



Department
for Transport

Strategic Case Supplementary Guidance Rebalancing Toolkit

Moving Britain Ahead

December 2017

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website www.gov.uk/dft
General enquiries: <https://forms.dft.gov.uk>



© Crown copyright 2017

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Document version

| Version | Date | Description |
|----------------|-------------|--------------------------------------|
| 1 | 18/12/2017 | First version of rebalancing toolkit |

Contents

| | |
|---|----|
| The rebalancing toolkit | 5 |
| Introduction | 5 |
| Scope of the toolkit | 5 |
| Use of evidence | 6 |
| Part 1: Rebalancing toolkit - business cases for individual projects | 7 |
| Introduction | 7 |
| Step 1: Setting the context | 7 |
| Step 2: Identifying transport barriers | 8 |
| Step 3: Exploring options and strategic alternatives | 8 |
| Step 4: Exploring impacts of interventions | 9 |
| Step 5: Aligning with wider local plans and objectives | 9 |
| Step 6: Considering wider evidence and stakeholder views | 10 |
| At a glance: the rebalancing toolkit for individual projects | 11 |
| Part 2: Rebalancing toolkit – investment programmes | 12 |
| Introduction | 12 |
| Step 1: Considering the balance of spending | 13 |
| Step 2: Exploring options and strategic alternatives | 14 |
| Step 3: Describing impacts of interventions | 14 |
| Step 4: Considering stakeholder views | 14 |

The rebalancing toolkit

Introduction

- 1.1 The government, in the Industrial Strategy Green Paper, set out its ambition to rebalance the economy and drive growth across the country. In July 2017, DfT published its Transport Investment Strategy (TIS) which sets out its objectives and priorities for investment. This included a commitment to develop a new assessment standard to better consider rebalancing impacts in transport business cases. This aims to ensure rebalancing is considered more consistently within decision-making by improving the focus, quality and transparency of rebalancing evidence presented.
- 1.2 Business cases are used in DfT to inform decision making through setting out all the relevant information about a proposed investment. DfT use the Five Case Model for transport business cases¹. This ensures projects set out a compelling case on their strategic fit, economic value for money, financial affordability, commercial achievability and management of benefits.
- 1.3 The Five Case Model allows comprehensive and comparable assessment, ensuring a wide range of options are considered and assessed proportionately at different stages of project development. The strategic case aims to demonstrate how schemes are supported by a robust case for change that fits with wider public policy objectives.
- 1.4 The rebalancing toolkit is designed to help authors of strategic cases assess how a programme or project fits with the objective of spreading growth across the country. Although much of the information is already included in business cases, the toolkit introduces a framework for presenting the rebalancing case more consistently. The department remains open to views on the scope and content of the toolkit, which is a live document and open to change. Please send comments on how it can be improved and refined to the strategic case guidance team at Strategiccases@dft.gsi.gov.uk.

Scope of the toolkit

- 1.5 The toolkit applies to cases where rebalancing is an objective of the project or programme. It is made up of two distinct parts which are aimed at different audiences:
- 1.6 **Part 1:** guidance for those completing transport business cases for individual projects
- 1.7 **Part 2:** guidance for those developing wider programmes and strategies, for example future road and rail strategies

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85930/dft-transport-business-case.pdf

- 1.8 The toolkit is not binding and intended to be a proportionate tool used in major projects where rebalancing is an objective. It is expected that it will be more applicable to larger transport projects which enhance networks, and less applicable to small maintenance and renewal projects.

Use of evidence

- 1.9 When writing a strategic case it is important that strategic arguments are underpinned by evidence. The evidence used can and should draw on analysis in the economic case and economic narrative² as well as wider evidence, for example from national statistics or external engagement. All the evidence must be consistent with the analysis in the economic case.
- 1.10 Analysis should make use of the department's analysis guidance, including:
- Transport Appraisal Guidance³, which provides advice on best practice modelling and appraisal methodologies.
 - The Strength in Numbers⁴ framework, which sets out how analysis is specified, produced and used in the department to help obtain the highest quality research and analysis. This includes the need for Tier 1 and 2 business cases and ministerial submissions on investment decisions to include an analytical assurance statement describing the strengths and weaknesses of the analysis. Analytical assurance statements relate to the whole business case - including the strategic case.
- 1.11 This toolkit gives some examples of the evidence that could be used to help describe the rebalancing case for a project. The examples are not intended to be exhaustive. Strategic case authors are encouraged to gather a broad range of evidence to assess the project's performance.

