

CITY OF PRESTON TOWNS FUND BUSINESS CASE PROCEDURE

1. Business Case Development.

All project sponsors must prepare a five case business case. Hatch consultants, retained by the accountable body on behalf of the Towns Fund Board will prepare the strategic and economic cases for all six projects. The project sponsor must take responsibility for preparing the financial, commercial and management cases.

Business cases should draw on best practise and guidance set out on the Towns Fund portal – https://Towns_Fund_further_guidance.pdf

The Towns Fund business case template (optional) is attached as the end of this Annex.

Green Book compliant Business Cases should be developed for each project in order to allocate government funds. Business Cases will include:

- a. The evidence for the intervention using rigorous analysis of quality data and the application of best practice.
- b. An assessment of value for money, including showing how different types of projects will be compared and assessed. Typically, this would include the following considerations at a level proportionate to the scale of funding required for the proposal:
 - a clear economic rationale that justifies the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives
 - clearly defined inputs, activities, outputs and anticipated outcomes, ensuring that factors such as displacement and deadweight have been considered
 - appropriate consideration of deliverability and risk along with appropriate mitigating action (the costs of which must be clearly understood)

2. Business Case Appraisal

The Technical Implementation Group and Ekosgen will carry out the business case appraisal. The process for independent appraisal is set out below:

PROJECT	TIG ROLE	EKOSGEN ROLE
Harris Your Place	Appraisal of strategic, financial, commercial case	Appraisal of economic and management case
Animate	Appraisal of all cases	Appraisal of all cases
Youth Zone	Appraisal of strategic, financial, commercial case	Appraisal of economic and management case
Illuminate and Integrate Appraisal of strategic,	Appraisal of strategic, financial, commercial case	Appraisal of economic and management case
Renewal of HQ Assets Appraisal of all cases Appraisal of all cases	Appraisal of all cases	Appraisal of all cases
CEIAG	Appraisal of all cases	No role

3. Business Case – Proportionality

Business Cases should address, in a proportionate manner, the five cases set out in the HM Treasury Green Book. The six Towns Fund projects will work towards achieving a series of business case progress milestones which have been agreed by the Towns Fund Board and the project sponsor. The progress milestones set out the stage at which it is agreed acceptable for the business case to be confirmed as “final” and appropriate for appraisal. Towns Fund guidance includes advice on proportionality: <https://townsfund.org.uk/blog-collection/tfdp-business-case-template-and-proportionality-guide>

4. Appraisal Methodology

As set out within Towns Fund guidance, business cases for each Towns Fund project must be “sufficiently detailed and robust to pass through local assurance mechanisms”⁴.

This **local assurance framework** adopted by the Preston Towns Fund Board seeks to fully comply with the most up-to-date Towns Fund Guidance and the HM Treasury Green Book (2020).

Based on the latest Towns Fund Guidance and dependent on the nature of the project, it has been determined that it is acceptable for Towns Fund business cases to utilise ‘Place Based Analysis’ within the Value for Money (VfM) assessment. Towns Fund projects clearly sit within the following definition of ‘Place Based Analysis’, as set out within the HM Treasury Green Book (2020)⁵:

“A2.1 Place based analysis concerns appraisal applied to geographically defined areas within the UK. This definition includes a wide range of obvious categories such as, villages, towns, cities, counties and regions and the home countries that make up the UK; it also includes other geographically based definitions such as “rural areas” or “areas of urban deprivation”.”

Following the publication of the 2020 version of the HM Treasury Green Book, the Towns Fund have produced a blog⁶ and guide⁷ which summarises the implications of the updated Green Book for the Towns Fund. It is stated within this guidance that the lack of ‘Place Based Analysis’ in the previous version of the HM Treasury Green Book is “perceived to be one of the major barriers to the government’s levelling up agenda”. It is also clearly communicated that ‘Place Based Analysis’ presents “an opportunity for towns to demonstrate local economic and social benefits such as employment which are now elevated in the economic case”.

⁴ MHCLG, Towns Fund Guidance, June 2020: [Towns fund guidance \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/Towns_fund_guidance_(publishing.service.gov.uk))

⁵ HM Treasury Green Book, 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf

⁶ Towns Fund, Implications of the new Green Book for the Towns Fund, 2021: <https://townsfund.org.uk/blog-collection/implications-of-the-new-green-book-for-the-towns-fund>

⁷ Towns Fund, The Green Book 2020 Update, 2021:

https://static1.squarespace.com/static/5ef3391483c1fe1e25c1e871/t/60083994e6044a7fb90cf5b3/1611151765480/C0161+-+The+Green+Book+2020_website+publication.pdf

The Towns Fund has also issued two further guidance notes on *Economic Case: Best Practice Guidance*⁸ and *Distributional and place-based analysis*⁹ to support the implementation of such an approach within Towns Fund business cases.

Furthermore, the following question and response from the *Towns Fund FAQs*¹⁰, published by DLUHC on 11th November 2021, demonstrates that 'Place Based Analysis' is an acceptable method for calculating economic benefits:

"Will DLUHC accept Business Cases and Summary Documents which use the employment and GVA-based approach to quantifying benefits (rather than only the land value uplift approach? While DLUHC official guidance is to use a land value uplift approach, the department will accept any Green Book-compliant method for calculating benefits so long as they appropriately account for net additionality of their impact."

