

Norfolk and Suffolk – Strategic Prioritisation Framework

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Aims and Purpose

This prioritisation tool has been developed to assist partners assess the contribution of a potential project or programme to the Norfolk and Suffolk Economic Strategy.

The strategy was developed by a group including the LEP Board, business and local authority leaders and University and College heads. It sets out aspirations for what partners want Norfolk and Suffolk to be. It also commits organisations to working together in a different way to achieve these goals. Partners have agreed that implementation should be through a number of strategic programmes and action plans.

As these action plans and programmes are developed, this prioritisation framework is designed to be used by the LEP, local authorities and other funding organisations to assess, at a preliminary stage, how proposed interventions contribute to the aims of the strategy as a whole and their value for money (VfM).

It will also help those developing or refining ideas, projects and programmes, by providing an objective and transparent approach to consider the contribution that their proposal might make and its VfM.

The companion toolkit for assessing social inclusion impacts is designed to sit alongside and is a further aide to people developing ideas and projects.

Why have a prioritisation tool?

All local partners have agreed to align relevant investment and activity to the Economic Strategy. Resources are limited and we want each pound spent to have the maximum impact and value. Many organisations will therefore be taking strategic decisions about the balance of investment against potential programmes, projects and other interventions.

The strategic tool is designed to sit above existing programme and project assessment tools and to provide a common strategic approach to identifying impact against the strategy and initial VfM. It is not a replacement for more detailed project appraisal methodologies. It is consistent with the Treasury Green Book.

This tool can be applied by practitioners by following the instructions in this pack. It may be necessary to undertake research and work with colleagues to access the information required to complete it.

- The steps in each round can be evidenced, creating an evidence trail for the conclusion reached.
- The ratings provide a way of ranking programmes, but these may be tailored to better reflect future challenges. The tools are structured as a flow diagram and instructions on how to work through them are contained within this document.

Norfolk and Suffolk – Our Ambitions

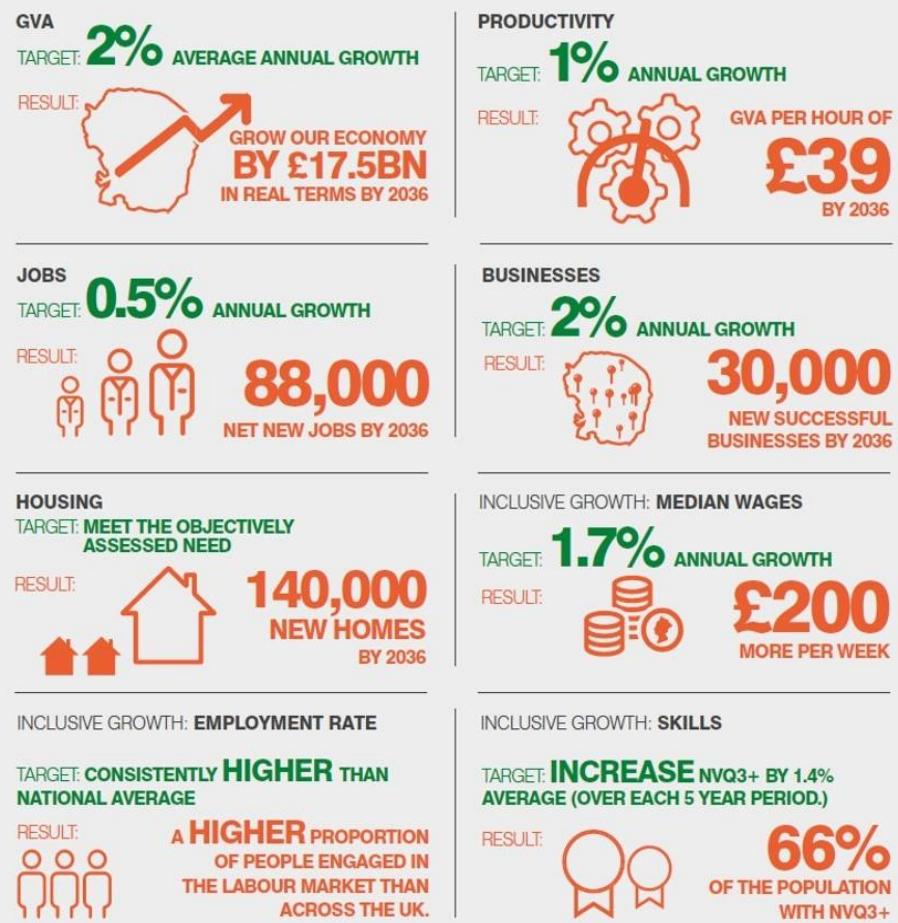
The ambitions in the Economic Strategy set out the place we want Norfolk and Suffolk to be.

