



Levelling Up Fund

Technical Note – UK wide

March 2021

1 Introduction

- 1.1 This document sets out further guidance on eligibility, MP support and the application and assessment process for the first round of the Levelling Up Fund for Great Britain (GB) and Northern Ireland (NI). **It is designed to support bidding authorities to complete the LUF application form by the deadline of 12.00 noon on 18 June. Applications received after that deadline will not be considered.** This guidance should be read alongside the [Levelling Up Fund Application form](#) and the [Levelling Up Fund Prospectus](#) and which sets out the objectives of the Fund and how it will be delivered.
- 1.2 The Levelling Up Fund is a **capital only fund**, administered by the Ministry of Housing, Communities and Local Government (MHCLG), Department for Transport (DfT) and HM Treasury (HMT). References to the 'Secretary of State' are to the Secretary of State for Housing, Communities and Local Government, Secretary of State for Transport and the Chancellor of the Exchequer.
- 1.3 Bidding authorities should note that we will publish FAQs in April, and further guidance later in the Spring. This will include guidance on delivery assurance and governance, monitoring and data requirements and the national evaluation approach. Government may also update or amend the technical requirements and guidance from time to time and lead entities must ensure they are using the most up to date versions of all documents which will be available on gov.uk

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3 Timetable

| When | Activity |
|----------------------------|---|
| March 2021 | Webinars conducted by UKG officials to clarify the policy, application process and assessment. |
| 14 April 2021 | Deadline for places to submit their questions to levellingupfund@communities.gov.uk |
| April 2021 | FAQs Published on https://www.gov.uk/government/publications/levelling-up-fund-additional-documents |
| 12.00 noon 18 June 2021 | Bidding entities submit bids to MHCLG - levellingupfund@communities.gov.uk |
| June – Autumn | Bid assessment by MHCLG and DfT |
| Autumn | Decision making and announcements |

4 How do you communicate with us?

- 4.1 Applications should be sent to the Levelling Up Fund inbox levellingupfund@communities.gov.uk by 12.00 noon on 18 June. Bidders are also invited to send any questions to that same inbox by no later than 14 April. FAQs will be published later in April 2021. Webinars will also be held on 29 and 30 March.

5 Subsidy Control, State Aid and compliance with UK legislation

- 5.1 If the Levelling Up Fund is used to provide a subsidy, expenditure must be compliant with the UK's obligations on subsidy control.
- 5.2 All bids that may be considered subsidy must consider how they will deliver in line with subsidy control (or State Aid for aid in scope of the Northern Ireland Protocol) as per UK Government guidance - which can be found here: <https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities>
- 5.3 Bids supported by the Levelling Up Fund must comply with all relevant UK legislation.

The Levelling Up Fund Process in Great Britain

6 Role of MPs in bidding

- 6.1 The Government recognises the important role of Members of Parliament in championing the interests of their constituents. We expect bidding authorities to consult local Members of Parliament as they develop the bid. MPs can play a positive role in prioritising bids and helping broker local consensus. Support and engagement from local stakeholders and local MPs will be considered as part of the strategic fit assessment of bids (see assessment framework below) but is only one part of a wider assessment and is not a necessary condition for a successful bid.
- 6.2 MPs have the option of providing formal written support for one bid which they see as a priority. The lead authority must submit that letter of priority support along with their application. A bid may have priority support from multiple MPs and local stakeholders.
- 6.3 In addition to formally backing one bid, MPs may also want to support any or all schemes that would have a benefit to their constituencies as part of the wider stakeholder input process. Individual MPs should **not provide a letter** offering their priority support to more than one bid. We will not be able to consider **formal** priority support in the assessment process if an MP offers this to more than one bid.
- 6.4 Information on the role of MPs in future bidding rounds will be confirmed after funding has been announced for bids from the first funding round.

7 Eligibility

- 7.1 Unitary authorities (including metropolitan borough councils), London borough councils and district councils in two tier areas in England; and unitary authorities in Scotland and Wales are eligible to submit bids.
- 7.2 Local authorities will be able to submit a number of bids determined by the number of parliamentary constituencies wholly within the local authority boundary and the area's agreement when constituencies cross more than one local authority:
- Local authorities can submit one bid for every MP whose constituency lies wholly within their boundary.
 - Where an MP's constituency crosses more than one local authority, one local authority must take responsibility as the lead bidder. Local areas should work together and with the local MP to designate that lead bidder. Lead authorities will receive an additional bid once they are designated as such
- 7.3 Underpinning this, every local authority will be able to submit at least one bid, even if they do not have any constituencies wholly lying within their boundaries and are not

the designated lead authority for constituencies crossing into multiple local authorities.

Transport-only bids

7.4 In addition to the above, county councils with transport powers, combined authorities, mayoral combined authorities and the Greater London Authority (GLA) are eligible to submit one transport bid; and unitary authorities in Scotland and Wales, and unitary authorities in England with transport powers are able to submit one additional bid which also must be for transport. These transport-only bids are allocated independently of constituency boundaries.

8 Capacity Funding

8.1 Capacity funding of £125,000 will be provided to eligible local authorities: the 93 local authorities in England that fall into category 1 on the index of priority places published alongside the prospectus; and all local authorities in Scotland and Wales. This revenue funding will not be ringfenced and is expected to be used by bidders to assist them to build capacity. Further information on how and when this funding will be paid will be published in our FAQs.

