

Project Assessment Report

Project Details	
Project Name	Town Centre Public Realm
Project Applicant	West Northamptonshire Council
Senior Responsible Owner	
Project Manager	
Total Project Cost	£4,610,625
TIP Request	£4,610,625
Proposed Start Date	Summer 2023
Proposed End Date	Spring 2025
Project Description	<p>The public realm project forms part of the Towns Fund programme for Northampton and directly responds to the need to support the repurposing and rejuvenation of the town centre particularly in response to the impact of the pandemic on the High Street. The project aims to increase footfall into the town centre in response to extensive consultative and survey work undertaken by West Northamptonshire Council.</p> <p>The streets that will be the focus of this project are:</p> <ul style="list-style-type: none"> Abington Street – which is the main high street and while some of the larger retail stores on this street have closed this remains the area with the highest number of quality of retailers in the town. Fish Street – which is fully pedestrianised and is the main link between St Giles’ Street and Abington Street as well as linking the Town Centre to the Cultural Quarter.

Appraisal Summary

Project is recommended to proceed.

Strategic Case – this section provides a clear overview of the scheme’s strategic intent. Fundamental requirements of the Strategic Case are in place and are clearly articulated, which establishes a strong rationale for investment in line with the Town Investment Plan.

Economic Case – this section presents an appropriate assessment of value for money through the monetisation of additional spending driven by the improvements to the Town Centre public realm. The value for money assessment indicates an initial benefit cost ratio of 2.16 – indicating ‘High’ value for money. This is tested against a range of sensitivity assumptions around costs and benefits that give confidence that the scheme will deliver acceptable value for money.

NB: parts of the Economic are rated Amber-Green i.e. highlighted for the Board’s attention. The selection criteria for options is presented but additional information related to the original long-list and subsequent short-listing of options would be helpful to project managers in considering the scheme during the delivery stage.

Financial Case – the Financial Case presents a clear picture of project costs and proposed funding structures. The assumptions underpinning both of these elements are set out in appropriate detail. The cashflow appears to align with the project milestones and shows funding can be drawn down ahead of the end of the Towns Fund period.

Commercial Case – The proposed procurement approach is familiar to the council. Appropriate processes are already in place to manage the procurement of various products and services required to complete the scheme. Subsidy control advice suggests that the scheme is capable of being awarded in line with the Subsidy Control rules.

Management Case – The management case presents a realistic structure and approach to delivery of the scheme with appropriate controls in place to manage a project of this scale. The delivery programme and milestones are outlined at a high level but are considered realistic given constraints and dependencies.

Strategic Case

Project Details	Comments	RAG Rating
Strategic fit to the Town Investment Plan	<ul style="list-style-type: none"> The project aligns closely to the aims of the Town Investment Plan (TIP), stating that it will improve the accessibility and attractiveness of key routes, increase footfall in the town centre and improve the perception of the place by residents, visitors and businesses. The project also addresses 3 key challenges identified in the Town Investment Plan (namely Challenge 1, Challenge 2 and Challenge 5). 	
Confirmation of the Strategic Objectives and Critical Success Factors	<ul style="list-style-type: none"> Strategic objectives have been identified and are SMART. These are closely aligned to the objectives set out in the TIP. Critical Success Factors are set out in accordance with HMT Green Book Guidance. The process for shortlisting options has not been clearly identified. 	
Strength of the market failure evidence and rationale	<ul style="list-style-type: none"> Reference to market failures is not explicitly grounded in standard economic theory. However, Rationale for public sector intervention has been provided within the economic case. 	
Evidence of demand, need and additionality	<ul style="list-style-type: none"> A clear view of demand is given citing evidence from the Town Centre Masterplan. Detail of the impact of Covid-19 on town centre footfall is also provided, which further highlights the need for this project. This section could be improved by looking at evidence based on forecast analysis or basic market testing rather than trend evidence. 	
Stakeholder buy-in to the project	<ul style="list-style-type: none"> Key stakeholders in support of the project have been identified. Detailed accounts of online consultation and consultation workshops have been provided. Additionally, a stakeholder engagement plan has been developed. 	
Integration/links with other projects/programmes	<ul style="list-style-type: none"> The proposal clearly shows how the project aligns with regional and local policy. The project's contribution to national policy is also considered with reference to the 	

