demonstration for business start-ups. - Business Environment – by providing a centre for start-up and growing businesses with increasing productivity and enterprise levels. - People – the outcomes of the project will help to raise wages and skills levels.
<p>Is the project specifically named in the SEP/LIS or other key plan / strategy?</p>	<p>N – not in SSLEP specific plans, but the wider strategic contributions are clearly set out.</p> <p>The project is not specifically mentioned in either the LIS or SEP, however:</p> <ul style="list-style-type: none"> - The SEP identified, under innovation, ‘innovation infrastructure’ and ‘collaborative research and knowledge transfer partnerships’ as key areas - The LIS identified, under Business Environment, an aspiration for the region to become a centre for start-up and growing businesses, with increasing productivity and enterprise levels. <p>The Business Case also sets how the project will contribute to the LIS objective to tackle low R&D and start-ups and encouraging collaboration across priority sectors.</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>The Business Case sets out the following SMART Objectives:</p> <ul style="list-style-type: none"> - Establish the Enterprise Collaboratory workspace of 147 sqm by December 2020 - Procure technical equipment to be housed in the Mellor Building (30 sqm) by March 2021 - Create 44 jobs with 22 start-up businesses assisted by 2025 - Facilitate 10 new products developed by 2025 in target sectors - Encourage collaboration leading to 4 IP registrations. <p>These objectives are supported by a logic model setting out how they will lead to outputs, outcomes, and impacts.</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? 	<p>Y</p>

<ul style="list-style-type: none"> - 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. 	<table border="1"> <thead> <tr> <th>Output</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Total Employment (gross)</td> <td>44</td> </tr> <tr> <td>- Total Employment (net)</td> <td>22</td> </tr> <tr> <td>GVA (Net)</td> <td>£2.0 million</td> </tr> <tr> <td>- <i>Note – the Business Case reports Net GVA of £1.2 million, but £2 million is consistent with the supporting evidence provided and the BCR quoted.</i></td> <td></td> </tr> <tr> <td>Start-up businesses assisted</td> <td>22</td> </tr> <tr> <td>New products developed</td> <td>10</td> </tr> <tr> <td>IP registrations</td> <td>4</td> </tr> </tbody> </table>	Output	Number	Total Employment (gross)	44	- Total Employment (net)	22	GVA (Net)	£2.0 million	- <i>Note – the Business Case reports Net GVA of £1.2 million, but £2 million is consistent with the supporting evidence provided and the BCR quoted.</i>		Start-up businesses assisted	22	New products developed	10	IP registrations	4
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<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y</p> <p>The project is well developed and there are no significant dependencies or constraints for this project.</p> <p>Planning is not required and there are no dependencies before the project can proceed.</p>																
<p>Are the strategic risks clear?</p>	<p>Y</p> <p>The application is supported by a detailed risk register which sets out the key project risks. This considers the implications of Covid-19 and the applicant confirms the end facility can accommodate collaborations in a Covid-secure manner.</p> <p>Other strategic risks include a lack of market demand and RD&I equipment not meeting target users' needs. However the applicant has provided evidence of market demand assessments and engagement with the Belnspired project with demonstrate that these risks are low/manageable.</p>																
<p>Are there any dependencies on this project and what impacts could they have on the project?</p>	<p>N</p> <p>There are no dependencies identified.</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</p> <p>No lessons learnt have been provided in the Business Case.</p>																
<p>Has consultation taken place that supports the proposal?</p>	<p>Y</p>																

	<p>The Business Case sets out a broad range of relevant stakeholders that have been consulted with in the development of the project and provides a letter of support from the Chamber of Commerce.</p> <p>The project is expected to fill a gap in the current enterprise support offer at the university.</p>
<p>Are there clear stakeholders that are supporting the project?</p>	<p>Y</p> <p>The project is supported by the Chamber of Commerce which reiterate the existing gap in provision in the region. Relevant university stakeholders have also been consulted in the development of the project.</p>

<p>Strategic Case Assessment Summary</p> <p>High: <u>Strong strategic fit</u> / supports SEP/LIS/Key Strategies and accelerates job creation, business investment and site development.</p> <ul style="list-style-type: none"> - Schemes that are specifically mentioned in the SEP/LIS as strategically important and/or - Genuinely transformational outputs at a scale to make significant impact sectorally / spatially. <p>Medium: <u>Good strategic fit</u>. Project supports growth but lead to medium scale improvements/outputs.</p> <p>Low: May have strong elements but overall case is weak e.g. <u>unclear strategic fit</u>, projects with strategic fit but leads to small scale improvements/outputs.</p>	
<p>High</p> <p>While a relatively small investment, the project will complement existing enterprise support provided by the university and plugs a gap in current provision in the region. The project is expected to make a strong strategic contribution relative to the size of investment sought.</p> <p>While not directly specified in the SEP or LIS, the potential contribution to both documents is clear.</p>	

<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>Yes</p> <p>Additionality: Overall additionality is assumed to be 60% which appears reasonable given the nature of the scheme.</p> <p>Displacement of 10% is assumed based on the specialist nature of provision. While we agree with an assessment of 'low' displacement, a more typical level to assume would be 20-25%, however this is not expected to have a significant impact on the net project outputs.</p> <p>Employment impacts are assumed for a three year period, with a linear decay rate over this period – which is a conservative approach.</p>

