

N O R T H E A S T
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B U S I N E S S C A S E
A S S U R A N C E



Project Name: Sharley Park

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1. Introduction

Sharley Park is a proposed Active Community Hub which will provide a place for residents to undertake physical activity and access to health/well-being services. It will replace the outdated Sharley Park Leisure Centre built in the 70s and provide modern facilities which will attract residents including the youth to become more physically active.

NEDDC is seeking £8m of external funding to support its overall investment. Sport England (£1.5m), Towns Fund (£6m) and the Football Foundation (£0.5m) being identified as potential funders. The business case expects that the number of people using the Hub will double from the existing centre, generating significant health and well-being benefits.

1.1 Highlighted Issues, Risks and Deficiencies

The business case has been formed by combining a series of individual files. In doing so, the structure of the report, at time of writing this report, requires amendment. There is a repetition of detail and misplacement of information in to the wrong cases. This may pose as an issue to the assessor.

No major risks or deficiencies have been identified.

1.2 Recommendations

On the basis that the business case document is updated in terms of its structuring; for example, placing the right information in the relevant case; and implementation of the recommendations, this case is deemed as **'ready to proceed'**.

Strategic Case:

- Reframing the existing table of *'outcomes, issues, interventions and how the outcome is achieved'* in to a SMART objective format and a table of outcomes and outputs refer to section 3.1)

Financial Case:

- Lead the section with the funding ask, funding secured to date and sources of each fund so the reader immediately understands the ask and funding position.

Commercial Case

- Update the commercial case to include information that belongs in the commercial case opposed to other cases; for example, the procurement strategy currently sits within the management case

Management Case:

- Include capabilities of the project team including (sub)contractors demonstrating their ability to execute their roles effectively and to deliver the project on scope, time and budget.

- Enhance the benefits realisation strategy to demonstrate who is responsible for overseeing the monitoring and evaluation of benefits. Some information exists in the strategic case but it is recommended to include and expand upon this in the management case

2. Proportionality Assessment

2.1 Assessment Score

A proportionality assessment was not received from the Project Team to be able to summarise an approach to the scoring methodology.

2.2 Validity statement

The project ranks at the higher end of the proportionality scale for value, but its overall complexity is deemed to be at the lower-mid end of the scale given it is a design and build project with no dependencies on other projects. The stakeholder picture is not complex either. As such, the strategic case was expected to include a 'medium' level of detail. The assurance exercise concluded that the level of detail within the strategic case was sufficient.

The economic benefits profile for these types of project is generally wide ranging giving rise to health, employment (pre and post completion), upskilling, crime and carbon saving benefits through improved technologies. As such, the economic case was expected to include a 'higher' level of detail. The assurance exercise concluded that the level of detail within the economic case was sufficient.

The commercial case, for design and build projects, should outline the feasibility of the project, procurement strategy and commercial risk and contractual management. Given the low-mid complexity of the project, but with a fairly significant budget, a 'medium' level of detail was expected. A key point of interest was as to how the contractor risk would be managed. The assurance exercise concluded that the level of detail within the commercial case was insufficient at the time of writing this report. Understandably, the case was work in progress.

The financial case was deemed to include a sufficient level of detail given the value and complexity of the project. A medium-high level of detail was expected given the project has a significant capital spend, revenue costs and revenue incomes.

The management case does not appear to include the required level of detail. For example, the capabilities of the team members required to deliver the project on scope, time and budget is not justified. Additionally, this project offers a large number of benefits. Whilst the KPIs and measures are found in the Strategic Case, a realisation, monitoring and evaluation strategy is not found in the management case.