9 Preparing and submitting LUF bids

9.1 Local Authorities are invited to submit one or more capital bids (by filling out the [LUF application form](#)). A capital bid can be for an **individual project or a package of up to three projects**, up to £20 million in value per bid, or in exceptional cases up to £50m per bid for larger transport projects. Both individual and package bids can contain proposals within a single theme, or across multiple themes, so long as they form part of a coherent, consistent proposal. All bids **must be submitted in full with all supporting documentation, and where appropriate the approval of the responsible authority to levellingupfund@communities.gov.uk by 12.00 noon 18 June 2021**. **Any bids or supporting documentation submitted after this deadline will not be assessed or considered for funding. Any incomplete bids will be assessed based on what has been submitted.**

9.2 **Package bids (those with two or three projects)** must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. In this instance, they will be assessed together at the bid level rather than as individual projects. This is for two reasons: firstly, to ensure competition outcomes can be announced in the autumn to enable spend and delivery to get underway in 2021/22; secondly because the fund has been designed in such a way that LAs should be presenting a coherent set of bids. We therefore need to be able to assess how packages of projects work together. **If there are weaknesses in one of the projects, places should be mindful that it will adversely impact on the overall score of their bid.**

- 9.3 Bids will be accepted for **larger transport schemes**, by exception, such as investments in the local road network. Such bids will need to be between £20 million and £50 million and can be submitted by any bidding local authority (provided they have the support of the authority with responsibility for transport).
- 9.4 Such bids can be submitted by any bidding local authority, provided they have the support of the authority with responsibility for transport. For larger transport project bids, local authorities may submit the Application Form or if available either an Outline Business Case (OBC) or Full Business Case (FBC). It is expected that FBCs will need to be appraised before funding can be confirmed for larger transport schemes. Therefore, where local authorities only submit the Application Form, DfT will advise whether they should continue to develop the project and prepare a more detailed business case for review.
- 9.5 Please note that OBCs or FBCs for larger transport projects should be in a transport business case format and be compliant with the Green Book's five-case model and the Department for Transport's guidance on transport analysis (TAG). OBCs and FBCs should include information requested in the Application Form and more comprehensive plans and information for relevant projects. FBCs submitted by 18 June should additionally include information that is normally provided in OBCs. A checklist of the relevant information and materials that should be provided in OBC and FBC submissions is at Annex D.
- 9.6 Eligible local authorities may wish to submit a **joint bid**, where two or more local authorities are collaborating on a project or a package bid of up to 3 projects. This may be appropriate where a project or projects cross administrative boundaries. Joint bids will count towards the maximum number of bids that each local authority is able to submit. Each local authority can submit a maximum of £20m (i.e. one bid's worth) of funding to a joint bid. For example, a joint bid from two local authorities could request a maximum of £40m, and a joint bid from three local authorities could request a maximum of £60m. A joint bid may not request more than £50m of investment for any individual project. When assessing joint bids on the "Characteristics of the Place" criterion we will reflect the index category that relates to location of where the majority of the project or projects are delivered/ where most funding is spent.

10 LUF assessment and decision-making

- 10.1 There will be a three staged approach to assessment and decision making.
- 10.2 **Stage 1 Gateway:** The first stage is a **pass/fail gateway** criterion, where bids will be assessed against whether they can deliver some LUF expenditure in 2021/22¹. Bids that do not meet this gateway criteria will not be assessed further and will not be eligible to be considered for funding in this round.
- 10.3 **Stage 2 Assessment and Shortlisting Bids:** Bids will be **assessed against the criteria** set out in the Prospectus to deliver a shortlist of the strongest bids. To create

¹ For larger transport projects requesting between £20m and £50m of investment, eligible expenditure in 2021-22 could include capital development costs.

a shortlist, applications will be assessed at the bid level against place characteristics, strategic fit, deliverability and value for money. Table 1 below provides detailed guidance on what places will be expected to demonstrate against strategic fit, deliverability and value for money in their application form. These three criteria, together with the place characteristics will carry equal weighting. The sub criteria in Table 1 also carry an equal weighting. This only applies to assessing projects for the shortlist – different weightings for these criteria may be applied when making final funding decisions in line with the published wider considerations. As explained above, places should note that where package bids are submitted, if one project is particularly weak it will affect the overall bid score. A funding **shortlist for GB** will be drawn up from those bids that score the highest overall, and who score at least average or above on strategic fit, value for money and deliverability.

10.4 Stage 3 Decision Making: Once bid assessment and moderation has concluded, and the shortlist is drawn up, Ministers will make funding decisions. In making these decisions ministers may take account of some or all of these additional considerations:

- Ensuring a reasonable thematic split of approved projects (e.g. across regeneration and town centre, transport and culture and heritage);
- Ensuring a fair spread of approved projects across Great Britain;
- Ensuring a fair balance of approved projects across places in need;
- Prioritisation of either ‘strategic fit’ or ‘deliverability’ or ‘value for money’ over the other criteria. The prioritisation and weighting at this stage may be different from the weighting at assessment (noting this must be applied consistently to all projects);
- Taking into account other investment in a local area. In future rounds, this could include funding provided to local areas through the first round of this Fund.