	<p>Value for Money</p> <p>The spreadsheets underpinning the VfM assessment were provided during the clarification process and are clear and easy to follow. Outputs are measured over five years and a decay rate has been applied to the persistence of employment impacts (33% a year) – both of which are robust and conservative approaches.</p> <p>VfM is estimated to be 4:1 – which is the threshold for very high value for money. Any upward adjustment to displacement would bring the VfM estimate below 4:1 resulting in ‘good’ value for money - which would not impact on the project’s acceptability for GBF.</p> <p>Furthermore, extending the assessment period (e.g. to 10 years) or adjusting the decay rate of employment impacts would both significantly increase the scheme’s VfM. Given that both of the assumptions used are considered to be conservative compared to standard economic impact assessments, we consider that good VfM is likely to be achievable.</p> <p>Attribution / Double Counting</p> <p>Users of the facility may receive support from a variety of university funded schemes. The applicant in the clarification process sets out a clear approach for attributing outputs to the collaboratory and avoiding double counting of outputs. SSLEP should ensure that this approach is reflected in the ongoing monitoring of the scheme.</p>
<p>Options Analysis</p> <p><i>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.</i></p>	
<p>- Is it clear why the initial list of options has been reduced to the preferred option?</p> <p>- Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?</p>	<p>Y</p> <p>Alternative options are presented at a high level and expanded in the clarification process. Given the nature of the proposals the main alternative options relate to the scale of provision and reasonable justifications have been provided on why these options were rejected (do-minimum is not of sufficient scale to provide the array of support required and the do-maximum would not be deliverable for GBF and result in a lost opportunity).</p>
<p>Is the rationale for choosing the preferred option clear?</p> <p>If the preferred option does not represent the best value for money of the options considered are the decisive factors that influenced the decision clear and justifiable?</p>	<p>Y</p> <p>See above – clear rationale for selecting the preferred option is provided.</p>
<p>Risk Management</p> <p>- Have all appropriate risks been considered?</p> <p>- Are the risk management arrangements credible, and are the risk management costs also built in?</p> <p>- Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?</p>	<p>The project is supported by a full risk assessment and these have been factored into the economic assessment. The risk register sets out risk mitigation strategies.</p> <p>Contingency of 6% is assumed in the cost estimates and procurement is at an advanced stage. There is evidence of soft market testing and, given the nature of the proposals there should be scope for value engineering if required.</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>	
<p>- 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>	<p>The applicant has not applied Optimism bias 'as the investment costs will be incurred before March 2021'. This is not a Green Book compliant approach – as OB is an adjustment to reflect both the costs being higher and/or the economic impacts being lower than anticipated.</p> <p>However, given the comments above re: VfM, we do not consider this to be a major concern. After applying a standard OB allowance of 24% the scheme would continue to deliver good value for money – and potentially sustain very good if the assessment period is extended to 10 years.</p>
<p>Distributional Impacts - What % of project impacts are outside the SSLEP area and how has this figure been arrived at? - Does the project have different impacts on different sections of society/are there any re-distributional impacts?</p>	<p>As set out above – the economic assessment makes an allowance for leakage. The net impacts are assumed to accrue to the SSLEP region.</p>

<p>Economic Case Assessment Summary <i>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.</i> <i>General – BCR 10% above comparator data</i> <i>Transport – BCR higher than 2</i></p> <p><i>Medium: Good strategic fit. Project supports growth but lead to medium scale improvements.</i> <i>General – BCR is within 10% of comparator data</i> <i>Transport – BCR higher than 1.5 - 2</i></p> <p><i>Low: Unclear strategic fit. Projects with strategic fit but lead to small scale improvements.</i> <i>General – BCR is below 10% of comparator data</i> <i>Transport – lower than 1.5</i></p>
<p>High The scheme as presented is on the threshold for 'very good' VfM with an estimated BCR of 4:1.</p> <p>Increasing the level of displacement to 20% and applying OB of 24% would reduce the BCR to 2.7:1 which represents 'good VfM'. However it is our view that the VfM assessment is based on a conservative set of assumptions and there is the potential for the overall benefits to be overstated. For example, with these revised assumptions, increasing the assessment period to 10 years (which is comparable to the approach taken for other schemes) the BCR would rise to 4.5:1.</p> <p>Given the points above, on balance we consider that 'very good' value for money is likely to be achieved.</p>

The Commercial Case	
<i>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?</i>	
Is the relationship with any private sector partners that will also deliver clear?	Y There are no private sector partners besides the university which will own and operate the facility. Businesses and pre start-ups will be users of the facility.
Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds	Y Procurement for the fit-out will commence once funding is agreed. Procurement for the equipment is scheduled for completion in March 2021. Procurement will be in line with the university's procurement processes.
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	Y Yes – see above.
Are personnel / TUPE implications fully explained and addressed?	Not relevant to this assessment.
Are any in house costs clear and proportionate?	Y Set out at a high level – the Business Case sets out the additional operating costs which will be met by the university.
Who will own the assets after the project is completed?	The applicant, Staffordshire University, will own the asset.
Does the risk assessment adequately consider and address any procurement risks?	Y A risk allowance of 6% has been assumed for the project

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>
<i>Medium: Overall the commercial case is well constructed and convincing. However, specific elements are not strong /require improvement.</i>
<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>
High The commercial case satisfies all of the necessary requirements. As a public sector organisation Staffordshire University have established and accepted procurement frameworks they will follow. Procurement is at an advanced stage and a detailed risk register has been provided.

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.	Y The applicant will be responsible for operational costs of the facility once its developed. The operating costs are set out at a high level.
Have all lifetime costs and issues of financial sustainability been fully considered	Y – see above
Has all the matched funding been secured or is there a funding gap?	All match funding (£3.04m) is to be provided by the university. Following clarification, the applicant has provided a strong rationale for why public funding is required to deliver the project.
Is the strategy for securing the funding package reasonable and appropriate?	Y- see above
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 costs have not been verified by the appraisers, but the applicant has set out the following in relation to cost estimates, which appear reasonable at this stage: <ul style="list-style-type: none"> - For the building works the applicant has very recently procured a capital fit out/works in the same building of similar nature for which they received competitive tenders for works being finished now. This has given a good level of requirements details and costs overview for the collaboratory. - Costs of the innovation equipment are based on checking prices with prospective suppliers and considered past procurements the university has done. <p>A detailed cost breakdown was provided in the clarification process.</p>
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 6% has been applied. There are no major construction works and this level of contingency seems reasonable.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	N This is not specified in the business case, but previously the applicant has confirmed that VAT is non-recoverable. SSLEP may wish to confirm this prior to entering into a funding agreement.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y Contingency of 6% has been included.

	The applicant should confirm that this is mitigated as part of the procurement process. There is scope to accommodate delay within the GBF programme period given the proposed end date (March 2021).
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 plan for monitoring and evaluation (see further detail below under management case)

<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 financial case is set out at a relatively high level but is considered to be proportionate to the value of funding sought.</p> <p>Given that procurement is yet to commence, there are potentially some risks in relation to project costs, but these are not considered to be significant given the nature of the works and basis on which costs have been estimated.</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>									
Is there a delivery plan with clear & detailed milestones?	<p>Y</p> <p>The following high level project milestones have been provided at this stage:</p> <table> <tr> <td>Approval</td> <td>September 2020</td> </tr> <tr> <td>Contracting</td> <td>October 2020</td> </tr> <tr> <td>Fit out and equipment procurement</td> <td>March 2021</td> </tr> <tr> <td>Outputs achieved</td> <td>2025/26</td> </tr> </table> <p>A more detailed plan has been provided in the clarification process.</p>	Approval	September 2020	Contracting	October 2020	Fit out and equipment procurement	March 2021	Outputs achieved	2025/26
Approval	September 2020								
Contracting	October 2020								
Fit out and equipment procurement	March 2021								
Outputs achieved	2025/26								

	There will be a one month delay to approval, however there is scope within the GBF programme period if this pushes the end date back by an equivalent amount.
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	Y The application states that the project will be delivered by Staffordshire University within the context of a Prince 2 methodology. The application sets out the primary roles and responsibilities which appear to be robust.
Are risk management arrangements acceptable given the scale of the project? - Is there an effective risk register with mitigating actions? - Are there any risks which could have a disproportionate impact on the project?	Y Risk register provided with the submission. Risk mitigations are identified for all risks. Clearly some external factors (such as Covid-19) represent potential challenges, but the approach set out by the applicant appears reasonable.
Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	TBC The level of approval has not been confirmed in the Business Case – further detailed will be sought by the assessors ahead of SPMG.
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?	Y The principles of a proportionate monitoring and evaluation plan are set out in the business case. These should be confirmed with SSLEP at an early stage of project delivery.

