

## COAST TO CAPITAL LOCAL GROWTH FUND -CALL FOR GROWTH PROJECTS

### GUIDANCE NOTES

The first three rounds of Growth Deals saw Coast to Capital secure an allocation of £292m from 2015-2021 to invest in capital projects or as allocations of funding to run as competitive rounds. All projects funded from the Growth Deal are expected to contribute towards the Coast to Capital Strategic Economic Plan, Industrial Strategy response, the Coast to Capital Business Plan 17/18, to deliver economic outputs such as new jobs, homes and/or employment space.

Coast to Capital are now launching a new call for growth projects that will be funded from unallocated Growth Deal funds.

This current July 2017 call will be open for applications from Thursday 27<sup>th</sup> July 2017 until **12 noon on Friday 8<sup>th</sup> September 2017**; any application received after this deadline will not be considered. Applications should be submitted electronically to [localgrowthfund@coast2capital.org.uk](mailto:localgrowthfund@coast2capital.org.uk). Submissions will be acknowledged within 24 hours. Subject to any changes to deadlines, the project appraisal and prioritisation process will take place throughout September to November 2017 and you should be informed on whether your project has been successful by the end of November 2017.

Each project will need to complete the business case template and supporting excel spreadsheet, both of which can be downloaded from the 'related resources section' on the website via this link <http://www.coast2capital.org.uk/new-call-for-bids-local-growth-funding>

Please ensure that you use these guidance notes to assist you in producing the business case and completing the supporting excel spreadsheet. It is important we receive both documents and all sections / tabs complete.

The minimum funding that can be applied for is £100,000 and the maximum is £5,000,000. This has been split out into 2 categories – small projects between £100,000 and £500,000 and large projects between £500,001 and £5,000,000. The same business case template and supporting excel spreadsheet is required for both.

All projects will need to be match funded. This must be at least the required percentage of the total project costs. This is at least 15% for transport projects and at least 50% for all others.

In this current round of LGF bidding one of the priorities is for **some** spend to be in the 17/18 financial year i.e between the 1<sup>st</sup> of April 2017 and the 31<sup>st</sup> of March 2018. If successful, Delivery Bodies will be able to retrospectively claim with effect from 1<sup>st</sup> April 2017.

As with previous rounds, the Local Growth Fund can only be used to fund capital expenditure as per the CIPFA guidelines. Match funding can be used for revenue expenditure if required, but projects which are entirely revenue expenditure cannot be considered. Projects will also need to provide robust evidence of State Aid compliance. For the avoidance of doubt, unless adequate and conclusive state aid advice has been obtained and submitted with the application form, applications will not be accepted or evaluated. It is therefore very important to consider and address state aid adequately within your applications whether you are a public sector body or a private company. Please see para 4.5 of the Business Case for further information and guidance.

Each project will be assessed against a set of core criteria and depending on the project theme will also be evaluated against particular criteria related to that theme. Each project will be assessed by a review group who will score the project using the scoring mechanism outlined below. A ranked list of bids within each theme will be provided to the Investment Committee for a second stage of the scoring process.

The Investment Committee will score against a set of strategic criteria. The list of projects that score the highest and are recommended by the Investment Committee will then go to the Coast to Capital Board for final approval if over £2m. Any projects £2m and under will be approved at the Investment Committee.

There is no right of appeal and projects not selected for funding within this round will be offered a general de-brief as to where the strengths and weaknesses of their bid were against the assessment criteria. Individual scores will not be released, however we will be able to provide the applicant with their overall score percentage if required.

A flow chart in the related resources section on the website sets out the approach to bid evaluation and the various stages of evaluation that will be employed this year.

### **Assessment Criteria**

All projects that are submitted will go through an initial sift review for completeness of information by the Coast to Capital Programme Management team, before they are submitted for due diligence and consideration by the relevant review group, and Investment Committee. The programme management team will be ensuring the following in this initial sift:

- A. The project is applying for at least £100,000 and no more than £5,000,000 of LGF and this is being matched by at least 50% for non-transport projects and at least 15% for transport projects.
- B. The project has at least a proportion of LGF spend in the 17/18 financial year.
- C. Only capital expenditure, as defined in the CIPFA guidelines, is eligible for funding. Match funding can be used for revenue expenditure if required, but projects which are entirely revenue expenditure cannot be considered.
- D. Robust and acceptable written evidence to the satisfaction of the Coast to Capital Accountable Body from a practicing solicitor / Counsel that the project is compliant with the EU state aid rules.
- E. Submission of all relevant documentation:
  - One electronic copy of the business case template, signed and dated
  - Excel Spreadsheet (both tabs completed)
  - Full risk register
  - Any other Supporting documents and evidence required (e.g. letter of support from Area Partnership)
  - Written evidence to the satisfaction of the Coast to Capital Accountable Body from a practicing solicitor / Counsel that the project is compliant with the EU state aid rules.
  - VAT external advice if applicable

West Sussex County Council as the Accountable Body for the Local Growth Fund will be part of the initial sift review alongside the Growth Deal Programme Management team.