10.5 We expect to announce the outcome of the competition by Autumn 2021

Table 1: Assessment Framework for shortlisting bids

| Strategic Fit | |
|------------------------------------|---|
| Sub-Criteria | Factors that will be taken into account |
| MP Endorsement | <ul style="list-style-type: none"> • You should explain whether any MP(s) have formally given the bid their priority support in this funding round, with a signed letter included. |
| Stakeholder Engagement and Support | <p>There is an expectation of engagement with all relevant stakeholders. The range of relevant stakeholders will vary and therefore there is no list of stakeholders for whom evidence of support must be provided with the exception of where the local MP is supporting the bid as a priority (see section below). Wider MP (non-priority MP support) should be demonstrated here.</p> <p>We are looking for applications that set out:</p> <ul style="list-style-type: none"> • what engagement has been done with local stakeholders and the community |

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| | <ul style="list-style-type: none"> • How you have identified those stakeholders, and the efforts you have made to reach those that might not normally engage • The methods you have used, including innovative virtual methods given the constraints of ongoing Covid-19 restrictions • The extent to which this engagement has informed the bid. • This should be evidenced, including links to any current/ ongoing consultations, community forums, etc • Where success of the bid is reliant on the cooperation and support of stakeholders or the local community, that should be made clear and evidenced in the response. |
| The case for investment | <p>We are looking for applications to set out a strong case for investment and a realistic theory of change demonstrating:</p> <ul style="list-style-type: none"> • Evidence of the local challenges/barriers to growth and context that the bid is seeking to respond. A clear explanation on what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers with evidence to support that explanation. As part of this, we would expect to understand the rationale for the location that the bid is focusing on. This will be reviewed alongside how places have been categorised on the Characteristics of Place Index • For transport schemes this should be presented as an Options Assessment Report (OAR). • Set out what your planned outputs and outcomes are and how you will deliver the outputs and confirms these results are likely to flow from the interventions. Bidders may wish to refer to annex B, which provides an illustrative summary of the outputs and outcome indicators based on likely interventions that fall within the scope of this fund • An explanation on why Government investment is needed (what is the market failure) • Explain whether/ how other public and private funding will be leveraged |
| Alignment with the local and national context | <p>We are looking for applications that explain how the bid aligns to and supports:</p> <ul style="list-style-type: none"> • relevant local strategies (such as Local Plans, local economic strategies or Local Transport Plans) and local objectives for investment, improving infrastructure, local economic development and levelling up. • UK Government policy objectives, legal and statutory commitments, such as delivering Net Zero carbon emissions and improving air quality. Bids for transport projects in particular should clearly explain their carbon benefits. • Other investments from different funding streams, such as (but not limited to) the Towns Fund, Future High Streets Fund and Transforming Cities Fund. |

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| | <ul style="list-style-type: none"> The Government's expectation is that all local road projects will also deliver or improve cycling and walking infrastructure and include bus priority measures (unless it can be shown that there is little or no need to do so). Cycling elements of proposals should follow the Government's cycling design guidance which sets out the standards required. |
| Value for Money | |
| Criteria | Factors that will be considered |
| Appropriateness of data sources and evidence | <p>The quality of data analysis and evidence for explaining the scale and significance of local problems and issues including:</p> <ul style="list-style-type: none"> Quality of data analysis and evidence is sufficient to demonstrate the scale and significance of local problems and issues. Data collection and survey methods are sufficient to ensure data is robust and unbiased. Data is comprehensive in coverage, i.e. the area of interest. |
| Effectiveness of proposal in addressing problems | <p>Analysis and evidence on how the proposals will address existing or anticipated future problems. Quantifiable impacts should, where appropriate, usually be forecasted using a suitable model. Key factors are:</p> <ul style="list-style-type: none"> Robustness of the forecast assumptions, methodology and model outputs Quality of the analysis or model (in terms of its accuracy and functionality) <p>For non-transport measures, theory of change evidence should be identified and referenced.</p> |
| Economic costs of proposal | <p>Economic costs should be consistent with the costs in the financial case but adjusted for the economic case. Inflation should be included, fully explained and appropriate. The costs should be adjusted to an appropriate price base year, including adjustment for risk and optimism bias.</p> |
| Analysis of monetised costs and benefits | <ul style="list-style-type: none"> The economic benefits of the proposal are properly measured. These should, where possible, be explained in terms of outcomes. For example, the economic case analysis for transport bids could estimate how they will reduce journey times, support economic growth, support employment, or reduce carbon emissions. For regeneration bids, direct and wider land value uplift, amenity, air quality may be relevant. Explanation of how benefits and costs are analysed and estimated, and of how this approach to the analysis is proportionate for the proposal being considered. |
| Value for money of proposal | <p>A summary of the overall value for money of the proposal.</p> |

| | <ul style="list-style-type: none"> • This should include reporting of Benefit Cost Ratios, with a methodology note. A template for capturing the BCR for non-transport will be provided with the published FAQs. • Other non-monetised impacts are properly assessed. • A summary assessment of risks and uncertainties that could affect the overall Value for Money. <p>Further details of requirements for Value for Money assessment are provided in Annex C.</p> |
|-----------------------|---|
| Deliverability | |
| Criteria | Factors that will be considered |
| Financial | <p>Provide details of:</p> <ul style="list-style-type: none"> • Costs and spend profile at the project and bid level. This should also set out clearly what funding is secured from other sources and major interdependencies where funding has not been secured • Local and third-party contributions (a minimum local contribution of 10%) (local authority and/or third party) of the bid costs is encouraged. • Certainty over the whole funding package, including evidence of any wider public or private sector co-funding commitments (i.e. letters, contractual commitments). Identification of any gaps in funding • Information on margins and contingencies that have been allowed for and the rationale. • The main financial risks and how they will be mitigated, including how cost overruns will be dealt with and shared between non-UKG funding partners. |
| Commercial | <p>Provide a robust procurement strategy which sets out the rationale for the strategy selected and other options considered and discount. The procurement route should also be set out with an explanation as to why it is appropriate for a bid of the scale and nature submitted.</p> <p>All procurements must be made in accordance with all relevant legal requirements. Applicants must describe their approach to ensuring full compliance in order to discharge their legal duties.</p> |
| Management | <ul style="list-style-type: none"> • A delivery plan which demonstrates: <ul style="list-style-type: none"> ○ Clear milestones, key dependencies and interfaces, resource requirements, task durations and contingency. ○ An understanding of the roles and responsibilities, skills, capability, or capacity needed. ○ Arrangements for managing any delivery partners and the plan for benefits realisation. ○ Engagement of developers/ occupiers (where needed) ○ The strategy for managing stakeholders and considering their interests and influences. |