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 management arrangements appear robust and appropriate.
Monitoring and evaluation plans are based on sound principles but should be confirmed.
Appropriate approvals are tbc.

Business Case Assessment Summary

Project Name	Health Innovation Centre
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>	

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.

Strategic Case	High		
Economic	High		
Commercial	High		
Financial	Medium – as costs are subject to procurement. However, we have no concerns at this stage.		
Management	High – subject to M&E plan developed on principles set out in the business case and confirmed with SSLEP. And confirmation that relevant approvals are in place.		
Recommendation	High - The project is suitable for funding – subject to the minor clarifications above.		
Assessor	Daniel Lindsay, Hatch	Date	18/10/20
Verification	Daniel Lindsay, Hatch	Date	20/10/20

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:	

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	The Re-Purposing of Shire Hall Stafford: Investment in an Enterprise and Start-Up Business Venue				
Reference					
State Aid (Has state aid compliance been demonstrated?).	<p>State Aid advice was not included in the submitted Business Case, during the clarification process, the applicant has stated that:</p> <p>'State Aid advice has been taken on the Business Hub proposals for Shire Hall and, as business space will be offered at full market rental rates, there will be is no undue benefit to occupying tenant businesses compared to other business space providers. Other benefits to tenant businesses will be through the range of support services offered through the Stoke on Trent and Staffordshire Growth Hub which is funded through BEIS and ERDF and operated under State Aid de minimus rules. Here any business receiving such support will sign and retain certificates of State Aid benefit, for each intervention, in line with the current requirements and regulations.'</p>				
Brief description of scheme.	<p>This project will form Phase 1 of the restoration and repurposing of Shire Hall. Shire Hall is currently vacant, except for occasional events held in the Assembly Hall or court rooms.</p> <p>GBF will fund the renovation and re-purposing of the rear of the building as a business hub. The design ambition for the business hub at Shire Hall is to create flexible workspace to meet the needs and demands of modern business operations. The project will provide 12,000 sqm of new business floorspace.</p> <p>The County Council, working with Make it Stoke on Trent and Staffordshire are commencing a campaign to promote the flexible workspace concept at a number of existing and proposed locations properties across the SSLEP area, which can include Shire Hall.</p> <p>SCC are also seeking funding from the Future High Street Fund. If awarded in full, the Council will undertake the renovation and repurposing of the front and rear of Shire Hall to provide the business hub (as set out above), plus space for public access, events and exhibitions in the front. The total cost of this scheme is £6.9 million (including FHSF and GBF contributions).</p> <p>If FHSF is not awarded in full and SCC is unable to commence investment in the front of the building, SCC have confirmed that the project is scalable and the business hub element can be completed in isolation. In this case SCC would consider the business hub element to be the first phase of the redevelopment of Shire Hall.</p> <p>In light of the uncertainty regarding the FHSF contributions, this assessment considers the business hub elements only.</p>				
Total Project Cost =	£2,000,000	SSLEP request =	£1,600,000	Grant to capital ratio%	80%
Net GVA/Land Value Uplift/BCR =	Benefit Cost Ratio = 2.8	BCR / RoI/LVU=	Good VfM	Period (years)=	30

Outputs	Output	Number
	New Business Floorspace	12,000 sqm
	Construction Employment	13
	Operational Employment	8
	Tennent Employment	52

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	
<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/LIS or other relevant strategy or plan?	<p>Y</p> <p>The project is expected to contribute to the SEP and LIS through supporting entrepreneurs, business start-ups and to help existing businesses grow and thrive.</p> <p>The application notes the commercial space close to the town centre is limited within Stafford – with the majority of available space located at a single site (Staffordshire Place) which is not targeted at or well suited to small and start-up businesses. There is therefore limited availability of space in Stafford under 5,000 sq ft on flexible terms.</p> <p>The wider strategic case is based on the contribution of the renovation to Stafford centre – however this is highly dependent on the overall scheme being funded – i.e. the refurbishment of the front of a building is likely to make a more direct contribution to these strategic objectives.</p>
Does the proposal clearly state which SEP/LIS objectives (or other relevant strategy or plan) are to be delivered? (State which)	<p>Y</p> <p>Links to the LIS and SEP are only set out at a high level, however sufficient evidence is provided to give us confidence that the scheme will support the SEP Enterprise priority, as well as making a contribution to the Heritage Led Regeneration element of the Strategic Centres Priority Theme.</p> <p>The wider project (including the FHSF funded elements) will also make a much stronger contribution to the Strategic Centres priority theme.</p> <p>It will also make a direct contribution to the Place ambition of the LIS, which seeks to concentrate small flexible business space in centres where there is demand.</p>

<p>Is the project specifically named in the SEP/LIS or other key plan / strategy?</p>	<p>N</p> <p>The project is not specified in the LIS or SEP – however, as set out above, the project is likely to contribute to relevant objectives. Furthermore, Stafford is identified as one of the region’s Strategic Centres.</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>The following objectives are specified in the business case. Further detail is also set out clearly demonstrating how the objectives can be considered on a SMART basis.</p> <ul style="list-style-type: none"> - To facilitate growth in employment and/or business start-ups (a space for education, learning, developing skills, or business support offer) - To promote happiness and wellbeing (provide public access uses & civic pride) - To support the role of town centres (create footfall and add to the existing town centre offer) - To conserve and enhance the historic environment (as a major historic asset and contribution to the conservation area) - Financial sustainability (earn sufficient revenues to cover running costs) 										
<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>Y</p> <table border="1" data-bbox="826 1227 1422 1435"> <thead> <tr> <th>Output</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>New Business Floorspace</td> <td>12,000 sqm</td> </tr> <tr> <td>Construction Employment</td> <td>13</td> </tr> <tr> <td>Operational Employment</td> <td>8</td> </tr> <tr> <td>Tennent Employment</td> <td>52</td> </tr> </tbody> </table> <p>The outputs specified above are taken from the Economic Assessment. SSLEP should confirm with the applicant that these are the appropriate outputs to incorporate into a funding agreement.</p>	Output	Number	New Business Floorspace	12,000 sqm	Construction Employment	13	Operational Employment	8	Tennent Employment	52
Output	Number										
New Business Floorspace	12,000 sqm										
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<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y</p> <p>While the overall benefits associated with the project are likely to be greater if the re-purposing of the front and rear are both funded (i.e. the public and events elements are also funded) the applicant has confirmed that these two elements of the project can be delivered independently and the business hub can be considered as ‘phase 1’ of the overall programme. There are therefore no dependencies in relation to the other elements.</p>										