5. Benefit Cost Ratio

In accordance with Towns Fund guidance there is no minimum threshold for benefit-cost ratio for the Preston Towns Fund projects. In line with the additional Green Book Guidance 2020, the accountable body and Preston Towns Fund Board recognise the importance of non-quantifiable benefits in setting out the rationale for investment. To follow best practice, all Business Cases must contain robust value for money assessments. If value for money is low, then additional justification should be provided.

The Business Cases and the Summary Document should present the case for the whole project, regardless of what proportion is being funded by the Towns Fund. This is because it would be difficult to isolate the benefits of specific contributions, which might be funded by different organisations. In the case where the Towns Deal is contributing a small amount to a much larger project, the accountable body will work with the organisation that is providing the largest funding contribution to the project to produce the Business Case.

6. Business Case Submission Deadlines:

Project name	Month/Year
1. Careers, Employment, Information, Advice and Guidance	March / 2022
2. Re-imagining the Harris	Dec / 2021
3. Animate	March / 2022
4. Illuminate and Integrate	March / 2022
5. Renewal of Harris Quarter Assets	March / 2022
6. Preston Youth Zone	March / 2022

⁸ Towns Fund, Economic Case: Best Practice Guidance, May 2021:

<https://static1.squarespace.com/static/5ef3391483c1fe1e25c1e871/t/610d3b436d9ce21ee1c888e1/1628257112916/C0139+-+Towns+Fund+Economic+Case+Best+Practice+Guidance.pdf>

⁹ Towns Fund, Distributional and place-based analysis, 2021:

<https://static1.squarespace.com/static/5ef3391483c1fe1e25c1e871/t/610d3bb48d5e1a1d8156ab52/1628257210966/C0182+-+Distributional+and+place-based+analysis.pdf>

¹⁰ Towns Fund, Towns Fund FAQs, 2021:

https://static1.squarespace.com/static/5ef3391483c1fe1e25c1e871/t/618d178abed2564963eb25dc/1636636563859/TFDP%2BFAQs_MASTER_11112021.pdf

Stage 2 – Business Case Template

Business Case template (optional) to be used by Towns as guidance for structuring their business cases

Version 4: 19 August 2021

VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1	8 th March 2021	First release of the <i>Stage 2 – Business Case Template</i>	TFDP
2	25 th March 2021	Updates to the Strategic Case, Financial and Commercial Cases to provide additional context and guidance for these cases	TFDP
3	24 th June 2021	Updates to the Economic Case with the new example summary table, as well as confirmation of the price year of economic costs and benefits (2021 prices).	TFDP
4	19 th August 2021	Updated with the revised Annex C – Summary Document template	TFDP

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FOREWORD FROM TFDP

Writing a business case

A business case is a document that captures the rationale for investing in a project, how it fits into the overall strategic context of the town's development, as well as the benefits it will deliver. The business case also captures how the project will be financed, procured, and managed.

This means that the development of a business case should not be considered a hurdle to be overcome, or simply a 'box to tick'. It is a key document that allows you to make good decisions by structuring and capturing your thinking for a project, ensuring all stakeholders understand and are aligned on the why, what, and how of the project. It can help you to quantify the opportunity, prioritise your activities and capture key assumptions and risks.

A business case should be something you refer back to as you progress through project development and into project delivery – it shouldn't just be something that is produced to gain approval and then forgotten about.

Importantly, the production of a business case should not be an activity to be 'feared'. You may have experience of having read some very long, complex business cases in the past but that does not mean that all Business Cases have to be soulless and dull! A business case must tell a story – and, ultimately, demonstrate that your ideas will enable you to meet your goals.

Think of your business case as a tool to make good decisions - the process of developing and writing the business case helps to clarify the next level of detail of your thinking, and as Eisenhower said: plans are nothing, planning is everything.

Using this Business Case Template

We have developed this template to help towns have a sound structure for developing their business cases in line with government guidance and best practice. You should adapt it to your needs and specific cases, and we have attached a 'Proportionality Guide' that helps you consider the level of detail required for business cases of different values or levels of complexity.

There are two important things to note:

1. **This Template is optional.** It should be useful as a guide and prompt in preparing your business cases, but it is not a requirement of MHCLG or TFDP.
2. **Towns are not required to submit their business cases to MHCLG unless it states so in their Heads of Terms agreement.** Business cases are signed off locally, and should be prepared in line with local requirements and assurance processes. You should engage early with your representative from your accountable body (e.g., your S151 officer) to confirm what these requirements and processes are.

BUSINESS CASE TEMPLATE GUIDE

Purpose of this Guide

- Developed by the TFDP to support Towns in producing Business Cases which cover a common standard of requirements to align with HM Treasury's Five Case business case model.
- Neither exhaustive nor comprehensive, but it provides a common roadmap of the main components that should be addressed
- Should be used alongside [HM Treasury's Green Book Guidance](#) and other key Government guidance documents, including:
 - [Business case project guidance](#)
 - [MHCLG guidance](#)
 - [DfT Transport appraisal guidance](#) (where relevant)

How to use this guide (what it is and what it is not)

- **Usage of this guide is optional.** Towns may choose to use it to support their business case development. Given that assurance and sign off processes are locally-defined, Towns should agree whether this template is appropriate for their business cases with their local assurance and sign off stakeholders.
- The **Proportionality Guide** appended to this Template should help you determine the level of detail required for each business case.
- This template has been prepared for individual projects, in line with the MHCLG Stage 2 guidance. However, if a project consists of a package of smaller interventions, these can be grouped into one business case, as long as a strong strategic case is put forward demonstrating how the separate interventions link together to deliver a coherent vision. The value for money assessment must cover the project as a whole, but each intervention must be costed in the Financial Case. Please get in contact with your TFDP business case specialist if you have questions about adapting this template for a programme business case. You can identify your local business case support specialist through your Town Coordinator.
- Towns should use their best judgement regarding emphasis and levels of detail for each section, which should vary depending on the case and type of project. Note that the level of detail should be proportional to the size of the project.
- Towns should adapt tables or formatting however they see fit; this is in no way a style or formatting guide.
- Questions regarding the use of this template or its contents should be directed to your local business case representative.

