steer davies gleave

Independent Technical
Evaluator – Growth Deal
Business Case
Assessment (Q1
2015/16 Starting
Projects)

South East Local Enterprise
Partnership

Gate 2 Report
March 2015

Our ref: 22790501

steer davies gleave

Independent Technical Evaluator – Growth Deal Business Case Assessment (Q1 2015/16 Starting Projects)

South East Local Enterprise Partnership

Gate 2 Report
March 2015

Our ref: 22790501

Prepared by:

Steer Davies Gleave
28-32 Upper Ground
London SE1 9PD

+44 20 7910 5000
www.steerdaviesgleave.com

Prepared for:

South East Local Enterprise Partnership
Secretariat
c/o Essex County Council
County Hall
Market Road
Chelmsford
Essex
CM1 1QH

Contents

Figures

Tables

Appendices

A   Gate 2 Assessment Template

1 Independent Technical Evaluation of Q1 2015/16 starting Growth Deal Schemes

Overview

1.1 Steer Davies Gleave and SQW were appointed by the South East Local Enterprise Partnership in February 2015 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decision on investment to independent scrutiny to help ensure value for money for public expenditure.

1.2 This report is for the second gateway review (i.e. Gate 2 Review) of Final Business Cases for schemes which were allocated funding through the Growth Deal process in July 2014 and are seeking funding in the first quarter (Q1) of 2015/16. The Gate 2 Review is the final independent review business cases seeking approval at the 20th March 2015 South East Local Enterprise Partnership Board meeting.

Method

1.3 The aim of the Gate 2 Review is to provide an assessment on the final Business Cases submitted by scheme promoters to assess on the strength of business case and the value for money being provided by the scheme.

1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide information to the South East Local Enterprise Partnership Board to make such decisions, based on independent, technical, expert, clear and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).

1.5 The evaluation is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*[1], and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance). Both The Green Book and WebTAG provide proportionate methodologies for scheme appraisal (i.e. business case development).

1.6 A pro forma (see appendix A) was developed based on the criteria of WebTAG as the majority of schemes seeking funding are transport schemes or are served well by adhering to transport analysis guidelines which directly flows from *The Green Book*. Assessment criteria were removed or substituted if not relevant for a non-transport scheme. This template has been amended from the Gate 1 Review to provide an audit trail between cases.

1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
- **Amber:** approach or assumption(s) not fully aligned to guidance and good practice, but with limited significance to the Value for Money category assessment.
- **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

---

[1] Source: **https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf**

1.8   The five cases of a government business case are, typically:

- **Strategic Case:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Case:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.

1.9   In addition to a rating for each of the five cases, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10   A final comment is given as to whether through our independent and technical assessment the scheme will provide value for money, subject to the caveats regarding reasonableness, robustness and uncertainty.

1.11   Assessments were conducted by a team of transport planning professionals.

2 Evaluation Results

Gate 2 Results

2.1 Table 2.1 provides the results of the assessment of business cases by the Independent Technical Evaluator for schemes which are having funding approval sought by scheme promoters on 20th March 2015 by the South East Local Enterprise Partnership Board. The assessment results are summarised in Figure 2.1 by value for money and uncertainty (i.e. uncertainty of value for money, rather than delivery). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using the assessment pro forma in Appendix A. The following sub-sections highlight the key findings from the Gate 1 and Gate 2 evaluation; recommendations for funding or further decision making or appraisal; and issues and opportunities arising.

Scheme Business Cases

2.2 The strategic case has been made effectively by scheme promoters, as expected as strategic fit was a key criteria of government in the allocation of the Local Growth Fund. For all schemes, some form of recognised and proportionate economic appraisal has taken place, mainly supported by technical expertise from consultants. In general the analysis and underlying assumptions were not presented with the Outline Business Cases, but has been significantly improved in the Final Business Case. Delivery is not a major concern on any of the schemes.

2.3 At the Gate 1 Review, approximately half the schemes required significant additional work in order to allow a reasonable and robust assessment to take place at the Gate 2 Review. In general, scheme promoters have invested additional time and resource to bring these schemes to the 20th March 2015 Board meeting, or will bring schemes to a later Board meeting.

2.4 **RECOMMENDATION 1:** The following schemes are recommended for funding approval as presenting high value for money and medium to high certainty of the value for money assessment:

- Kent Rights of Way Improvement Plan – Sustainable Access to Employment and Education
- Medway City Estate Connectivity Improvement Measures
- M20 Junction 4 Overbridge
- Tonbridge Town Centre Regeneration
- Chatham Town Centre
- Kent Thameside Local Sustainable Transport Fund
- Maidstone Gyratory Bypass
- Kent Strategic Congestion Management
- West Kent Local Sustainable Transport Fund – Integrated Door-to-Door Journeys
- Colchester Integrated Transport Package - Town Centre
- Thames Gateway South Essex Local Sustainable Transport Fund
- Colchester Park & Ride and Bus Priority Measures
- Basildon Integrated Transport Package
- Strood Town Centre Journey Time and Accessibility Enhancements
- A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements
- Queensway Gateway Road

2.5 **RECOMMENDATION 2:** There is one scheme for which the assessment has identified high levels of uncertainty regarding the value for money that it cannot be assessed as presenting 'high' with a medium or high level of certainty:

- Kent Sustainable Interventions Supporting Growth Programme

2.6   This is largely due to a qualitative assessment process and uncertainty of the programme of measures beyond 2015/16. It is recommended that further work is conducted on this business case of this scheme.

2.7   **RECOMMENDATION 3 & 4:** Despite programming of scheme commencement in Q1 2015/16, business cases were not received for two schemes:

- Newhaven Flood Defences
- Kent & Medway Growth Hubs

2.8   For Newhaven Flood Defences it is recommended that any prior assessment by the Coast to Capital Local Enterprise Partnership or the Environment Agency is reviewed so not to duplicate effort, before funding is approved. In the absence of reviewing any existing assessment, the Independent Technical Evaluator cannot assess value for money.

2.9   Value for money cannot be assessed for the Kent & Medway Growth Hub scheme and it is recommended that funding approval for this scheme is sought at a later Board meeting.

Assurance Framework and Monitoring & Evaluation Framework

2.10   Assessment of business cases and discussions with scheme promoters and the Local Enterprise Secretariat highlighted some important challenges for the new Local Enterprise Partnership Assurance Framework and Monitoring & Evaluation which need to be agreed locally and issued to Central Government before funding can flow.