² WebTAG Unit A2 1 Wider Impacts Overview

³ <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/353372/strength-in-numbers.pdf

Part 1: Rebalancing toolkit - business cases for individual projects

Introduction

- 1.12 This section sets out the rebalancing toolkit for individual project business cases, consisting of six steps. For each step, the toolkit includes a checklist of questions to consider and potential evidence that can be used to assess a project's rebalancing case.

Step 1: Setting the context

- 1.13 The strategic case should set out the scheme's geographical scope and the 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.
- 1.14 This should include a narrative on the area's transport network. The narrative should describe how different groups are affected by the network, including individuals and businesses. It could also reference barriers to growth in the area or local growth strategies that aim to improve economic performance. Much of this information can be drawn from the economic narrative.

Checklist questions

- What is the geographical scope of the scheme?
- What is the economic and social context of the area?
- Is the scheme expected to have impacts in an area of local or regional deprivation or below average productivity?

Potential evidence

- Description/ maps of the affected area
- GDP/ GVA per head relative to UK average
- ONS deprivation indices
- Employment/ unemployment rates relative to UK average
- Income per head relative to the UK average
- Regional balance in terms of key employment centres

- Sectoral make-up or share of high value jobs across sectors, or average skills
- Poverty metric/income distribution
- Living costs/challenges – for example, house prices, transport costs or freight costs

Step 2: Identifying transport barriers

- 1.15 The strategic case should set out how transport issues are acting as a barrier to growth across the area or region. This should align with and draw on analysis in the economic case and narrative, including on the potential for wider economic impacts of the scheme and the transmission channels of impact.
- 1.16 It should highlight the scale of the problem and the root causes now and in the future.

Checklist questions

- What transport barriers are limiting growth in the local area or region?
- To what extent does the scheme address these barriers, raising economic performance in the local area or region?

Potential evidence

- Differences in access to services/employment/freight and how this influences economic performance
- Analysis of future demand and capacity constraints
- Congestion, connectivity, capacity and reliability impacts that impacts on the economy

Step 3: Exploring options and strategic alternatives

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, including on rebalancing – and transparently set out how and why options were discarded, in line with usual appraisal standards.

Checklist questions

- How have strategic alternatives and options been considered for their impact on regional growth?

Potential evidence

- Description of options generation and appraisal, and how rebalancing and regional objectives fed into scheme assessment

Step 4: Exploring impacts of interventions

1.17 The strategic case should draw on the options appraisal in the economic case. It should set out the groups affected by the project and a summary of the economic impacts on the region or local area. Where possible, this should include analysis of the potential wider economic impacts in the local area or region, and can include the impacts on GDP and employment. Local and regional impacts should be set out alongside analysis of the national level impacts, explaining if and where displacement of economic activity is expected to occur.

Checklist questions

- What does the analysis in the economic case and economic narrative say about local and national impacts?
- What are the assumptions and uncertainties of these impacts? Scenarios and sensitivities should be consistent with the economic case

Potential evidence

- Summary of the economic impacts of the scheme from the economic appraisal and narrative
- Analysis of the potential wider economic impacts in the local area or region – including on GDP and employment. See the wider economic impacts guidance⁵ for more information
- Analysis of the national level impacts, if and where displacement of economic activity is expected to occur

Step 5: Aligning with wider local plans and objectives

1.18 In many cases, transport investment is a necessary but not sufficient condition to support economic performance in an area or region. It is important that an integrated package of policies are delivered to maximise the potential for transport investment to support rebalancing.