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| | <ul style="list-style-type: none"> ○ Confirmation of statutory approvals eg Planning permission and details of information of ownership or agreements of land/ assets needed to deliver the bid ○ Please also list any powers / consents etc needed/ obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them. ○ The ability to spend some LUF in 2021/22 <p>A detailed risk assessment which sets out:</p> <ul style="list-style-type: none"> ○ the barriers and level of risk to the delivery of your bid. ○ appropriate and effective arrangements for managing and mitigating these risks ○ a clear understanding on roles / responsibilities for risk <ul style="list-style-type: none"> ● Evidence of a track record and past experience of delivering schemes of a similar scale and type. |
| Monitoring and Evaluation | <p>A proportionate monitoring and evaluation plan which sets out:</p> <ul style="list-style-type: none"> ● Bid level M&E objectives and research questions ● Outline of bid level M&E approach ● Overview of key metrics for M&E (covering inputs, outputs, outcomes and impacts), informed by bid objectives and Theory of Change ● Resourcing and governance arrangements for bid level M&E |

The Levelling Up Fund Process in Northern Ireland

We are taking a different approach to delivering the Fund in Northern Ireland, which reflects the different local government landscape compared to England, Scotland and Wales.

11 Eligibility

- 11.1 Recognising the different local government landscape in Northern Ireland, different organisations will be eligible to bid compared to Great Britain. The UK Government will accept bids from a range of local applicants, including but not limited to businesses, voluntary and community sector organisations, district councils, the Northern Ireland Executive and other public sector bodies
- 11.2 For transport projects specifically, the Northern Ireland Executive holds many of the relevant powers. Where they are the lead bidder they must engage with and secure the support of the relevant district council for the area in which the bid is based, in order to be considered for funding. Northern Ireland Executive Departments are not eligible to bid for projects under the other two investment themes, where the lead bidder should operate at a more local level. In all cases the lead bidder will need to have the powers to deliver the projects that form part of their bid.
- 11.3 The role of MPs is also different in NI – they can express support for bids as part of the wider stakeholder engagement process, but formal priority backing of MPs will not be considered as part of bid assessment, unlike in GB.
- 11.4 As a wider range of organisations can apply to the fund in NI, we will expect bidders to demonstrate through two additional gateway criteria that they have the capacity and capability to deliver capital projects. See the section on assessment below.

12 Capacity Funding

- 12.1 In Northern Ireland, there will be a different approach to capacity funding based on the funding landscape. This will see all district councils and some other identified bidding entities receive capacity funding. Further details on capacity funding will be picked up in an FAQ that will be published shortly.

13 Preparing and Submitting LUF Applications

- 13.1 As with bidding authorities in GB, places are invited to submit a capital bid (by filling out the LUF application form) for an **individual project or a package of projects**, up to £20 million in value. Bids for larger transport schemes will be considered by exception. **As with GB bids, NI bidders must submit their application in full with all supporting documentation to levellingupfund@communities.gov.uk by 12.00 noon 18 June 2021. Any bids submitted after this deadline will not be**

assessed or considered for funding. Any incomplete bids will be assessed based on what has been submitted.

13.2 **Package bids (those with two or three projects)** must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. In this instance, they will be assessed together at the bid level rather than as individual projects. This is for two reasons: firstly, to ensure competition outcomes can be announced in the autumn to enable spend and delivery to get underway in 2021/22; secondly because the fund has been designed in such a way that bidding entities should be presenting a coherent set of bids. We therefore need to be able to assess how packages of projects work together. **If there are weaknesses in one of the projects, places should be mindful that it will adversely impact on the overall score of their bid.**

13.3 Bidding entities may wish to submit a **joint bid**, where two or more organisations are collaborating on a project or a package bid of up to 3 projects.

14 LUF Assessment and Decision Making

14.1 LUF applications from NI organisations and authorities will also be assessed in a three staged approach.

14.2 **Stage 1 Gateway:** The first stage is a **pass/fail gateway** criterion, where bids will be assessed against whether they can delivery some LUF expenditure in 2021/22². In NI, for feasibility reasons bidders from non-Government organisations will also need to demonstrate:

- Two years of audited accounts.
- Evidence that they have delivered two capital projects of a similar scale and scope in the last five years.