2.11   **RECOMMENDATION 5:** Central Government guidance requires Local Enterprise Partnerships to determine and justify the (criteria for) exemptions of funding schemes which do not meet or exceed a benefit cost ratio of two-to-one (2:1). Our recommendation is for schemes with a BCR between 1.5:1 and 2:1 to be considered for funding approval where there is an overwhelming strategic case (with minimal risk in the other cases); where scheme benefits are notoriously difficult to appraise in monetary terms and there are qualitative benefits which if monetised would most likely increase the BCR above two-to-one; and where schemes are less than £1.0m and to conduct further quantified and monetised economic appraisal would be disproportionate. Schemes meeting these criteria are:

- Folkestone Seafront: Onsite Infrastructure and Engineering Works
- Medway Cycling Action Plan
- Colchester Local Sustainable Transport Fund

2.12   **RECOMMENDATION 7:** For multi-year packages of small sustainable transport and urban realm schemes, the package of schemes is not known beyond 2015/16 in some instances. It is recommended that approval is given to the first year of funding and further funding is subject to further scheme development and business case appraisal at a later date. Schemes in this category are:

- Kent Rights of Way Improvement Plan – Sustainable Access to Employment and Education
- Kent Strategic Congestion Management Programme
- West Kent Local Sustainable Transport Fund – Tackling Congestion

2.13   **RECOMMENDATION 8:** Should a revised package not present value for money, a decision needs to be made as to what will happen to the funding. It is recommended that funding remain locally with the scheme promoter to propose an improved or alternative scheme to the same annual profile, or funding pass back centrally for re-allocation by the Local Enterprise Partnership to a shortlist of schemes in an over-programming scenario.

2.14   **RECOMMENDATION 9:** The Assurance Framework requires the publication of all Outline Business Cases and Final Business Cases three month in advance of funding decisions being made. Till now this has largely been conducted through scheme promoters leading public consultation exercises. For further rounds of funding approval, it is recommended that scheme promoters publish business cases and provide the necessary weblinks to the Local Enterprise Partnership Secretariat to also publish.

2.15   **RECOMMENDATION 10:** The Monitoring & Evaluation Framework has required the assessment of business cases to take place, and follows on logically with an understanding of the intended cost and delivery profile of schemes and the and benefits realisation. It is recommended that work is commissioned immediately by the Local Enterprise Partnership Secretariat to not delay funding delivery. The Accountability Board will need to monitor performance on a quarterly basis using the Monitoring & Evaluation Framework, as required by the Assurance Framework.

Later Starting Schemes

2.16   **RECOMMENDATION 11:** It has been recommended by scheme promoters that this process has been beneficial in terms of collaboration on approaches and methods, and in providing a transparent and robust method for assessing value for money with public funding. Scheme promoters have recommended continuity is kept from this first tranche of independent technical evaluation.

2.17   **RECOMMENDATION 12:** It is recommended that the profile of scheme development is revisited to confirm when each scheme is likely to require independent evaluation before seeking funding approval. This should be tied to a quarterly 'call for business cases' deadline for the Gate 1 review in line with Accountability Board meetings. Scheme promoters of schemes starting in 2016/17 or later should have an opportunity to consult the independent technical evaluator on the appropriateness of the appraisal specification and have the specification approved on an *ad hoc* basis.

Retained Schemes

2.18   Whilst the Government is now satisfied that it no longer needs to retain the Strood Town Centre Journey Time and Accessibility Enhancements scheme, it was assessed alongside all other schemes seeking funding in Q1 of 2015/16.

2.19   The Department for Transport has retained funding for the A127 package of schemes, subject to their approval of business cases. Ongoing negotiation is taking place to permit part funding for smaller schemes within the package.

2.20   For the A13 scheme, it should be noted that this is in two parts – scheme capital and construction. £5.0m of capital funding has been granted for the development of the scheme. This funding is committed by Government and to be used for this purpose only. Scheme development can take place in advance with funding still committed.

Figure 2.1: Summary of Business Case Assessment – Value for Money and Certainty

GREEN = Local Growth Fund allocation of less than £5.0m

RED = Local Growth Fund allocation of £5.0m or more

Certainty of Value for Money

High

- Kent Rights of Way Improvement Plan
- Medway City Estate Connectivity
- M20 Junction 4 Overbridge
- Tonbridge Town Centre Regeneration
- Chatham Town Centre
- Kent Thameside LSTF
- Maidstone Gyratory Bypass
- Kent Strategic Congestion Management
- West Kent LSTF
- Colchester Integrated Transport Package - Town Centre
- TGSE LSTF
- Colchester Park & Ride
- Basildon Integrated Transport Package
- Strood Town Centre
- A289 Four Elms Roundabout to Medway Tunnel
- Queensway Gateway Road

£87.6m

£8.0m

- Folkestone Seafront
- Medway Cycling Action Plan
- Colchester LSTF

Value for Money

Low

BCR ≥2.0

High

£0.0m

- Kent Sustainable Interventions Supporting Growth Programme
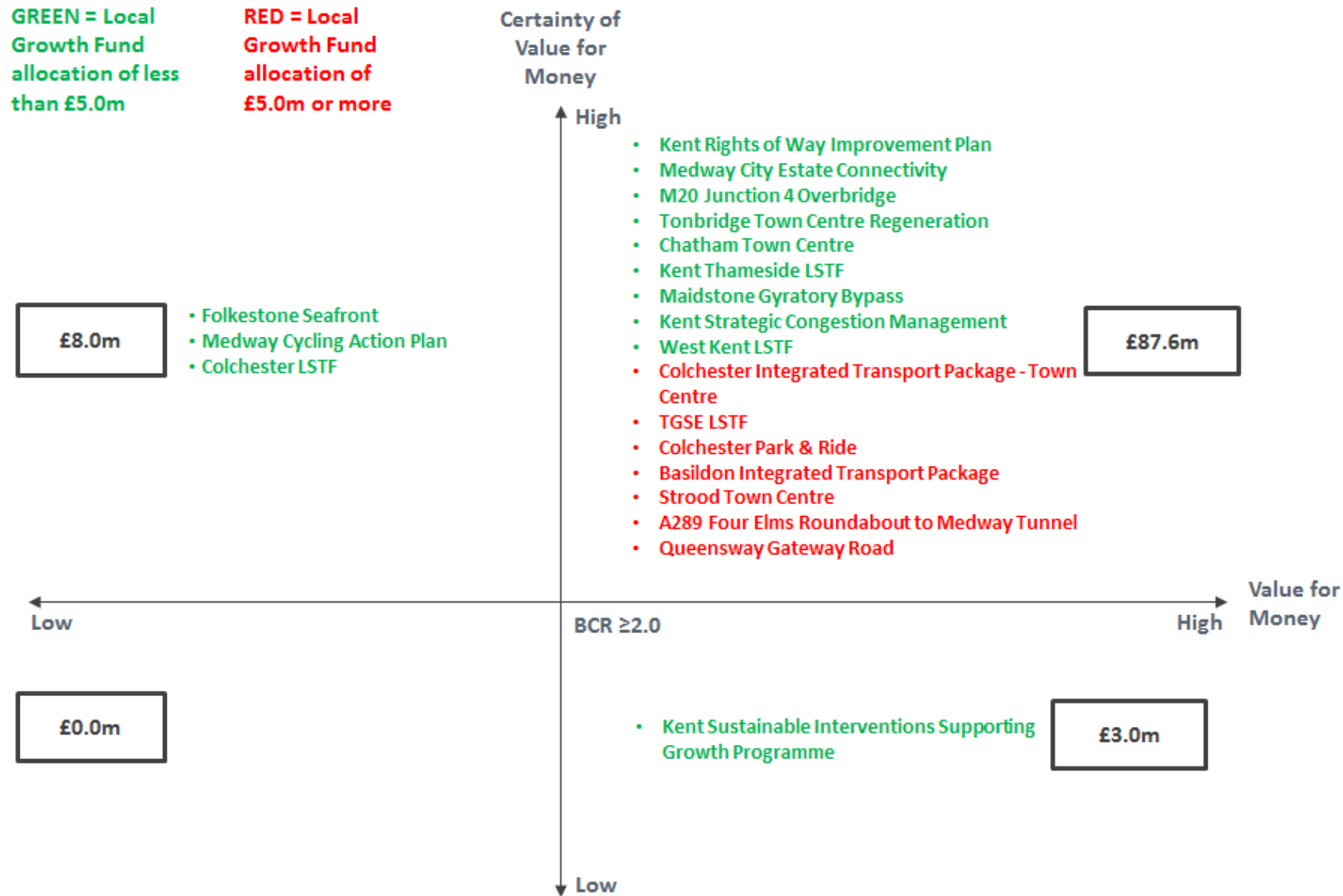
£3.0m