Only projects that have passed the initial sift review will be submitted for due diligence and scoring against a set of criteria. Each project will be assessed against the core criteria and depending on the project theme will also be scored against criteria relevant to that

## Scoring Mechanism for the Review Groups

### Core Criteria- all projects to be scored against

Criteria	Description	Score	Weighting
Value for money	Assessment of the value for money using the HMT Green Book criteria. This could include the level of match funding and wider leverage/investment, particularly the private sector investment, an assessment against the cost per job/home, Benefit Cost Ratio, Cost Benefit Analysis, need for LGF investment, deadweight and displacement. Are the costs reasonable?	0-10	10%
Applicant track record in delivering previous award outputs and spend drawdown to business case forecast	This is a scored assessment based upon the Coast to Capital Programme Management team's written report of past performance in relation to the delivery of projects. The score here is not agreed by the review group but by the Growth Deal Programme Management team. Applicants that have been awarded Growth Deal Funding previously with poor track record will be scored by having up to a maximum of 10 points deducted from their scores based on past performance. As for Applicants who have never been awarded any LGF funding they will all automatically receive 10 points under this heading	-10 - +10	10%

Robustness and credibility of Business Case.	This category includes an assessment of the level of maturity and risk profile of the project. Those projects with robust and well developed business cases that are ready to deliver will score highest. Those projects with high levels of uncertainty and with low levels of confidence around the business case robustness and readiness to deliver will score low.	0-10	20%
Contribution to the environment.	This category includes an assessment of the environmental impact of the project.	0-10	10%

### Theme specific criteria

Projects can only fall into one of the following Investment themes. Where a bid covers a number of investment themes it will need to be listed under the dominant theme and scored under that theme.

Theme	Description	Score	Weighting
Investment in capital expenditure items that promote digital transformation and digital infrastructure.	The success criteria within this theme should be around delivery of strong outputs in the following areas: a) Digital transformation and infrastructure investment that improves productivity and efficiency of an enterprise, with demonstrable evidence of such. b) Digital transformation and infrastructure investment that demonstrates business growth and increased	0-10	50%

	<p>employment opportunities.</p> <p>c) Digital transformation and infrastructure that promotes innovation in business services and has the potential to allow business scale up and transfer of learning to other businesses.</p>		
New Innovation and Start Up Business Creation.	The success criteria within this area relate to the creation of more dedicated floor space for innovation led 'start up' businesses that is of the right quality, quantity and at the right market price in the best possible place where there is a demonstrable need.	0-10	50%
Facilities to provide teaching and research facilities and/or skills based training in digital and innovation areas, across further and higher education sectors in close proximity to the M23, A23 corridor.	<p>The success criteria within this theme would be around the delivery of strong outputs in the following areas:</p> <p>a) Facilities that create new learners that are employment ready for the digital and innovation led industries that will have the right skills to develop high value jobs in key growth industries.</p> <p>b) Have a planned research programme linked to technology transfer opportunities in the digital and innovation sectors.</p> <p>c) Have teaching facilities that will focus on</p>	0-10	50%

	generating high value skills that contribute to innovation based industries including digital skills.		
Increased capacity in sustainable transport and 'key' arterial routes where there are 'bottlenecks', together with flood resilience and digital infrastructure investment.	<p>The success criteria in this category are:</p> <ul style="list-style-type: none"> <li>a) Projects that deliver demonstrable improvements to transport 'bottlenecks' within the region. Clear evidence will be required to demonstrate improvements to journey times as a result of the investment.</li> <li>b) Projects that deliver flood resilience to towns and businesses.</li> <li>c) Projects that deliver digital infrastructure improvements where there are clear gaps in provision and where the improvement will not occur as a result of general private sector market investment and where there is a strong value for money case.</li> </ul>	0-10	50%
Investment in capital projects where there is a demonstrable case that such investment will generate proportionate foreign direct investment and international trade.	<p>Success criteria in this category is:</p> <ul style="list-style-type: none"> <li>a) Capital projects that generate tangible foreign direct investment or international trade returns that meet Government investment return hurdle rates.</li> </ul>	0-10	50%
Regeneration and housing infrastructure	Success criteria under this theme are:	0-10	50%