	The building is currently vacant and works can commence upon receipt of funding.
Are the strategic risks clear?	Y The application is supported by a high level risk register – as the project develops further, SSLEP should ensure that emerging and more detailed risks are being effectively mitigated. Clarification with the applicant confirms that, while Shire Hall is a historic building, the business hub will be accommodated in more modern office accommodation to the rear (an extension from the 90s). Given that the hub will be located in the more modern elements of the building and that extensive work was completed in the 90s, the risk of works to a Historic Building (and requirement for planning consents, etc.) are considered by the applicant to be of a lower risk than standard works on historic buildings.
Are there any dependencies on this project and what impacts could they have on the project?	N The site is vacant and there are no dependencies associated with the project.
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?	N No lessons learnt have been provided in the Business Case.
Has consultation taken place that supports the proposal?	Y The Options Study for the building was published in January 2019.
Are there clear stakeholders that are supporting the project?	Y The Business Case sets out a broad range of relevant partners were involved in the options appraisal and are involved as Steering Group Members, potential anchor tenants or referral agencies. These include the LEP, Growth Hub, Borough and Town Councils, and the Chamber. A letter of support from the Borough Council has been provided in support of the business case.

Strategic Case Assessment Summary

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

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

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

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

High

Strong links are made with the SEP and LIS, particularly around business support and growth.

If the full allocation of FHSF is received then there is the potential for the renovation of the front and rear of the building to have a significant wider impact on Stafford Town Centre.

The Economic Case

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

Project Additionality / Cost Benefit Analysis

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

Yes

Additionality

Deadweight will be 0% as, besides the occasional event held at the venue, the site is currently vacant and will not be brought back into use without significant public investment.

The applicant has assumed 90% displacement for tenant businesses, on the basis that many will work from home or from other office space. While we agree that displacement is likely to be higher than more specialist schemes, this is a very conservative impact relative to comparable schemes being considered and will significantly reduce the assessment of GVA relative to them.

Value for Money

The supporting economic model has been provided following the clarification process and has been reviewed by the assessor. It is the assessors view that some of the impacts (such as the area based land value uplift) are likely to associated with the FHSF funded elements and some (such as construction costs) are not typically captured in an economic appraisal for capital investment. However, after removing these elements, the value for money remains above 2:1 and a reduction to the displacement assumption specified above (90%) could significantly increase the level of estimated benefits.

On this basis we are satisfied that the project will deliver a minimum of 'good value for money'.

Options Analysis

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

- Is it clear why the initial list of options has been reduced to the preferred option?
- Are there any key variables which if changed would lead to a different preferred option to be selected (checking sensitivity)?

Y

Relevant options and the development of options are presented in detail. The rationale for the preferred option is clear (based on funding commitments available at this stage) and the do nothing / do minimum are not viable long term options.

<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 See above – clear rationale for selecting the preferred option is provided.</p>
<p>Risk Management - Have all appropriate risks been considered? - Are the risk management arrangements credible, and are the risk management costs also built in? - Does the proposal identify the major risks that could impact on the economic case and contain appropriate mitigation?</p>	<p>Y The risk register presented captures the key project risks, but is presented at a high level and we would expect this to be developed as the project proceeds to a funding agreement. The application is also supported by a clear risk management strategy. In the clarification process, the applicant has confirmed: - The work that has been completed to understand the building conditions (asbestos register, drawings and plans from previous remodelling works, and Conditions Surveys). - Ongoing liaison with the planning authority at SBC has indicated that the proposals at this stage post no significant concerns for the heritage features and listing building consent will not be required - Discussions concerning change of use from the current D1 to B1(a) use are ongoing with planning officers are ongoing and a definitive approach to any planning consent required will be agreed as part of the final design for the Business Hub. A planning committee date has not been confirmed at this stage but is expected before Christmas 2020.</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>	
<p>- 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>	<p>No account has been taken of OB in the economic case by the applicant - however this is not expected to significantly affect the value for money conclusions.</p>
<p>Distributional Impacts - What % of project impacts are outside the SSLEP area and how has this figure been arrived at? - Does the project have different impacts on different sections of society/are there any re-distributional impacts?</p>	<p>The net impacts are assumed to accrue to the SSLEP region.</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.

<p>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>Based on the evidence provided, we are confident that the scheme will deliver a minimum of good value for money (BCR>2).</p> <p>If FHSF is awarded and the front of the building can also be renovated for public use, the overall impacts of the investment could be substantially greater and significantly enhance Stafford town centre.</p>

<p>The Commercial Case</p> <p><i>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?</i></p>	
<p>Is the relationship with any private sector partners that will also deliver clear?</p>	<p>Y</p> <p>Project will be delivered by SCC. Involvement of the private sector will be through standard procurement processes.</p>
<p>Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds</p>	<p>Y</p> <p>Procurement will proceed through SCCs standard processes, with the following options being considered at this stage:</p> <ul style="list-style-type: none"> - Mini tender from framework. Any call-offs contract from this framework is based on the use of either the NEC3 or JCT forms of contract. - Open market procurement, this option can be used if it is felt the contractors on the framework don't have specific expertise needed (ie enough previous experience on a heritage building) <p>The procurement delivery team are specified in the bid.</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>Y</p> <p>A detailed delivery plan is provided in the business case.</p> <p>Tender documents will be completed in Nov 2020. The tender process will commence Dec 2020-Jan 2021 The main works contractor will be appointed in Feb 2021.</p>
<p>Are personnel / TUPE implications fully explained and addressed?</p>	<p>Not relevant to this assessment.</p>
<p>Are any in house costs clear and proportionate?</p>	<p>Y</p> <p>There are no in-house costs specified in the bid.</p>
<p>Who will own the assets after the project is completed?</p>	<p>SCC will own and operate the asset.</p>
<p>Does the risk assessment adequately consider and address any procurement risks?</p>	<p>Y</p>

	See above – procurement will commence in November and 10% contingency is assumed at this stage.
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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 commercial case satisfies all of the necessary requirements. As a public sector organisation SCC have established and accepted procurement frameworks they will follow. Procurement will commence in November with the appointment of a contractor in February 2021.