Low

steer davies gleave

Table 2.1: Gate 1 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2015/16

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Folkestone Seafront: Onsite Infrastructure and Engineering Works	0.5	**GATE 1: 1.5 (Medium)**	**Green**	**Red**	**Amber**	**Amber**	**Amber**	No monetisation of benefits.	Accurate cost assumptions used for a non-complex scheme, but no cost-benefit analysis. No evidence of sensitivity testing.	Analysis identifies accurate costings of a scheme well within the ability of the scheme promoter to deliver.	The scheme presents medium value for money, evidence of which could improve through assessment of maintenance cost savings and the benefits of increased footfall.
		GATE 2: 1.53 (Medium)	**Green**	**Green**	**Amber**	**Green** / **Amber**	**Green**	The approach is proportionate.	Strategic Case has been applied through desktop analysis and site visits. Suggest that values in Appendix A are reviewed as £463,510 is unlikely to be the same value for scheme after each point of deflation and discounting.	Strategic Case: Suggest that risks are expanded to consider the environment and regeneration risks associated with the scheme. Economic Case / Financial Case: Treatment of future maintenance costs / savings is still unclear.	**Further clarification has reduced any major uncertainty and increased the BCR to 'medium'. Conventional appraisal approaches are not best suited to such a small scheme of this type, and in consideration of non-monetised benefits, this scheme could present high value for money.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Kent Rights of Way Improvement Plan – Sustainable Access to Employment and Education	1.0	GATE 1: 20.8 (Very High)	Amber	Amber / Red	Amber	Amber / Red	Amber	Reasonable and proportionate method, but lack of clarity on assumptions, and mismatch in funding requirements.	Lack of clarity on assumptions. No evidence of sensitivity testing.	Uncertainty whether all benefits are proportionate to the scheme and its costs.	
		GATE 2: 20.8 (Very High)	Green / Amber	Amber	Green / Amber	Green / Amber	Green	The approach is proportionate.	The methodology has broadly been applied accurately, although some concerns over the accuracy leading to such a high BCR.	Economic: No sensitivity testing. Financial: Schemes for 2016/17 onwards have not been identified. Commercial: Key risks have not been allocated.	Despite a lack of sensitivity testing or consideration of maintenance cost impacts, this scheme is likely to presents at least high value for money for the 2015/16 programme of work. However, schemes in subsequent years have not been identified.

Further clarification has provided an indicative list of schemes within the package and how they will be selected, reducing uncertainty. Given the very high BCR greater than 20:1, it is very likely that this package will present at least high value for money. It is recommended that funding is approved for 2015/16, with a further assessment made once the future year programme is confirmed or as it emerges on an annual basis. |