14.3 **Stage 2 Assessment and Shortlisting:** Bids will be **assessed against 3 of the 4 criteria** set out in the Prospectus. This is because there is no Characteristics of Place Index in Northern Ireland for this first round. NI applications will be assessed against strategic fit, value for money and deliverability in the same way as GB bids (see Table 1 above for details), with the exception of MP support which will not be reflected in the assessment, as MPs are not being asked to offer priority backing to bids. The three criteria and the sub criteria under those again carry equal weighting. A funding **shortlist for NI** will be drawn up from those bids that score the highest overall, and who score at least average or above on strategic fit, value for money and deliverability.

14.4 **Stage 3 Decision making:** After bid assessment and moderation has concluded, and the shortlist has been drawn up, ministers will the make funding decisions from the NI shortlist of bids. Ministers may also factor some or all of these additional considerations into their decision making:

² For larger transport projects requesting between £20m and £50m of investment, eligible expenditure in 2021-22 could include capital development costs.

- Ensuring a reasonable thematic split of approved projects (e.g. across regeneration and town centre, transport and culture and heritage);
- Ensuring a fair spread of approved projects across NI;
- Ensuring a fair balance of approved projects across places in need;
- Prioritisation of either 'strategic fit' or 'deliverability' or 'value for money' over the other criteria. The prioritisation and weighting at this stage may be different from the weighting at assessment (noting this must be applied consistently to all projects);
- Taking into account other investment in a local area. In future rounds, this could include funding provided to local areas through the first round of this Fund.

14.5 NI bids will only be assessed against other NI bids for fairness reasons, with funding awarded from a ringfenced NI pot, in the region of £20 million, subject to strength of bids submitted. This is because the NI assessment is only based on 3 out of the 4 criteria. We expect to announce the outcome of the competition in the Autumn.

15 List of Annexes

| | |
|---------|----------------------------------|
| Annex A | Glossary |
| Annex B | Table of Interventions |
| Annex C | Further Value for Money Guidance |
| Annex D | Large Transport Scheme checklist |

Annex A: Glossary

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|---|--|
| Individual bid | Submission made up of 1 project from 1 bidding entity/ local authority |
| Package bid | A submission made up of 2 or 3 projects from 1 bidding entity/ local authority |
| Joint bid | A submission made up of 1 project or a package of up to three projects by more than 1 bidding entity or local authority |
| OAR | Options Assessment Report |
| Cost-Benefit Analysis (CBA) | Analysis which assesses the value of as many of the costs and benefits of a proposal as feasible, including items for which the market does not provide a satisfactory measure of economic value. |
| Appraisal | Refers to the assessment made before decisions are taken of the economic, social, environmental, public account and distributional impacts that an intervention may have. |
| Benefit-Cost Ratio (BCR) | Given by PVB / PVC and indicates how much benefit is obtained for each unit of cost, with a BCR greater than 1 indicating that the benefits outweigh the costs. |
| Present Value of Costs (PVC) | The sum of discounted costs and revenues to the budget available over the appraisal period, and gives the value of these impacts in the prices of a given base year. |
| Present Value of Benefits (PVB) | The sum of all discounted benefits and dis-benefits not included in the definition of the PVC over the appraisal period, and gives the value of these impacts in the prices of a given base year |
| Distributional Impacts (DIs) | Considers the variance of transport intervention impacts across different social groups. |
| Optimism Bias (OB) | The demonstrated systematic tendency for appraisers to be over-optimistic about key project parameters, including capital costs, operating costs, works duration and benefits delivery. |
| A Quantified Risk Assessment (QRA) | Allows an expected value (defined as the average of all possible outcomes, taking account of the different probabilities of those outcomes occurring) of the cost of the proposal to be calculated. This expected value should form the 'risk-adjusted' cost estimate. |
| Evaluation | A systematic analytical process which examines the effectiveness of a project based on actual results. This can include what difference it made (impact evaluation), whether its benefits justified its costs (economic |

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| | evaluation) and how it was delivered (process evaluation). |
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Annex B: Intervention framework

The table below outlines the types of interventions in scope for the Levelling Up Fund. Places may find this intervention framework with associated outputs, outcomes and indicators helpful in informing their logic models, and M&E plans. For proposed interventions, bids should align with:

- **Outputs:** This sets out the kinds of intervention outputs that will be considered acceptable.
- **Outcomes:** This lists the acceptable outcomes that we would expect to flow from your chosen interventions. Local authorities will be required to clearly demonstrate, through a Theory of Change (with supporting evidence and assumptions clearly set out), how your proposed projects will deliver one or more of the outcomes in the table below.
- **Outcome indicators:** These are the indicators that will be used to set targets and measure progress and determine whether the outcomes have been delivered.

| | Outputs | Outcomes | Outcome indicators |
|--|--|--|---|
| <p>Transport Interventions</p> <p>(Transport projects should have the support of the relevant authority or body responsible for delivery).</p> | <p>Examples include:</p> <ul style="list-style-type: none"> • Bus infrastructure upgrades e.g. bus priority lanes. • New or upgraded road infrastructure • New or upgraded cycle or walking paths. • Wider cycling infrastructure such as cycle parking. | <ul style="list-style-type: none"> • Impact of scheme on travel demand <ul style="list-style-type: none"> ○ Road traffic flows for road schemes ○ Patronage for public transport schemes ○ Pedestrian / cycle counts for cycling / walking schemes • Reduced journey times and improved journey reliability • Local economic benefits • Reduced transport carbon emissions • Improved air quality | <ul style="list-style-type: none"> • Impact of scheme on travel demand <ul style="list-style-type: none"> ○ Road traffic flows for road schemes ○ Patronage for public transport schemes ○ Pedestrian / cycle counts for cycling / walking schemes ○ Reduced journey times and improved journey reliability <ul style="list-style-type: none"> ○ Travel times in the corridors of interest ○ Variability of travel times in the corridors of interest • Local economic benefits <ul style="list-style-type: none"> ○ Travel times / accessibility changes to businesses ○ Employment levels ○ Rental values |