The Financial Case

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

Are all the lifetime costs identified? i.e. anything obvious missing, any blank lines or provisional sums.	Y The applicant will be responsible for operational costs of the facility once its developed. The business case sets out the operating costs and how this compares forecast revenues (a net operating surplus of £5,000 is forecast).
Have all lifetime costs and issues of financial sustainability been fully considered	Y – see above
Has all the matched funding been secured or is there a funding gap?	The project is dependent on £400,000 (20%) match funding from FHSF. A decision on FHSF is expected shortly – however this is unlikely to be ahead of the SPMG decision. However, SCC have subsequently confirmed that, due to savings associated with ongoing maintenance costs, they will underwrite the £400,000 match funding. The redevelopment of the front of the building is dependent on a successful FHSF outcome and has therefore been excluded from this assessment.
Is the strategy for securing the funding package reasonable and appropriate?	Y- see above
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 plan has not been supplied at this stage (the applicant confirms that it is available upon request), however they indicate that: <i>a detailed cost plan has been compiled with the Options Appraisal document (published January 2019). Involved in preparing this plan were the lead architect, conservation consultant, structural engineer, and SCC's appointed quantity surveyor.</i>

	The costs are based on Concept RIBA Stage 2 and assume 10% contingency.
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 An economic assessment has been considered. No change of use is expected to arise from this bid.
Is the level of contingency appropriate?	Y Contingency of 10% has been assumed. SCC have confirmed that this is appropriate given the detail they have available regarding historic works and building conditions.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	N This is not specified in the business case.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y Ultimately any cost overrun will be the responsibility of SCC. Such risks are expected to be mitigated through the tender process.
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	Partially The applicant confirm that the project will be delivered and monitored in line with the SSLEP Assurance Framework. The project plan also includes an allowance for 6, 12, and 24 month evaluation. However, specific details should be confirmed prior to entering into a funding agreement.

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.

Medium

The financial case is set out in sufficient detail.

Given that procurement is yet to commence, there are potentially some risks in relation to project costs, but these are not considered to be significant given the supporting evidence available to inform the Business Case.

The Management Case <i>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.</i>											
Is there a delivery plan with clear & detailed milestones?	Y A detailed project plan is provided in the Business Case. Key dates include: <table border="0"> <tr> <td>Determination of Planning</td> <td>Nov 2020</td> </tr> <tr> <td>Appoint main works contractor</td> <td>Feb 2021</td> </tr> <tr> <td>Finalise RIBA Stage 4</td> <td>May 2021</td> </tr> <tr> <td>Commence Work</td> <td>June 2021</td> </tr> <tr> <td>Practical Completion</td> <td>Jan 2022</td> </tr> </table> The business case state that Financial Completion will be April 2022. They have subsequently clarified that this can occur by March 2022 in line with GBF requirements.	Determination of Planning	Nov 2020	Appoint main works contractor	Feb 2021	Finalise RIBA Stage 4	May 2021	Commence Work	June 2021	Practical Completion	Jan 2022
Determination of Planning	Nov 2020										
Appoint main works contractor	Feb 2021										
Finalise RIBA Stage 4	May 2021										
Commence Work	June 2021										
Practical Completion	Jan 2022										
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	Y The project will be delivered on the basis of Staffordshire County Council Project Management strategic process contained within the corporate toolkit and Prince II Project Management Principals.										
Are risk management arrangements acceptable given the scale of the project? - Is there an effective risk register with mitigating actions? - Are there any risks which could have a disproportionate impact on the project?	Y Risk register provided with the submission. As set out above, this is considered to be high level at this stage and will be further developed following the procurement process. Limited consideration of Covid-19 risk. Clarification has addressed a number of the key risks, but these should be reflected in a more detail risk register.										
Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	Y The Business Case confirms that all internal SCC permissions and authorities to submit are in place.										
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?	Partially The applicant confirm that the project will be delivered and monitored in line with the SSLEP Assurance Framework. The project plan also includes an allowance for 6, 12, and 24 month evaluation. However, specific details should be confirmed prior to entering into a funding agreement.										

Management Case Assessment Summary

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

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

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

Medium

Project management arrangements appear robust and appropriate.

The risk register is set out at a high level and SSLEP should confirm that more detailed consideration has been undertaken prior to entering into a funding agreement. This should reflect some of the additional information provided by the applicant in the clarification process.

Business Case Assessment Summary

Project Name	Shire Hall Enterprise and Start-Up Hub		
Reference			
Programme Management Team 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.			
Strategic Case	High		
Economic	Medium		
Commercial	High		
Financial	Medium – as costs are subject to procurement.		
Management	Medium – SSLEP should request are more detailed risks registers and assessment.		
Recommendation	The project is suitable for funding – however SSLEP may wish to see further consideration of project risk prior to entering into a funding agreement.		
Assessor	Daniel Lindsay, Hatch	Date	18/10/20
Verification	Daniel Lindsay, Hatch	Date	20/10/20

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:	

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	Staffordshire Local Sustainable Transport Package				
Reference					
State Aid (Has state aid compliance been demonstrated?).	<p>The investment involves a local authority providing sustainable transport infrastructure on public footways and highways.</p> <p>However, the Business Case does not make reference to State aid and SSLEP should ensure that it is comfortable that the project does not constitute State aid or require the applicant to demonstrate the legal position.</p>				
Brief description of scheme.	<p>The sustainable transport package comprises 6 walking and cycling schemes across Staffordshire. These will include:</p> <ul style="list-style-type: none"> - Glascote Road local safety and cycle scheme, Tamworth 0.8km of cycle/pedestrian enhancements on B5000 between Kettlebrook Road and New Street, including shared pedestrian/cycle provision and traffic calming treatment. - Biddulph Valley Way walking and cycle route 1.2km of off-road National Cycle Network between Bull Lane and Brown Lees Road - A444 Burton - Swadlincote cycle route 1km of cycle provision along the A444 between Saxon Street and the County boundary, including cycle lane, toucan crossing and an advisory cycle route. - Uttoxeter pedestrian improvements 0.1km of pedestrian improvements along Bridge Street, including traffic calming, pedestrian priority, footway widening and pedestrian crossing provision - Burntwood cycling and pedestrian improvements 0.3km cycle and pedestrian provision along A5190 Milestone Way between High Street and Sycamore Road, including upgraded toucan crossing, footway widening and cycle provision - Stone Road safety improvements, Eccleshall 0.2km of pedestrian enhancements, including speed reduction measures designed to provide a safer environment for pedestrians <p>The package of investments will improve safety for cyclists and pedestrians, improve sustainable transport connections between Staffordshire towns, and provide sustainable connections to some local plan housing allocation within Staffordshire.</p>				
Total Project Cost =	£859,000	SSLEP request =	£651,000	Grant to capital ratio%	76%
Net GVA/Land Value Uplift/BCR =	4.25	BCR / RoI/LVU=	Very High (BCR>4).	Period (years)=	N/A
Outputs	Output		Number		
	Highway enhanced for pedestrians and cyclists		3.6km		
	CO2 savings		500 new users would save 93 tonnes over the ten year appraisal period		