BUSINESS CASE TEMPLATE

EXECUTIVE SUMMARY

[introduction (background to Towns Fund) + description of the project + summary of business case]

STRATEGIC CASE

[summary of the case for change]

[summary of the national, regional, and local policy drivers]

[summary of the project vision and SMART objectives]

[summary of the proposed project outcomes, outputs, and interdependencies]

[summary of stakeholder views]

ECONOMIC CASE

[options /scenarios considered in appraisal]

[summary of economic benefits considered, both local and national]

[summary of economic costs, including optimism bias]

[value for money assessment, with key results. A table could be included with key results]

[consideration of place-based impacts]

[discussion of sensitivity tests]

FINANCIAL CASE

[summary of costs]

[summary of revenues]

[summary of how the project will be funded]

[financial risks and mitigation plans]

COMMERCIAL CASE

[commercial feasibility of projects]

[contractual issues and high-level approach]

[procurement strategy and key risks, including risk transfer strategy and mitigation plans]

MANAGEMENT CASE

[governance arrangements, including key roles and responsibilities]

[programme and timeline for delivering the project included]

[approach to project management outlined, demonstrating capability for delivering the project]

[key stakeholders identified, and stakeholder engagement strategy presented]

[key risks identified]

[project interdependencies identified]

[quick summary of benefits realisation plan and monitoring and evaluation strategy developed]

INTRODUCTION

[short introduction]

[INTRODUCTION]

[background to Towns Fund and Stage 2 process]

[who is the scheme promoter and accountable body for the project]

[The Project]

[summary of the scheme]

[This Business Case]

[structure and content]

STRATEGIC CASE

PRACTICE NOTES

The Strategic Case sets out the rationale for proposed investment.

A lot of the information relevant for the Strategic Case will have been set out in the TIP, including:

- Evidence of need
- Key policy context
- Overall vision and objectives
- Option for investment and how it was identified
- How option will help achieve objectives

The information from the TIP relevant to this project should feed into the Strategic Case, focusing on the aspects unique to the project.

Note that specific project objectives will need to be identified in this business case (in addition to the TIP vision and objectives).

This case should state the key stakeholder groups and particular business partners and how they've influenced, shaped, and supported project scopes.

The Strategic Case should clearly demonstrate a golden thread of evidence of need → vision and objectives → proposed investment → outcomes and impacts.

STRATEGIC CASE

[summary of Strategic Case]

INTRODUCTION

[purpose of the strategic case]

CASE FOR CHANGE

[existing arrangements - current context and challenges]

[evidence of need related to the specific project]

[future needs, barriers, and opportunities]

[consider how market failures and COVID-19 influence the case for change]

POLICY ALIGNMENT

[local, regional, and national policy alignment]

VISION AND OBJECTIVES

[vision]

[SMART objectives related to the specific project]

[measures of success]

THE PROPOSED INVESTMENT

[setting out the Do Nothing and Do Minimum scenario, i.e. the baseline scenario without investment/intervention]

[project risks, constraints, and interdependencies]

[summary of options considered and how this project was shortlisted, including the strategic alternatives test]

[description of project]

[how project addresses objectives and vision]

[project theory of change]

[expected outputs and outcomes – if Towns Fund funds are being used to deliver specific outputs of the wider project, explain here]

[expected different impacts by protected characteristics and/or income groups]

STAKEHOLDERS

[list of key stakeholders and their role or interest in the project]

[summary of engagement to date and evidence gathered]

[summary of stakeholder viewpoint of the project and how it has influenced the strategic case]

ECONOMIC CASE

PRACTICE NOTES

The Economic Case determines the value for money of the investment. It should include an analysis of monetised benefits and costs, as well as non-monetised benefits. The benefits and costs assessed should be aligned to the objectives set out for the project in the Strategic Case. It is important that Economic and Strategic Cases are closely aligned.

As noted in the MHCLG Stage 2 guidance “Net present social value and benefit-cost ratios should not be treated as a full representation of value for money. Rather, they should be used to summarise the benefits and costs that can be readily monetised or quantified. There may be wider strategic or social value to an intervention which may not be easily assimilated into calculations.”

The level of modelling should be proportionate to the funding ask and size of the scheme.

Towns should decide how to treat Covid-19 impacts. We recommend this is factored into the projections of benefits either in a core scenario or as a sensitivity test. Additional resources to help you consider the impact of Covid-19 are available on the TFDP website.

