

Greater Birmingham and Solihull Local Enterprise Partnership

Application for Local Growth Funding

Outline Business Case

Project name	
Reference Number (from EoI)	<i>to be inserted by the GBSLEP Executive after submission</i>

About the Applicant	
Name of the lead organisation	<i>the organisation that proposes to be the Grant Recipient</i>
Name of the project lead / main contact	
Contact number	
Contact email	
Senior Responsible Owner	

About the Project	
Location of the project	
Postcode	<i>of the specific site or close proximity to the project location</i>
Project start date	<i>earliest possible start date post approval and funding contract signature</i>
Project completion date	<i>the date in which any works will be signed off as part of construction and practical completion</i>
Project Longstop date	<i>the date in which any outcomes are expected to be delivered post completion date.</i>
Total project cost	
Total Local Growth Funding (LGF) loan funding contribution requested	
Total LGF capital grant funding contribution requested	
Are you seeking to apply for development costs as part of your application?	Yes / No <i>If 'yes', please state here the amount requested and complete Section H – Development Costs. Eligibility criteria apply.-</i>

Revision History

Please keep record of the document's Revision History using the table below:

Version Number	File Name	Date submitted	Summary of changes made compared to previous version (please refer to previously received feedback and how issues have been addressed)

Introduction

This document provides a template for an Outline Business Case (OBC) in support of Greater Birmingham and Solihull Local Enterprise Partnership's (GBSLEP) investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to: put forward the strategic case for change and the preferred way forward identified in previously submitted Expression of Interest; which establishes the option which optimises value for money; outlines the deal and assesses affordability; and demonstrates that the proposed scheme is deliverable.

In practice, you will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, along with supporting risk register.

Please note that this template should be completed following the principles laid out in HM Treasury's Green Book and Supplementary Guidance which can be found at: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>.

The OBC should cover the five cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

The amount of work and detail put in to this OBC and any subsequent Full Business Case should be **proportionate** to the scale of the project or programme and the expenditure involved.

Please send completed Outline Business Case templates to tom.fletcher@birmingham.gov.uk in Microsoft Word format and include a scan of the signed original in PDF format.

All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account, but can be claimed as part of the development costs of the project should the application be successful (*eligibility criteria applies and is outlined in Section H*).

Outline Business Case Template Structure

This application is divided into the following sections:

- A. Project Overview
- B. Strategic Case
- C. Economic Case
- D. Commercial Case
- E. Financial Case
- F. Management Case
- G. Declaration
- H. Development Costs

A. Project Overview

A1. Summary of the Project (300 words max)

Please be specific about what the project will do and achieve (who, what, where, how)

Please append a map of the project location, if available.

A2. Has the project been submitted to another LEP for funding?

If yes, please give details.

A3. Has the project been submitted to any other organisation or funding body for funding or co-funding?

If yes, please give details.

A4. What is the current position of the project and what has changed since the Expression of Interest was submitted? (500 words)

Please provide a summary of any changes to objectives, scope, funding sources and financial costs, expected outputs and outcomes, timescales, risks and stakeholder relations.

A5. Please list any other organisations involved in delivery of the project and their roles

Partner Name	Role

B. The Strategic Case

B1. Why is the project required? (300 words max)

DRAFT

B2. How does the project support the delivery of the GBSLEP Strategic Economic Plan 2016-2030? (300 words)

Please see <http://centrefenterprise.com/wp-content/uploads/2016/11/SEP-FINAL.pdf>

B3. How does the project fit with national, sub-regional and local investment plans and strategies? (300 words)

For instance, this may be the HMG Industrial Strategy, West Midlands Combined Authority Strategic Economic Plan or that of a neighbouring LEP, Midlands Connect, a Local Plan, etc.

B4. Why is public sector intervention required? What evidence is there of market failure? (300 words)

B5. Who are the intended beneficiaries of the project? (200 words)

B6. What stakeholder consultation has been undertaken / support received? (300 words)

B7. Is the project dependent upon any other projects or investment? (200 words)

C. The Economic Case

C1. What are the critical success factors for the project? (200 words)

C2. What ways and options have been considered for delivering the project?

N.B. this question relates to e.g. size, scope, location, costs, outputs and outcomes.

Please briefly outline the different ways forward, if appropriate, and several different options to address the problem / opportunity.

