



Department  
for Transport

# Transport Business Cases: The Levelling Up Toolkit

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Department for Transport  
Great Minster House  
33 Horseferry Road  
London SW1P 4DR



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# 1. Executive summary

## Introduction

- 1.1 Transport is a vital enabler for a productive and well-connected economy, allowing the movement of people and goods in towns and cities across the UK. Investment in the transport network can create larger and more unified labour markets, improve access to local services, enhance firm to firm connectivity, and expand access to new and existing markets, including international gateways.
- 1.2 These impacts are pivotal in ensuring that we level up and unite the UK as we recover from the coronavirus pandemic. As set out in the [Levelling Up White Paper](#), the government is committed to spreading opportunity and prosperity to all parts of the UK. DfT aims to deliver on the levelling up agenda, [as set out in the DfT Outcome Delivery Plan](#) and the strategic priority to **Grow and Level Up the Economy**.

### Grow and Level Up the Economy

Improve connectivity across the United Kingdom and grow the economy by enhancing the transport network on time and on budget

- 1.3 The levelling up agenda is ingrained through all of DfT's strategic priorities, whether it be through impacting the quality of people's lives (as per the strategic priority to **Improve Transport for the User**) or decarbonising transport across the entire of the UK (as per the strategic priority to **Reduce Environmental Impacts**).

## Purpose of this toolkit

- 1.4 This toolkit is designed to help business case authors engage with and assess how a transport proposal contributes towards delivering the DfT strategic priority to **Grow and Level Up the Economy**. The toolkit can be used in the strategic dimension of the business case, where 'levelling up' is a relevant strategic objective of the transport programme or project.
- 1.5 The use of the toolkit will help to ensure that transport investments are:

- strategically aligned to delivering the DfT strategic priority to **Grow and Level Up the Economy** and other relevant departmental and government priorities
  - designed to be implemented as part of a coherent and comprehensive national, regional or local growth strategy
  - developed in collaboration with stakeholders
  - supported with robust and balanced evidence and analysis
- 1.6 A non-exhaustive list of the types of possible indicators that could be used to demonstrate the levelling up case for a transport investment are provided. Business cases should explore a wide range of evidence, proportionate to the scale of the investment. This is to ensure that the proposal is underpinned by balanced information and supported by the appraisal presented throughout the five dimensions of the business case.

The evidence and analysis presented should make sufficient use of DfT guidance, including:

- [Transport Analysis Guidance \(TAG\)](#), specifically, the economic, social and distributional impacts guidance
- [DfT Value for Money Framework](#) which explains how to assess and report value for money advice
- [DfT Strength in Numbers Framework](#) which is the analytical assurance framework that sets out how analysis is used in DfT

## Scope of this toolkit

- 1.7 **This toolkit replaces the Rebalancing Toolkit that was published in 2017 and is supplementary to the [Transport Business Case Guidance](#). The content set out here aligns to the [Transport Analysis Guidance \(TAG\)](#), to ensure there is strategic alignment throughout the business case process.**
- 1.8 This document reflects the government's renewed ambition to levelling up the UK, as set out in the [Levelling Up White Paper](#), and DfT's commitment to deliver this through improving local public transport connectivity, bringing it significantly closer to the standards of London by 2030. We are therefore shifting the focus of investment towards transport projects that link towns, cities and left behind places outside of London and the South East.
- 1.9 This toolkit includes new sections on:
- structuring the strategic dimension, with an application to levelling up and transport, and ensuring that this feeds through to the whole business case
  - determining a place-based rationale for a transport intervention
  - possible metrics and data sources that can be used to evidence the levelling up case for intervention
  - undertaking a strategic assessment of options
  - theory of change process mapping
  - assessing transformational impacts

**1.10 This toolkit provides a structure to the strategic dimension of the business case, with an application to transport investments and the levelling up agenda.**

The strategic dimension:

- outlines the strategic context which the proposal contributes to delivering
- sets out the problem(s) with the current situation
- seeks outcomes that will be delivered through investment which are expressed as clear objectives that are Specific, Measurable, Achievable, Realistic and Time-constrained (SMART)
- uses the SMART objectives to drive the strategic assessment of options in the strategic dimension and the full options appraisal in the economic dimension

1.11 The toolkit should be used as a proportionate tool within the strategic dimension of the business case, in accordance with the scale of the investment and the relevance of the proposal to the levelling up agenda.

### Coherence to HM Treasury business case guidance

**1.12 HM Treasury business case guidance should be read alongside this toolkit.**

This document applies the HM Treasury (HMT) principles specifically in relation to transport and levelling up. The toolkit does not replace HMT's Business Case Guidance, which outlines the steps required for developing business cases using the Five Case Model, of which the strategic dimension is an important part. This toolkit is therefore supplementary to, and consistent with:

- [HM Treasury: The Green Book - appraisal and evaluation in central government](#)
- [HM Treasury: Business Case Guidance for Projects](#)
- [HM Treasury: Business Case Guidance for Programmes](#)
- [HM Treasury: Public Value Framework](#)

1.13 In 2020, HMT completed a review of the Green Book and introduced new guidance for the consideration of place based effects, outlined in [Annex 2 of the 2020 Green Book](#). This requires place based effects to be considered where:

- Proposals have an objective specific to a particular place or area
- Proposals do not have place-specific objectives but appear to have different implications for different parts of the UK

1.14 Place based analysis can therefore be required even when the objective of the proposal is not focused to a particular place or area. This primarily affects the analysis presented in the economic dimension of the business case, but also affects objective setting and options appraisal.

