

# Local Growth Fund

## Business Case Pro forma

### Part A

#### Lead Organisation & Partner Details

##### A1 Project name and location

Include postal address, postcode and local authority area

##### A2 Lead organisation/company

Name of lead organisation/ company (trading name)

Address

Company registration number (if applicable)

Legal status

##### A3 Lead contact

Name of lead contact

Position

Telephone

Email

Address (if different from above)

### A4 Other partners

Please identify all partners/companies/land holding interests that are directly linked with the project. (Append any additional information if appropriate)

#### Partners involved in direct delivery of the project

Name	Tel No	Email	Address	Nature of interest

#### Other Partners involved in the project

Name	Tel No	Email	Address	Nature of interest

**Part B**

**Project Details**

**B1 Project description**

Please provide a brief description of your project (no more than 3,500 characters).  
This should include a clear indication of what the project is, and its key aims and objectives.  
(Please append a clear delivery/implementation plan and any additional information if appropriate).

Please explain what the current baseline position of the project is

## **B2 Rationale for intervention**

Please explain why the project is needed. This should include a clear analysis of the issues you are addressing and/or the market need or failure. Reference or attach evidence to support. (max 3,500 characters)

Please explain why Local Growth Funding (ie public sector intervention) is required, what it will specifically fund and what evidence of market failure there is. Reference or attach evidence to support this (max 3,500 characters).

Please explain what other sources of funding you have tried to secure and what will happen if the project does not secure LGF

Please explain what the critical success factors are for the project and list the criteria against which you will assess the successful delivery of the project.

### **B3 Beneficiaries**

Please explain who the principle beneficiaries of the project are and how they benefit

## Part C

### Options Assessment

#### C1 Options analysis

Please append a full Options Analysis. This should include:-

- A description of each option you have considered for the delivery of the project objectives. Considered in relation to scope, project activity, delivery/implementation and funding. Include a “do nothing” option.
- A SWOT analysis for each option.
- Quantified costs and benefits with an explanation of how you calculated the benefits.

A risk assessment for each project, completing **TEMPLATE A** in the business case pack to score each risk for each option. Using that completed template, identify the constraints and dependencies of each option.

#### Please append options appraisal

Please set out below, using your appended options analysis, a ranking for each of the options considered in priority order.

Please set out your preferred option and why each of the others considered have been ruled out.

## Part D

### Project Assessment

#### D1 Strategic fit assessment

Please explain how the project relates to local, LEP and national strategies, policies and initiatives (max. 3,500 characters).

## **D2 Economic impact assessment**

Please describe how the project will contribute to economic growth and the wider economic, social and environmental benefits it will deliver. (max 3,500 characters.)

Please append any economic impact analysis or other evidence to support economic growth.

### **D3 Value for money assessment**

Using a completed **TEMPLATE B**, please provide details of the outputs to be generated by the project. These need to directly relate to the LEP strategic economic plan and should be proportionate to the funding requested. Also detail any additional outputs over and above those contracted with the LEP.

Please explain what leverage from public and private sources of funding the project will secure.

Please explain why your proposal constitutes value for money, detailing your assumptions.  
(Reference/append any comparator projects or benchmarks that support your case).

## Part E

### Project Commercial, Financial & Legal Assessment

#### E1 Project impact

Please explain what the project outcomes will ultimately be (Define the goods/services to be provided other than the actual capital/infrastructure works). Please provide evidence of how these have been calculated.

## E2 Commercial and financial assessment

Using **TEMPLATE C**, please provide a financial breakdown over the next 5 years of delivery. Please also append;

- A forecast project capital cashflow highlighting when the different funding contributions are expected to be received (Outlining assumptions made).
- A detailed operational monthly cashflow of all income and expenditure for the first five years of the project to prove its sustainability (Please disregard any inflation estimate so that any changes in assumptions can be readily seen).

Have Template C and supporting documents been completed and appended?

### Project costs

a) Who has prepared the project costs?

b) On what basis have the project costs been prepared?

c) Have the project costs been tested robustly and how?

d) Are cost overruns provided for within your organisation?

e) Has your organisation identified a contingency budget? if so, how much?

f) Does your organisation guarantee to absorb any cost increases? If not, who is?