3. Strategic case

3.1 The strategic context

The strategic drivers for this investment and associated strategies, programmes and plans are to improve

- accessibility to leisure and health services
- the leisure activity offering in the town, addressing current and future demand for leisure activities
- the health of the town population

3.2 Strategic case assessment

The Strategic Case should cover	RAG Status	Status Comments / Evidence	Actions
Summary of the case for change		<p>A compelling case for change has been presented. The existing leisure centre was built in the 70s and is stated to be in a poor condition. It also has limited accessibility, offerings for older children and teenagers, high area deprivation and poor social mobility, with high mental and physical health issues.</p> <p>There is a significant catchment area and demand for leisure services which is set to increase with a new housing development at Egstow.</p> <p>This project seeks to tackle the above issues and address the future demand for leisure services and presents a series of options to do so that are aligned with TIP1 objectives and other relevant local and regional strategies.</p>	No action required
Summary of the national, regional, and local policy drivers		The stakeholders section evidences project alignment to a number of policies and strategies including the NEDDC Health and Well-Being Strategy and the Joined-Up Care Derbyshire Prevention Strategy (2018).	No action required

Summary of the project vision and SMART objectives		A table of outcomes, issues, interventions and how the outcome is achieved is evidenced. Whilst not in the correct SMART format, unpicking the detail does reveal underlying objectives, being the outcome itself.	Include project objectives in the SMART format
Summary of the proposed project outcomes, outputs, and interdependencies		A table of outcomes, issues, interventions and how the outcome is achieved is evidenced. Some of the interventions appear to be the outputs and the outcome reads as 'how the outcome is achieved'.	Reframe the detail in to 'outcomes' and 'outputs'.
Summary of stakeholder views		<p>There is evidence of stakeholder engagement. The Physical Activity and Lifestyle Support group collaborates across sectors. Partners include the Derbyshire Health and Wellbeing Board, Place Alliance, One Public Estate and the North Derbyshire Strategic Health and Wellbeing Group.</p> <p>The Clay Cross Healthy Futures group has been developed with a 52 strong consortium of partners operating services in Clay Cross. The main aim of the consortium is to improve the overall Health and Wellbeing of all local residents via a co-ordinated partnership approach 'providing something for everyone'.</p> <p>A Young People's sub-group has been established for engagement.</p>	No action required

3.3 Validity statement

Based on this analysis, the validity of the Strategic Case for the scheme is deemed to be compliant. However, it is advised to reframe the '*outcomes, issues, interventions and how the outcome is achieved*' table in to SMART objectives, outputs, and outcomes only.

4. Economic case

4.1 Economic Case Assessment

The Economic Case should cover	RAG Status	Status Comments / Evidence	Actions
Options /scenarios considered in appraisal		Several options considered and appraised through cost and benefit analysis. A preferred is arrived at with rationale.	No action required
Summary of economic benefits considered, both local and national		<p>Various economic benefits are presented in the business case. These have been analysed in depth, factoring in bespoke benefit time periods per benefit when monetising.</p> <p>Several sources of data have been used to determine assumptions behind the monetising calculations. Sources include HACT, Simerica, Sport England Economic Value of Sport.</p> <p>The nature of project provides mostly local benefits only which have been considered. A national benefit which has been considered is on carbon savings.</p> <p>Non quantifiable benefits have been identified and each option assessed against how well it scores against the non-quantifiable benefit.</p>	Consider including references and/or calculations that back up the final benefit figures as an appendix.
Summary of economic costs, including optimism bias		<p>Economic costs for all options presented with unit rates for some cost items and no unit rates for others.</p> <p>Costs include borrowing and ongoing revenue costs, thus a conservative approach was taken when calculating the VfM.</p> <p>Appears to be a variation to costs per the RIBA2 process but the overall cost remains to be forecasted to £21.8m.</p> <p>Optimism bias has been applied with respect a 'standard building project'</p>	No action required