ECONOMIC CASE

[summary of Economic Case]

INTRODUCTION

[intro to Economic Case]

APPROACH TO ECONOMIC CASE

[options and scenarios considered (must at least comparison of do minimum and do something), modelling years, modelling approach, use of relevant guidance, reference to latest Green Book]

ECONOMIC BENEFITS

[types of benefits identified and why, geographical scale of benefits (including the latest **place-based approach** recommended in the Green Book which includes consideration of local employment impacts)]

[how benefits estimated link to theory of change and strategic case]

[how benefits have been monetised]

[relevant modelling results (e.g. demand forecasts for a walking or cycling scheme, number of visitors to a new cultural centre)]

[presentation of annual undiscounted benefits (real terms)]

[consideration of additionality, deadweight and displacement of benefits and double counting]

Example benefits to consider are set out below:

Towns Fund investment theme	Key benefits	Wider social and economic benefits (note adding all benefits may lead to double counting)	Key guidance to model and monetise benefits
Local transport	<ul style="list-style-type: none"> User benefits (time savings, cost savings) Reduction in accidents Environmental benefits Amenity benefits 	<ul style="list-style-type: none"> Health benefits (from increased physical activity and improved air quality) Productivity benefits (e.g. agglomeration) Employment impacts Attraction of investment Social inclusion 	DfT's Transport Appraisal Guidance (TAG)
Digital connectivity	<ul style="list-style-type: none"> User benefits 	<ul style="list-style-type: none"> Productivity benefits for businesses which experience higher efficiencies Attraction of investment Social benefits from improved access to communication 	
Urban regeneration, planning and land use	<ul style="list-style-type: none"> Land value uplift 	<ul style="list-style-type: none"> Increases in local employment and GVA Community cohesion Health benefits from increased active travel or use of new public / green spaces Social benefits (e.g. improved personal security) 	MHCLG guidance

Arts, culture, and heritage	<ul style="list-style-type: none"> Increased retail revenue from increased footfall Amenity benefits 	<ul style="list-style-type: none"> Social benefits from improved access to culture Increases in local employment and GVA Community cohesion 	
Skills infrastructure	<ul style="list-style-type: none"> Land value uplift 	<ul style="list-style-type: none"> Increased employment and income Attraction of businesses interested in the skills offered by the new infrastructure 	MHCLG guidance
Enterprise infrastructure	<ul style="list-style-type: none"> Land value uplift 	<ul style="list-style-type: none"> Increased employment and income Attraction of more businesses in the long term 	MHCLG guidance

[consideration of distribution of impacts for instance in the form of a distributional appraisal – this can provide evidence for supporting the levelling up agenda]

ECONOMIC COSTS

[explanation of how costs have been obtained and whether a risk assessment has been undertaken]

[capital costs, including renewal costs if relevant (real terms)]

[operating costs]

[approach to optimism bias]

VALUE FOR MONEY ASSESSMENT

[choice of appraisal period, approach to discounting, sensitivity tests]

[impact of Covid-19 on results, other sensitivity tests]

[example optional table below]

Value for money assessment (£m, discounted, 2021 prices)		Core scenario	Sensitivity test 1	Sensitivity test 2
Economic benefits				
<i>Benefit 1</i>		£XXXm	£XXXm	£XXXm
<i>Benefit 2</i>		£XXXm	£XXXm	£XXXm
...		£XXXm	£XXXm	£XXXm
<i>Total economic benefits</i>	(A)			
Economic costs				
<i>Towns Fund cost/funding</i>	(B)	£XXXm	£XXXm	£XXXm
<i>Co-funding</i>	(C)	£XXXm	£XXXm	£XXXm
<i>Total public sector funding</i>	(D) = (B) + (C)	£XXXm	£XXXm	£XXXm
<i>Private sector funding</i>	(E)			
<i>Total economic costs</i>	(D) + (E)			
Benefit-Cost Ratio (BCR)	(A) – (E) / (D)	X.X	X.X	X.X

From Green Book (2020) guidance (p. 40): When considering proposals from a UK perspective the relevant values are viewed from the perspective of UK society as a whole. Where appraising a place based policy or a UK wide proposal with place based effects the relevant values include effects in the place of interest and similar nearby travel to work areas. The relevant costs and benefits which may arise from an intervention should be valued and included in Social CBA unless it is not proportionate to do so. The priority costs and benefits to quantify are those likely to be decisive in determining the differences between alternative options. The appraisal of social value involves the calculation of Net Present Social Value (NPSV) and Benefits Cost Ratios (BCRs) the ratio of benefits to costs.

NON-QUANTIFIED BENEFITS

[qualitative assessment of other benefits not quantified]

SUMMARY

[summary of preferred option for investment]

FINANCIAL CASE

PRACTICE NOTES

The Financial Case assesses the affordability of the investment, identifying cost, revenue, and funding sources.

Note the level of detail should be proportionate to the size of the project.

If you are developing a programme case, each project should have its own financial profile within this section.