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 <i>The strategic case sets out the rationale for the proposal. It makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved.</i>	
<p>Does the proposal support the SEP/LIS or other relevant strategy or plan?</p>	<p>Y</p> <p>The project was shortlisted for Getting Building Fund following an initial review by SSLEP and a subsequent assessment by Hatch.</p> <p>This project was subsequently assessed as being suitable for GBF by Government.</p>
<p>Does the proposal clearly state which SEP/LIS objectives (or other relevant strategy or plan) are to be delivered? (State which)</p>	<p>Y</p> <p>The application states that the projects will contribute to the following SEP Priorities:</p> <ul style="list-style-type: none"> - Competitive Urban Centres: enabling sustainable growth of the town centres and supporting housing and employment growth opportunities. - Connected County: enhancing connectivity to the town centres and housing and employment sites - Skilled workforce: encourages the local and future workforce to increase physical activity through walking and cycling – boosting productivity and improving access to residents of deprived areas. - Sector Growth: providing a more attractive and accessible environment to support growth of business and professional services, and retail. <p>It is the assessors view that a contribution to the Competitive Urban Centre and Connected County priorities can be made. The link to the Skilled Workforce and Sector Growth priorities is weaker / much less direct.</p>
<p>Is the project specifically named in the SEP/LIS or other key plan / strategy?</p>	<p>N</p> <p>The project is not referenced directly in the report, however the SEP highlights under Place Led Growth that 'the principles of sustainable development have informed many of the choices made in this plan'.</p>

	<p>Under Transport, the SEP states that ‘As we grow our economy, we need to ensure new developments have sustainable transport connections.’</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>N</p> <p>The Business Case does not set out a series of SMART objectives for the investment proposals It indicates that projects were selected for the package on the basis that they met the MHCLG objectives (specified in Robert Jenrick’s letter from 10 June 2020) of:</p> <ul style="list-style-type: none"> - Supporting Green Recovery - Improving Physical connectivity to improve the functioning of the local economy. <p>Projects were also considered as meeting the County Council’s Strategic Plan outcomes of ‘everyone in Staffordshire will:</p> <ul style="list-style-type: none"> - Have access to more good jobs and share the benefits of economic growth - Be healthier and independent for longer - Feel safer, happier and more supported in their community <p>Projects were also chosen the basis that they are shovel ready and deliverable within the available timescales.</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>Partially</p> <p>The primary output is the delivery of 3.6 km of highway enhanced for pedestrians and cyclists. This is split across the six elements (ranging from 0.2 km to 1.2 km).</p> <p>The Business Case also sets out that 500 new users would save 93 tonnes of CO2 over the ten year appraisal period</p> <p>The direct output of improved highways is clearly defined and considered to be additional. Funding is not currently available, and these investments will not come forward without GBF unless alternative (currently unspecified) funding can be identified.</p> <p>The estimate of new users is less clear. A propensity to cycle toolkit appraisal for the A444 scheme (the second longest scheme at 1km) suggested that the corridor could attract 334 new users, and this has been used as a justification that overall the package would generate 500 new users. Based on a simple pro-rata approach, this does not appear to be an unreasonable assumption, however further evidence would be required to verify this assumption.</p>

	<p>A map setting out the potential journeys / routes that would benefit from one of the projects has been provided in support of the application. This highlights the potential for the scheme to create new trips.</p> <p>In further clarification with the applicant, it has been agreed that a detailed assessment will be completed for one of the larger schemes to provide further evidence on the level of new users that could be generated through the proposals.</p>
<p>Are the main barriers/constraints and dependencies clear? Are they accurately reflected in the risk assessment?</p>	<p>Y No planning permission is required for the scheme and procurement will occur through an existing call off contract. No significant barriers / constraints to development are identified.</p>
<p>Are the strategic risks clear?</p>	<p>Y A high level risk assessment is included in the Business Case. The level of detail will be proportionate given the scale and nature of investment proposed.</p> <p>SSLEP may wish to seek further reassurances regarding Covid-19 – as the mitigation response is stated as to ‘tap into Amey’s (the contractor’s) wider engineering resource’.</p>
<p>Are there any dependencies on this project and what impacts could they have on the project?</p>	<p>N No significant dependencies are identified.</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. However, the proposals appear to align with the experience of the County Council and build on their existing agreement with the Infrastructure+ Partnership – through which Amey has been appointed.</p>
<p>Has consultation taken place that supports the proposal?</p>	<p>Y While limited detail is provided, the Business Case sets out that ‘early consultation has already taken place with partners and local councillors and this will continue throughout the delivery of the project’.</p> <p>The project level summaries included in the Business Case indicate that a number of the proposals have been identified through community and stakeholder engagement (although supporting information and details of the consultation process have not been provided).</p> <p>Scheme level milestones provided in the clarification process indicate that ‘informative’ consultation is required for five of the schemes. Formal consultation is scheduled for the Stone Road Safety Improvements at Eccleshall in Q3 2020/21.</p>

Are there clear stakeholders that are supporting the project?	Y The business case states that County Councillors, communities and stakeholders have been fully engaged in identifying the scheme ensuring instant buy-in. However, no further supporting information has been provided at this stage.
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<p>Strategic Case Assessment Summary</p> <p>High: <i>Strong strategic fit / supports SEP/LIS/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/LIS 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>There is a strong strategic alignment for these proposals. While the impact of sustainable transport improvements are likely to be less transformative than some alternative investments, there is a clear link to development within the county and sustainable transport is identified as a priority by MHCLG and SSLEP.</p> <p>While the schemes are individually relatively small and it is important to allow for assessments to be proportionate, overall the package of investment is £860,000 and we would expect to see a greater amount of detail on the some of the processes followed in relation to project selection, objective setting, and consultation. The application is rated as 'medium' on this basis.</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>Partially</p> <p>The application states that the package will support 500 new users. This is based on an assessment of one of the larger elements (1km) which has the potential to generate 334 new users. This is evidenced by a map setting out the potential origins-destinations that could make use of the route – however no background information concerning the current trips and the potential for uplift is provided. If the 334 new users is taken at face value, then the assumption of 500 trips is not unreasonable (a simple grossing up based on total length would suggest 1,068 users) however without further information on the comparability of these schemes it is not possible to verify.</p> <p>The total gross benefits are based on the benefit per user of an alternative walking / cycling scheme appraised by Sustrans. It is not clear how comparable this scheme is or the suitability of applying the per user benefits to the six schemes in this package.</p> <p>The benchmark approach set out in the business case is a reasonable basis for considering the economic impacts at a high level, however it is not possible to confirm that the proposals will</p>