Please provide a copy of the last 3 years' accounts from your organisation

Tick here to show that you have done so

Please explain what the VAT status of your organisation is and confirm whether all costs are inclusive or net of VAT

### **E3 Risk assessment**

Building on the economic assessment options analysis in Part C, please complete **TEMPLATE D** risk register for your chosen option. Please highlight below the inherent risks associated with your project and your mitigation for these.

#### **E4 State aid and legal assessment**

Please explain how the project fits with the current State Aid regulations.

**(The York, North Yorkshire and East Riding Local Enterprise Partnership cannot support proposals which constitute unlawful state aid).**

Please outline any public funding your organisation or your partner organisations have received in the last 3 years including the amounts and the purpose of the funding.

Please detail your procurement strategy outlining any procurement to be undertaken, respecting all appropriate UK/EU regulations.

Please explain whether there is any land or property linked to the project that a charge to secure the investment can be made against. If required, would your organisation be willing and able to grant a legal charge in favour of a third party?

## Part F

### Project Management Assessment

#### F1 Project management

Please explain why your organisation is best placed to deliver this project and how it fits with your organisational strategy. (max 3,500 characters)

Please provide information about your project management and delivery arrangements. Detail below the project team members and their role in delivering your proposal, together with details of experience and track record in delivering similar investments.

<b>Team Member</b>	<b>Details of role and previous experience in delivering a project of this type</b>

Please describe the structure of the project management team and responsibilities within and outline your strategy in the event of the loss of key personnel. (Append an organogram including partners also highlighting any SLAs between partners)

Please outline the track record of the organisation in delivering this type of project. (Have previous projects been delivered to budget and time?)

Please provide details of any external consultants/specialist advisers involved in the project and their role.

## **F2 Contract management**

Please describe your contract management arrangements.

## **F3 Performance management and evaluation**

Please describe the project monitoring and reporting arrangements you have in place to ensure the project will be delivered to budget and time.

Please describe your change management arrangements.

Please describe your risk management arrangements.

Please describe how your project will be evaluated.

Please describe your contingency plans. If the project does not go ahead as planned, how will you achieve the project objectives and outcomes?

Please explain what the planned exit strategy for the project is.

**F4 Project timetable**

Estimated project start date	
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Estimated project completion date	
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List the key steps and milestones within the project setting out dates to be achieved by. (Attach any project plans/schedule of works separately).	
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Please set out any approvals that have already been given or are required and the dates by which these are anticipated (e.g. planning permission)	
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## Part G

### Project Confidentiality

The information provided on this form will be considered by the York, North Yorkshire and East Riding Local Enterprise Partnership (YNYERLEP) Board and may be shared with partner organisations in reaching funding decisions. Summaries of bids may be provided on the YNYERLEP website.

Please tick here to confirm your agreement

Otherwise please ensure that commercially sensitive and confidential information is clearly marked as such in your project application.

## Part H

### Declaration

The proposal must be submitted by appropriately authorised persons in the organisation/company, one of whom must be the person responsible for the finances of the organisation/company.

**I confirm that the information contained in this proposal form is to the best of my knowledge complete and accurate**

Signature	
Name	
Position	
Date	

Signature	
Name	
Position	
Date	

<b>Checklist</b>	
<b>Information</b>	<b>Enclosed</b>
Completed Business Case Form	
Delivery/Implementation Plan inc. Schedule of Works	
Market and/or Economic Impact Analysis	
Options Analysis Report including Template A – Options Risk Assessment	
Template B – Outputs Table	
Value for Money Calculations and Evidence	
Template C – Project Costs and Funding	
3 Year Accounts of Organisation	
Template D – Risk Register	
State Aid Reports	
Procurement Strategy	
Project Management Team Organogram, CVs and any Service Level Agreements	
Planning Permission status: <ul style="list-style-type: none"> <li>▪ Outline</li> <li>▪ Detailed / Reserved Matters</li> <li>▪ S106</li> </ul>	
Other Permissions / Agreements: <p>Eg</p> <ul style="list-style-type: none"> <li>▪ Network Rail Agreement for Rail Crossings</li> <li>▪ Environmental Permissions</li> <li>▪ Permissions From Owners of any Required Third-Party Land</li> <li>▪ Agreements with Highway Authority and / or Highways Agency to Undertake Works to Highway</li> </ul>	
Details of Property/Land Involved in Scheme – Full Address	
Any other attached information – please list:-	