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Colchester Local Sustainable Transport Fund	2.0	GATE 1: 3.8 (High)	Amber	Red	Amber	Amber	Amber	Method reasonable and proportionate, but almost no statement of assumptions. Consideration of health benefits would enhance the case.	Lack of clarity on assumptions. No robust sensitivity testing.	High uncertainty of the exact package of schemes and, therefore, the proportionality of the benefits.	
		GATE 2: 3.9 (High)	Amber	Amber	Green	Amber	Amber	The approach is proportionate, but presentation and analysis is in varying degrees of detail in support of the scheme.	The quantitative assessment is not backed up with assessment worksheets for each of the inputs to the PVB/PVC etc. An AMCB would be useful.	Uncertainty still exists around the quantification of benefits, and the NPV has reduced by c.70% since the Gate 1 review without explanation.	Uncertainty over methodological components of the economic appraisal, but this scheme is still likely to present high value for money. **Further clarification has made assumptions and methodology more explicit and reduced uncertainty. The scheme still presents high value for money.**
Medway City Estate Connectivity Improvement Measures	2.0	GATE 1: 2.6 (High)	Amber	Amber	Amber	Red	Amber	Further work required in specifying assumptions, but those used are generally reasonable, and the methodology.	Consideration of operating costs and revenues not included. Some assumptions missing including optimism bias. No evidence of sensitivity testing.	High uncertainty over cost-benefit analysis given missing components.	
		GATE 2: 2.6 (High)	Green / Amber	Amber	Green	Amber	Amber	The approach is proportionate.	Difficult to assess accuracy of how the walking/cycling appraisal methods have been applied.	Economic Case: Still difficult to tell exact location of some values which have come back in Council comments. Without seeing all of the appraisal, it would be difficult to confirm any BCR as having low uncertainty.	**Uncertainty of some minor methodological components of the economic appraisal, but this scheme is still likely to present high value for money.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Hailsham / Polegate / Eastbourne Sustainable Transport Corridor	2.1	GATE 1: N/K	Amber	Red	Red	Red	Red	No economic appraisal and no assessment of deliverability.	Not clear what the scheme or cost accuracy. No economic appraisal and no assessment of deliverability.	High uncertainty. No real appraisal overall.	
		GATE 2: N/K	N/K	N/K	N/K	N/K	N/K	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.
M20 Junction 4 Eastern Overbridge	2.2	GATE 1: 16.0 - 16.4 (Very High)	Amber	Amber	Amber	Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Robust analysis, but some assumptions missing.	Some uncertainty over scale of benefits to costs.	
		GATE 2: 16.0 - 16.4 (Very High)	Green	Green / Amber	Green	Amber	Amber	A sensible and proportionate methodology has been applied.	The methodology appears to have been applied accurately, although there are some inconsistencies across the various documents and evidence provided	There are inconsistencies across the documents between scheme costs (£4.8m and £4.4m and the programme ending in February 2016 and September 2016) which has resulted in a degree of uncertainty for the Economic, Financial and Management Cases.	This scheme presents high value for money.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Tonbridge Town Centre Regeneration	2.4	GATE 1: 1.5 – 2.0 (Medium)	Amber	Red	Amber	Red	Amber	No approach followed for monetisation of benefits.	No evidence of costing accuracy or monetisation of benefits.	High uncertainty over value for money of scheme	
		GATE 2: 1.5 – 2.0 (Medium)	Green / Amber	Amber / Red	Amber	Amber	Amber	Includes required sections in varying degrees of detail. The scheme is not particularly complex, therefore, costs and delivery should be straightforward. However, the benefits are not quantified.	There is no reference to specific case studies for figures quoted in relation to the BCR in the Economic Case. There is a lack of clarity in the Financial Case regarding the cost split between the scheme and the QRA.	Uncertainty still exists around value for money and the quantification of benefits. Another concern is that the cost profile has changed significantly since Gate 1 without explanation.	Value for money cannot be assessed, however, it is known to be difficult to quantify benefits for schemes of this type. Suggest further evidenced benchmarking is required of BCRs from comparable schemes. **Further clarification has provided a monetised assessment of value form money that has a BCR that is greater than 2:1, and greater clarification over some minor issues reducing uncertainty. This scheme now presents high value for money.**