projects that increase capacity and footfall and unlock new employment space.	<ul style="list-style-type: none"> <li>a) Infrastructure projects that are essential to make housing and regeneration projects viable on brown field sites that otherwise would not be able to proceed in the absence of such investment.</li> <li>b) Infrastructure investment that unlocks 'stalled' development on brown field sites that require remediation.</li> <li>c) Infrastructure investment that increases retail footfall and/or unlocks employment space.</li> </ul>		
Capital investment to increase high value tourism to the Coast to Capital region.	<p>The success criteria within this investment area are based around:</p> <ul style="list-style-type: none"> <li>a) Capital projects that will lead to a demonstrable increase in high value tourism in proportion to the level of investment required, providing good value for money in relation to spend per head.</li> </ul>	0-10	50%

Once all projects have been scored by the review groups, a ranked list within each theme will be provided to the Investment Committee. The Investment Committee will then score each of the projects under the strategic criteria set out below. The top scoring projects will be recommended to the full Coast to Capital Board for approval if over £2m, however if £2m and under the Investment Committee has the power to make the award.

#### Scoring Mechanism for the Investment Committee

Theme	Description	Score	Weighting
Strategic fit	Assessment of the strategic fit with Coast to Capital priorities within the	0-10	50%

	Strategic Economic Plan, the Industrial Strategy response and the Coast to Capital Business Plan.		
Impact	Impact to the strategic themes listed within the Coast to Capital Business Plan.	0-10	50%



## Business Case (BC) Guidance

The template Business Case (BC) and supporting excel spreadsheet should be completed for each project that is applying for funding from the Coast to Capital Local Growth Fund.

The main purpose of the BC is to put forward the case for change and the preferred way forward identified in an internal Strategic Case (SC); 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, with supporting benefits and risk registers.

The BC should be completed in accordance with the guidance issues and the guidelines laid down in HM Treasury's Green Book which can be found at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

The BC should cover the 5 cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

Business cases should be robust and well evidenced documents as the Business Case will be evaluated based upon content if called to present.

<b>1.Executive Summary</b>	
<b>1.1) Overview of the project</b>	Please provide a clear & concise overview of the project ensuring that you set out what the LGF will be used to fund and what opportunity or barrier the investment will unlock.
<b>1.2) Please choose the theme in which the LGF funding will invest in directly. The project can only fit into one theme so please choose the most appropriate.</b>	Please only choose one main theme of relevance. This should relate to the theme of spend.
<b>1.3) The fit with the Strategic Economic Plan, Coast to Capital's Industrial Strategy response and the Coast to Capital Business Plan 17/18</b>	<p>Link to the Strategic Economic Plan: <a href="http://www.coast2capital.org.uk/strategic-economic-plan/">http://www.coast2capital.org.uk/strategic-economic-plan/</a></p> <p>Link to the Coast to Capital Industrial Strategy response: <a href="http://www.coast2capital.org.uk/storage/downloads/coast_to_capital_industrial_strategy_response-1491921480.pdf">http://www.coast2capital.org.uk/storage/downloads/coast_to_capital_industrial_strategy_response-1491921480.pdf</a></p> <p>Link to the Coast to Capital Business Plan 17/18: <a href="http://www.coast2capital.org.uk/storage/downloads/business_plan_201718-1500984093.pdf">http://www.coast2capital.org.uk/storage/downloads/business_plan_201718-1500984093.pdf</a></p>
<b>1.4) Expected total project cost and source of funding.</b>	Please complete the summary table provided and also complete the funding breakdown tab of the supporting excel spreadsheet. Please ensure you name the source of funding.