1.15 DfT remains open to views on scope and content of the toolkit, which is a live document and open to change. We will review the toolkit in due course. Please send any comments to the strategic dimension guidance team at [StrategicCases@DfT.gov.uk](mailto:StrategicCases@DfT.gov.uk). Staff in the Department for Transport can consult the

department's intranet guidance and contact the Strategic Centre of Excellence team for further information.

## 2. Toolkit at a glance

Step	Section	Checklist questions
<b>Step 1 – The Strategic Context</b>	<b>Determine the strategic fit to levelling up priorities</b>	<ul style="list-style-type: none"> <li>• How does the proposal contribute to achieving the levelling up priorities of the organisation(s) responsible for developing and delivering the investment?</li> <li>• How does the proposal reduce spatial disparities to achieve levelling up priorities at the national, regional and local scale?</li> <li>• Does the proposal contribute to uniting and strengthening connectivity across the nations in the UK?</li> <li>• How does the proposal interact with the hierarchy of strategic portfolios, programmes and projects in which it is part of?</li> </ul>
	<b>Align the proposal to place-based strategies in the area(s) in scope</b>	<ul style="list-style-type: none"> <li>• Is the proposal aligned to existing and planned policies in the area?</li> <li>• Does the proposal contribute to achieving transformational change in the area(s)? If so, how?</li> </ul>
<b>Step 2 – The Case for Change</b>	<b>Determine the rationale for a transport intervention</b>	<p><b>Overarching questions:</b></p> <ul style="list-style-type: none"> <li>• What is the current situation? What is the problem that requires solving?</li> <li>• What can be done to solve the problem(s)?</li> <li>• What outcomes are expected to be achieved?</li> </ul> <p><b>Questions related to levelling up:</b></p> <ul style="list-style-type: none"> <li>• What is the geographic, economic, demographic and social context of the area(s) in scope?</li> </ul>



		<ul style="list-style-type: none"> <li>• What services does the current transport network provide to the area and how is it used?</li> <li>• What transport barriers are preventing or restricting levelling up outcomes in the area? For example, how do these barriers prevent or restrict growth, an uplift in skills or better health outcomes?</li> <li>• Is a transport investment the most appropriate option to solve the problem(s) identified? Does the investment unify and deliver levelling up outcomes to the area(s)?</li> </ul>
	<p><b>Set SMART spending objectives</b></p>	<ul style="list-style-type: none"> <li>• Have 3-6 SMART spending objectives of the proposal been defined?</li> <li>• Do the SMART spending objectives align to the priorities outlined in the strategic context, including those regarding levelling up?</li> <li>• Do the SMART spending objectives define the outcomes of the proposal and provide measures of success?</li> </ul>
	<p><b>Ensure the intervention options are strategically aligned</b></p>	<ul style="list-style-type: none"> <li>• Has a strategic assessment of options against the strategic priorities and SMART spending objectives been conducted?</li> <li>• Have the options in the longlist that do not contribute to achieving the levelling up priorities and the SMART spending objectives been discarded from the shortlist?</li> </ul>
	<p><b>Describe and evidence the impacts of the proposal</b></p>	<ul style="list-style-type: none"> <li>• What are the levelling up outcomes and impacts (strategic benefits) that the proposal aims to deliver?</li> <li>• Has a theory of change process been produced that is supported with evidence?</li> <li>• To what extent are the values of the impacts accounted for in the economic dimension appraisal?</li> <li>• What is the role of transport in delivering the impacts? To what extent are the outcomes and impacts of the scheme dependent on other policies that it interacts with?</li> </ul>
	<p><b>Consider stakeholder views</b></p>	<ul style="list-style-type: none"> <li>• Have the main stakeholder groups been consulted?</li> <li>• How have the perspectives of key stakeholders been accounted for in the design of the proposal?</li> </ul>

## 3. Strategic Context

- 3.1 The strategic context is the first component of the strategic dimension in the business case. It should set out how the transport proposal contributes to achieving the levelling up priorities of:
- the organisation(s) responsible for the development and delivery of the proposal
  - the area(s) in scope at the national, regional and local scale
  - the strategic portfolios, programmes and projects in which the proposal interacts with
- 3.2 To ensure the proposal is brought forward as part of a wider place-based strategy, it should be developed in collaboration with relevant local stakeholders. The business case should consider how the transport proposal complements and will be delivered alongside planned and existing local policies that are owned by different organisations.

