

Translating your TIP into the Strategic Case

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Purpose of this document

This Guide will help Towns work out how best to translate their Town Investment Plan into the strategic case of their project business cases.

The aim of the strategic case is to demonstrate the rationale for investment and outline options for investment.

It has become an even more important part of the business case in the latest Government Green Book review.

The Town Investment Plan already sets out the strategic case and vision for the town which is directly relevant to project business cases. However, there is only one TIP and multiple business cases, so how can the former support the latter?

This Guidance will help you to:

- Ensure that the **golden thread** (in terms of the case for change) is effectively and impactfully continued from the TIP through to business case strategic cases
- Determine how an enhanced, project-specific **evidence of need** can be established
- Set **SMART project objectives**
- Identify and articulate the **case for change** and **rationale for intervention**
- Determine how **strategic alternatives** can be considered and assessed
- Ensure **stakeholder feedback** and the **forward engagement plan** is incorporated into the business case

Complementary material

This guide is best read alongside the following MHCLG stage 2 business case guide and TFDP-issued business case supporting materials :

- MHCLG stage 2 business case guide: <https://townsfund.org.uk/resources-collection/mhclg-business-case-guidance>
- TFDP business case template and proportionality guide: <https://townsfund.org.uk/resources-collection/business-case-template>
- TFDP business case webinar: <https://townsfund.org.uk/events-list/an-introduction-to-business-cases>
- Stakeholder engagement in Stage 2 – supporting business cases: <https://townsfund.org.uk/resources-collection/stakeholder-engagement-in-stage-2>

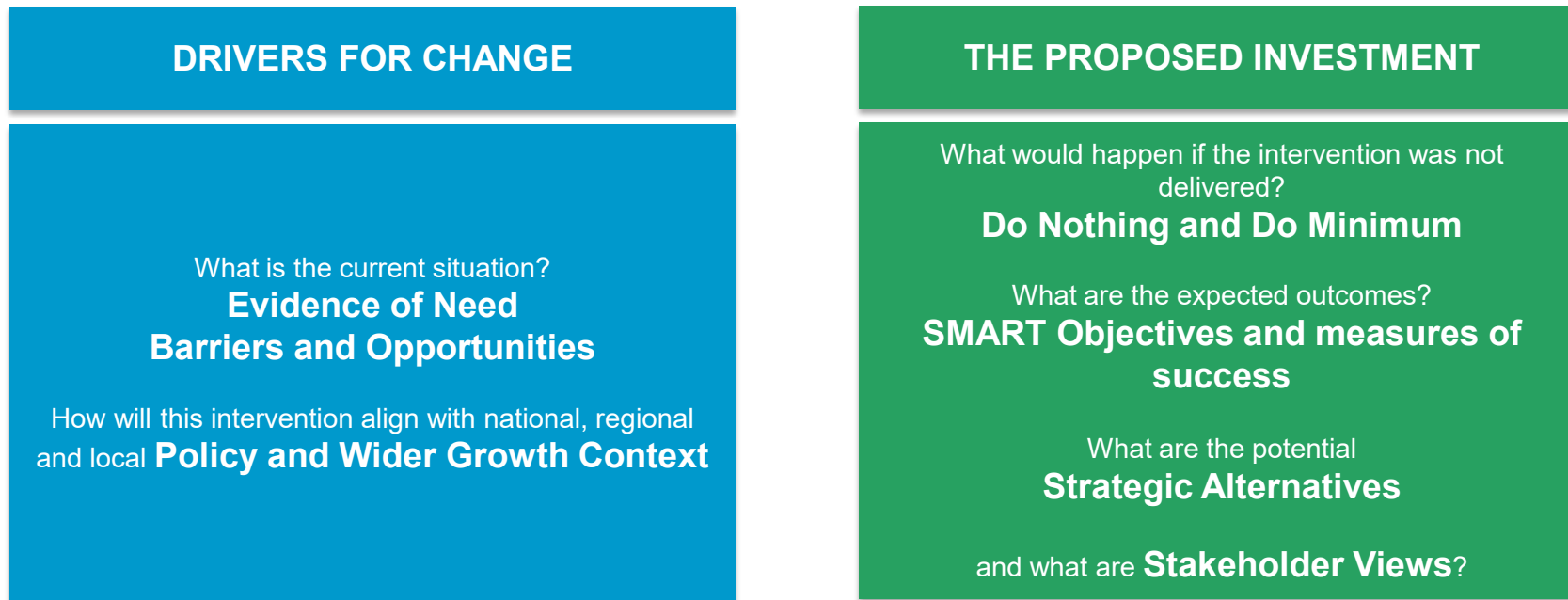
We are curating further resources to help Towns through Stage 2, which will be published on <https://townsfund.org.uk>

WHAT IS THE STRATEGIC CASE?