steer davies gleave

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Medway Cycling Action Plan	2.5	GATE 1: 1.9 – 2.6 (Medium – High)	Amber	Amber	Amber	Red	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Greater clarity on costs required, and further economic appraisal assumptions required.	Some uncertainty over funding accuracy and certainty of funding sources.	
		GATE 2: 1.6 (Medium)	Amber	Green / Amber	Amber	Amber	Amber	Reasonable and proportionate method followed.	Economic Case: Sensible approach using MEC and WebTAG active modes appraisal as indicated to in the report. Need clarity on some aspects of the spreadsheet for economic appraisal.	Strategic Case: Quantitative evidence and more focus on the development and alignment of objectives between policies would strengthen the case further and make it more compelling. Economic Case: Some clarity required on spreadsheet economic appraisal analysis. Financial Case: Still discrepancies with the QRA not equalling 15% of funding.	Overall status is proportionate to the size and status of the scheme at this time. This scheme presents medium value for money. **Further clarification of the qualitative non-monetised benefits and the scheme and benchmarking the benefit cost ratio of similar schemes has identified that this scheme is likely to present high value for money.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Kent Sustainable Interventions Supporting Growth Programme	3.0	GATE 1: N/K	Amber	Red	Amber	Red	Amber	No approach followed for monetisation of benefits.	Lacking in robust analysis - assumptions made on a small component scheme of the package and generally qualitative.	Benefit to Cost Ratio based on one scheme (only c.4% of total cost) and not for the entire package.	Suggest that this scheme has the potential to present high value for money but this cannot be assessed at this stage. Suggest further analysis and confirmation of funding for Year One starting schemes only.
		GATE 2: >2.0 (High)	Amber	Amber / Red	Green / Amber	Green / Amber	Green / Amber	Business case contains all five cases, but largely based on schemes starting in Year One only, particularly Deal Bus Hub, as schemes for later years yet to be identified.	Analysis is almost entirely quantitative. Other guidance documents could have been used to provide BCR benchmarks.	High levels of uncertainty over programme and value for money of Year 1 starting schemes.	**Further clarification highlights the qualitative benefits of the 2015/16 package and intended longer term package of schemes, and benchmarking of outputs and outcomes from similar schemes delivered elsewhere. It does not, however, benchmark the value for money of such schemes. The appraisal of such schemes is notoriously difficult and such schemes do typically deliver high value for money, however, this cannot be assessed for this scheme, only assumed. If funding is approved, it is recommended that for 2015/16 only, with a further assessment made once the future year programme is confirmed or as it emerges on an annual basis.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Chatham Town Centre Place-making and Public Realm Package	4.0	GATE 1: 2.0 (High)	Amber	Amber	Amber	Red	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Robust analysis, but appraisal and cost assumptions missing.	Uncertainty over scheme details and costs.	
		GATE 2: 3.3 (High)	Green	Green	Green	Green	Amber	Reasonable and proportionate method followed.	The methodology appears to have been applied accurately, and the assumptions made for the economic appraisal have been identified.	Minor uncertainty over the management case regarding programme and risk management and stakeholder engagement plans.	**This scheme presents high value for money.**
Kent Thameside Local Sustainable Transport Fund (Integrated door-to-door journeys)	4.5	GATE 1: 1.3 (Medium)	Green	Amber	Amber	Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Potentially inappropriate method used to determine benefit to cost ratio from one year to multiple years.	Uncertainty over how the benefit cost ratio has been reached - summary table had 1.3 compared to other references to 7.5 and 10.0 which would be highly unlikely – over-specified benefits for costs given.	
		GATE 2: 9.6 (Very High)	Green	Green / Amber	Green / Amber	Amber	Green	Reasonable and proportionate method followed.	The methodology appears to have been applied accurately, and the assumptions made for the economic appraisal have been identified. Some BCRs would benefit from further sensitivity testing and challenging of assumptions.	Uncertainty from assumptions driving very high BCRs from very low cost schemes.	**This is a package of schemes with some uncertainty over the exact programme, but despite the uncertainty, the calculated benefits for the known components of the package present very high value for money for the total level of funding. As such, we recommend the follow level of funding is allocated.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Maidstone Gyratory Bypass	4.6	GATE 1: 2.3 (High)	Green	Amber	Amber	Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on assumptions.	Analysis and assumptions missing.	No major source of uncertainty.	
		GATE 2: 2.4 (High)	Green	Green	Green	Green	Green	Reasonable and proportionate method followed.	Assumptions and approach have been specified, but the full calculation spreadsheet has not been assessed.	No major source of uncertainty.	This scheme presents high value for money.
Kent Strategic Congestion Management Programme	4.8	GATE 1: 2.2 (High)	Green	Amber	Amber	Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on assumptions.	Analysis and assumptions missing.	No major sources of uncertainty.	
		GATE 2: 3.3 (High)	Green	Green	Amber	Green	Green	Reasonable and proportionate method followed.	The business case only deals with the elements of the scheme to be delivered in 2015/16 and it is proposed to submit annual business case relating to elements of the programme to be delivered in the subsequent year. The methodology for undertaking the assessment has been defined but the full spreadsheet has not been provided.	No major source of uncertainty, but better risk allocation and management would be beneficial.	The proposed 2015/16 scheme elements represent a high value for money. It is recommended that funding is approved for 2015/16, with a further assessment made once the future year programme is confirmed or as it emerges on an annual basis.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
West Kent Local Sustainable Transport Fund: Tackling Congestion	4.9	GATE 1: 27.7 (Very High)	Amber	Red	Amber / Red	Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Potentially inappropriate method used to determine benefit to cost ratio from one year to multiple years.	Uncertainty over how the benefit cost ratio has been reached - summary table had 4.6 compared to other references to 27.7 which would be highly unlikely – over-specified benefits for costs given.	
		GATE 2: 26.9 (Very High)	Amber	Amber / Red	Amber / Red	Amber	Green / Amber	Reasonable and proportionate method followed.	The business case only deals with the elements of the scheme to be delivered in 2015/16. Possible, inclusion of greenhouse gas benefits twice. No consideration of operating and maintenance costs. No consideration of optimism bias of costs. Unclear how assumptions in determining scale of impact have been applied.	Uncertainty mainly driven from lack of consideration of optimism bias, and lack of clarity over some assumptions and the application of method.	Despite concerns and the level of uncertainty, this scheme is likely to present high value for money. Suggest annual business cases will need to be submitted for scheme elements to be delivered in each subsequent year. **Further clarification has provided benchmarking and greater clarity over the methodology reducing uncertainty further. It is recommended that funding is approved for 2015/16, with a further assessment made once the future year programme is confirmed or as it emerges on an annual basis.**
Colchester Integrated Transport Plan - Town Centre	5.0	GATE 1: 3.1 (High)	Amber	Red	Amber	Red	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Robust analysis, but appraisal and cost assumptions missing.	Uncertainty over scheme details and costs.	
		GATE 2: 1.9 (Medium)	Amber	Green / Amber	Amber	Green / Amber	Green	Reasonable and proportionate method followed.	The appraisal method is largely robust, but some minor points of clarity would improve the robustness of the economic appraisal.	There is some minor uncertainty relating to the economic appraisal conducted.	**The unadjusted BCR is below 2:1. It is likely that were qualitative benefits to be monetised, the value for money classification of the scheme would be high.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Thames Gateway South Essex Local Sustainable Transport Fund	5.0	GATE 1: N/K	Amber	Red	Amber / Red	Red	Amber	Appraisal analysis yet to be conducted.	Appraisal analysis yet to be conducted.	Appraisal analysis yet to be conducted.	
		GATE 2: 3.1 (High)	Green	Green / Amber	Green	Green / Amber	Green	Reasonable and proportionate method followed.	Assumptions and approach have been specified, but the full calculation spreadsheet has not been assessed.	No major source of uncertainty.	This scheme presents high value for money.
Colchester Park & Ride and Bus Priority Measures	5.9	GATE 1: 1.7 (Medium)	Green	Amber	Green	Green / Amber	Amber	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	The analysis is appropriately robust. Would benefit from clarity over different methodologies applied – WebTAG vs. GVA.	Uncertainty over the likely magnitude of operation, maintenance and renewal costs for physical infrastructure.	
		GATE 2: 2.1 (High)	Green	Green / Amber	Green	Green / Amber	Green	Reasonable and proportionate method followed.	Methods have been applied correctly and proportionately. As the scheme has been forward-funded and delivered 12 months earlier than modelled, it is likely that real construction costs are lower than anticipated and benefits can be realised sooner. However, the case itself would have been strengthened if additional sensitivity tests regarding the projected scheme benefits were used to test the robustness of the case to a range of scenarios.	Given parts of the scheme are forward funded and delivered, there are low levels of uncertainty regarding cost and management. Low levels of uncertainly from no testing of BCR to a range of outturn scenarios.	This scheme presents high value for money.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Eastbourne and South Wealden Local Sustainable Transport Fund Walking and Cycling Package	8.6	GATE 1: N/K	Amber / Red	Red	Red	Red	Red	Only a high level strategic case submitted with a spend profile.	Only a high level strategic case submitted with a spend profile.	Only a high level strategic case submitted with a spend profile.	
		GATE 2: N/K	N/K	N/K	N/K	N/K	N/K	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.	Gate 2 assessment at a later date.
Basildon Integrated Transport Package	9.0	GATE 1: 4.7 (Very High)	Amber / Red	Red	Red	Red	Amber	Reasonable and proportionate method followed, but lack of clarity on many assumptions.	Analysis and assumptions missing.	Uncertainty over scheme details and costs, particularly PVC of c.£11m vs. scheme costs of c.£2m	
		GATE 2: 2.2 (High)	Amber	Amber	Amber	Green / Amber	Green / Amber	Reasonable and proportionate method followed.	In the rail appraisal, only 5% of passengers get some of the benefits from the improvements but a footnote suggests 100% of passengers are getting the benefits. In the highway appraisal, the approach to annualisation needs to be explained in detail. In cycling appraisal, the information in the output data and the information from the supplementary note do not give enough detail to confirm the approach is accurate.	The level of uncertainty has reduced between reviews, but no sight of any appraisal spreadsheet. Also minor concern over delivery of a complex package with many partners and stakeholders.	Some uncertainty of calculations and delivery, but this scheme is likely to present high value for money. **Further clarification of the methodology used has reduced the uncertainty of the business case for this scheme it is likely to present high value for money.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Strood Town Centre Journey Time and Accessibility Enhancements	9.0	**GATE 1: 2.0 (High)**	**Amber**	**Amber**	**Amber**	**Amber**	**Amber**	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Robust analysis, but appraisal and cost assumptions missing.	Uncertainty over security of third part funding.	
		GATE 2: 2.1 (High)	**Amber**	**Green** / **Amber**	**Green**	**Green**	**Amber**	Reasonable and proportionate method followed, but TUBA has not been used (alternative developed instead).	Assumptions and approach have been specified, but the full calculation spreadsheet has not been assessed. The inclusion of funding for the station means that the whole Business Case should be completely updated to include this throughout.	No major source of uncertainty, but a more robust risk management plan would be suitable.	**This scheme presents high value for money as it currently stands, but some uncertainty of the impact on BCR if NR funded scheme costs and benefits not included in overall Business Case.**
A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements	11.1	**GATE 1: 4.1 (Very High)**	**Amber**	**Amber**	**Amber**	**Amber**	**Amber**	Reasonable and proportionate method followed, but lack of clarity on some assumptions.	Analysis and assumptions missing.	No major sources of uncertainty.	Some uncertainty of calculations and delivery, but this scheme is likely to present high value for money.
		GATE 2: 4.1 (Very High)	**Green**	**Amber**	**Amber**	**Green** / **Amber**	**Green**	Reasonable and proportionate method followed.	Assumptions and approach have been specified, but the review of the TUBA file has highlighted some uncertainty about the level of benefits.	Some uncertainty from the review of the TUBA file regarding the calculation of benefits.	**Further clarification of the methodology has reduced the uncertainty and with a very high benefit cost ratio it is likely that this scheme presents at least high value for money.**