Reference Case	<i>the position in terms of outcomes and benefits that would occur if the project did not proceed</i>
Proposed Option	<i>As set out in Section B above</i>
Alternative Option 1	<i>This may be based on changes to the scale, scope and cost of the proposed option</i>

*Insert further
Alternative
Options as
required*

C3. What is the preferred option and why? (300 words)

DRAFT

C4. Please explain how your preferred option represents value for money.

If a cost-benefit analysis has been carried out, please briefly describe the outcome of this and append details of the calculations in a separate document. If not, please briefly summarise the expected costs and benefits of the preferred option.

DRAFT

For the remainder of this document, please answer in relation to the preferred option.

C5. Please state what outputs and outcomes you expect the project will achieve.

Please leave blank those which do not apply.

Output / outcome	2017/18 forecast	2018/19 forecast	2019/20 forecast	2020/21 forecast	21/22 – 24/25 forecast	Total forecast
Jobs created or safeguarded <i>Permanent paid FTE that are newly created as a direct result of the intervention</i>						
Jobs created or safeguarded <i>Permanent paid FTE that are newly created as an indirect result of the intervention</i>						

Housing units – No. <i>directly</i> completed as a result of project						
Housing units - No. <i>indirectly</i> completed as a result of project						
Commercial / employment floorspace created (m²)	m ²	m ²	m ²	m ²	m ²	m ²
Skills – Number of new learners assisted (in courses leading to a full qualification)						
Skills – Area of new or improved learning / training floorspace (m²)	m ²	m ²	m ²	m ²	m ²	m ²
Skills – Number of new apprenticeships delivered as a direct result of the project						
Transport Projects <i>BCR and vfm category</i>						

C6. Please explain the assumptions used in your output and outcome assessment

Transport Projects – Please outline any additional actions you are taking to ensure your project is WebTAG compliant

C7. Please briefly describe any other specific outputs or outcomes not listed, including any non-quantifiable benefits

Please also consider what the social or environmental impact may be from the project

D. The Commercial Case

D1. What is the evidence of demand or market interest? (300 words)

Please include any details on market testing and any private sector negotiations or discussions where possible, and how this demonstrates that the proposal will be commercially feasible / deliverable.

D2. If private development partners will be required to deliver project outputs, at what stage are discussions / negotiations? (200 words)

D3. Detail any 3rd party services that will be used to deliver this project, e.g. Legal, Finance, other consultancy (200 words)

D4. Please outline what procurements will need to be undertaken and provide evidence that you have a robust contracting and procurement strategy in place that takes into account all appropriate UK and EU regulations (200 words)

E. The Financial Case

E1. What is the estimated total project cost and the amount of LGF funding being applied for?

Please note that Local Growth Funding is capital funding and only available until 2020/21 financial year. Please insert additional future years into the table as required.

	Previous years	2017/18	2018/19	2019/20	2020/21	Future years	Total
Capital funding (£000s)							
Local authority							
Other public sector							
Private sector							
Third sector							
GBSLEP LGF Loan funding requested	-						
GBSLEP LGF Grant funding requested	-						
GBSLEP LGF Development funding requested (<i>eligibility applies</i>)	-						
Total capital cost							
Revenue funding (£000s)							
Local authority contribution							
Other public sector contribution							
Private sector contribution							
Third sector contribution							
Total revenue cost							
Total project cost							

E2. What assumptions have you made in your total project cost and funding estimates? Please provide evidence of match funding being secure or how any funding gap will be bridged

Please provide an overview of assumptions such as how the costs have been estimated, any optimism bias or contingencies included in your cost estimates, and any timing interdependencies of funding.

If you are applying for loan funding, then please outline your proposal for repayment.

E3. Please provide evidence of match funding being secure or how any funding gap will be bridged

E4. Please outline the overall affordability and financial sustainability of the project

E5. Why is LGF funding required? What specifically would it be used for? (200 words)

E6. How would the project proceed without LGF funding? (200 words)

E7. What other means of financing the project have been explored?

E8. If you are requesting capital grant funding, then please explain why LGF loan funding is not suitable to deliver the project? (200 words)

F. The Management Case

F1. Please outline your project management and delivery arrangements, including the project reporting structure and the roles and responsibilities of partners and key personnel

F2. Why is your organisation the best placed to deliver this project? What is your track record of delivering similar projects? (200 words)

F3. Please provide a summary of key project milestones.