What is the Strategic Case?

The strategic case sets the scene for the rest of the business case, and answers this key question:

What is the case for change, including the rationale for intervention?



The remaining cases delve into more detail about the net economic value the society gains as a result of the intervention (*Economic Case*), the impact of the project on the public sector capital and revenue budgets (*Financial Case*), the required procurement arrangements (*Commercial Case*), and how the project will be delivered and managed in its operational phase (*Management Case*).

The Green Book Review and the Strategic Case

In November 2020, HM Treasury published The Green Book 2020, an update to the 2018 Government guidance on how to appraise policies, programmes and projects, underpinning business cases for public investment. Key points for Towns to consider are:

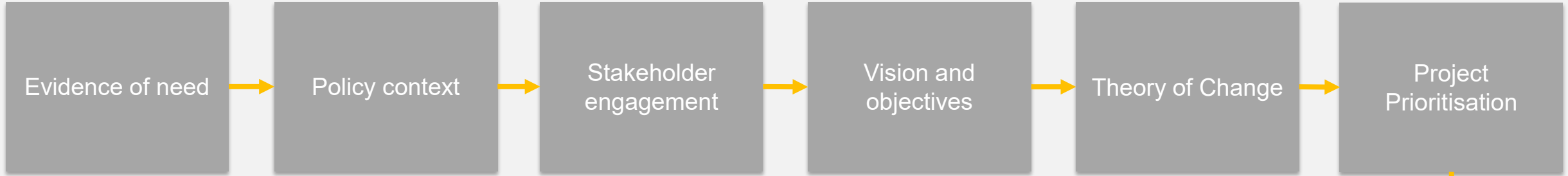
- **The importance of the Strategic Case, clear objectives and the golden thread** – this has now gained increased relevance. A strong Strategic Case can really help justify investments with weaker/understated Benefit Cost Ratios. Projects should also be considered in the context of their specific contribution towards the government's wider objectives, such as the levelling up agenda and net zero, as well as relevant local policy objectives
- **Place-based analysis** – the requirement to analyse local impacts is an opportunity for Towns to demonstrate local economic and social benefits, such as employment effects, which are now elevated in the economic case
- **Need to consider environmental impacts** – environmental impacts should be considered (even if the primary outcomes is non-environmental).

Upcoming new guidance must also be considered including changes to optimism bias. More guidance on the Green Book Review for the Towns Fund can be found by following these links:

- Blog: <https://townsfund.org.uk/blog-collection/implications-of-the-new-green-book-for-the-towns-fund>
- Guidance: <https://townsfund.org.uk/resources-collection/green-book-update-guide>

TRANSLATING YOUR TIP INTO THE STRATEGIC CASE

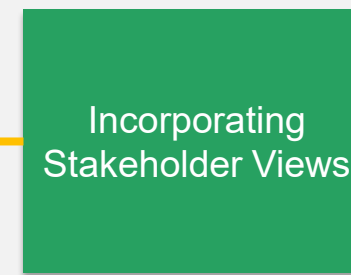
Town Investment Plan



Strategic Case – Drivers for Change



Strategic Case – the Proposed Investment



Strategic Case – Drivers for change

Evidence of need

What does this mean and require?

The strategic case should set out the scheme's scope and the sustainability, economic, demographic and social context of the impacted area in order to justify why a scheme could help to support local or regional economic performance.

What does your TIP say?

TIPs set out for the Town area the market failures, strengths, opportunities, and threats. The evidence of need subsequently framed how the projects for funding aligned with the vision, through the prioritisation process.

What should your business case consider?

The golden thread should ensure that the business case builds on the evidence of need within the business case. TIPs were limited by word count, so the business case is an opportunity to build on the specific strategic and local positioning of the project.

Barriers and opportunities

What does this mean and require?

Building on the context, for the specific project, it is important to set out the barriers or areas of market failure / opportunities that would not be realised fully that this type of intervention is looking to overcome.