**Submit Form**

Risk	Do Nothing Option1	Undertake Highways improvements Option2			
Funding availability	0	5			
Improvements required to highways network	0	5			
Improvement costs higher than anticipated	0	2			
Unable to secure planning permission	0	4			
Unable to secure listed building consent	0	4			
Unknown site constraints / ground conditions	0	1			
Commercial property market deterioration	0	4			
Partner/contractor solvency	0	3			
Project management/governance issues	0	3			
Development Benefits to town not realised	5	1			
Competes with town centre	0	3			
Reputational Risk to HDC	5	4			
Heritage of site not respected/conserved/enhanced	5	4			
Site is a financial liability	5	1			
	0	0			
<b>Total</b>	<b>20</b>	<b>44</b>			



**Total Project Funding By Source**

Funder	Funding Confirmed	2017/18	2018/19	2019/20	2020/21		Future Years	Total Contributions
Hambleton District Council	Yes	£2,483,000						£2,483,000
Central Northallerton Development Co. Ltd	Yes	£320,367	£2,293,744	£9,480,661				£12,094,772
LEP	No		£2,520,659					£2,520,659
<b>Total</b>		<b>£2,803,367</b>	<b>£4,814,403</b>	<b>£9,480,661</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£17,098,431</b>

**Total Project Funding By Expenditure Type**

Expenditure Type		2017/18	2018/19	2019/20	2020/21		Future Years	Total
Site purchase and tax		£2,483,000						£2,483,000
Wider site construction		£320,367	£2,293,744	£9,480,661				£12,094,772
Highways Improvements			£2,520,659					£2,520,659
<b>Total</b>		<b>£2,803,367</b>	<b>£4,814,403</b>	<b>£9,480,661</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£17,098,431</b>