	<p>government's Build Back Better policy on High Streets.</p> <ul style="list-style-type: none"> Complementary links to other projects (such as Market Square and Emporium Way) have been identified with some further commentary provided in the Financial Case. 	
Implications of any strategic risks and dependencies	<ul style="list-style-type: none"> A detailed account on the project risks and mitigation strategy is provided in the Appendix with a summary included in the body of the Strategic Case. 	
Assessor Comments	<ul style="list-style-type: none"> The section provides a clear overview of the scheme's strategic intent and it shows how the project aligns with the TIP as well as regional and local policies. The view of demand is also clear and detailed, although it could be improved if it was based on forecast analysis rather than trend evidence. One issue with this proposal is the treatment of market failures – which would normally meet a textbook economic definition to make a clear-cut case for public sector funding. The strategic assessment of need and wider narrative assessment of the projects objectives does also go some way to infer this type of textbook definition and should not be considered a critical issue for the business case. 	
Clarifications	<ul style="list-style-type: none"> 	
Overall Strategic Case RAG Rating		

Economic Case

Project Details	Comments	RAG Rating
Range and credibility of options (including the do-nothing and do minimum case)	<ul style="list-style-type: none"> Options Appraisal included across Strategic and Economic case focussed on Do Nothing and a preferred Do Maximum option. Critical Success Factors (CSFs) identified are those proposed in the Green Book but no discussion of the options against these CSFs is presented. The SWOT analysis implicitly covers some of the CSFs but no clear link drawn between these to show how the options perform against each. A longlist of possible options and how these were discounted to arrive at the preferred option has not been provided although reference is made to the engagement process that was used to develop the proposals. 	

	<ul style="list-style-type: none"> This issue is not critical given the background to the project (stakeholder engagement plan and TIP development processes) has allowed for consideration of options throughout. However, this is highlighted for information, as the business case could be clearer on the background to this process and its implications for decision makers in later phases of the project. 	
Scheme delivers value for money	<ul style="list-style-type: none"> The BCR calculated indicates 'High' value for money. 	
Implications of reference case / do nothing option considered for additionality	<ul style="list-style-type: none"> The increased GVA is included relative to a Do Nothing scenario as a consequence of an uplift to pre-pandemic spending levels. 	
Assumptions underpinning the economic model and sensitivity testing	<ul style="list-style-type: none"> Case study evidence is used to build a strong case for the role of good public realm in encouraging additional footfall and spend within town centres in line with the project's objectives. In keeping with this, the main monetised benefit relates to additional town centre spend driving a local GVA increase. This is highly relevant to the TIP and its strategic objectives and is considered to be largely in line with the Green Book guidance. A query remains over the chosen multiplier applied to this local spending and whether it is applicable given the 'non-tradeable' nature of most economic activity captured by town centre spend. The 5% uplift assumption is clearly arbitrary but has support from case study evidence and has been sensitivity tested i.e. at 2.5% uplift the BCR remains acceptable (1.20). Further sensitivity test over costs and without the multiplier are applied. Removing the multiplier drops the benefit cost ratio to 1.89 which would typically be considered 'medium' value for money. 	
Appropriateness of risk assessment and adjustments for optimism bias	<ul style="list-style-type: none"> Costs from the Financial Case adjusted for optimism bias of approximately 17%. Further contingency is also added to the base cost. 	
Assessment of additionality and adjustment of gross benefits to account for deadweight, displacement, substitution, leakage	<ul style="list-style-type: none"> A range of additionality assumptions have been applied to adjust the gross benefits. The justification of 0% displacement with respect to new jobs is somewhat tenuous, however, this is not sufficient to change the overall value for money assessment. 	

and economic multipliers	
Benefits appraisal aligns with refreshed Green Book and departmental guidance	<ul style="list-style-type: none"> • The chosen approach is largely consistent with the latest Green Book guidance. Any areas of the analysis that do not accord with best practice are unlikely to have a sufficiently serious effect on the benefits to lead to an assessment of poor value for money. • Areas of contention relate to the chosen multipliers are not taken from the latest Green Book but are consistent with other additionality assumptions. • The Green Book also suggests limiting the use of multipliers to place based assessments which create jobs in 'tradeable' sectors, suggesting most Town Centre spending may not be applicable. • However, the chosen multipliers are lower than many of the Green Book 2020 multipliers across most categories.
Value for Money assessment	<ul style="list-style-type: none"> • The overall value for money assessment from the core calculation of benefits is High (i.e. BCR > 2.0). • A number of potential wider benefits have also been identified and the project shows strong strategic alignment to the TIP.
Assessor Comments	<ul style="list-style-type: none"> • The Economic Case fulfils the necessary requirements. • The options presented are suitably justified although a more comprehensive record of the options longlist and shortlisting process would be beneficial to decision makers throughout the project. • The value for money assessment is appropriate for a scheme of this nature. Assumptions are defensible and even where they are contestable the impact of a more conservative assumptions has been sensitivity tested. • On this basis and in line with the strong strategic alignment to the TIP a good degree of confidence can be taken that the scheme delivers value for money.
Clarifications	All clarifications were resolved.
Overall Economic Case RAG Rating	