What does your TIP say?

From evidence and stakeholder engagement the TIP will set out the opportunities and barriers for people and places.

What should your business case consider?

The business case should look to set out how sustainable economic growth is being held back. This could include analysis on future demand, capacity constraints, and to what extent the scheme addresses these barriers; raising economic performance and ultimately contributing to the TIP outcomes.

Strategic Case – Drivers for change

Policy and Wider Growth Context

What does this mean and require?

The strategic case needs to demonstrate fit with wider local growth plans and complementary policies to maximise the potential of the intervention, and setting out a plan with local partners to maximise impact. What might happen to scheme benefits if wider investment plans do not take place?

What does your TIP say?

The TIP contains the local policy context and other wider area growth plans as needed to set the wider context for the whole town

What should your business case consider?

Most of the local policy context of the TIP can be directly transferred into the business case. Double check it to make sure that it is directly relevant to this particular intervention and conduct some sensitivity testing to set out the impact on benefits if complementary policies are not achieved

Strategic Case – the Proposed Investment

Do Nothing and Do Minimum

What does this mean and require?

It is important to understand and present what business as usual would look like. This is to determine the baseline to which the project can present demonstrable change. This should also bring out the risk and interdependencies of schemes to other projects.

What does your TIP say?

The TIP sets the scene for the market failures, other challenges and planned opportunities the Town is facing, and what the Towns Fund investment can help overcome.

What should your business case consider?

A do nothing/minimum option gives decision-makers a baseline against which to judge the relative net impact of the preferred option, but also other options considered.

SMART Objectives and Measures of Success

What does this mean and require?

Objectives should state the outcomes sought of the project, not the activities planned to achieve them. Objectives should be Specific, Measurable, Achievable, Realistic and Timebound (SMART) and a plan for measuring success should be made clear.

What does your TIP say?

The TIP will contain strategic objectives pertaining to the whole TIP. The TIP will be light on measures of success.

What should your business case consider?

SMART objectives will need to be developed for each project – outcomes-focused with targets. Measures of success will need to be identified and clearly outlined. There should be a golden thread through to the TIP.

Strategic Case – the Proposed Investment

Strategic Alternatives Test

What does this mean and require?

The Strategic Case should present realistic strategic alternatives that have been considered as part of the appraisal. The case should set out how those alternatives were appraised and considered against strategic objectives

What does your TIP say?

During the TIP development process, a prioritisation was undertaken, but it will unlikely to have gone to project specific analysis and alternatives

What should your business case consider?

A Strategic Alternatives test should be done to transparently set out what similar options or schemes were considered and discounted. Some of this may have been undertaken in the TIP prioritisation process, and it is crucial the preferred option demonstrates the greatest contribution

Incorporating Stakeholder Views

What does this mean and require?

The Strategic Case should state relevant stakeholder groups and partners, indicating how they've influenced, shaped and supported the development of projects. This should draw on information from surveys, consultations and stakeholder engagement. This will help demonstrate the deliverability of projects that require stakeholder input, involvement and investment.

What does your TIP say?

The TIP should already set out key stakeholders and how they were engaged as well as forward engagement plans. The Town Deal Board will also continue to be a key stakeholder point as projects develop.

What should your business case consider?

You should be able to draw on your TIP for much of this evidence. Consider whether you will need to engage again on the specific project's benefits. The forward engagement strategy outlined in your original TIP should form the basis of the engagement and evaluation plan that will go into the Management Case, although it'll need to be worked up further.

Strategic Case – other considerations

Theory of change

The TIP already has produced an overarching Theory of Change, and in some case may have already produced individual project ones. The ‘golden thread’ of your TIP will carefully link the key areas together through logic and coherence. The strategic case should look to have its own Theory of Change, or logic model. This is to make sure that clear links are made between different elements of your strategic case, with a plan on a page.

Link to Local Assurance Process and requirements for business cases

Although this document is only guidance and drawing on best practice for developing strategic cases, it is likely many local authorities will have their own Assurance Processes in place setting out the requirements for business case development. It is essential that strategic cases align with the locally defined Assurance Framework or Process. This will provide greater robustness in their development and evidence in the instance where MHCLG call in any business cases for review as per funding agreements.

Options and scenarios considered

Options and scenarios considered is an important part of the Strategic Case but there is also considerable overlap with the Economic Case. A separate guide will go into this area in more detail.

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