1.19 The strategic case should set out what the scheme developers have done to ensure alignment of the proposed investment with wider local growth plans, to maximise the potential benefits of the investment. The strategic case should set out a clear

⁵ <https://www.gov.uk/government/publications/webtag-tag-unit-a2-1-wider-impacts>

statement of what needs to happen to achieve the stated benefits and how scheme developers are considering this, drawing on evidence in the economic case. Where relevant, it should also set out the impact on benefits if complementary policies were not to be achieved, using sensitivity analysis, to reflect the uncertainty around these supporting policies.

Checklist questions

- How is the scheme aligned with other local growth plans?
- Is there a plan in place with local partners to maximise its overall impact on regional growth?

Potential evidence

- Summary of how scheme is aligned with wider local growth plans to maximise the potential benefits of the investment
- Description of how options perform against other objectives such as VfM
- Description of complimentary policies and likelihood of them going ahead

Step 6: Considering wider evidence and stakeholder views

- 1.20 The strategic case should explain how the project aligns with wider objectives which have both regional and national benefits. This could include how the project will support the creation of new housing, or improve international competitiveness through better connecting the UK to overseas markets.
- 1.21 The case should consider a wide range of evidence to highlight why a project is a priority for investment relative to other priorities identified in local/regional growth plans and the level of commitment of key stakeholders to the project. This should draw on information and evidence from surveys, consultation responses and other stakeholder evidence.

Checklist questions

- What are the attitudes of key regional stakeholders (individuals, businesses, Local Authorities, sub-national transport bodies)?
- What wider strategic objectives does the project align with, e.g. those in the Transport Investment Strategy?

Potential evidence

- Summary of local views and stakeholder engagement
- Description/ evidence of how the project helps boost national productivity, enhance international competitiveness or help support the creation of housing

At a glance: the rebalancing toolkit for individual projects

| | Checklist questions | Potential evidence |
|---|--|--|
| | <ul style="list-style-type: none"> ▶ What is the geographical scope of the scheme? ▶ What is the economic and social context of the area? ▶ Is the scheme expected to have impacts in an area of local or regional deprivation or below average productivity? | <ul style="list-style-type: none"> ▶ Description/ maps of the affected area ▶ GDP/ GVA per head relative to UK average ▶ ONS deprivation indices ▶ Employment/ unemployment rates relative to UK average ▶ Income per head relative to the UK average ▶ Regional balance in terms of key employment centres ▶ Sectoral make-up or share of high value jobs across sectors, or average skills ▶ Poverty metric/income distribution ▶ Living costs/challenges – e.g. house prices/transport costs/freight costs |
| | <ul style="list-style-type: none"> ▶ What transport barriers are limiting growth in the local area or region? ▶ To what extent does the scheme address these barriers, raising economic performance in the local area or region? | <ul style="list-style-type: none"> ▶ Differences in access to services/employment/freight and how this influences economic performance ▶ Analysis of future demand and capacity constraints ▶ Congestion, connectivity, capacity and reliability impacts |
| | <ul style="list-style-type: none"> ▶ How have strategic alternatives and options been considered for their impact on regional growth? | <ul style="list-style-type: none"> ▶ Description of options generation and appraisal, and how rebalancing and regional objectives fed into scheme assessment |
| | <ul style="list-style-type: none"> ▶ What does the analysis in the Economic Case and Economic Narrative say about local and national impacts? ▶ What are the assumptions and uncertainties of these impacts (consistent with the economic case) | <ul style="list-style-type: none"> ▶ Summary of the economic impacts of the scheme from the economic appraisal ▶ Analysis of the potential wider economic impacts in the local area or region – including on GDP and employment. ▶ Analysis of the national impacts, if and where displacement of economic activity is expected |
| | <ul style="list-style-type: none"> ▶ How is the scheme aligned with other local growth plans? ▶ Is there a plan in place with local partners to maximise its overall impact on regional growth? | <ul style="list-style-type: none"> ▶ Summary of how scheme is aligned with wider local growth plans to maximise the benefits of the investment ▶ Description of how options perform against other objectives such as VfM ▶ Description of complimentary policies and likelihood of them going ahead |
| <p>Step 6 Considering wider evidence and stakeholder views</p> | <ul style="list-style-type: none"> ▶ What are the attitudes of key regional stakeholders (users, residents, businesses, LAs, STBs)? ▶ What wider strategic objectives does the project align with, e.g. those in the Transport Investment Strategy? | <ul style="list-style-type: none"> ▶ Summary of local views and engagement ▶ Description / evidence of how the project helps boost national productivity, enhance international competitiveness or unlock housing |