steer davies gleave

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	SUMMARY
Queensway Gateway Road	15.0	GATE 1: 2.3 to 2.7 (High)	**Amber**	**Red**	**Amber / Red**	**Red**	**Red**	Reasonable and proportionate method followed, but lack of clarity on many assumptions.	Analysis and assumptions missing.	Uncertainty over combining analysis from different years.	
		GATE 2: 2.7 (High)	**Green**	**Amber**	**Green**	**Green / Amber**	**Green**	Reasonable and proportionate method followed.	While we have no reason to believe that the methodology was applied incorrectly at the time, the results of the analysis are seven years old and do not necessarily reflect the characteristics of the scheme that has been put forward for funding. Road closure was not modelled. Some uncertainty as to whether project costs include optimism bias (rather than just contingency).	While the current scheme is likely to offer high value for money, without further modelling it is not possible to rule out the possibility of the BCR falling below 2.0 (suggesting medium value for money).	Medium to high levels of certainty, which if addressed, presents a scheme with high value for money. **Further clarification has reasserted the very strong strategic case as part of a package for opening up land supply for housing and employment in East Sussex. Whilst modelling base year is rather old, it would be anticipated that further demand modelling and economic appraisal would only increase the BCR further. As such, this scheme presents high value for money.**
Colchester Broadband Infrastructure	0.2	GATE 1: N/K	**Amber**	**Red**	**Red**	**Red**	**Red**	Economic appraisal not complete.	Economic appraisal not complete.	Economic appraisal not complete.	
		GATE 2: c. c. 3.0 to 6.0 (High / Very High)	**Amber**	**Amber**	**Amber**	**Green / Amber**	**Green**	In broad terms, yes, for such a small scheme.	Majority of assumptions have been made and evidenced, with assessment against alternative options and sensitivities. In the economic case, the analysis is still based on assertion rather than local evidence.	Much clarity has been provided between the Outline Business Case and the Final Business Case. Still some risks relating to the overall environment for the roll out of high speed broadband and the net benefits attributable to the scheme, in terms of its overall impact, are most likely overstated.	**Despite some uncertainty regarding the scale of net benefits, this scheme is still likely to present high value for money.**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money			SUMMARY
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty	
Newhaven Flood Defences	1.6	**N/K**	N/K	N/K	N/K	N/K	N/K	Business case not submitted.	Business case not submitted.	Business case not submitted.	
Kent & Medway Growth Hubs	13.5	**N/K**	N/K	N/K	N/K	N/K	N/K	Business case not submitted.	Business case not submitted.	Business case not submitted.	

A   Gate 2 Assessment Template

INDEPENDENT TECHNICAL EVALUATION (GATE 2)

Scheme Name:

Date Completed:

Completed By:

South East Local Enterprise Partnership Business Case Review Pro-Forma: Strategic Case

Question	Value / Source	G1 Review		G2 Review	
		Commentary	R/A/G Status	Commentary	R/A/G Status
Overall: How compelling is the case for the scheme?			High/Medium/Low		High/Medium/Low
1) Is there evidence to show that there is a need for intervention?			High/Medium/Low		High/Medium/Low
Has a scope for the scheme been defined?		Context for the scheme	Red/Amber/Green		Red/Amber/Green
Have current problems been identified?		Socio-economic/Environmental issues etc. Have the most recent data sources been used?	Red/Amber/Green		Red/Amber/Green
Have problems in the future been identified?		How necessary is the scheme to reduce the potential future impacts of development/growing population/congestion etc.	Red/Amber/Green		Red/Amber/Green
Does the scheme address the problems?		Is the scheme an opportunity to reduce the problems in the future?	Red/Amber/Green		Red/Amber/Green
Have other opportunities for the scheme been identified?		Is the scheme dependent on other factors: developments being committed/built or other transport schemes being in place before this scheme?	Red/Amber/Green		Red/Amber/Green
Is there a case to say why the scheme is needed now?		Are there interdependencies: Does the scheme constrain or depend on other developments/schemes?	Red/Amber/Green		Red/Amber/Green
2) Have objectives been appropriately defined?			High/Medium/Low		High/Medium/Low
Do the objectives capture the context/problems which ground the need for the scheme?		Have the most contemporary policies been reviewed? Evidence of transport and planning objectives used	Red/Amber/Green		Red/Amber/Green

Question	Value / Source	G1 Review		G2 Review	
		Commentary	R/A/G Status	Commentary	R/A/G Status
Have the objectives been developed to align with the objectives and outlooks of national/sub-regional/local planning policies?		Evidence of alignment of scheme objectives to other policy objectives	Red/Amber/Green		Red/Amber/Green
How well does the scheme align to the objectives?			Red/Amber/Green		Red/Amber/Green
3) Have alternative options been defined?			High/Medium/Low		High/Medium/Low
What is the basis to the generation of alternative options?		Have realistic/appropriate alternatives been considered?	Red/Amber/Green		Red/Amber/Green
Is the case for the discounting of alternative options compelling?		Evidence of the alignment of all options to the objectives. Have enough options been considered?	Red/Amber/Green		Red/Amber/Green
4) Does the case identify other factors affecting the suitability of the preferred option?			High/Medium/Low		High/Medium/Low
Constraints		Social/Environmental/Financial/Developments/Schemes	Red/Amber/Green		Red/Amber/Green
Dependencies/ Interdependencies		Social/Environmental/Financial/Developments/Schemes	Red/Amber/Green		Red/Amber/Green
5) Does the case identify risks affecting delivery of the scheme?			High/Medium/Low		High/Medium/Low
Key Risks		Social/Environmental/Financial/Developments/Schemes	Red/Amber/Green		Red/Amber/Green