Value for money assessment, with key results.		VfM assessment has been carried out for all options, with three options having a BCR above 2. A most preferred option is selected with rationale behind why the option was selected, despite not having the highest VfM.	No action required
Consideration of place-based impacts		Place based impacts have been considered such as regeneration, image of the local area, health benefits crime savings and labour supply benefits. Due to the nature of this isolated project, these place-based impacts seem appropriate. The VfM via these interventions is not dependent on other interventions that may or may not be happening in the local area. The project aligns with local initiatives such as Active Derbyshire's Sports Strategy.	Consider linking the place base impacts with the wider strategic initiatives in the area. For example, the impacts align with Active Derbyshire's Sports Strategy; however, this is not made clear in the Economic Case.
Sensitivity tests		Sensitivity tests have been performed on three scenarios: optimism bias in costs, 20% lower usage of the leisure centre and inflation of building costs.	No action required

4.2 Validity statement

Based on this assurance review, the Economic Case appears to be compliant, and the level of detail proportionate for this project.

5. Financial case

5.1 Financial Case Assessment

The Financial Case should cover	RAG Status	Status Comments / Evidence	Actions
Summary of costs		F&G cost consultancy report has developed a breakdown of the costs involved for the project up to RIBA stage 1. The project total will be £21.9m with the leisure centre costing £11.5m.	No action required
Summary of revenues		Financial model is detailed enough to cover the complexities of the project and has made an attempt to forecast revenues and operating costs. Assumptions look to be relevant and backed by evidence.	No action required
Summary of how the project will be funded		Funding ask, including source of each ask, is evidenced in the latter part of the financial case. This is generally found and is more impactful at the start of the financial case.	<ul style="list-style-type: none"> Consider moving the summary – 3.14, 3.15 (table 37) to the front of the financial case so that the reader understands the ask immediately
Financial risks and mitigation plans		Risks evidenced and appear appropriate. A risk register with mitigations is included in the appendix	<ul style="list-style-type: none"> Recommend including the financial risks and mitigations in the financial case

5.2 Validity statement

Based on this analysis, the validity of the Financial Case for the scheme is deemed to be compliant. It is advised to begin the financial case with the funding ask/requirement, followed by the sources of funds. Additionally, risks could include the mitigation in addition to the current risk and impact.

6. Commercial case

6.1 Commercial Case Assessment

The Commercial Case should cover;	RAG Status	Status Comments / Evidence	Actions
Commercial feasibility of projects		<p>Feasibility work has been completed, demonstrating that there is demand for the leisure centre, in turn generating revenue.</p> <p>The Management Case evidences collaboration with ISG to deliver the project; thus, a supply chain exists to deliver.</p> <p>The projects alignment with other regeneration within Clay Cross has also been considered.</p>	<p>Recommend including details on use of ISG s in the commercial case and not the management case because this demonstrates that there is a supply chain to deliver the project in turn showing the project is feasible.</p>
Contractual issues and high-level approach		<p>The Management Case states the project will be delivered via the UK Leisure Framework. The terms are assumed to alleviate any contractual issues.</p>	<p>The details of the UK Leisure Framework should be referenced in the commercial case because this forms part of the procurement and delivery strategy.</p>
Procurement strategy and key risks, including risk transfer strategy and mitigation plans		<p>A detailed procurement strategy was developed by an external consultant which explored the various procurement routes which subsequently informed selection of a preferred route. This route importantly promotes early contractor involvement who can bring their expertise in the sequencing of delivery activities etc to reduce delay and cost increases.</p>	<ul style="list-style-type: none"> Clearly state whether a single or two stage develop and construct route has been chosen. If a decision is not yet made, this should be explained e.g., expected time to make decision and whether the decision impacts cost and delivery timescales Recommend including the relevant procurement risks from the register in the Commercial Case.

		<p>A fixed price approach has been taken which transfers cost risk to the contractor.</p> <p>Contractor (ISG) has been appointed under Leisure Framework terms</p> <p>Regarding risks, a risk register has been evidenced; however, relevant risks have not been included in the commercial case section.</p>	<ul style="list-style-type: none"> The procurement strategy found in the management case should be moved to the commercial case
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6.2 Validity statement

Based on this analysis, validity of the Commercial Case for the scheme is deemed to be compliant solely on the basis that the required detail exists within the overall document. Due to structuring, the detail is not all within the commercial case. It is advised that the document is restructured so that the commercial case does not lose credibility when the necessary detail exists.