### Setting the strategic context

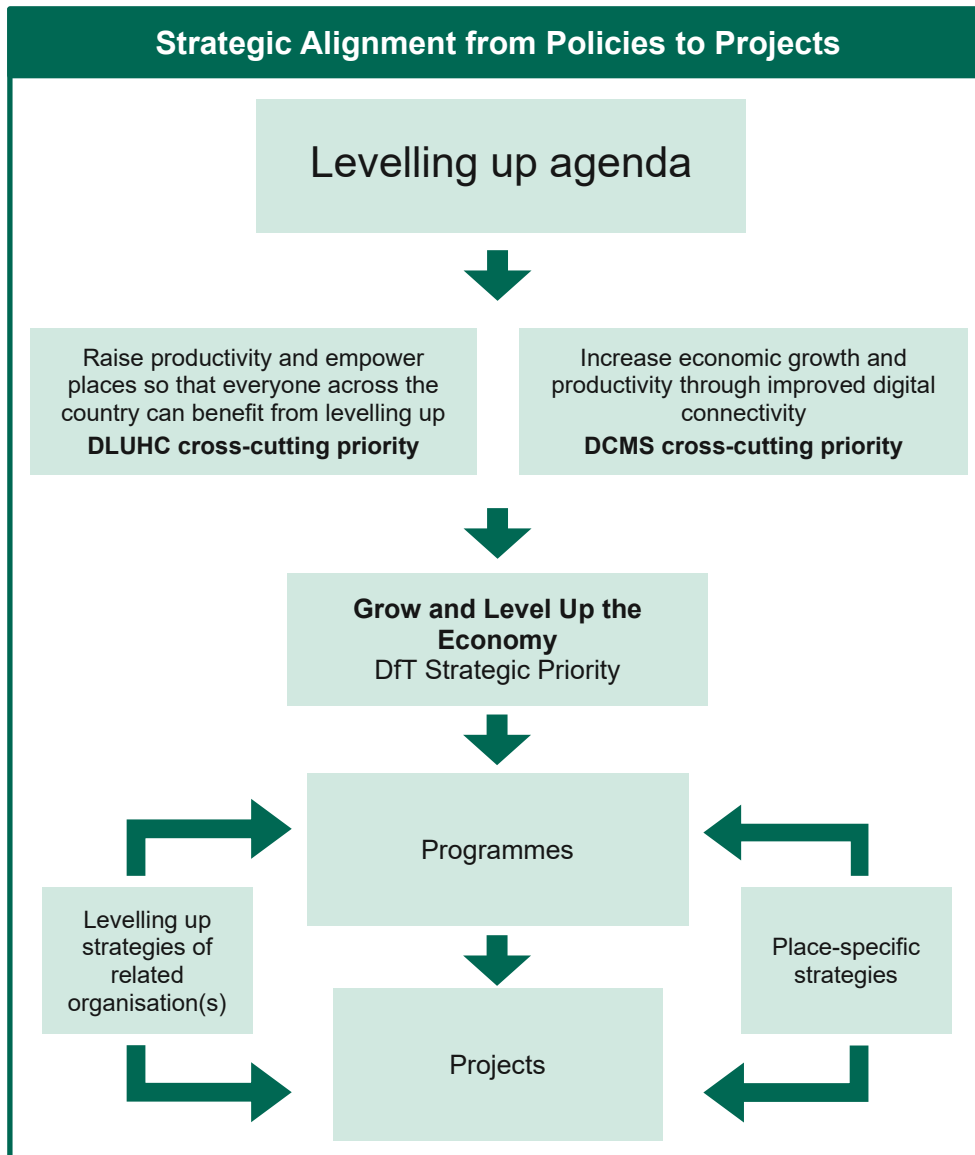
#### Determine the strategic fit of the transport proposal to levelling up priorities

- 3.3 Explain how the transport investment contributes to delivering levelling up priorities through reducing geographical disparities in productivity and opportunity across the UK.
- 3.4 Set out the relevant strategies that share common levelling up objectives and describe how the transport proposal aligns to delivering on their aims. These strategies may include:
- **The government's strategy** to level up the UK that aims to boost productivity, pay, jobs and living standards; spread opportunities and public services; restore local pride; and empower communities – as presented in the [Levelling Up White Paper](#)
  - **DfT and other government department strategic priorities** that focus on achieving levelling up [as published in the DfT Outcome Delivery Plan](#). These will include the DfT-led strategic priority to 'Grow and Level Up the Economy' and the strategic priorities led by the Department for Levelling Up, Housing and Communities (DLUHC)

- **Place-based strategies** for the economic performance and social quality of the region and/or local area(s) in scope of the investment
  - **Relevant organisation(s) strategies on levelling up.** These should be the organisation(s) responsible for developing and/or delivering the investment. This may include strategies of Arms-Length Bodies such as National Highways
- 3.5 Describe how the proposal interacts with the hierarchy of strategic portfolios, programmes, and projects in which it is a part of. All components of the hierarchy should collectively contribute to achieving overarching levelling up priorities that aim to improve productivity, spread opportunity, and raise living standards.
- 3.6 Consider how the proposal will work alongside other funding streams or bids that are either in place or are being sought to level up the area. This may include schemes such as the [Levelling Up Fund](#) and the [City Region Sustainable Transport Settlements](#).

## Strategic alignment from policies through to projects

3.7 An example of a logic map demonstrating the strategic alignment of levelling up priorities from policies through to projects is provided below.



## Align the transport proposal to place-based policies and strategies

3.8 Define the existing and planned policies of the area(s) in scope and set out how the transport investment will be delivered alongside them. Describe the interventions that may be dependent on or complementary to the proposal.

- 3.9 Explain how the transport proposal aims to improve connectivity and enable the existing and planned policies in the area(s) to flourish. [Further information on the connecting and enabling role of transport can be found in section 4.25.](#)

### Designing integrated transport proposals

Transport interventions should seek to complement existing infrastructure and economic structures as well as planned policies and investments.