Question	Value / Source	G1 Review		G2 Review	
		Commentary	R/A/G Status	Commentary	R/A/G Status
Stakeholder Awareness		Establishing levels of support or non-support for the scheme Have stakeholders been engaged i.e. is stakeholder risk being managed? Are there stakeholders who could fundamentally change the likelihood of project delivery?	Red/Amber/Green		Red/Amber/Green
Powers and Consents		Is there recognition of powers/consents which may prevent the scheme from being built or not being delivered to time/budget?	Red/Amber/Green		Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION (GATE 2)

Scheme Name:

Date Completed:

Completed By:

South East Local Enterprise Partnership Business Case Review Pro-Forma: Economic Case

Category/Topic	Value/Source	G1 Review Commentary	Red – Reject Amber – Defer Green – Accept	G2 Review Commentary	Red – Reject Amber – Defer Green – Accept
General		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
WebTAG version	November 2014		Red/Amber/Green		Red/Amber/Green
Price base/GDP deflator	Real 2010/11 Prices	Should be GDP Deflator Real 2010	Red/Amber/Green		Red/Amber/Green
Market prices	Yes		Red/Amber/Green		Red/Amber/Green
Consistent units	Yes		Red/Amber/Green		Red/Amber/Green
Discount year	2014	Should be 2010	Red/Amber/Green		Red/Amber/Green
Appraisal period	60 years (2017-2076)		Red/Amber/Green		Red/Amber/Green
Forecast years	2020, 2035		Red/Amber/Green		Red/Amber/Green
Opening year	2017		Red/Amber/Green		Red/Amber/Green
Appraisal pro-formas	TEE, PA, AMCB	No Appraisal Cost sheet	Red/Amber/Green		Red/Amber/Green
Sensitivity testing	Yes	High/Low Growth etc	Red/Amber/Green		Red/Amber/Green
Capital Cost		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
Price base			Red/Amber/Green		Red/Amber/Green
Spend profile			Red/Amber/Green		Red/Amber/Green
Treatment of sunk costs			Red/Amber/Green		Red/Amber/Green
Inflation assumptions			Red/Amber/Green		Red/Amber/Green
QRA appropriateness			Red/Amber/Green		Red/Amber/Green
Optimism bias allowance			Red/Amber/Green		Red/Amber/Green
Local contribution			Red/Amber/Green		Red/Amber/Green
Consistency with scheme			Red/Amber/Green		Red/Amber/Green
Other Costs		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
Price base			Red/Amber/Green		Red/Amber/Green

≡ steer davies gleave

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	Red – Reject Amber – Defer Green – Accept	Commentary	Red – Reject Amber – Defer Green – Accept
Operating costs			Red/Amber/Green		Red/Amber/Green
Maintenance costs			Red/Amber/Green		Red/Amber/Green
Renewals costs			Red/Amber/Green		Red/Amber/Green
Inflation assumptions/capping			Red/Amber/Green		Red/Amber/Green
Public/private allocations			Red/Amber/Green		Red/Amber/Green
Consistency with scheme			Red/Amber/Green		Red/Amber/Green
User Benefits		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
TUBA - input file (or similar)			Red/Amber - Green		Red/Amber/Green
Non-TUBA – rule of a half applied			Red/Amber/Green		Red/Amber/Green
Appraisal inputs (age/source/units)			Red/Amber/Green		Red/Amber/Green
Mode shift (approach/forecast)			Red/Amber/Green		Red/Amber/Green
Annualisation approach			Red/Amber/Green		Red/Amber/Green
Growth assumptions (NTEM)			Red/Amber/Green		Red/Amber/Green
Spread by journey purpose			Red/Amber/Green		Red/Amber/Green
Spread by time period			Red/Amber/Green		Red/Amber/Green
Spread by impact type			Red/Amber/Green		Red/Amber/Green
Spread by benefit scale			Red/Amber/Green		Red/Amber/Green
Approach to non-TEE benefits			Red/Amber/Green		Red/Amber/Green
Indirect tax impacts			Red/Amber/Green		Red/Amber/Green
Consistency with scheme			Red/Amber/Green		Red/Amber/Green
Revenue		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
Derivation			Red/Amber/Green		Red/Amber/Green
Fares growth			Red/Amber/Green		Red/Amber/Green
Implied yield			Red/Amber/Green		Red/Amber/Green
Public/private allocations			Red/Amber/Green		Red/Amber/Green

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	Red – Reject Amber – Defer Green – Accept	Commentary	Red – Reject Amber – Defer Green – Accept
Assumed operator response			Red/Amber/Green		Red/Amber/Green
Appraisal Outputs		**Rating for overall uncertainty:**	High/Medium/Low	**Rating for overall uncertainty:**	High/Medium/Low
NPV			Red/Amber/Green		Red/Amber/Green
BCR			Red/Amber/Green		Red/Amber/Green
VfM Category			Red/Amber/Green		Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION (GATE 2)

Scheme Name:

Date Completed:

Completed By:

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	Red – Reject Amber – Defer Green – Accept	Commentary	Red – Reject Amber – Defer Green – Accept
		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
Contracting strategy		Contracting strategy defined and justified (eg traditional, D&B, ECI). Timescales.	Red/Amber/Green		Red/Amber/Green
Procurement strategy		Procurement strategy defined, justified and with realistic programme, consistent with build/spend programmes.	Red/Amber/Green		Red/Amber/Green
Market maturity		Is there a developed market for the proposed procurement approach	Red/Amber/Green		Red/Amber/Green
Procurement experience		Promoter (and its advisor) experience of the proposed approach including lessons learnt	Red/Amber/Green		Red/Amber/Green
Risk allocation		Allocation of risks set out and sensible (plus consistent with cost estimate)	Red/Amber/Green		Red/Amber/Green
Consistency with other cases		Particularly – planning consent, demand/revenue, integration	Red/Amber/Green		Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION (GATE 2)

Scheme Name:

Date Completed:

Completed By:

South East Local Enterprise Partnership Business Case Review Pro-Forma: Financial Case