<b>1.5) Expected tangible core outputs/outcomes</b>	Please summarise the outputs to be delivered by completing the table. If the project will not deliver any of the specified outputs please enter 0 against that output. Please also complete the outputs tab of the supporting spreadsheet.
<b>1.6) Main risks and issues the project will need to manage.</b>	Please summarise the key risks to the project that will need careful management. We also expect a full risk register to be submitted as an annex.
<b>2. The Strategic Case</b>	
<b>2.1) Describe the compelling case for change.</b>	In this section you should explain why public funding is required. What problem or opportunity is the project intended to address in terms of market failure or demand or the contribution the project will make to the delivery of the Coast to Capital Strategic Economic Plan and any other relevant plans and strategies.
<b>2.2) Investment objectives</b>	Detail the specific objectives to achieve the anticipated outcomes. The objectives should be stated in clear and measurable terms with a specified time frame.
<b>2.3) Stakeholder Engagement</b>	Please explain what stakeholder engagement has been undertaken and what engagement remains to be undertaken. What support has been received? Have businesses been engaged and will continue to be engaged throughout the life of the project.  Endorsements should be evidenced if possible.
<b>2.4) Key Stakeholders and their interest areas / Area Partnership support</b>	Please list the key stakeholders and their interest areas in the table provided.  Where there is an Area Partnership and their support, please attached letter of support to your business case submission.
<b>2.5) What are the strategic issues, risks and constraints that may impact successful delivery of the project.</b>	Please provide details of the strategic issues, risks and constraints that may impact successful delivery of the project. E.g. Overarching issues that relate to the approvals, resource implications, finances or other general strategic issues that can impact on the delivery of the project.
<b>2.6) Project dependencies</b>	Summarise any project dependencies that the project has or if there are other projects that are dependent on this delivery (either LGF funded or not) and state the impact to the project if these are not met.
<b>2.7) Project disruption</b>	Please explain the disruption to the local area during the period of project execution and how you are looking to minimise these disruptions.
<b>3. The Economic Case</b>	

<b>3.1) Options appraisal</b>	<p>Please describe the options that have been considered in selecting the project proposal completing both box 1 and 2.</p> <p>This should include a minimum of 3 options:-</p> <ul style="list-style-type: none"> <li>• <b>Do nothing, do minimum or status quo</b></li> <li>• The <b>proposed option</b> (as set out in the executive summary)</li> <li>• An <b>alternative option</b> (which may be based on changes to the scale, scope and cost of the proposed option)</li> </ul>
<b>3.2) Preferred option</b>	<p>Please state the preferred option with supporting justification for selection.</p>
<b>3.3) Issues with preferred option</b>	<p>If there are any issues to be resolved before this option may proceed, please provide an overview.</p>
<b>3.4) Top 5 risks of the preferred option</b>	<p>A summary of the top 5 risks of the preferred option should be provided here and a full risk register which includes quantification, ownership and mitigations for each risk should be sent as an annex to the business case.</p>
<b>3.5) Economic Impact</b>	<p><b>Projects in all themes should answer this question.</b></p> <p>How does the project positively affect the level of economic activity in a given area? What is the economic impact?</p>
<b>3.6) Environmental Impact</b>	<p><b>Projects in all themes should answer this question.</b></p> <p>What are the environmental consequences, both positive and negative of the project?</p>
<b>3.7) Social Impact</b>	<p><b>Projects in all themes should answer this question.</b></p> <p>What are the social consequences, both positive and negative of the project?</p>
<b>3.8) The number of people and businesses positively impacted by the intervention.</b>	<p><b>Projects in all themes should answer this question.</b></p> <p>Please try and give an indication of the number of people and businesses that will be positively impacted by the intervention.</p>
<b>3.9) Follow on investment</b>	<p><b>Projects in all themes should answer this question.</b></p> <p>Does the project have any follow on investment potential? If yes, at what level and is this confirmed? An example may be if the LGF is being requested to fund a roundabout that opens up land for development.</p>

<b>3.10) Impact on skills provision</b>	<p><b>Only skills project are required to answer this question.</b></p> <p>How does this project increase the employability of learners? What sectors will the project impact and does this demonstrate the employment needs of the area?</p>
<b>3.11) Impact on business growth</b>	<p><b>Only business and enterprise projects are required to answer this question.</b></p> <p>How does this project address business growth in terms of a 20% increase in turnover and jobs over the next 3-5 years? Either directly if the project sponsor is a business or indirectly by impacting more than one businesses, for example through the supply chain or id the project is for business premises.</p>
<b>3.12) Physical and Aesthetical Impact</b>	<p><b>Both Infrastructure and Regeneration and Housing projects are required to answer this question.</b></p> <p>Please explain whether the project makes a positive and lasting contribution to the physical, human and cultural environment.</p>
<b>3.13) Service and other improvements</b>	<p><b>All projects that result in service or other improvements are required to answer this question.</b></p> <p>Please provide baseline data for any service improvement or other improvement metric along with what the intervention will achieve.</p>
<b>4. The Commercial Case</b>	
<b>4.1) Please provide details of your envisaged procurement route.</b>	<p>Please provide information in relation to all parts of the project that will be procured for external delivery not just the LGF funded elements. Procurement must be in line with the Public Contracts Regulations 2015 and other applicable laws as this is public money Please follow the link below to read the regulations  <a href="http://www.legislation.gov.uk/ukxi/2015/102/pdfs/ukxi_20150102_en.pdf">http://www.legislation.gov.uk/ukxi/2015/102/pdfs/ukxi_20150102_en.pdf</a></p>
<b>4.2) Involvement of private development partners</b>	<p>If private development partners will be required to deliver the project, at what stage are discussions/negotiations?</p>
<b>4.3) Procurement plans and timescales</b>	<p>Please outline the procurement plan and timescales, including statutory and other consents required such as planning.</p>