Financial Case

Project Details	Comments	RAG Rating
Robustness of the project costs	<ul style="list-style-type: none"> Costs in Appendix 3 have been produced by CS2 consultants (Chartered Surveyors) using drawings provided by Gillespies. These drawings are not included in the business case. Nevertheless, cost elements appear comprehensive and have been prepared by qualified individuals. The total cost of building identified in the business case is £3,405,028 compared to £3,095,480. A very large contingency of allowance of 36% have been included. The cashflow indicates an indicative split of spending that aligns with the proposed programme milestones. The full Towns Fund allocation would be spent before the end of the Towns Fund period with plenty of headroom. 	
Scheme funding	<ul style="list-style-type: none"> The scheme is due to be funded entirely by Towns Fund. The allocation of £4,610,625 is sufficient to cover the whole cost of the proposed works 	
Project viability assessment (where appropriate)	<ul style="list-style-type: none"> The high total contingency and optimism bias assessment is reassuring with regards to the project viability. Some indication given as to mitigation strategy for cost overruns, noting that the scheme is product driven so value engineering possible through choice of products. Financial case confirms that operational costs will be covered through existing budgets and should be reduced in the short term through replacement of older assets. The procurement of each product will consider whole life costs and lifespan to maximise value for money. Given a significant level of contingency built into the cost plan some consideration should be given to the way the council might deal with potential underspend. 	

Assessor Comments	<ul style="list-style-type: none"> The Financial Case presents a clear picture of project costs and proposed funding structures. The assumptions underpinning both of these elements are set out in detail.
Clarifications	All clarifications have been resolved
Overall Financial Case RAG Rating	

Commercial Case

Project Details	Comments	RAG Rating
Appropriateness of procurement arrangements	A range of specialist suppliers are needed to deliver different packages of the public realm development. The procurement will be carried out by WNC in line with their contract standing order provision.	
Rationale for and appropriateness of the commercial structure and delivery arrangements	The Council will oversee the delivery of all the work packages within this scheme including procurement of the specialist materials and principle contractors. The WNC Regeneration Team will manage the project on a day-to-day basis. The Department Director will have final sign off on decisions. The delivery timeline is appropriate for a public realm project.	
Depth and appropriateness of the risk assessment and adequacy of approaches to risk transfer and management	Largescale procurement risks have been outlined i.e. Brexit supply chain or staffing issues. All risks will be managed and owned by WNC and appropriate mitigation measures have been outlined.	
Capacity of applicant to deliver the investment (where applicable) risks.	WNC has a track record of delivering similar projects including on Gold Street, Vulcan Works, Delapre Abbey and Northampton Waterside Enterprise Zone. A range of specialist suppliers will be procured to provide capacity needed to deliver the project.	
Asset ownership after project completion	All assets will are and will continue to be owned and managed by West Northamptonshire Council.	
Comment on subsidy control position of the project and whether advice has been sought	Subsidy control advice has been provided by DWF Law and confirms that no subsidy will be generated by the project.	

Assessor Comments	<ul style="list-style-type: none"> The proposed procurement approach is familiar to the council. Appropriate processes are already in place to manage the procurement of various products and services required to complete the scheme.
Clarifications	<ul style="list-style-type: none"> All clarifications have been resolved
Overall Commercial Case RAG Rating	

Management Case

Project Details	Comments	RAG Rating
Effective governance and management arrangements	Clear governance and project management arrangements. Organisational charts showing reporting & governance, project management and project delivery are given with full descriptions of each tier. Governance arrangements have been used on similar project realm projects.	
Availability of capacity and capability to deliver the project effectively	WNC has delivered similar projects in the past. WNC have the capability to deliver this project, having delivered similar projects in previous years. WNC will procure specialist contractors to deliver the project through their normal procurement processes.	
Realism of delivery plan and milestones	A clear project delivery timeline has been submitted. The indicative programme is realistic	
Existence of particular barriers such as planning consent, land purchase etc.	The project is subject to planning permission and highway approval.	
Delivery risks and mitigation	A clear risk management, escalation and mitigation process has been given.	
Ongoing management costs and risks to benefit realisation	Key benefits outlined include improvement of the visual appearance of the town, higher footfall and longer dwell time in the town centre. Risk to the realisation of these benefits includes not being able to access supplies of specialist materials or being able to procure labour for the appropriate price.	
Monitoring and evaluation plan	The Council plans to develop KPIs as part of the Monitoring and Evaluation plan (M&E). The benefit indicators will be reviewed against the KPIs.	

Assessor Comments

- The management case presents a realistic structure and approach to delivery of the scheme with appropriate controls in place to manage a project of this scale.
- The delivery programme and milestones are outlined at a high level but are considered realistic given constraints and dependencies.

Clarifications

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Overall Management Case RAG Rating