	<p>deliver a minimum VfM of 1,5:1 based on the evidence provided to date.</p> <p>The applicant states that it would not be proportionate to develop a BCR for each individual element given that some cost as little as £65,000. While we agree that assessments should be proportionate, the combined value of this package is £860,000 and therefore it is reasonable to assume that some evidence of the overall contribution can be provided. Further clarification with the applicant has confirmed that a BCR assessment will be completed for one of the larger projects to provide assurance the overall scheme is likely to deliver value for money. We recommend that any approval is subject to this additional supporting evidence being provided ahead of SSLEP entering into a funding agreement.</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 counterfactual) or if doing nothing is not possible a do minimum option.</i></p>	
<ul style="list-style-type: none"> - 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>Partially</p> <p>The Business Case confirms the criteria on which the package was identified. This includes the criteria specified in the MHCLG letter from June 2020 and deliverability. However, specific projects and evidence of the scoring / sifting process has not been provided in order that this process can be verified.</p> <p>At a scheme level, the applicant (through the clarification process) has provided information on the various elements of each scheme that were considered and has provided an overview of why the proposed scheme design was chosen.</p>
<p>Is the rationale for choosing the preferred option clear?</p> <p>If the preferred option does not represent the best value for money of the options considered are the decisive factors that influenced the decision clear and justifiable?</p>	<p>Partially</p> <p>See above.</p> <p>No VfM assessment has been taken on the options.</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>The project is supported by a high level risk assessment. This is considered proportionate given the scale and nature of the investments.</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>Y</p> <p>Optimism bias of 15% has been factored into the economic case. This is consistent with government guidance for a project at OBC.</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>Y</p> <p>The Business Case does not specifically reference distributional analysis, but:</p> <ul style="list-style-type: none"> - Given the local nature of the investments, it is reasonable to assume that the total benefits will accrue to the SSLEP region. - The Business Case does highlight the potential benefits for new housing development and growth locations and on deprived parts of the county.
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<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.</p> <p>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.</p> <p>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.</p> <p>General – BCR is below 10% of comparator data Transport – lower than 1.5</p>	<p>Medium</p> <p>There is a clear strategic alignment of the proposals and the applicant states that the project will deliver very good value for money, however based on the evidence provided, it is not possible to verify this. While it may be reasonable to assume that the project will deliver the scale of benefits set out in the comparator scheme appraised by Sustrans, to provide certainty it will be necessary to provide further evidence on (i) why this scheme is comparable and (ii) the extent to which the benefits are transferable to the six scheme within this package. Alternatively the applicant can provide a BCR estimate of the major components of the overall programme.</p> <p>Given the evidence presented, it is the appraiser’s view that the package has the potential to deliver value for money, but further supporting evidence should be provided to justify the approach adopted and a more tailored, but proportionate, approach should be considered. Subsequently it has been agreed that the applicant will provide an estimate of the BCR of one or more of the larger projects within the programme to confirm that an acceptable level of VfM can be achieved. We are able to recommend on this basis, providing that this evidence is provided ahead of SSLEP entering into a funding agreement. The project is scored ‘medium’ on this basis.</p>
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<p>The Commercial Case</p> <p><i>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?</i></p>	
<p>Is the relationship with any private sector partners that will also deliver clear?</p>	<p>Y</p> <p>The investment will be delivered by Amey through Staffordshire CC’s Infrastructure+ Partnership. This partnership has been operating since 2014 and previously</p>

	delivered the LSTP funded through the previous Growth Deals.
Does the procurement methodology make sense for the project and accord with procurement regulations? i.e. EU procurement thresholds	Y See above – procurement will be through the Infrastructure+ Partnership. The applicant has confirmed that, when procured on an individual basis, each element is within the £500,000 limit for capital works – below which Amey has exclusivity to deliver.
Is the procurement timetable clear (for some less advanced projects this will give indicative time frames as opposed to precise dates)?	Y Not required – Amey will deliver through the Infrastructure+ Partnership.
Are personnel / TUPE implications fully explained and addressed?	Not relevant to this assessment.
Are any in house costs clear and proportionate?	Y Expected to be limited to management of the contract.
Who will own the assets after the project is completed?	The applicant, Staffordshire County Council.
Does the risk assessment adequately consider and address any procurement risks?	Partially The applicant states that contingency has been factored into the project budgets, but does not specify the level adopted. Given the overall value of the scheme, this will be a relatively low risk.

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 Commercial Case is set out at a very high level, but given the scale of investment and the basis for procurement through the Infrastructure+ Partnership, it is considered to demonstrate that there is a clear and established route for procuring and delivering the proposed investment.

The Financial Case

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

Are all the lifetime costs identified? i.e. anything obvious missing, any blank lines or provisional sums.

Y
An overall capital cost of each element of the package has been provided in the clarification process. These are based on detailed designs and a contractor bill of quantities.

The cost of the final two elements (totalling £114,000) are based on budget estimates and comparator schemes. While there is some risk associated with these, the applicant has confirmed that 'Amey have been procured to

	<p>deliver the schemes and any additional costs will be met by the County Council'.</p> <p>The lifetime / maintenance cost of the scheme have not been specified in the application, however the business case states that 'the ongoing maintenance costs will be funded by Staffordshire County Council'.</p>
Have all lifetime costs and issues of financial sustainability been fully considered	Y – see above, re: maintenance costs.
Has all the matched funding been secured or is there a funding gap?	Y Applicant has confirmed that all match funding has been secured for the project – this is a local private contribution of £208,000 from the local authority and private sector.
Is the strategy for securing the funding package reasonable and appropriate?	Y See above.
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 costs have not been verified by the appraisers, but the applicant states that the costs are based, predominantly, on detailed designs and contractor billing – through the County Council's established procurement framework.
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?	Unsure Clarification sought on the level of contingency. Applicant has confirmed that 'appropriate contingency included in line with design stage and scheme cost' but has not provided the level of contingency allocated.
Will the project sponsor be seeking to recover VAT as part of the LEP funding?	Not specified in the Business Case.
Does the proposal contain provision for dealing with the financing of any time or cost overruns?	Y Project will be delivered through Staffordshire County Council's Infrastructure+ Partnership. The applicant has made reference to contingency, but the level assumed is uncertain. The applicant has also confirmed that the County Council will fund any cost overruns.
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 Not specified within the budgets, however the applicant states that 'the impact of the schemes will be monitored through site surveys and responses through the County

	<p>Council's existing reporting procedures including online Report It tool and the MuStaffs App'.</p> <p>When entering into a funding agreement, SSLEP should ensure that this provides the level of detailed required for monitoring and evaluation.</p>
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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.

Medium

Information provided is at a high level, but relevant assurances have been provided in the business case (e.g. commitment to monitoring, funding overruns and maintenance costs). To provide further assurance to SSLEP, these could be considered as a condition of the funding agreement.

Score of medium is provided as limited supporting information has been provided at this stage.