Part 2: Rebalancing toolkit – investment programmes

Introduction

- 1.22 Investment programmes have an important role to play in supporting rebalancing as activity can be considered across a number of projects. This section sets out the rebalancing toolkit for investment programmes, consisting of four questions about the balance of spending, support and rebalancing outcomes across regions. Programmes with rebalancing as an objective should consider these questions as part of programme development.
- 1.23 Rebalancing objectives need to be considered alongside wider strategic objectives for the programmes. Figure 2 shows the rebalancing toolkit at a glance. This summarises the steps and questions in the toolkit, and is designed to aid programme managers and strategic case authors.

Figure 1 Rebalancing toolkit for programmes at a glance

| Checklist question | |
|---|---|
| <p>Step 1 Considering the balance of spending</p> | <p>▶ What is the balance of spending/benefits across regions overall and per capita for the programme, and how has this been considered through programme design and development?</p> |
| <p>Step 2 Exploring options and strategic alternatives</p> | <p>▶ What options and alternative packages been considered, and how were the implications for rebalancing assessed?</p> |
| <p>Step 3 Describing impacts of interventions</p> | <p>▶ What is the programme doing to address regional imbalance now and in the longer-term (as a programme or in combination with other plans)?</p> |
| <p>Step 4 Considering stakeholder views</p> | <p>▶ What are the attitudes of key regional stakeholders (users, businesses, STBs)?</p> |

Step 1: Considering the balance of spending

- 1.24 The strategic case for programmes should set out what the overall balance of spend per head will be across regions from the planned investment. It should also set out how the programme considered the regional balance of spend at different stages of development – including early design, consultation and options analysis.
- 1.25 This analysis should focus on where the benefits of spend are achieved where possible – especially where key projects within the programme may have impacts in regions outside where the investment is made.

Checklist question:

- What is the balance of spending/benefits across regions overall and per capita for the programme, and how has this been considered through programme design and development?

Step 2: Exploring options and strategic alternatives

1.26 The strategic case should present strategic alternatives and options that are considered as part of the appraisal. The strategic case should set out what considerations have been made on rebalancing throughout the different stages of business case, including early design, consultation and options analysis. The case should set out how alternatives were appraised and considered against strategic objectives, including on rebalancing – and transparently set out the criteria used and why options were selected.

Checklist question:

- What options and alternative packages been considered, and how were the implications for rebalancing assessed?

Step 3: Describing impacts of interventions

1.27 The strategic case should highlight the extent to which the programme is being designed to address rebalancing alongside other strategic priorities, for example putting users at the heart of decisions, addressing congestion and unlocking housing or competitiveness. Where possible, the case should set out the economic impacts of the programme across regions from the options appraisal in the economic case and economic narrative.

1.28 The strategic case should highlight wider plans which will help to maximise the potential rebalancing impacts of the programme.

Checklist question:

- What is the programme doing to address regional imbalance now and in the longer-term (as a programme or in combination with other plans)?

Step 4: Considering stakeholder views

1.29 The strategic case should present a summary of the attitudes of regional stakeholders to the overall investment programme, setting out why the package presents a suitable balance of regional investment priorities and reflects the key strategic priorities for those stakeholders. This should include the level of commitment of key stakeholders to the schemes across areas/regions and the extent to which the programme supports regional investment priorities. It should also consider risks, opportunities of dependencies highlighted by stakeholders.

Checklist question:

- What are the attitudes of key regional stakeholders (individuals, businesses, STBs)?