This may include connecting other transport schemes across modes, existing and planned funding streams or bids, housing developments, employment, and skills policies. These policies should work together to simultaneously contribute to the local and regional levelling up priorities.

- 3.10 Transport proposals that are a part of a coherent package of place-based policies can lead to outcomes such as:
- strong employment and improved access to good-quality jobs
  - business expansion and growth of specialised sectors through high-value clusters of economic opportunity and greater access to new markets
  - investment attracted into the area that fosters trade and innovation
  - improved outcomes for individuals with diverse needs and increased pride and sense of community in their local places
- 3.11 The transport proposal should be developed holistically and in collaboration with relevant stakeholders in the impacted area(s). [Further information on stakeholder views can be found here.](#)

### Transformational change

- 3.12 Proposals that have an objective of achieving transformational change should be clearly explained, in detail, and supported by substantial evidence. Annex 7 of the [HM Treasury 2020 Green Book](#) provides detailed guidance on Transformation, Systems and Dynamic Change. Further information on the transformational impacts of transport proposals can be found in the [exploring impacts of the proposal section](#).
- 3.13 Whilst it is clear that transport plays a significant role in the economy, **transport interventions are unlikely to deliver transformational change in isolation.**
- 3.14 Transport networks can facilitate transformational change in an area when they are delivered as part of a coherent and comprehensive place-based strategy. This will be underpinned by strategic portfolios, programmes and projects that all aim to achieve levelling up outcomes.

3.15 A package of policies that are delivered together, over a period of time, can lead to the regeneration of local areas and more productive towns and cities. Integrated policies are essential to supporting the delivery of targeted and improved outcomes for the diverse needs of all people and places across the UK.

**Transformational change is defined as:**

- A **fundamental, structural change** in the subject being transformed so that the subject, when transformed, has very different properties and behaves or operates in a different way; and
- Being, in practical terms, **virtually irreversible** so that the removal of the intervention will not cause the system to revert to its original state

## 4. Case for Change

- 4.1 The case for change is the second component to the strategic dimension of the business case. This section should provide a clear rationale for why a transport intervention is required, either now or in the future, in order to level up the area(s) in scope.
- 4.2 The information provided in the case for change should:
- outline the existing context in the area(s) of scope, including the current provision of transport services that may act as a barrier to achieving levelling up outcomes
  - set SMART objectives that the transport proposal aims to deliver and therefore determine the outcomes expected from the investment
  - outline the feasible options for the investment, drawing from the options appraisal presented in the economic dimension of the business case
  - assess the extent to which the options achieve the proposal's objectives and align to the levelling up priorities identified in the strategic context section
  - explore and evidence the impacts (strategic benefits) that the proposal will have on people, businesses and places – this can include using a theory of change process
  - describe the stakeholder engagement and consultation process

## Identify the rationale for a transport intervention

**A rationale that clearly determines the levelling up case for a transport intervention should answer the following questions:**

1. Does the geographical location, in scope of the investment, require levelling up? Are there geographical disparities?
2. What services does the current transport network provide to the area and how is it used?
3. Is the current transport network acting as a constraint or a barrier to achieving levelling up outcomes? Does it suit the needs of all individuals and places?
4. Have alternative options, including non-transport policies, been explored? Is a transport investment the most appropriate mechanism to delivering on levelling up priorities?

### Set out the context of the geographical area(s) in scope

- 4.3 Define the geographical scope of the investment (for example, whether the proposal is an intra-city, inter-city or rural investment) and provide a rationale for this approach.
- 4.4 Identify the economic, demographic, and social context of the impacted area(s). This should include the area(s) that are outside the direct location of the investment spend but may indirectly benefit from the proposal.
- 4.5 Present robust and balanced evidence throughout, that draws upon the area's current and future characteristics. This should align to the analysis and appraisal presented in the economic dimension of the business case.
- 4.6 A non-exhaustive list of possible indicators that can be used to evidence the geographic, economic, demographic and social context of an area is presented in Table 1. These are optional indicators that can be presented within a business case and the extent of the evidence presented should be proportionate to the scale of the investment. Further potential metrics are published in the Levelling Up White Paper technical annex.
- 4.7 **Indicators should be compared to national and regional averages or to a comparable area with higher relative productivity growth.** Show how the indicators have changed over time and provide a justification for the trend observed.