FINANCIAL CASE

[summary of Financial Case]

INTRODUCTION

[intro to Financial Case]

[state the preferred base case option, based on the appraisal set out in the Strategic and Economic Cases]

APPROACH TO FINANCIAL CASE

[funding options considered, principles of funding, inflation considered, other financial modelling assumptions]

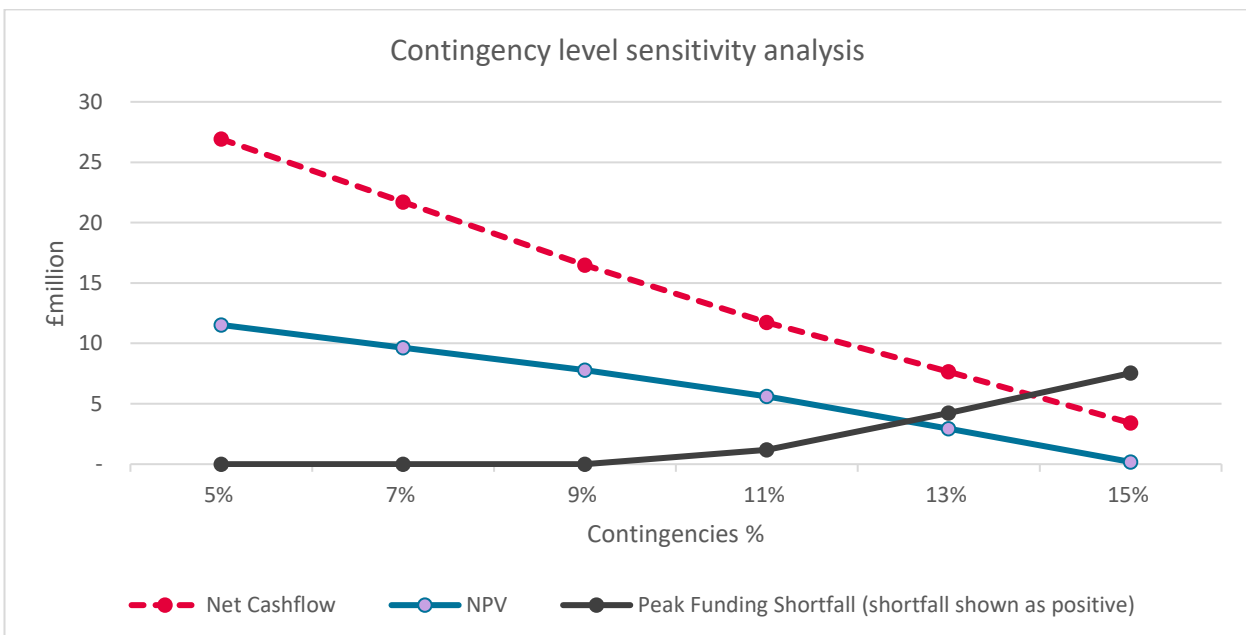
[include amounts and sources of these funds and state whether match funding / co-funding from the public and/or private sector is being used in addition to Towns Fund funding]

Type	Source	Total Amount
Public sector	Towns Fund	£XXm
E.g. Private sector	XYZ Limited	£XXm
E.g. Public sector	Council	£XXm
...		

COSTS

[how costs have been obtained and how robust they are - list out key assumptions such as the base financial year where development costs will be incurred, indexation rates, discount rates, etc.]

[whether / how risk has been factored into costs – include any summary variances from undertaking any sensitivity analysis performed and comparison to scenarios which include contingencies. This can be presented as a table and/or graph – an example has been set out below for further reference]



[capital costs (nominal terms), total and annual profile]

[operating costs (nominal terms) on an annual basis]

[consider the inclusion of a “sources and uses” table which sets out the assumed costs and income streams, an example table has been set out below]

Sources	Value	Uses	Value
Towns Fund	£xm	Operating Costs and Management Fees	£(x)m
Public sector co-funding	£xm	Development Costs	£(x)m
Private sector co-funding	£xm	PWLB Interest Paid	£(x)m
Revenue	£xm	PWLB Loan Repayment	£(x)m
PWLB Drawdown for capital costs (if applicable)	£xm	...	
...	£xm	Total Uses	£(X)m
	£xm	Retained Cash Balance	£(x)m
Total Sources	£Xm	Total Uses less Retained Cash Balance	£(X)m

FUNDING AND REVENUES

[revenues from scheme]

[how funding options were identified and how secure they are – use evidence and update the funding amounts as set out in the TIP2 document]

[funding streams including a financial profile and sources, and with a clear presentation on match-funding revenue streams]

[if borrowing has been drawdown, provide an indicative timeline for when the funds are expected to be repaid in full]

Funding Profile	20/21	21/22	22/23	23/24	24/25	25/26	Total
<i>Value</i>	£m	£m	£m	£m	£m	£m	£m
Towns Fund							
E.g. XYZ Limited							
E.g. Council							
Total Funding							

AFFORDABILITY ASSESSMENT

[assessment of affordability – include general financial metrics, such as net cash flow, net present value, internal rate of return and breakeven analysis as a way of assessing affordability. Sector specific metrics could be used to link the Financial Case to the Commercial Case]

[include the stakeholders – such as senior project leaders, funders, businesses, public and decision makers – that support the project and its continuing viability.]

[financial risks – this includes funding risk, interest risk and indexation risk]

WIDER FINANCIAL IMPLICATIONS

[does the project's financial objectives meet the Council financial objectives as set out in the (if any) Local Plans and MTFS criteria. By undertaking the project, this may change the risk profile of the Council / Local Authority associated with the project]

[accounting Treatment and Impacts (where relevant) – obtain accurate definitions of capital and revenue items. This can contribute towards detailed and reliable financial analysis of the project.]

COMMERCIAL CASE

PRACTICE NOTES

The Commercial Case assesses the commercial viability of the investment.

Note the level of detail should be proportionate to the size of the project.