| | Outputs | Outcomes | Outcome indicators |
|--|---|---|--|
| | | | <ul style="list-style-type: none"> ○ Other metrics of relevance to scheme objectives • Reduced transport carbon emissions <ul style="list-style-type: none"> ○ modelled based on demand/vehicle speed information • Improved air quality <ul style="list-style-type: none"> ○ Effect of the scheme on local air quality in the area of interest • Reduced noise <ul style="list-style-type: none"> ○ Effect of the scheme on noise at important receptor locations • Fewer accidents <ul style="list-style-type: none"> ○ Effect of the scheme on traffic accidents in the area of interest |
| Regeneration and town centre investment | <ul style="list-style-type: none"> • Remediation and/or development of abandoned or dilapidated sites • Delivery of quality residential or commercial space in key locations (town centres, gateway areas, employment sites) • Delivery of new public spaces | <ul style="list-style-type: none"> • Enhanced townscape that is more attractive and more accessible to residents, businesses and visitors. | <ul style="list-style-type: none"> • Perceptions of the place by residents/businesses/visitors • Land values • Footfall |
| Cultural investment | <ul style="list-style-type: none"> • New, upgraded or protected community centres, sports or athletics facilities, museums, arts venues, theatres, libraries, film | <ul style="list-style-type: none"> • Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access | <ul style="list-style-type: none"> • Number of visitors to arts, cultural and heritage events and venues • Perceptions of the place by residents/visitors |

| | Outputs | Outcomes | Outcome indicators |
|--|---|-----------------|---------------------------|
| | facilities, prominent landmarks or historical buildings, parks or gardens <ul style="list-style-type: none"> • New, upgraded or protected community hubs, spaces or assets, where this links to local inclusive growth | | |

Annex C: Further Value for Money Assessment

An economic case will be required that assesses the value for money of the proposal for which funding is sought.

Overall, the value for money assessment should provide suitable and proportionate evidence of the expected impacts, benefits and costs, and overall value for money, and associated risks and uncertainties.

The economic case should be assessed in a way that is consistent with the HM Treasury Green Book and with relevant departmental guidance. For transport schemes, the economic case analysis should be consistent with guidance in DfT's Transport Analysis Guidance. For regeneration projects and cultural projects, the economic case should be consistent with MHCLG appraisal guidance. There are further sources of appraisal guidance published by DfT or MHCLG that bidders may use to provide appropriate analysis for specific types of projects. For example, DfT's Active Mode Appraisal Toolkit can be used for cycling and walking interventions. Templates for appraisal tables for transport projects (including the Appraisal Summary Table) are available at <https://www.gov.uk/government/publications/webtag-appraisal-tables>.

In line with the principles of these sources of appraisal guidance, benefits should, where possible, be explained in terms of outcomes. For example, the economic case analysis for transport proposals could demonstrate how they will reduce journey times, support economic growth, or reduce carbon emissions.

The economic case should include the following:

- appropriate identification and estimation of relevant impacts, benefits and costs. There should be clear justification provided for which types of impacts, benefits and costs are considered, and that the analysis of these is proportionate for the impacts and proposal being considered.
- a summary of the overall value for money of the proposal. Benefit Cost Ratios (BCRs) should be reported if they can be estimated, and these should be consistent with the relevant departmental appraisal guidance. If it is not possible to estimate a BCR for the specific project, a clear explanation and justification should be provided of why not.
- there should be appropriate identification and analysis of risks and uncertainties that could affect the project impacts, benefits, costs, and overall value for money.
- evidence of whether the project is likely to meet its strategic objectives, referencing to and consistent with the assessment provided in the strategic case.

A range of benefits could be considered in the value for money assessment of bids. This includes potential to boost local economic growth, environmental benefits (including contribution to achieving the UK Government's Net Zero carbon commitments and improving local air quality), greater employment opportunities,

reduced travel times to key services, increased footfall in town and city centres, crime reduction and social value to local communities. Bids for transport proposals in particular should include clearly explaining their carbon benefits.

The level of detail provided should be in proportion to the amount of funding that is requested. Bids will need to include comprehensive but proportionate assessment. This will vary according to the cost of the proposal and the outcomes at stake.

For transport projects, evidence or metrics that can be used to understand the extent to which the scheme contributes to local objectives/levelling-up could include:

- *Socio-economic metrics*. These metrics demonstrate whether the proposed investment is focused on an area which is a priority for levelling-up. For instance:
 - Gross weekly earnings
 - Unemployment rate; Employment rate
 - Proportion of population educated to degree level or equivalent.
 - Multiple Index of Deprivation Ranking
- *Transport metrics*. These metrics present comparative data on the performance of the transport network in the targeted area. For example:
 - Connectivity Measures such as the National Infrastructure Commission's Connectivity dataset
- *Economic Impact metrics*. The metrics provide insight on the potential impact of the proposed investment on the local economy. For example:
 - Transport User Benefits
 - Wider Economic Impacts (where these have been estimated in the business case)

Annex D: Checklist for Full Business Case and Outline Business Case submissions for larger transport projects

The requirements in the tables below relate to larger transport projects. By exception, there is also scope for the Fund to invest in larger transport projects of between £20m and £50m.