Table 1: Possible indicators that can evidence the context of an area		
Area context	Possible indicators that could be used	Data sources
What is the <b>geographical scope</b> of the area?	<ul style="list-style-type: none"> <li>Identify the region, combined and/or local authority.</li> <li>Include maps of the area(s) in scope, including areas outside of the investment that may be indirectly impacted.</li> <li>Define the area(s) characteristics (urban/rural, coastal area, isolated etc.).</li> </ul>	<a href="#">ONS Urban/Rural definitions</a>
What is the <b>economic context</b> of the area?	<ul style="list-style-type: none"> <li>Total GVA output</li> <li>GVA per hour worked</li> <li>Median gross weekly pay</li> <li>Gross disposable household income</li> <li>The income distribution of the population</li> <li>Recent and committed government investment</li> <li>Levelling Up Fund Prioritisation Areas</li> </ul>	<a href="#">ONS GVA statistics</a> <a href="#">ONS sub regional labour productivity</a> <a href="#">Nomis Annual Survey of Hours and Earnings</a> <a href="#">ONS Employee Earnings in the UK</a> <a href="#">Levelling Up Fund: additional documents</a>
What is the <b>demographic makeup</b> of the area?	<ul style="list-style-type: none"> <li>Population growth</li> <li>Breakdown of the area population by characteristics, including the proportion of the population that are working age.</li> <li>Assess the impact on individuals with protected characteristics as set out in the Equality Act 2010.</li> </ul>	<a href="#">Nomis population estimates and projections</a> <a href="#">ONS local area migration statistics</a> <a href="#">Equality Act 2010: Public sector equality duty</a> <a href="#">DWP - The Family Test</a>
What is the <b>social context</b> of the area?	<ul style="list-style-type: none"> <li>Indices of deprivation</li> <li>Healthy life expectancies at birth</li> <li>Living costs and challenges – for example, house prices, transport or freight costs</li> <li>Proportion of school children eligible for Free School Meals</li> </ul>	<a href="#">English Indices of Multiple Deprivation</a> <a href="#">ONS Income Deprivation at LSOA level</a> <a href="#">ONS family spending in the UK</a>
What is the <b>labour market context</b> of the area?	<ul style="list-style-type: none"> <li>Number of jobs, job vacancy rates and jobs growth</li> <li>Employment rate and unemployment rate (16 to 64-year olds)</li> <li>Employment by occupation and industrial classification</li> <li>Proportion of the population aged 16-64 with level 3+ qualifications</li> <li>Percentage of young people (16 to 24-year olds) that are not in education, employment or training (NEET)</li> </ul>	<a href="#">Annual Population Survey</a> <a href="#">ONS employment and labour market statistics</a>
What is the <b>sector decomposition and business environment</b> of the area?	<ul style="list-style-type: none"> <li>Business population growth</li> <li>Businesses by occupation and industrial classification</li> <li>Retail unit vacancy rates</li> </ul>	<a href="#">UK Business Counts</a> <a href="#">ONS business demography</a> <a href="#">ONS business insights and impact</a> <a href="#">Annual Population Survey</a> <a href="#">Business Register and Employment Survey</a> <a href="#">HMRC Regional Trade Statistics</a> <a href="#">ONS research and development expenditure</a>

## Describe the current transport network in the area(s)

- 4.8 Provide an overview of the current transport infrastructure and services in the area and evidence how different groups of individuals and businesses use the network. This helps to explain the rationale for a transport intervention and the problems that require addressing.
- 4.9 A non-exhaustive list of possible indicators that can be used to evidence the transport network in an area is presented in Table 2. These are optional indicators that can be presented within a business case and the extent of the evidence presented should be proportionate to the scale of the investment.

Table 2: Possible indicators that can evidence the transport network in an area	
Transport context	Possible indicators that could be used
What is the <b>existing transport network</b> in the area?	<ul style="list-style-type: none"> <li>• Maps of the area showing the existing transport network across modes</li> <li>• Services per hour (e.g. trains per hour)</li> <li>• Policies in construction or planning phases</li> <li>• Regional public transport spend per head</li> <li>• Recent and committed investment in the transport network</li> </ul>
What is the current measure of the network's <b>journey time and reliability</b> ?	<ul style="list-style-type: none"> <li>• Average delays and cancellation rates</li> <li>• Journey times and variability</li> <li>• Frequency of services</li> <li>• Capacity levels</li> </ul>
How <b>safe</b> is the current transport network?	<ul style="list-style-type: none"> <li>• Accident rates, including fatalities and serious injuries</li> <li>• Quality and maturity of transport infrastructure</li> <li>• Carbon emissions, air and noise pollution</li> </ul>
How <b>satisfied is the transport user</b> with the current network?	<ul style="list-style-type: none"> <li>• Journey satisfaction rates by mode</li> <li>• Local area transport provision satisfaction rates</li> </ul>
How does the current transport network <b>connect people and places</b> ?	<ul style="list-style-type: none"> <li>• Modal breakdown by user characteristics</li> <li>• Frequent commuter and freight routes</li> <li>• Aggregate number of jobs reachable within specific journey times (i.e. 60 minutes) by mode of transport</li> <li>• Time taken between the inner and outer region of the area</li> <li>• Time taken to/from the nearest large employment centre and/or local services such as health centres and schools</li> <li>• <a href="#">National Infrastructure Commission (NIC) Transport Connectivity measures</a></li> </ul>

## Explain how the current transport network may act as a constraint or barrier to levelling up the area

- 4.10 Identify the transport issues, from the transport context section, that may act as a barrier to improving productivity, raising living standards and spreading opportunity in the area(s). This should include factors such as access to jobs and education services.
- 4.11 This should account for the transport barriers that currently occur and those that may occur in the future in order to determine the timing of the investment. Describe how the barriers affect different groups of individuals and businesses and the overall economic and social performance of the area.
- 4.12 A non-exhaustive list of possible indicators that can be used to evidence the transport barriers to levelling up an area is presented in Table 3. These are optional indicators that can be presented within a business case and the extent of the evidence presented should be proportionate to the scale of the investment.