COMMERCIAL CASE

[summary of Commercial Case]

INTRODUCTION

[intro to Commercial case, explaining the purpose of this section]

[set out the commercial objectives and constraints for agreements and procurements]

COMMERCIAL DELIVERABILITY

[identification of potential commercial options and select/summarise the proposed commercial/delivery model with supporting rationale, with reference to the existing commercial strategy of the organisation where feasible]

[evidence of market testing or that there is a market to deliver the project]

[outline the key contractual arrangements, including personnel implications and charging/payment mechanisms]

[who will deliver the project/investment - role and responsibilities of the contracting parties, demonstrating the appropriate skills and capabilities are in place to deliver]

[treatment of risks, transfer proposals and, if applicable, conflicts of interests and how these will be managed]

[retained risk flows through to the management case to set out the mitigation measures]

PROCUREMENT STRATEGY

[identification of the main components of the projects that will need to be procured and assessment of procurement options for each and identification of a preferred procurement route, including any packaging, interdependencies and so forth]

[summarise procurement process, including key milestones, assurance, and approvals]

[summarise any existing and proposed policies that will apply and be embedded into the procurement strategy, for example:

- social value e.g. jobs, supporting the local economy
- sustainability, ethical sourcing, supporting net zero
- innovation and deployment of modern methods of construction]

WIDER CONSIDERATIONS

[other considerations if applicable]

MANAGEMENT CASE

PRACTICE NOTES

The Management Case assesses the deliverability of the investment, identifying timescales and project responsibilities.

The questions set out below are intended to help you to think through a number of aspects which will help to ensure your project is successful. Whilst this may look quite detailed compared to some of the other cases, it will be important for you to think through each of these elements so you can be in the best place possible as you look ahead to project initiation and project delivery.

The management case should build on the delivery plan outlined in the TIP for this specific project.

From a stakeholder engagement perspective, it's important to identify the key stakeholders and include a strategy and plan laying out a programme of stakeholder engagement activities that will help deliver the project.

Note the level of detail should be proportionate to the size of the project.

MANAGEMENT CASE

[summary of Management Case]

INTRODUCTION

[intro to the management case]

[approach to deliverability]

[rationale supported by evidence of application on similar projects]

PROJECT ORGANISATION AND GOVERNANCE

[details of participants with reference to TIP and roles, accountabilities, and responsibilities]

[details of the project delivery organisation functions, key roles, capability, competences – including resourcing strategy (internal/external)]

[details of governance arrangements for oversight and approvals and delegated authorities]

ASSURANCE

[summary of approach to assurance including application of 3 lines model]

[summary of assurance plans including timing of key reviews and links to decision points]

[submission of an integrated approvals and assurance plan]

SCOPE MANAGEMENT

[summary of the scope of the project and its key elements]

[approach to specifying, approving, and managing requirements]

[summary of interfaces with third parties and management approach]

[summary approach to solution development, confirmation management, acceptance]

PROGRAMME/SCHEDULE MANAGEMENT

[summary structure of programme and principal stages and workstreams]

[summary timescales and explain if project is being fast-tracked]

[details of dependent and interdependencies with rest of TIP and non-TIP projects]

[summary of key milestones including key decision points, assurance, consents, approvals]

[summary of critical/near critical paths and/or higher risk workstreams/activities]

[summary of schedule hierarchy and tools and include high level pictorial summary]

[summary of constraints, assumptions, and basis for programme rates/durations]

[details of most likely forecast completion date within stated range]

[summary of risks and issues likely to affect implementation and delivery performance]

RISK AND OPPORTUNITIES MANAGEMENT

[summary of risk management strategy reflecting organisation, financial and commercial case and covering identification, classification, quantification, mitigation)

[summary of processes and tools including whether qualitative and quantitative assessments are proposed]

[summary of risk themes and key risks and mitigations]

[summary of approach to issue management if separate from risk management]

[if applicable, summary of retained risks and mitigation/management plans]

[summary of approach to opportunities management and realisation]

[assessment of opportunities to gain from industry productivity initiatives]

PROJECT MANAGEMENT

[summary of proposed project management approach/methodology]

[statement describing intent to apply existing or need to develop new processes]

[summary of key processes for controlling scope, programme, cost, risk, HSE (health safety and environment), assurance and reporting]

[summary of processes for managing key interfaces, consents, and compliance]

[summary of approach to information management]

[details for managing change linked to organisation, governance and delegated authorities]

[arrangements for managing professional service contracts and third-party agreements]

STAKEHOLDER ENGAGEMENT

[summary of key stakeholders and their interests and power to influence delivery]

[summary of strategy(s) to engage through development, delivery, and operations]

[summary of approach to communications with stakeholders including the public]

BENEFITS, MONITORING AND EVALUATION

[summary/cross reference to the benefits register covering development/delivery/operations]

[approach to developing a benefits realization plan and its approval]

[arrangements for tracking and reporting benefits through development/delivery]

[high level strategy for monitoring and evaluating benefits realization]

Once Heads of Terms have been agreed, towns are required to develop business cases for each project and submit a Summary Document to Ministry of Housing, Communities and Local Government (MHCLG). MHCLG will need to review and be satisfied with the Summary Document before funding can be released.

The **Summary Document is mandatory**, even if you do not use the TFDP business case template.