	HEADLINE RISK	DESCRIPTION OF RISK	INHERENT RISK FACTOR	IDENTIFY EXISTING CONTROLS & EFFECTIVENESS OF MITIGATION	IS RISK DECREASING, INCREASING OR STATIC?	RESIDUAL RISK FACTOR	RISK OWNER
1	<b>Financial risk:</b> Project fails to secure LGF funding to support highways improvements	The preferred project is unviable as costs of the improvements to the highways network that are required reduce CNDCL returns to an unacceptable level	12 Likelihood (3) Impact (4)	Funding is being sought from the Local Growth Fund. Requested grant support would mitigate the risk and enable delivery of a project that delivers maximum economic impact for the town.	n	12 L (3) I (4)	CNDCL
2	<b>Financial risk:</b> Failure to secure pre-lets	Failure to secure pre-lets tenancy agreements for anchor tenants leads to delays in moving the project forward.	12 Likelihood (3) Impact (4)	Engage with potential occupiers at an early stage and negotiate agreements - some discussions are now at heads of terms levels.	i	8 L (2) I (4)	CNDCL
3	<b>Financial Risk:</b> Design compromises result in unacceptable scheme	Compromises to the design, uses and layout result in an unacceptable scheme and the projects stalls, leading to a protracted development schedule with associated cost implications.	9 Likelihood (3) Impact (3)	Ensure occupiers are aware of the importance of design and seek to limit impact	i	6 L (2) I (3)	CNDCL
4	<b>Financial Risk:</b> Highways improvement costs are higher than anticipated due to inaccurate costing or unexpected expenditure.	Failure to accurately identify highways improvements leads to project cost overruns	12 Likelihood (3) Impact (4)	Project costs have developed by NYCC Highways and Gillespies and have been based on extensive knowledge of similar projects. Adequate contingencies and optimism bias have been included in project costs to ensure schemes come in within budget.	i	8 L (2) I (4)	CNDCL
5	<b>Financial Risk:</b> Build costs are higher than anticipated due to inaccurate costing	Failure to accurately identify build costs mean that the developer does not achieve sufficient value to proceed beyond phase 1 placing at risk associated future regeneration outputs	12 Likelihood (3) Impact (4)	Scheme costed and robust viability and appraisal undertaken by experienced construction consultants (LHL Group) on behalf of development company (Wykeland) both with proven track record. Accurate costings are essential to Wykelands development finance process and therefore likely to be achieved. Appraisal last undertaken on 3rd Jan 2017	i	8 L (2) I (4)	CNDCL
6	<b>Financial Risk:</b> Site Abnormals	Site abnormals or other risk items increase the development costs	9 Likelihood (3) Impact (3)	Site surveys and ground investigations have been undertaken. Design will also help ensure all major costs risks are managed	i	6 L (2) I (3)	CNDCL
7	<b>Financial Risk:</b> Changes in construction/contractor Market	Unexpected increases in the cost of contracting, materials and labour lead etc leads to higher build costs.	4 Likelihood (2) Impact (2)	The figures quoted for the highways improvements include a contingency and an optimism bias to ensure that any unexpected increases in costs can be contained within the budget figures.	n	4 L (2) I (2)	CNDCL
8	<b>Planning Risk:</b> Unable to secure planning permission	The scheme does not gain planning consent and is unable to proceed	15 Likelihood (3) Impact (5)	Extensive consultation was undertaken at the masterplanning stage with the community and key stakeholders. The resultant masterplan was adopted as informal planning guidance. In working with the Council through the competitive dialogue process the scheme as submitted by Wykeland is broadly in line with the masterplan principles. Other stakeholders such as the Highways Authority have been involved in this process, are aware of the proposals and have not raised objections. The scheme is therefore very likely to gain planning consent.	i	10 L (2) I (5)	CNDCL
9	<b>Planning Risk:</b> Unable to secure listed building consent	The scheme does not gain listed building consent and is unable to proceed	12 Likelihood (3) Impact (4)	In the development of the submitted proposals Wykeland have consulted with Heritage England and the Councils Conservation Officer to ensure the restoration and enhancement of the listed buildings is acceptable. Other elements of the scheme that do not impact the listed building could proceed but it is likely that the overall viability of the scheme would be compromised.	i	8 L (2) I (4)	CNDCL
10	<b>Construction Risk:</b> Construction delays	Construction delays by the principal contractor result in an inability to complete the project on time with associated penalty costs	6 Likelihood (2) Impact (3)	Undertake full due diligence of contractor prior to appointment. Ensure Liquidated and Ascertained Damages match developer financial penalties.	n	6 L (2) I (3)	CNDCL
11	<b>Construction Risk:</b> Contractor Liquidity	Contractor liquidity or solvency issues cause the development to stall, resulting in an inability to meet maturing financial obligations.	8 Likelihood (2) Impact (4)	Undertake full due diligence of contractor prior to appointment.	i	4 L (1) I (4)	CNDCL
12	<b>Financial Risk:</b> CNDCL Liquidity	CNDCL liquidity or solvency issues lead to delays, resulting in an inability to meet construction deadlines and maturing financial obligations	8 Likelihood (2) Impact (4)	Close monitoring of CNDCL resources and finances will be maintained for the life of the project	i	4 L (1) I (4)	CNDCL
13	<b>Management risk:</b> issues arise in the management and governance of the project	Failure of CNDCL to operate efficiently, delays construction leading to a protracted development programme and additional unexpected costs	6 Likelihood (2) Impact (3)	The Council and Wykeland will have enter into a series of agreements related to the delivery of the development, formally establishing relationships, roles and responsibilities.	i	3 L (1) I (3)	CNDCL
14	<b>Management Risk:</b> Failure to meet statutory obligations	Failure of CNDCL to meet compliance and statutory obligations delays construction, potentially making the project unviable	6 Likelihood (2) Impact (3)	Monitor and report on all statutory obligations as and when they arise.	i	3 L (1) I (3)	CNDCL
15	<b>Financial Risk:</b> Significant archaeological finds	Important archaeological discoveries result in significant delays to the start of construction and protracted completion schedule, with associated cost implications	9 Likelihood (3) Impact (3)	First stage of archaeological works on southern end of the site are complete and no finds of significance sufficient to cause project delays were encountered. Second stage of the dig on the northern end of the site is scheduled for Spring but this phase of the development is in later stages of the project so significant archaeological finds should not impact on development programme.	i	6 L (2) I (3)	CNDCL
16	<b>Health &amp; Safety Risk:</b> workplace incidents	Contractor fails to meet health & safety standards resulting in workplace death or injury, leading to site closure and protracted development schedule with associated reputational and cost implications.	8 Likelihood (2) Impact (4)	Ensure a high quality, competent contractor with a good track record is appointed. Ensure that all required health and safety procedure are put in place.	i	4 L (1) I (4)	CNDCL



Category	Value	Color
High	100	Red
Medium	50	Yellow
Low	10	Green