Table 3: Possible indicators that can evidence the transport barriers to levelling up an area	
Transport barriers to levelling up	Possible indicators that could be used
What is the impact of <b>poor journey times and reliability</b> ?	<ul style="list-style-type: none"> <li>Impacts associated with congestion, journey time delays and service punctuality, capacity levels and the overall reliability of journeys</li> </ul>
What is the impact of <b>poor connectivity</b> between people and places?	<ul style="list-style-type: none"> <li>Differences in access to employment opportunities and local services, including the impacts of journey times and high transport costs relative to incomes</li> <li>Impacts on business performance and access to trade</li> <li>Providing links as to how poor transport connectivity may influence the overall economic performance of the area through static and dynamic clustering</li> </ul>
What is the impact of <b>poor safety</b> of the network?	<ul style="list-style-type: none"> <li>Effects on individuals with protected characteristics and diverse needs</li> <li>Impacts of accident rates on freight connectivity</li> <li>Health and environment outcomes due to emissions and pollution from transport</li> </ul>
How will <b>future demand</b> and <b>travel behaviours</b> impact the use of network?	<ul style="list-style-type: none"> <li>Population growth projections that strain or exceed capacity limits</li> <li>Wider local planning schemes, including planned or committed investment in the area, such as housing developments</li> <li>Jobs growth projections, including movements to more or less productive jobs</li> <li>Business investment and expansion plans</li> <li>Attitudes towards public transport and active travel</li> </ul>

	<ul style="list-style-type: none"> <li>• Shifts in investment and demand to more sustainable transport modes.</li> <li>• Impacts from social and economic shocks (e.g. the COVID-19 pandemic)</li> </ul>
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## Establish SMART spending objectives

4.13 Define up to 6 Specific, Measurable, Achievable, Relevant, and Time-constrained (SMART) spending objectives that align to the levelling up priorities presented in the strategic context. SMART objectives determine the outcomes that the transport proposal aims to achieve.

SMART Objectives	
<b>S</b> pecific	
<b>M</b> easurable	<i>“To reduce Journey Time Variability, between point A and point B, by X% by Y year”</i>
<b>A</b> chievable	
<b>R</b> elevant	
<b>T</b> ime-constrained	

4.14 The SMART objectives should be set at the appropriate level of investment to ensure that the policy is strategically aligned and that outcomes can be realistically met.

4.15 SMART objectives act as measures of success and provide a clear basis for post-implementation evaluation. They also set the context for the full options appraisal in the economic dimension of the business case. The outcomes that result from achieving the SMART objectives should provide a solution to the transport barriers to levelling up and therefore lead to improvements in the economic performance and social quality of the area(s) in scope.

## Explore the options for investment

### Outline the investment options

4.16 Present the investment options that have been considered and describe how they were generated. The longlist of options should consider all feasible options that achieve the SMART objectives and show a clear contribution to delivering levelling up outcomes. This process ensures that the full scope of the proposal has been explored.

4.17 At the Strategic Outline Case (SOC) stage, the longlist of options should be presented and at the Outline Business Case (OBC) stage, the shortlist of options should be presented.

### Feasible options should explore:

- A range of transport modes
- Integrated modal and multi-sector policies,
- Different levels of intervention such as service improvements, maintenance, upgrades, or new infrastructure
- Mode-shift policies to more sustainable transport modes
- Net zero and low-carbon alternatives through construction, operation and use
- Different types of funding streams
- A range of implementation dates
- Legislative and non-legislative alternatives
- Innovative and new technologies

## Conduct a strategic assessment of the investment options

4.18 Assess the options to identify those that have a strong strategic alignment to achieving the SMART spending objectives and delivering to levelling up priorities. This should be conducted throughout the business case process.

### At the SOC stage

#### Run a strategic assessment of options workshop:

- All relevant stakeholders involved in the development of the proposal should attend, including senior managers
- The workshop should assess the extent to which the longlist of options achieves the SMART spending objectives of the investment and contributes towards achieving levelling up priorities
- This process will identify the options that have strong strategic fit to levelling up priorities

#### Discard the options that do not have strong strategic fit

### At the OBC stage

#### Run a second strategic assessment of options workshop for the shortlisted options:

- Review and confirm the strength of the strategic fit of the shortlisted options and the preferred way forward

#### Present detailed evidence and analysis in the economic dimension to determine the extent to which the shortlisted options have strategic fit to levelling up priorities

**Options that do not achieve the SMART spending objectives and do not show a clear contribution to delivering the levelling up strategic priorities should be discarded at the longlist stage**

4.19 Only options that provide strategic fit can be regarded as value for money. These options should be short-listed for detailed cost-benefit analysis and a full options appraisal in the economic dimension of the business case.

### **Case Study: Strategic Assessment of Options for a Hypothetical Transport Scheme**

Poor transport connectivity has been identified between two towns. The existing network between the two towns has limited capacity, resulting in poor performance and negative impacts on transport users' experiences. These issues have also been identified as constraints to local productivity and growth in the areas, therefore acting as a barrier to achieving levelling up outcomes.

Options to address these issues were developed by using the SMART spending objectives of the investment and the levelling up strategic context identified.

A longlist of options was created, and an exercise was undertaken to strategically assess each option against the SMART spending objectives and the levelling up strategic priorities. This process identified the options that had strong strategic fit.