SUMMARY DOCUMENT

Towns Fund Stage 2 Business case guidance Annex C: Summary Document template

Towns must:

- Submit a completed Summary Document for each project to Ministry of Housing, Communities and Local Government (MHCLG) as soon as they are ready and within 12 months of agreed Heads of Terms.
- **Where towns require funding in 2021/22** then Summary Documents **must** be submitted to MHCLG by 14 January 2022.
- Note that in the event of late submission of Summary Documents (SD), MHCLG cannot guarantee payment. If there is a risk of late submission, towns should promptly liaise with their MHCLG local leads.
- **With the first Summary Document, include** Part 2: Town Investment Plan (TIP) conditions (where applicable).

Please note: MHCLG will use the financial profile (Annex A-1) submitted previously to make any payment.

Programme-level update

Where not submitted today, the remaining Summary Documents submission timings.

Project name	Month/Year
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Part 1: Project Summary Document

Towns should complete this for each project.

Summary Document table	
1. Project name:	
2. Heads of Terms project conditions	
	<ul style="list-style-type: none"> - Actions taken to address any conditions attached to the project in the Heads of Terms, where applicable. - Where the condition was to provide a delivery plan please input in the section below (no.9) and/or attach to this document.
3. Business case appraisal	
	<p>Provide details of how the business case has been appraised including:</p> <ul style="list-style-type: none"> - business case type - any internal or external assurances
4. MHCLG capital (CDEL) 5% payment	
	<p>Main activities, if applicable:</p> <ul style="list-style-type: none"> • • • • •
5. Quantified benefit-cost ratio/value for money (e.g. Benefit Cost Ratio or Net Present Social Value)	
	<p>A quantified benefit-cost ratio should be provided. If it has not been generated, a summary of evidence used by the S151 Officer to demonstrate value for money should be stated.</p>
6. Deliverability	
	<p>Will this project still be delivered within the Towns Fund timeframe? (Y/N)</p>

7. Delivery plan

Including details of:

- timescales and key milestones
- partnerships
- interdependencies
- risks and mitigation measures (if not provided above).

8. Town Deal Board Chair name & signature

Name of the Town Deal Board:

Chair's name and signature:

Date:

9. By signing, I agree that:

1. The business case, in a proportionate manner, is Green Book compliant.
2. The 5% early capital (CDEL) has been included in the Town Fund project costs across the programme.
3. This project and expenditure represent value for money, including the 5% early capital (CDEL) provided.
4. Project-level Equality Impact Assessments such as Public Sector Equalities Duty and/or Environmental Impact Assessments have been undertaken.
5. For final submission - programme-level Public Sector Equality Duty assessment has been undertaken by the accountable body.

Name of the lead Local Authority and signature of the Chief Executive Officer or S151 Officer

Name of the lead Local Authority:

Job title:

Name and signature:

Date:

Part 2: Town Investment Plan (TIP) conditions

Towns are **only** required to submit this with the **first batch** of Summary Document if any TIP conditions are listed in the Heads of Terms. All TIP conditions must be met **before funding can be released**.

TIP conditions table	
1. TIP improvement condition	Set out TIP improvement conditions as agreed in Heads of Terms
2. Evidence	Provide evidence of how conditions have been addressed
3. Name of the Town Deal Board Chair & signature	Name of the Town Deal Board:
	Chair's name and signature:
	Date:
4. Lead Local Authority's name & signature of the Chief Executive Officer or S151 Officer.	Name of the lead Local Authority:
	Job title:
	Name and signature:
	Date:

Annex: submission checklist

Use this as guidance when submitting the Summary Documents.

Items	Checked	Qty
first submission		
1. Programme-level update	<input type="checkbox"/>	
2. Part 1: Project Summary Document	<input type="checkbox"/>	
3. Part 2: Town Investment Plan (TIP) conditions	<input type="checkbox"/>	
4. Final Monitoring & Evaluation (M&E) plan	<input type="checkbox"/>	
5. Any other documents	<input type="checkbox"/>	
all other submissions		
1. Programme-level update	<input type="checkbox"/>	
2. Part 1: Project Summary Document table	<input type="checkbox"/>	
3. Final M&E plan	<input type="checkbox"/>	
4. Any other documents	<input type="checkbox"/>	

PROPORTIONALITY GUIDE

You should consider the following questions and prompts to help guide the level of detail required for your business case. Ultimately, this is a question for your local assurance processes and your Town Deal Board.

GENERAL CONSIDERATIONS

Key questions to consider the level of detail and effort required for your business case as a whole include:

- Is your project large (smaller projects – e.g. <£1m – require less detail compared to larger projects – e.g. projects over £25m)?
- Is the project of regional or national significance?
- Is it a complex or innovative project?
- Is this the first time you have delivered a project of this kind?

If you answer ‘Yes’ to one or more of these questions, you will need to produce a more detailed business case.

Ultimately, you should follow any guidance on the level of detail required for business cases based on your local assurance processes.

For each of the five cases below, we set out key questions and considerations to help you gauge the level of detail required for your business case.

At the end of this document, you can use the [Proportionality Tool](#) to assess where each business case falls on the scale of these key questions, which should help you understand the level of detail required for your business case.

STRATEGIC CASE

Key questions to consider the level of detail and effort required for your Strategic Case include:

- Is the project a key enabler for other projects or programmes? Is it part of a set of projects to achieve more transformational change?
- Is there a complex stakeholder or policy challenge which requires further evidence or articulation of wider strategic alignment?
- Does the project or its theory of change have any dependencies on other projects or activities?