If you have a Gantt chart available, please also include this as an appendix.

Date	Milestone
	<i>e.g. anticipated external funding award date, issue tender documents, contract award, start on site, works completed, etc.</i>

F4. Which of the following (or their nearest equivalents) have been completed?

Description	Complete?	Brief details and date
Concept study		
Feasibility		
Preliminary design		
Detailed design		
Risk register		
Quantified risk assessment		
Environmental appraisal		
Planning application		
Statutory approvals / planning permission		
Consultation with key stakeholders		
Internal or external funder strategic / outline business case		
Internal/other funder business case with benefit-cost ratio or established value for money case		
Quotes for work to be undertaken		

F5. Please briefly detail any other relevant preparatory work completed

--

Please complete the risk register provided in Appendix A

Guidance on risk management is provided in the HMT Orange Book, which is available at <https://www.gov.uk/government/publications/orange-book>

F6. Please briefly explain if any of the following dependencies and potential risks/barriers apply

Issue	Applicable	Comments
Land ownership	yes / no	
Requirement for Compulsory Purchase Order powers		
Requirement for major statutory instruments (e.g. TWA, Side Road Orders, DCO)		
Requirement for planning consents		
Known environmental impacts (e.g. SSSIs, Heritage sites, Ancient Monuments)		
Match funding / partner commitment		
Any other contingencies or dependencies		

F7. If there are specific constraints on the project's start / end dates, please state these below:

	Date	Details
Project cannot start before		<i>Brief description why</i>
Project must be completed by		

F8. Please state how your project complies with State aid Regulations without contravening the State Aid Legislation.

Please outline what advice (e.g. legal advice) you have had in relation to State Aid. All applicants need to take steps to satisfy themselves that any LEP funding approved does not amount to unlawful State Aid. A declaration of compliance with EU State Aid regulations will be required prior to any LEP funding being provided.

--

G. Declaration

Please confirm whether any information in this Outline Business Case is commercially sensitive.
Please outline why if so.

Senior Responsible Owner Declaration

As Senior Responsible Owner for **[Project name]** I hereby submit this request for **[fund name]** allocation on behalf of **[name of organisation]** and confirm that I have the necessary authority to do so.

Name:

Signed:

Position:

Date:

Appendices

H. Development Costs

Please only complete this section if you wish to apply for a funding contribution towards the development costs of this project.

Your application for a funding contribution towards development costs will only be progressed if your OBC is assessed to meet the required criteria to proceed through to Full Business Case.

Please note that applications for development costs are only open to Local Authorities, TfWM, Universities and Colleges, and public sector health organisations.

Total Development Costs for this project <i>(up to and including Full Business Case submission)</i>	
LGF contribution sought towards the Development Costs for this project	<i>This can only be to a maximum of 10% of the total LGF funding requested</i>

Please describe and provide a financial breakdown of the Development Work to be undertaken
Please include specifically what the LGF funding will be used for, key milestones towards the production of the Full Business Case, and governance arrangements, including any local gateway processes, change control and risk management for the delivery of the Full Business Case.

Estimated Full Business Case submission date	
---	--

By signing below, you certify that the above information is true and accurate.

Should your application for Development Costs be granted, you agree that the Local Growth Fund will be defrayed to you on the following conditions:

- The Local Growth Fund will be defrayed as an interest-free, repayable grant. The funding will be defrayed as capital, and should only be used for expenditure that can be capitalised.
- The funding will be defrayed from your projected capital allocation to your project as set out in the GBSLEP Growth Deal 3.
- Upon full approval, the balance of the total capital allocation to your scheme will be defrayed in accordance with the processes described in the GBSLEP Growth Deal Assurance Framework, i.e. quarterly in arrears on production of actual expenditure.
- After your submission of the Full Business Case, should full approval for the project not be granted, you will return all previously received LGF Development Costs to GBSLEP in full.
- You will include GBSLEP in the process for any decisions to be made regarding the scope, cost or timeframe for this project.
- You will provide regular update reports to GBSLEP on progress with the development of the full business case for the project, commencing from the date you sign this letter and at a frequency to be agreed.

Sign:	Sign:
Name:	Name:
Date:	Date:
Senior Responsible Officer	Chief Financial Officer

DRAFT