Such bids can be submitted by any bidding local authority, provided they have the support of the authority with responsibility for transport. For larger transport project bids, local authorities may submit the Application Form or if available either an Outline Business Case (OBC) or Full Business Case (FBC). It is expected that FBCs will need to be appraised before funding can be confirmed for larger transport schemes. Therefore, where local authorities only submit the Application Form, DfT will advise whether they should continue to develop the project and prepare a more detailed business case for review.

Please note that OBCs or FBCs for larger transport projects should be in a transport business case format and be compliant with the Green Book’s five-case model and the Department for Transport’s guidance on transport analysis (TAG). OBCs and FBCs should include information requested in the Application Form and more comprehensive plans and information for relevant projects. FBCs submitted by 18 June should additionally include information that is normally provided in OBCs.

OBC and FBC submissions should include information and materials in the below checklist where applicable. The checklist should be completed and submitted as part of any OBC or FBC submissions in order to reference where relevant information and materials are located in OBC and FBCs.

Strategic Case

| Item | Section/Page |
|--|--------------|
| A detailed description of the physical scope of the scheme | |
| The objectives of the scheme and the case for investment | |
| A description of the process by which the scheme came to be identified as the preferred option for meeting those objectives including why alternative options were discarded | |
| For schemes that directly aim to facilitate commercial or housing development on specific sites, details of the sites, current planning status, status of developer commitment and the expected impact of the scheme | |
| Details on how the project aligns with relevant local strategies (such as Local Plans, Local Industrial Strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. | |

| Item | Section/Page |
|--|--------------|
| <p>Evidence or metrics that can be used to understand the extent to which the scheme contributes to local objectives/levelling-up could include:</p> <ul style="list-style-type: none"> • <i>Socio-economic metrics</i>. These metrics demonstrate whether the proposed investment is focused on an area which is a priority for levelling-up. For instance: <ul style="list-style-type: none"> o Gross weekly earnings o Unemployment rate; Employment rate o Proportion of population educated to degree level or equivalent. o Multiple Index of Deprivation Ranking • <i>Transport metrics</i>. These metrics present comparative data on the performance of the transport network in the targeted area. For example: <ul style="list-style-type: none"> o Connectivity Measures such as the National Infrastructure Commission’s Connectivity dataset • <i>Economic Impact metrics</i>. The metrics provide insight on the potential impact of the proposed investment on the local economy. For example: <ul style="list-style-type: none"> o Transport User Benefits <p>Wider Economic Impacts (where these have been estimated in the business case)</p> | |
| <p>Explanation of how the project support UK Government policy objectives and legal and statutory commitments. In particular, OBCs or FBCs should explicitly explain how they support:</p> <ol style="list-style-type: none"> 1. UK’s commitment to achieve net zero carbon emissions; 2. Improve cycling and walking infrastructure³ 3. Improve bus infrastructure and services⁴ | |
| <p>Details and evidence of support for the project from local stakeholders</p> | |
| <p>Details and evidence of support for the project from the local MP</p> | |
| <p>Details of public consultation activities on the scheme to date, and key findings including how any key questions/concerns have been addressed.</p> | |

³ UK Government expects that all local road projects in England funded by the UK Government will deliver or improve cycling and walking infrastructure (unless it can be shown that there is little or no need to do so). Cycling proposals should follow the Government’s cycling design guidance which sets out the standards required if schemes are to receive funding.

⁴ Local road projects are expected to either support bus priority measures (unless bids can explain why doing so would not be necessary or appropriate).

Economic Case

As well as referencing the location of the below items of information within the OBC or FBC, please complete the checklist of appraisal and modelling supporting materials and supply these materials as part of OBC or FBC submissions.

| Item | Section/Page |
|--|--------------|
| Option Assessment Report (OAR) | |
| Data Collection Report | |
| Local Model Validation Report (LMVR) | |
| Present Year Validation Report (if required) | |
| Forecasting Report | |
| Economic Appraisal Report | |
| Social and Distributional Impacts Assessment | |
| Monitoring and Evaluation Plan | |

Management Case

| Item | Section/Page |
|---|--------------|
| Governance structure including SRO, Project Board, Project Manager, delivery partners and other key roles | |
| Explanation of roles and responsibilities and resourcing levels | |
| Detailed Project Plan | |
| Risk Management: <ul style="list-style-type: none"> ☐ Detailed Risk Register 1 Narrative to explain the most significant risks; how they are being managed and their potential impact on time and budget. 2 Risk management strategy | |
| Project Assurance e.g. Gateway Reviews | |
| Evaluation: Outline evaluation plan including a statement of core evaluation objectives | |

Commercial Case

| Item | Section/Page |
|--|--------------|
| Description of the preferred procurement strategy. | |
| Rational for the selection of preferred procurement route against possible alternatives. | |
| Explanation of how costs and risks will be shared throughout the contract. | |

Financial Case

| Item | Section/Page |
|--|--------------|
| Detailed cost breakdown | |
| Detailed breakdown of funding sources, including UK Government contribution, local and any third-party contributions | |
| Explanation of the status of any third-party contributions (i.e. whether these contributions are secured and confirmed) and supporting evidence | |
| Independent surveyor's report verifying cost estimates. | |
| Details of and justification for inflation assumption used. | |
| Quantified Risk Assessment All scheme costings should include an amount for risk, based on the results of a Quantified Risk Assessment (QRA) which should be proportionate to the nature and complexity of the project. | |