<b>4.4) How will the project contribute towards social value?</b>	All Coast to Capital delivery bodies will be required to show how the project increases social value in accordance with the Social Value Act 2012. In particular you should demonstrate how your project will increase opportunities for small and medium sized businesses and increase opportunities for local residents to enhance their skills and career progression prospects. Please also include details of how you will deliver social value in any other way.
<b>4.5) State Aid Compliance</b>	Please provide an explanation of how your project is State Aid compliant and how you came to that opinion? If you have received any external advice please send as an appendix. If your project is likely to involve you in economic activity, then regardless of whether you are a public authority, you need to provide state aid justification. The key questions to consider can be found in the attached document (including possible exemptions).

5. The Financial Case	
<b>5.1) What is the total project cost and the amount of LGF being applied for?</b>	Please complete the table provided to show the total project cost and LGF amount being applied for in each financial year. <b>Please also complete the funding breakdown tab in the supporting excel spreadsheet.</b>
<b>5.2) Please set out the project expenditure items</b>	<p>Please set out the project costs using summary spend areas provided in the table below and clearly state what the LGF and match sources will fund. Additional rows can be added as necessary. LGF will only fund capital expenditure.</p> <p>Please also ensure you include the date of this estimate.</p> <p><b>Note-Contingency:</b> where an element of contingency has been added on of individual cost elements it is assumed that there is a significant level of doubt about the future costs (the level of contingency is influenced by the extent of the doubt)</p>
<b>5.3) Net Present Value cash flow analysis</b>	<p>Please provide a Net Present Value cash flow analysis for each of the options. Workings should be included as an appendix.</p> <p>You should also detail your project assumptions and discount rate used.</p>
<b>5.4) Value for money</b>	Please detail how the project offers value for money. You should look to address the following. Cost per job, cost per home, deadweight, displacement, benefit cost ratio and any other evidence of value for money.
<b>5.5) VAT Status</b>	Please confirm the VAT status of the delivery body that would be in receipt of LGF. If VAT is irrecoverable on this project please state why. If you have any external advice on this please attach as an appendix.
<b>5.6) Financial Sustainability</b>	Please explain how the project will be sustained financially after the investment of LGF is completed?
6. The Management Case	
<b>6.1) In which financial year do you expect your project to commence?</b>	Please provide the quarter and financial year in which you anticipate the project to start. This may have already started. For most projects this would be the start on-site date.
<b>6.2) In which financial year do you expect your project to complete.</b>	Please provide the quarter and financial year in which you anticipate the project to complete.

<p><b>6.3) Please set out the key milestones related to the project.</b></p>	<p>Please set out the milestones using the table provided adding more rows as necessary. Please also attach a project plan as an appendix if one is available.</p>
<p><b>6.4) Project management arrangements</b></p>	<p>Please set out the project management arrangements that will be used to successfully manage the project to time and budget.</p>
<p><b>6.5) Key project roles and responsibilities.</b></p>	<p>Please set out the key project roles and responsibilities involved in delivering the project.</p>
<p><b>6.6) Governance, oversight and accountability</b></p>	<p>Please explain what governance, oversight and accountability arrangements will be put in place if your project is awarded Local Growth Funding.</p>
<p><b>6.7) Communications and stakeholder management</b></p>	<p>Please set out the strategy and plan for communications and stakeholder management?</p>
<p><b>6.8) Benefits management</b></p>	<p>Please set out the strategy and plan for dealing with the management and delivery of benefits.</p>
<p><b>6.9) Project evaluation</b></p>	<p>Please set out the arrangements you envisage for post project evaluation.</p>
<p><b>Recommendation/Declaration</b></p>	
<p><b>Recommendation/Declaration</b></p>	<p>Please clearly state the recommended action this business case supports.</p> <p>You must ensure that the person signing the form is authorised to do so on behalf of your organisation</p> <p>Please sign, print date and include the title of the person signing.</p> <p>Please attached all relevant documentation needed.</p>