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?	<p>Y</p> <p>A high level plan was provided in the Business Case. Key milestones for each scheme in the package has been provided through the clarification process.</p>
Are the proposed programme management arrangements and methodology sound and effective? (Complex projects should be using PRINCE2 methodology)	<p>Partially</p> <p>Limited information has been provided on the programme management arrangements, however the investments are of a relatively small scale, do not required planning permission (and only one elements requires public consultation). The activity is a core part of the CCs responsibilities and will be delivered through an established procurement framework. Therefore, while it has not been possible to review the management arrangements, the processes identified appear reasonable.</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>Y</p> <p>A high level risk assessment has been provided with limited mitigation measures. However, given the nature and scale of investment, this is considered proportionate. However, SSLEP should ensure that scheme level risks are considered on an ongoing basis through the monitoring process.</p>

Has the project been given full clearance to proceed by the sponsoring organisation? (Who/ what board or committee?)	Not specified However, application has been submitted by the County Council and match funding is approved.
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?	N Monitoring processes are identified, but limited information has been provided on the approach for evaluation. This should be confirmed prior to entering into a funding agreement.

Management Case Assessment Summary

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

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

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

Medium

Details of the management arrangements are only set at a high level, however they are based on established processes and appear (based on the information provided) to be proportionate.

The applicant should specify its approach to monitoring and evaluation and this could be set as a condition of any funding agreement.

Business Case Assessment Summary

Project Name	Staffordshire Sustainable Transport Package
Reference	
Programme Management Team 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.	
Strategic Case	Medium
Economic	Medium (subject to further BCR analysis provided ahead of SSLEP entering into a funding agreement).
Commercial	High
Financial	Medium
Management	Medium
Recommendation	Overall, the business case is set out at a high level. This considered to be proportionate to the scale of individual project, but given the overall ask, some additional information (as specified above) could be provided by the applicant. However, given the nature of the investment and the established procurement and contract management arrangements, the scheme is likely to be

		<p>deliverable within the available timescales for GBF and the risk of cost overrun will be borne by the county council. On this basis the project can be considered as suitable for funding.</p> <p>As stated above, this recommendation should be subject to further evidence concerning the VfM of the scheme (e.g. BCR>1.5) being provided ahead of SSLEP entering into a funding agreement, to confirm that the project fully satisfies SSLEP's Assurance Framework.</p>	
Assessor	Daniel Lindsay, Hatch	Date	09/09/2020
Verification	Daniel Lindsay, Hatch	Date	21/10/2020

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

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

SSLEP Getting Building Fund: Business Case Assessments

Staffordshire Skills Capital Fund

- 1.1 Of the £23.7 million Getting Building Fund (GBF) awarded in principle to SSLEP, £925,375 was awarded to three projects within the Staffordshire Skills Equipment Fund (SEF). Their total value with match funding is £1,635,375.
- 1.2 Two further projects were included on the GBF contingency list. These projects are seeking £1,247,710 of GBF and have a combined value of £1,327,710.

Overview of the Skills Equipment Fund

- 1.3 The LEP funding will be used to create Round 3 of the Skills Equipment Fund (SEF). It will provide investment in the education and training infrastructure of the area to support local capacity to deliver the talent pipeline of skills required by local industry in the Digital, STEM and other priority sectors. The projects will support the renewal and upgrading of capital estate and the provision of industry standard specialist capital equipment which is required to raise skills levels to support economic regeneration post the COVID-19 pandemic.
- 1.4 Operating as a Fund (with previous rounds funded through LGF), the applicants for the shortlisted schemes will be required to submit applications to the SEF. These will be assessed and moderated by SCCs Skills Capital Board which will provide recommendations to SSLEP's SPMG concerning whether projects are suitable for funding.
- 1.5 The timescales for this process are:
 - 30 September 2020: Project level applications submitted to SCC
 - December 2020: Funding Recommendations Paper submitted to SPMG

Relationship with the GBF

- 1.6 In previous rounds of SEF, an overall allocation of funding (from LGF) was provided to SCC for SEF investments. The SCC, acting as the accountable body for these funds, had the flexibility to allocate funding to prioritised investments. If projects were deemed unsuitable for funding, SCC was able to reallocate funding to alternative SEF projects.
- 1.7 The GBF award to SSLEP is allocated on a project basis. However, the Cities and Local Growth Unit have confirmed that, in the case of SEF, the allocation was awarded on a 'programme' basis and the approach previously adopted can continue – subject to a change request being agreed.

Key Issues

- 1.8 When considering how the prioritised SEF projects should be assessed, the following issues have been taken into account:
 - The SSLEP Assurance Framework specifies that project appraisal and prioritisation will be undertaken by the LEP's SPMG, using independent technical advice as appropriate.

- The prioritised SEF investments are relatively small compared to typical GBF investments, with the GBF contribution ranging from £120,000 to £550,375. It is important that a robust assessment process is adopted, but this should also be proportionate to the value of investment sought.
- SCC will undertake a parallel assessment process which will duplicate the standard business case assessments undertaken by Hatch.
- There is a precedent for the prioritisation and assessment of SEF projects to be delegated to SCC from previous Rounds and CLGU have confirmed that they are happy for this approach to continue for GBF.
- Hatch have reviewed the SEF application form issued by SCC and can confirm that this broadly aligns with the requirements of the Assurance Framework. Key areas of the form where less information is requested compared to the standard SSLEP Business Case template is set out below:
 - Market failure / rationale for investment – however as the scheme is focused on post-16 education, it is likely that a general case can be made which applies to all schemes.
 - Evidence that alternative options that have been considered.
 - Value for Money – the application and supporting information does not explicitly estimate a Benefit Cost Ratio, however sufficient information is provided on the outputs for a reasonable estimate to be made and the Business Case for the SEF programme indicates that overall VfM is expected to be very high.
 - Project management arrangements – it is expected that this would be delivered in line with the lead applicant’s project management processes, but individual arrangements should be confirmed.

1.9 Based on the information provided above, in our view undertaking a detailed Business Case assessment for each project included in SEF would unnecessarily duplicate the work of the Skills Capital Board. For individual schemes of the scale proposed we do not consider this to be appropriate.

1.10 However, to ensure that GBF bids are considered on a consistent basis, and to ensure that all projects receive independent oversight, some form of independent appraisal is necessary.

Recommendations

1.11 Based on the key issues set out above, we propose the following approach to SPMG:

- 1) The SEF Programme Business Case and supporting information (e.g. SEF Application form and assessment sheets) submitted to SSLEP and Hatch is reviewed by Hatch against the standard criteria. This will confirm what elements of the Business Case assessments will be covered by the SEF application process and what further clarification with applicants may be required.
- 2) This assessment is submitted to the next SPMG meeting on 20 October for approval alongside this paper.
- 3) The SCC Skills Capital Board undertakes its assessment of individual SEF application in the usual way. This process should include any clarifications identified above.

- 4) These Skills Capital Board recommendations are reviewed by Hatch to confirm that they align to the programme level assessment. Hatch can provide a covering note to SPMG to confirm this. This can be considered at the December SPMG.
- 5) If individual projects are considered unsuitable for SEF by SCC or Hatch, the funding can be reallocated to contingency SEF projects, subject to a change request agreed with CLGU.