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	**Red – Reject** **Amber – Defer** **Green – Accept**	**Commentary**	**Red – Reject** **Amber – Defer** **Green – Accept**
Financial estimates (capital)		**Rating for overall uncertainty:**	High/Medium/Low	**Rating for overall uncertainty:**	High/Medium/Low
Funding requirement		Total funding requirement by year (in nominal/outturn values)	Red/Amber/Green		Red/Amber/Green
Accuracy of funding requirement		Based on recent point estimate to clearly defined date, ideally independently confirmed	Red/Amber/Green		Red/Amber/Green
Inflation assumptions		Inflation rates justified	Red/Amber/Green		Red/Amber/Green
Time-consistency		Cost phasing broadly consistent with programme	Red/Amber/Green		Red/Amber/Green
Overheads and uplifts		Including the 'usual' uplifts (contractor costs/prelims, development costs, Network Rail fees)	Red/Amber/Green		Red/Amber/Green
Risk and uncertainty		Including risk (at what probability?, recent QRA exercise, comprehensive, consistent with commercial strategy in terms of who takes risk)	Red/Amber/Green		Red/Amber/Green
Contingency and optimism bias		Contingency/estimating uncertainty/optimism bias – what is included, is it consistent with LEP requirements	Red/Amber/Green		Red/Amber/Green
Financial procedures		**Rating for overall uncertainty:**	High/Medium/Low	**Rating for overall uncertainty:**	High/Medium/Low
Funding mechanism		How is the project being funded?	Red/Amber/Green		Red/Amber/Green
Availability of funds		Funding available in each year matching the spend	Red/Amber/Green		Red/Amber/Green
Funding profile		Justification for funding profile (eg any back or front loading of a particular source)	Red/Amber/Green		Red/Amber/Green
Funding commitment		Section 151 officer commitment	Red/Amber/Green		Red/Amber/Green
Funding risks		Funding risk identified (particularly third parties or unusual sources)	Red/Amber/Green		Red/Amber/Green

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	Red – Reject Amber – Defer Green – Accept	Commentary	Red – Reject Amber – Defer Green – Accept
Funding constraints		Funding constraints identified (eg has to be drawn down in a particular year)	Red/Amber/Green		Red/Amber/Green
Financial estimates (non-capital)		**Rating for overall uncertainty:**	High/Medium/Low	**Rating for overall uncertainty:**	High/Medium/Low
Non-capital funding mechanism		How are future costs being funded?	Red/Amber/Green		Red/Amber/Green
Non-capital funding profile		Nominal profile of operating/maintenance/renewal costs over time	Red/Amber/Green		Red/Amber/Green
Accuracy of non-capital funding requirement		Based on recent estimates	Red/Amber/Green		Red/Amber/Green
Non-capital inflation assumptions		Inflation rates justified	Red/Amber/Green		Red/Amber/Green
Revenue forecasts		Nominal revenue forecast (if relevant – risk adjustment/inflation/growth assumptions)	Red/Amber/Green		Red/Amber/Green
Ramp-up assumptions		Ramp-up assumptions, including dependency on development (eg)	Red/Amber/Green		Red/Amber/Green
Operating surplus		Operating surplus (by year and total over reasonable timeframe)	Red/Amber/Green		Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION (GATE 2)

Scheme Name:

Date Completed:

Completed By:

South East Local Enterprise Partnership Business Case Review Pro-Forma: Management Case

Category/Topic	Value/Source	G1 Review		G2 Review	
		Commentary	**Red – Reject Amber – Defer Green – Accept**	**Commentary**	**Red – Reject Amber – Defer Green – Accept**
Management Case		Rating for overall uncertainty:	High/Medium/Low	Rating for overall uncertainty:	High/Medium/Low
Project sponsor		Project sponsor identified	Red/Amber/Green		Red/Amber/Green
Wider governance		Who is in charge (eg project board) and is membership appropriate. Timescales for decisions. Alterative resources if proposed resources are unavailable.	Red/Amber/Green		Red/Amber/Green
Approval procedures		Defined reporting and approval processes	Red/Amber/Green		Red/Amber/Green
Stakeholder engagement		Stakeholder management/engagement and general communication processes defined	Red/Amber/Green		Red/Amber/Green
Risk management strategy		Risk management strategy defined, appropriate, active	Red/Amber/Green		Red/Amber/Green
Availability and suitability of resources		Are the resources available (internal/external) sufficient (quantity and skills)	Red/Amber/Green		Red/Amber/Green
Work programme		Programme defined and realistic/achievable	Red/Amber/Green		Red/Amber/Green
Project/programme management		Key risks/dependencies/critical path identified	Red/Amber/Green		Red/Amber/Green
Monitoring and evaluation		Monitoring and evaluation strategy defined and appropriate (how the exercise will be conducted)	Red/Amber/Green		Red/Amber/Green
Benefits realisation		Process for developing Benefits Realisation Plan (the schedule of 'targets' to be achieved) established/consistent with strategic/economic case	Red/Amber/Green		Red/Amber/Green

Reviewer Summary Comments

1.   Has a sensible and proportionate methodology been applied?

2.   Has the methodology been applied accurately?

Has the analysis either reduced or helped to expose/ understand uncertainty?

Control Sheet

Document Title

Independent Technical Evaluator – Growth Deal Business Case Assessment (Q1 2015/16 Starting Projects)

Document Type

Gate 2 Report

Client Contract/Project No.	SDG Project/Proposal No.
	22790501

Issue history

Issue No.	Date	Details
01	9th February 2015	Draft Final
02	10th February 2015	Final

Review

Originator

Steer Davies Gleave

Other Contributors

SQW

Reviewed by

Sharon Daly (SDG)

Distribution

Client	Steer Davies Gleave
David Godfrey	Steve Bishop, Sharon Daly

C:\Users\lucy.payne\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\6S9Y4KFI\20150310_SELEP_ITE_Gate2Report_v3.docx

steer davies gleave

Control Sheet

Our offices

Bogotá, Colombia
+57 1 322 1470
colombiainfo@sdgworld.net

Bologna, Italy
+39 051 656 9381
italyinfo@sdgworld.net

Boston, USA
+1 (617) 391 2300
usainfo@sdgworld.net

Denver, USA
+1 (303) 416 7226
usainfo@sdgworld.net

Leeds, England
+44 113 389 6400
leedsinfo@sdgworld.net

London, England
+44 20 7910 5000
sdginfo@sdgworld.net

Los Angeles, USA
+1 (213) 337 6790
usainfo@sdgworld.net

Madrid, Spain
+34 91 541 8696
spaininfo@sdgworld.net

Mexico City, Mexico
+52 (55) 5615 0041
mexicoinfo@sdgworld.net

New York, USA
+1 (617) 391 2300
usainfo@sdgworld.net

Rome, Italy
+39 06 4201 6169
italyinfo@sdgworld.net

San Juan, Puerto Rico
+1 (787) 721 2002
puertoricoinfo@sdgworld.net

Santiago, Chile
+56 2 2757 2600
chileinfo@sdgworld.net

São Paulo, Brazil
+55 (11) 3151 3630
brasilinfo@sdgworld.net

Toronto, Canada
+1 (647) 260 4860
canadainfo@sdgworld.net

Vancouver, Canada
+1 (604) 629 2610
canadainfo@sdgworld.net