- The place where high growth businesses with aspirations choose to be
- An international facing economy with high value exports
- A high performing productive economy
- A well-connected place
- An inclusive economy with a highly skilled workforce
- A centre for the UK's clean energy sector
- A place with a clear, ambitious offer to the world

Economic Indicators

The strategy includes economic indicators which we have agreed will be used to measure progress towards our ambitions. These metrics are an important element of identifying potential impact.

The headline metrics on this page will be supplemented by more detailed shorter term indicators in the action plans for each major theme



Places and Themes

The strategy sets out those priority themes and places which, based on the evidence, we have agreed will have the most impact on our ambitions.

- Our offer to the world.
- Driving business growth and productivity.
- Driving Inclusion and Skills.
- Competitive clusters, close to global centres.
- Collaborating to compete.

This prioritisation tool is based on a series of logic steps that link the ambitions, themes, places and metrics. As expressed in the strategy, the linkages are not linear and this is a reflection of the multiple forces and drivers in the economy.

Methodology

This toolkit contains a 4-stage methodology that will produce a simple RAG rating for each stage and an overall assessment.

It is important to note that if the assessment is taking place at a very strategic level, or at the very early stages of development, then greater weight should be placed on Strategic Fit and Deliverability, as the detail required for an assessment of economic return may not be available.

1. Strategic Fit

2. Deliverability

3. Additionality

4. Economic Return (*which is optional for early stage project development and may not be used for all projects*)

The steps should be followed in sequence. Answer the questions with respect to your programme and follow the guidance to determine the extent to which a potential programme or project contributes to the strategy.

If the assessment tool indicates that a programme as it is currently proposed does not align to the Economic Strategy, further consideration may be needed to restructure the project.

If a calculation of economic return is not appropriate or the intervention is at an early stage of development then it is simply removed from the overall scorecard for that project. But it should be noted that this will provide less assurance in relation to value for money, which should be assessed later in the development process.

Methodology - Stages 1 and 2

Strategic Fit

An assessment of Strategic Fit is made against both the themes and places in the strategy. It also incorporates an assessment of the strategic case for public money, where appropriate.

Projects assessed as having negligible impact on any of the themes will not be taken onto subsequent review stages.

Deliverability

Assessing Deliverability considers how the project will run and includes considerations of timescales, capacity, experience, risks and resources, alongside potential financial viability.

Methodology - Stages 3 and 4

Additionality

This is the third round of the process and requires more specific information and evidence to demonstrate the net additional outputs against the economic indicators in the strategy. Given that this toolkit is designed for strategic prioritisation and project development, not project level appraisal, we suggest assessing additionality in terms of the overall impact on the economic indicators (not including GVA) in a “top down” approach. This stage provides an early indication of value for money.

Economic impact

In this stage we recommend making an initial assessment of economic impact and return on investment, to gain a further insight into value for money. We are suggesting either assessing GVA outcomes or a Benefit : Cost Ratio (BCR) where employment outcomes are harder to forecast.

To measure economic return we suggest an assessment of GVA per £ of funding (measured over a 10 year period).

We recommend retaining a GVA based approach for this toolkit, as the Economic Strategy’s headline purpose is to drive economic growth.

How to Generate an Assessment

Programmes are to be run through a sequence of logic flows to provide the necessary information by which to rate projects individually (and rank them against another if desired).

We have suggested the types of evidence necessary to make an assessment for each stage.

Programmes are rated according to how closely they can demonstrate their alignment to the Economic Strategy, receiving a higher rating the more the project evidence is demonstrative of alignment. The types of evidence that a user should seek is outlined in the following section.

Stage 1 - Strategic Fit

Strategic Fit is a qualitative assessment, backed up by quantitative evidence of the impact on places or themes if available using the following questions:

- Does the project or scheme directly support the ambitions in the Economic Strategy?
- Does it directly deliver against the actions in the agreed themes and places?
- Does the project unlock other projects with a high strategic fit?
- Will it deliver new economic growth, or is this business as usual?
- Have you assessed the inclusive growth contribution of the project?
- Is there a clear rationale for public intervention (where this is proposed) i.e. market failure or distributional impact. Or should it be funded by other means?

Scoring

High – A strong strategic fit that directly supports 5 or more ambitions and directly delivers specific actions in the themes and places and / or unlocks other projects that do. A clear inclusive growth impact.

Medium – Good strategic fit. Project supports 3-5 of the ambitions and has a clear link to actions in themes and places. Consistent with the strategy, but delivers limited or undeveloped improvements on business as usual and/ or marginal in terms of inclusivity.

Low – Strategic fit is not clear. Funding may be for ongoing upkeep or sustaining activity, but does not directly support an action in a theme or place or will not bring about net additional growth. No direct inclusive growth impact.