ECONOMIC CASE

Key questions to consider the level of detail and effort required for your Economic Case include:

- Is the project in any way high risk or/and new and novel? Are the benefits of this type of project well understood and is there evidence that they are likely to be achieved?
- Is the “Do something” well-articulated – or does it need further refinement? Are the scenarios easily defined?

- What is the level of certainty around the costs and benefits? Is the BCR or NPV calculation particularly sensitive to any of the variables or assumptions?
- Is there any interrelationship or complexity between costs, benefits etc.? For instance, prices or costs impacting on demand?
- Are the costs and benefits dependent on the commercial or financial deal?
- Are there any significant dis-benefits?
- Is the case dependent on significant benefits which are difficult to monetise?
- Is the project likely to have a different impact on different groups (e.g. age, income)?

FINANCIAL CASE

Key questions to consider the level of detail and effort required for your Financial Case include:

- What are the various sources of co-funding and commitment levels, and are there key uncertainties around those?
- Are there any foreseen Capital or Revenue constraints?
- What are the key assumptions that will impact the financial viability and what sensitivities do you plan to run? Are there any key financial risks to the project?
- Has there been consideration of tax and accounting treatment with your local assurance owner / accounting buddy?

COMMERCIAL CASE

Key questions to consider the level of detail and effort required for your Commercial Case include:

- What is the commercial strategy underpinning delivery of the project?
- Which party owns which risk and the basis for the risk allocation? To what extent is there opportunity for suppliers to bear risk? Where suppliers are able to take risk how will the pricing mechanism reward/penalise them?
- Does the project involve partnering with multiple bodies and, if so, how will agreements be negotiated?
- Does the scope of the project require specialist input and are there any specific challenges or risks?
- Is the market understood and is the project likely to result in competitive tender(s)?
- Are there any specific challenges in deciding the procurement route to market? To what extent can existing processes for procurement and contract management be used? Do you have experience with this type of procurement?
- To what extent can the project be delivered as a single package or are multiple packages required?
- Can social value be delivered through procurement?

MANAGEMENT CASE

Key questions to consider the level of detail and effort required for your Management Case include:

- Does the accountable body have an existing and proven approach for the delivery of projects and how will that be applied to the delivery of the project?
- What is the scale and complexity of the project?
- What are the key risks, who are the owners and how will they be managed?
- Is this an innovative project and does the project sponsor have experience in delivering similar projects?
- How many organisations will be involved in the delivery of the project and have they worked together?

- Does this project require complex delivery arrangements and are the roles and responsibilities clear and agreed?
- To what extent is the project dependent on projects by others and how will interfaces be managed?
- How many stakeholders will need to be engaged during development and delivery stages and how will this be achieved?
- What is the basis for the workstreams/activities in the proposed delivery schedule and the confidence in achieving key milestones?
- To what extent are there existing processes and procedures for project controls and how will these be applied?
- Who requires to assured, about what, to what level of detail and to what extent can existing arrangements be adapted and used?
- Is benefits realisation dependent on other parties, behavioural change, or additional enablers such as training or programming?
- How many outcomes and outputs will need to be monitored, and is there an established method for monitoring the outcomes and outputs that have been identified?

PROPORTIONALITY ASSESSMENT TOOL

	Less detail		More detail
General			
Project size and value	<£1m	←————→	£25m+
Regional and national significance	Local	←————→	Regional / national
Innovation	Low	←————→	High
Experience delivering similar projects	High	←————→	Low / no experience
Strategic case			
Enabler of other projects and transformational change	Local impact	←————→	Transformational change
Stakeholder picture	Simple	←————→	Complex
Key dependencies with other projects	No dependencies	←————→	Strong dependencies
Economic case			
Risk and novelty of project	Low	←————→	High
Scenario definition	Simple	←————→	Complex, including Covid-19 impacts
Certainty around costs and benefits	High certainty	←————→	Low certainty
Disbenefits	No disbenefits	←————→	Potential Disbenefits
Monetising benefits	Easy to monetise	←————→	Difficult to monetise
Distributional impacts across groups	simple impacts, less relevant to project	←————→	Complex distributional impacts
Financial case			
Co-funding and uncertainties	Clear co-funding approach	←————→	High uncertainty and complex co-funding
Capital and Revenue restraints	None	←————→	Some
Financial viability and key financial risks	Low risks	←————→	High financial risks
Tax and accounting treatment	Clear	←————→	Complex, to be defined

	Less detail		More detail
Commercial case			
Number of parties	1	↔	>3
Procurement experience	Procured before	↔	Never procured
Risks and allocation	Clear and obvious	↔	Shared and need defining
Market assessment	Sufficient capacity	↔	Limited capacity
Procurement route	Framework	↔	Negotiated deal
Contract conditions	Standard, used before	↔	Modified, complex
Payment mechanisms	Cost reimbursement	↔	Target price
Incentives	None	↔	Pain / Gain
Assurance required	Minimal	↔	Independent
Value added	Minimal	↔	Multiple opportunities
Management case			
Technical complexity	Low	↔	High
Novelty	No novel aspects	↔	Little experience
Delivery risks	Few and manageable	↔	Many, likely, resource hungry
Dependencies	Few	↔	Many
Delivery model	Single body	↔	Multi-party
Project team	1-3	↔	>5
Project model	Single	↔	Part of a programme
Stakeholders	Passive management	↔	Active management
Assurance required	Minimal	↔	Independent
Benefits	Clear, concise, measurable	↔	Multi-faceted