Only options that showed strategic fit to the SMART objectives and the levelling up strategic priorities were taken forward to the shortlist options stage, where detailed cost benefit analysis and a full options appraisal was undertaken in the economic dimension of the business case.

The Strategic Assessment of Options is summarised in the table below. Options A to X are ranked against the strategic priorities at each level. They are assigned a RAGG-rating to determine the extent of the strategic fit to the levelling up strategic priorities and the SMART spending objectives of the investment.

The RAGG-rating indicates:

- **Red (R)** - the option opposes or creates tension with achieving the strategic priority and/or the SMART spending objective
- **Amber (A)** - the option has a minimal impact or has a small contribution to achieving the strategic priority and/or the SMART spending objective
- **Green (G)** - the option has a strong strategic fit to contributing to achieving the strategic priority and/or the SMART spending objective
- **Grey (Y)** – the option has no impact on achieving the strategic priority and/or the SMART spending objective, or the strategic priority is irrelevant.

In this case study, Option A demonstrates strong strategic fit and Option X demonstrates some strategic fit. Option B is discarded as it does not achieve the SMART spending objectives.

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Level of strategy	Strategic Priority	Option A	Option B	Option X
<b>National strategy</b>	The government's commitment to uniting and levelling up the UK economy through raising living standards, spreading opportunity, and improving productivity.	G	A	G
<b>Cross-cutting outcomes from government departments</b>	Raise productivity and empower places so that everyone across the country can benefit from levelling up (DLUHC cross-cutting outcome)	G	A	A
	Increase economic growth and productivity through improved digital connectivity (DCMS cross-cutting outcome)	Y	G	G
<b>Regional and local levelling up strategies relevant to the area(s) in scope</b>	Regional Strategy A: <i>Produced by the relevant regional and/or combined authority</i>	A	A	G
	Local Strategy A: <i>Produced by the relevant local authority</i>	G	R	A
	Local Strategy B:	G	G	A
<b>Department for Transport Strategic Priorities</b>  <i>The primary focus should be on "Grow and Level Up the Economy"</i>	Grow and Level Up the Economy	G	A	G
	Reduce Environmental Impacts	A	R	A
	Improve Transport for the User	G	G	A
	Increase our Global Impact	A	R	Y
	Be an Excellent Department	Y	A	Y
<b>Organisation(s) Strategic Priorities</b>  <i>Focused on levelling up strategies</i>	Agencies and Public Bodies strategies	G	R	G
	Sub-national Transport Bodies strategies	A	G	A
	Other organisation(s) strategies	G	A	A
<b>SMART Spending Objectives of the proposal</b>  <i>Between 3-6 SMART objectives are required</i>	SMART Objective 1	G	G	G
	SMART Objective 2	G	R	A
	SMART Objective 3, 4, 5, 6 etc...	G	R	A

## Explore the impacts of the proposal

### Define the impacts that the proposal will deliver

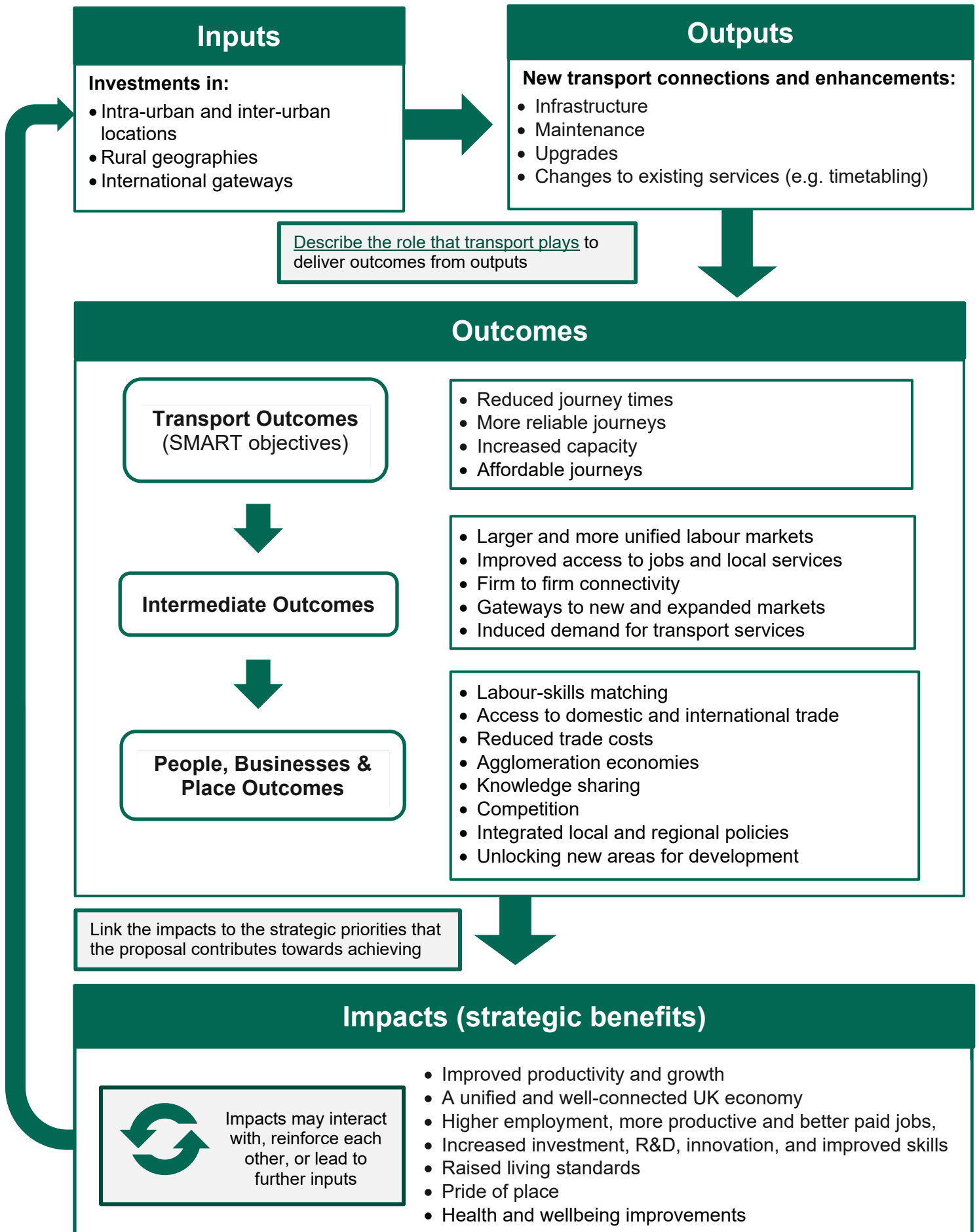
- 4.20 Impacts result from the outcomes of the proposal. Outcomes occur when the proposal achieves the SMART spending objectives.
- 4.21 A theory of change process should be used to clearly show how the transport proposal will deliver the intended outcomes and lead to the strategic benefits (impacts). An example of a levelling up theory of change is provided below. This is not an exhaustive list as components of the theory of change will vary depending on the type of proposal and area(s) in scope. Business case practitioners should adapt the theory of change, where appropriate, in accordance to their investment proposal.