Evidence Required? (I)

In order to make an assessment of strategic fit you may consider the following types of evidence.

Places

- Ipswich
- Norwich
- Norfolk and Suffolk Energy Coast
- Cambridge – Norwich corridor
- East-West Corridors

Guidance on the Evidence Required

- A profile the place opportunities is set out in the strategy.
- We would expect to see quantitative evidence in the way of data analysis or qualitative evidence through case study material to illustrate what the programme is expected to deliver.
- An explanation of how this quantitative or qualitative evidence set out how the programme is expected to impact the place, through a physical presence or indirect links.

Evidence Required? (II)

In order to make an assessment of strategic fit you may consider the following types of evidence.

Themes

- Our offer to the world
- Driving business growth and productivity
- Driving inclusion and skills
- Collaborating to grow
- Competitive clusters close to global centres

Guidance on the Evidence Required

- A detailed explanation of each theme is set out in the economic strategy.
- We would expect to see quantitative evidence in the way of data analysis or qualitative evidence through case study material to illustrate what the programme is expected to deliver.
- An explanation of how this quantitative or qualitative evidence links to the relevant theme.

Stage 2 - Deliverability

Deliverability, including risks and capacity should be assessed alongside strategic fit. This is also a qualitative assessment, and should be seen as an aid to idea and project development. The questions have been designed accordingly.

- Is there any indicative plan in place with timings and cost categories?
- Are the main risks outlined and is there detail about mitigation and management?
- Is delivery capacity identified?
- Is the Governance arrangement adequate?
- Has the proposed delivery team successfully executed similar projects in the past?
- Are there land or other asset ownership conflicts?
- To what extent is the project developed and planned?

Scoring

High – Project has owners, governance and a clear route to funding with appropriate delivery capacity and a plan identified.

Medium – Plan is high level, with limited assessment of risk and only indicative funding, delivery and governance arrangements. Unclear whether delivery skills have been identified.

Low – Project plans not developed, little clear assessment of funding.

What Evidence is Required? (III)

The following evidence will be useful in assessing deliverability.