Checklist of appraisal and modelling supporting material

Option Assessment

| Item | Section/Page |
|---|--------------|
| An Option Assessment Report to include steps 1 to 8 set out in TAG – the transport appraisal process. | |

Modelling

| Item | Section/Page |
|---|--------------|
| Details of the sources, locations (illustrated on a map), methods of collection, dates, days of week, durations, sample factors, estimation of accuracy, etc. | |

| Item | Section/Page |
|---|--------------|
| Details of any specialist surveys (e.g. stated preference). | |
| An Existing Data and Traffic Surveys Report to include: | |
| Traffic and passenger flows; including daily, hourly and seasonal profiles, including details by vehicle class where appropriate. | |
| Journey times by mode, including variability if appropriate. | |
| Details of the pattern and scale of traffic delays and queues. | |
| Desire line diagrams for important parts of the network. | |
| Diagrams of existing traffic flows, both in the immediate corridor and other relevant corridors. | |
| An Assignment Model Validation Report to include: | |
| Description of the road traffic and public transport passenger assignment model development, including model network and zone plans, details of treatment of congestion on the road system and crowding on the public transport system. | |
| Description of the data used in model building and validation with a clear distinction made for any independent validation data. | |
| Evidence of the validity of the networks employed, including range checks, link length checks, and route choice evidence. | |
| Details of the segmentation used, including the rationale for that chosen. | |
| Validation of the trip matrices, including estimation of measurement and sample errors. | |
| Details of any 'matrix estimation' techniques used and evidence of the effect of the estimation process on the scale and pattern of the base travel matrices. | |
| Validation of the trip assignment, including comparisons of flows (on links and across screenlines/cordons) and, for road traffic models, turning movements at key junctions. | |
| Journey time validation, including, for road traffic models, checks on queue pattern and magnitudes of delays/queues. | |
| Detail of the assignment convergence. | |
| Present year validation if the model is more than 5 years old. | |

| Item | Section/Page |
|--|--------------|
| A diagram of modelled traffic flows, both in the immediate corridor and other relevant corridors. | |
| A Demand Model Report to include: | |
| Where no Variable Demand Model has been developed evidence should be provided to support this decision (e.g. follow guidance in TAG M2 Variable Demand Modelling – section 2.2). | |
| Description of the demand model. | |
| Description of the data used in the model building and validation. | |
| Details of the segmentation used, including the rationale for that chosen. This should include justification for any segments remaining fixed. | |
| Evidence of model calibration and validation and details of any sensitivity tests. | |
| Details of any imported model components and rationale for their use. | |
| Validation of the supply model sensitivity in cases where the detailed assignment models do not iterate directly with the demand model. | |
| Details of the realism testing, including outturn elasticities of demand with respect to fuel cost and public transport fares. | |
| Details of the demand/supply convergence. | |
| A Forecasting Report to include: | |
| Description of the methods used in forecasting future traffic demand. | |
| Description of the future year demand assumptions (e.g. land use and economic growth - for the do minimum, core and variant scenarios). | |
| An uncertainty log providing a clear description of the planning status of local developments | |
| Description of the future year transport supply assumptions (i.e. networks examined for the do minimum, core scenario and variant scenarios). | |
| Description of the travel cost assumptions (e.g. fuel costs, PT fares, parking). | |

| Item | Section/Page |
|---|--------------|
| Comparison of the local forecast results to national forecasts, at an overall and sectoral level. | |
| Presentation of the forecast travel demand and conditions for the core scenario and variant scenarios including a diagram of forecast flows for the do-minimum and the scheme options for affected corridors. | |
| If the model includes very slow speeds or high junction delays evidence of their plausibility. | |
| An explanation of any forecasts of flows above capacity, especially for the do-minimum, and an explanation of how these are accounted for in the modelling/appraisal. | |
| Presentation of the sensitivity tests carried out (to include high and low demand tests). | |

Cost Benefit Analysis

| Item | Section/Page |
|--|--------------|
| A clear explanation of the underlying assumptions used in the Cost Benefit Analysis. | |
| Information on local factors used. For example the derivation of growth factors and annualisation factors in TUBA (to include full details of any calculations). | |
| A diagram of the network (if COBALT used). | |
| Information on the number of junctions modelled (if COBALT used), for both the do-minimum and the do-something. | |
| Details of assumptions about operating costs and commercial viability (e.g. public transport, park and ride, etc). | |
| Full appraisal inputs/outputs (when used, COBALT and/or TUBA input and output files in text format should be supplied). | |
| Evidence that TUBA/COBALT warning messages have been checked and found to be acceptable. | |
| Spatial (sectoral) analysis of TEE benefits. | |
| Details of the maintenance delay costs/savings. | |
| Details of the delays during construction. | |
| Appraisal tables (AMCB, PA, TEE) in excel format. | |

Economic Case Assessment

| Item | Section/Page |
|--|--------------|
| A comprehensive Appraisal Summary Table in excel format. | |
| Assessment of Economic impacts. | |
| Economic impacts worksheets. | |
| Assessment of Environmental impacts, to include an environmental constraints map. | |
| Environmental impacts worksheets. | |
| Assessment of Safety impacts and the assumed accident rates presented (when used, COBALT output should be provided). | |
| Assessment of Social impacts. | |
| Assessment of Distributional impacts. | |
| Social and distributional impacts worksheets (including DI screening pro forma). | |
| Cost pro forma. | |