#### The theory of change should answer:

- Does the proposal resolve the current and future transport barriers to levelling up the area?
- Is the proposal integrated to other existing and planned local policies, such as housing?
- How does the proposal directly deliver levelling up outcomes such as raising living standards, spreading opportunity, and improving productivity?
- How does the proposal contribute to improving the six capitals of levelling up (namely physical, human, intangible, financial, social, and institutional capital)?
- Does the proposal provide tangible benefits to people and businesses in the area(s)?
- What evidence is presented to support these claims?



Theory of change at a glance



## Define the role that the transport proposal will play in connecting and enabling other policies

4.22 Outline how the transport proposal interacts with other policies in the area, including non-transport schemes. The diagram below provides a non-exhaustive list of examples of policies that transport connects people and businesses to.



4.23 Set out the extent to which the outcomes and impacts from the transport proposal are dependent on other policies. This should draw from the interactions the investment has with other policies in the area(s) and the strategic portfolios, programmes and projects which are set out in the strategic context section.

## Alignment to the economic dimension

4.24 It should be clear to what extent the value of the impacts (strategic benefits) are already accounted for in the appraisal in the economic dimension of the business case. Impacts that are not accounted for should be explained, in detail, using a clear theory of change narrative and should be underpinned by robust and balanced evidence.

## Undertaking analysis of spatial impacts

- 4.25 Place based analysis should be conducted in line with the requirements set out in the [HMT Green Book Place Based Analysis Annex](#). Impacts of the transport proposal can be reported at the UK level and at the regional or local spatial scale.
- 4.26 Analysis of place may consider transport user benefits, wider economic impacts, and the social and distributional impacts of the scheme to the area(s) in scope. Explain if and where substitution, leakage and displacement of economic activity is expected to occur.
- 4.27 Spatial impacts may be visually presented in a graph or through the production of cartographic products, such as a choropleth map. This can demonstrate the dispersion of impacts throughout a geographic area in an accessible format.
- 4.28 Further guidance on place-based analysis can be found in the [Place Based Analysis Annex of the HMT Green Book](#). Transport business case authors should also [see TAG Unit A2.1 for further guidance on Appraisal of Wider Economic Impacts](#) and [TAG units A4.1 and A4.2](#) on Social and Distributional impact analysis.
- 4.29 DfT is planning to consult with our stakeholders and partners in order to develop high-quality tools and guidance that will support practitioners to undertake place based appraisal of transport schemes. This will inform the modelling and appraisal guidance set out in TAG. Further details will be available in due course.

## Transformational change

- 4.30 Transformational change should be assessed and reported at the strategic portfolio level. This should show a clear thread of alignment between the portfolios, programmes and projects and set out how their specific outputs are necessary for delivering the transformational objectives of the area(s) overall growth strategy. It should demonstrate the role that the investment in transport has made when delivered as a package of local growth policies and be supported by a robust and balanced evidence base.

## Stakeholder views

4.31 A wide range of evidence is required to highlight why the scheme is a priority for investment relative to other priorities identified in local and regional economic growth plans. This should draw on responses from consultations with key stakeholders to the investment and those associated with the area(s) in scope.

### Stakeholders may include:

- Government departments
- Agencies and public bodies
- Local Growth Units
- Regional, combined and local authorities
- Sub-national transport bodies
- Academia and industry experts
- Environmental organisations
- Individuals, businesses and community groups in the area(s) of scope