Operational Fit

- Deliverability

Including assessment of timescales, resources, finance and risk

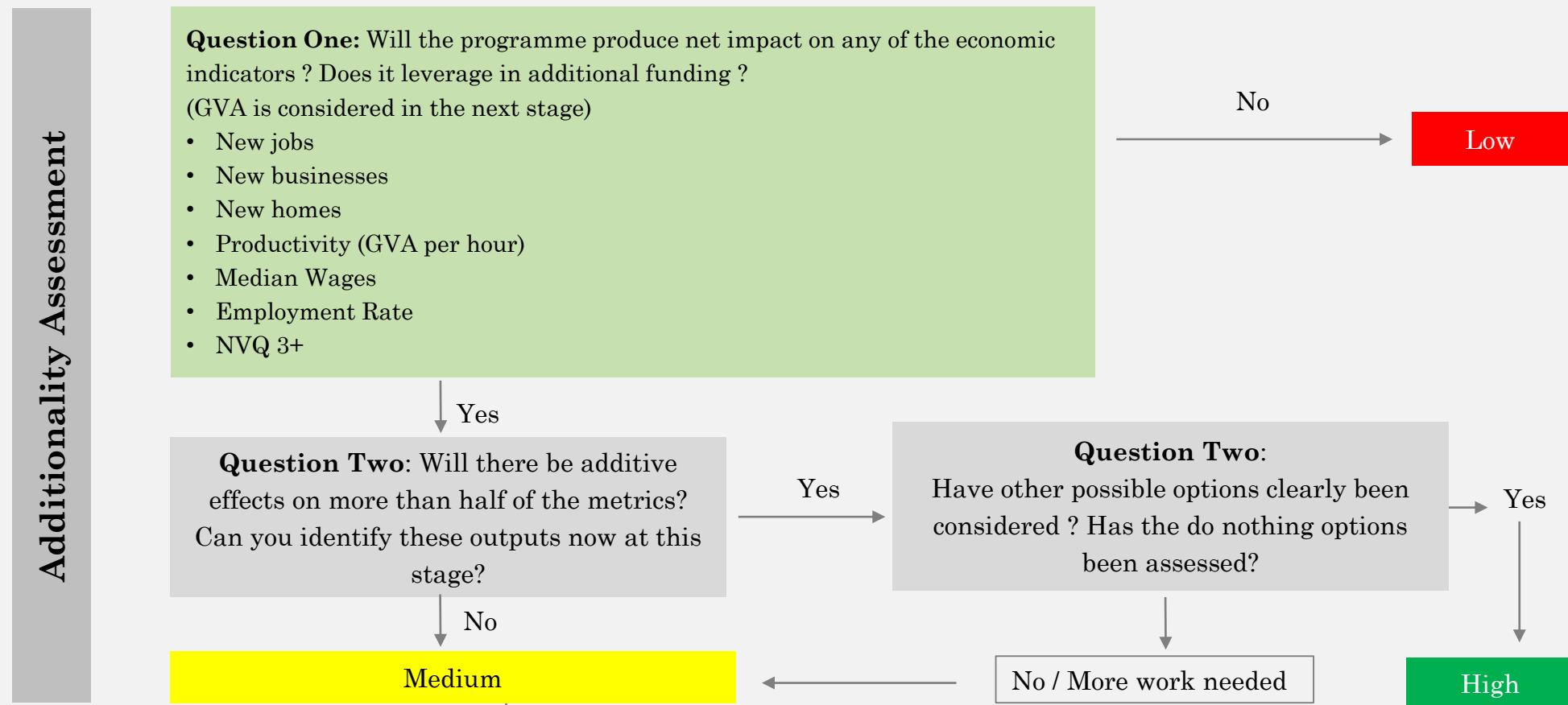
Guidance on the Evidence Required

- A clear timetable and plan for delivery with clear expected timescales.
- There should be evidence of experience in completing similar projects, ideally with the same members of staff.
- There should be evidence of the potential funding available, the source and leverage.

Stage 3 - Additionality Assessment

This toolkit is designed for strategic prioritisation not for detailed project or programme appraisal (although it is consistent with those systems). We are not therefore proposing a detailed assessment of deadweight and displacement at this stage. The aim here is to establish whether or not the proposed intervention is likely to provide

an additional contribution to the economic indicators and the scope of impact across those metrics. If it is possible at this stage to quantify outputs effectively then it will be possible to make an initial assessment of economic impact in the next stage.



What Evidence is Required? (IV)

In order to construct a rating for the programme, there are a number of pieces of evidence that need to be collated.

Additionality Assessment

The Economic Metrics

By 2036...

- £17.5bn additional GVA
- 88,000 new jobs
- 30,000 successful new businesses
- 144,684 new homes
- GVA per hour increase by £15
- 50% of the working age population earning £194 more a week
- A greater than average share of the working age population employed.
- Two thirds of the working age population hold the equivalent of at least two A-levels.

Guidance on the Evidence Required

- A project should be able to demonstrate clear evidence on how it will contribute to a metric.
- This can be quantitative or qualitative evidence
- For those metrics that cannot be realised instantly, there will need to be clear process to get to this stage.
- A written assessment and identification of the alternative options and their impacts, including the do nothing option.

Stage 4 – Estimating Economic Impact and Value for Money

This element of the toolkit has two stages, it is only likely to be applicable if there is sufficient detail on additional outputs available from the previous stage:

An estimate of economic impact - either GVA or BCR

An estimate of economic return - an estimate GVA return

and cost

This stage may not be appropriate for project in the very early stage of development, but where indicative figures are available, making an early assessment of economic return will help the project development process.

Question One: Where net outputs can be identified at this point of development calculate a GVA impact through forecast changes in employment by GVA per job (or potentially other metrics on the next slide)

Where employment changes are harder to forecast, calculate a Benefit: Cost Ratio.

Question Two: Make an assessment of GVA cumulative impact over a 10 year period, not discounted.

Assess cost as the total public funding needed over 5 years.

Low
ROI of < 5
BCR < 1.5

Medium
ROI 5 – 20
BCR 1.5 – 2.5

High
ROI > 20
BCR > 2.5

What Evidence is Required? (V)

Where direct number of jobs created is possible to assess then a simple calculation of wages per job per sector can be seen as a proxy for GVA impacts. Other types of output can be converted into GVA figures, examples below:

Skills – Value of earning uplift as a result of intervention

Floorspace – Average jobs per square meter based on HCA guidance and multiplied by GVA per job.

Housing – Jobs generated per house based on employment rate, multiplied by GVA per job.

Comparing Ratings

The stages above will generate 3 or 4 RAG ratings. These can be combined to create an overall assessment as follows:

High for two or more criteria and no lows – Strong case for prioritisation and further development work.

Medium for all criteria – Good case for further development work

All others – much further work needed, either because return/ additionality is poor or strategic fit and deliverability are unclear.

Proposals for further development can then be prioritised according to best fit with the strategy and further development work undertaken. More detailed appraisal at business case stage would be informed by the results of this high level prioritisation and would include more detailed assessment of options appraisal and VfM as appropriate.

Example Scorecard

	Strategic Fit	Deliverability	Additionality	Impact and VfM	Overall
Intervention 1	Green	Yellow	Yellow	Not Completed	Yellow