Additionally, relevant risks are advised to be included within the Commercial Case opposed to simply referencing the risk register in the appendix.

7. Management case

7.1 Management Case Assessment

The Management Case should cover	RAG Status	Status Comments / Evidence	Actions
Governance arrangements, including key roles and responsibilities	Green	Key roles and high-level responsibilities stated. Governance evidenced as far as a reporting, org structure and change control; which, is stated to be agreed in the contractor and sub-contractor contracts. .	No action required
Programme and timeline for delivering the project included	Green	Delivery timescale evidenced	No action required
Approach to project management outlined, demonstrating capability for delivering the project	Yellow	Key roles within the project structure ae stated but capabilities to deliver each role is not explored in as much depth expected for this project, proportionality wise.	Recommend explaining how each person has the capability to deliver this project on scope, time and budget. Advise including the (sub)contractor capabilities too.
Key stakeholders identified, and stakeholder engagement strategy presented	Green	Key stakeholders listed and engagement strategy is to invite stakeholders to two-monthly meetings and consult on an ongoing basis.	No action required
Key risks identified	Green	A number of risks have been identified that appear appropriate to the project scope. These are found within the appendix.	No action required
Project interdependencies identified	Green	Project is deemed independent of other projects	No action required
Summary of benefits realisation plan and monitoring and evaluation strategy developed	Yellow	The benefit measures are evidenced in the Strategic Case; however, it is not	Person responsible for monitoring and

		accompanied by 'who' out of the project team is responsible for monitoring and evaluating.	evaluating benefits should be stated.
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7.2 Validity statement

Based on this analysis, the validity of the Management Case for the scheme is deemed to be near compliant. It is advised that the capability of the project team to manage themselves and the contractor to deliver on scope, time and budget is justified. A significant number of benefits are stated in the strategic case, along with KPIs and measures but these are not amalgamated in to a benefits realisation strategy within the Management Case. For a project of this scale that delivers a multitude of benefits, it is advised to demonstrate to DLUHC the teams desire to monitor and evaluate benefits on an ongoing basis.

8. Review

8.1 List of project stakeholder engaged

The following stakeholders were:

Name	Organisation and role
Cassie Houlden	Associate Director, Amion Consulting
Rachel Fowler	Managing Director, Strategic Leisure
Matthew Broughton	Director – Transformation, NEDDC

8.2 Programme/Project documents reviewed

Document Name
SPK Risk Register V1
SPK TF Procurement Info
SPK Financial Info
Appendix 4 – Community Activity Hub Revenue Model
NEDDC – SOPG Report V11 – 19.01.22
Economic benefit calculation
Email from Cassie Houlden explaining basis of economic benefits
NEDDC – Towns Fund Report V2 01.03.22
NEDDC - Towns Fund Report - V4 - 08.03.22

9. Recommendation

At time of writing this report, the project business case is recommended as '**Ready to proceed**'.

Recommendations are:

The management case could be improved by demonstrating team capability to deliver the project, and a defining a robust benefits realisation strategy.

Regarding the commercial case, this is more of a structuring improvement. The details exist within the overall business case but should be within the commercial case

The strategic case requires framing the objectives in to the SMART format and providing additional policy drivers.

¹Following the due diligence process the independent expert will consult with the Section 151 Officer and projects will be classified as:

- *Ready to proceed*
- ~~*Ready to proceed, pending limited additional information*~~
- ~~*Not ready to proceed/require significant additional information*~~

Signed:

Date:

Senior Responsible Owner – Jayne Dethick

Signed: Mark. K. Holmes – Operations Director - Mace



Date: 09th March 2022

Mace Business Case Assurance Lead

¹ Town Deal Fund criteria form Project Assurance Framework

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