COAST TO CAPITAL LOCAL GROWTH FUND
OUTLINE BUSINESS CASE

Project Title:	Immersive Tech Lab: Brighton
Lead delivery organisation:	Brighton & Hove City Council
Lead contact name:	Cheryl Finella
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This document provides a template for an Outline Business Case (OBC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to put forward the case for change and the preferred way forward identified in an internal Strategic Outline Case (SOC); 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.

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital 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

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

The amount of work and detail put in to a Business Case should be proportionate to the scale of the project or programme, and the expenditure involved.

Coast to Capital Disclaimer

There shall be no expectation of grant payment unless and until a funding agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account and cannot be claimed as part of the project except where feasibility funding has been prior awarded.

1. Executive Summary

1.1) Overview of the project including what opportunity or barrier the investment will unlock:

The Immersive Tech Lab provides entrepreneurs and start-ups with opportunities to test, demonstrate, iterate, innovate and experience the latest immersive content and technology. It provides showcasing, networking and demo opportunities to those looking to use immersive technologies to create new products and services. This is one of 5 accredited national Labs, and is aligned with a national programme of activity to support the growth of the UK's VR/AR/MR sector.

Immersive technologies are early stage and have yet to deliver clear commercial models of exploitation. Coordinated support is therefore required to enable entrepreneurs to connect and adapt the technologies to market opportunities and to demonstrate their ideas and innovations to funders, large corporations, universities and others who can support early stage market-making.

Brighton has been nationally recognised as having a growing immersive sector, on a par with larger cities such as Manchester and Bristol. Immersive tech is set to benefit significantly from the development of 5G and so co-locating it with the 5G testbed for SMEs delivers the prospect of further innovation.

This project represents a unique opportunity for the C2C LEP to ensure that regional immersive businesses can start, scale and prosper, adding value to the regional economy.

The funding is required to undertake some repurposing of The FuseBox, where the Lab will be situated. It will provide appropriately enhanced light, sound and environment management, the creation of secure storage for immersive kit, the fit-out of a range of use areas for demo-ing and a secure access system to the Lab outside normal working hours.

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).	Investment in capital expenditure items that promote digital transformation and digital infrastructure √
	New Innovation and start up business creation ☐
	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 ☐
	Increased capacity in sustainable transport and 'key' arterial routes where there are 'bottlenecks', together with flood resilience and digital infrastructure investment ☐
	Investment in capital projects where there is a demonstrable case that such investment will generate proportionate foreign direct investment and international trade ☐
	Regeneration and housing infrastructure projects that increase capacity and footfall and unlock new employment space ☐
	Capital investment to increase high value tourism to the Coast to Capital region ☐

1.3) The fit with the Strategic Economic Plan and Devolution Deals

- The Lab is situated in Brighton and Hove – a key growth location in the SEP.
- Immersive tech is a growing part of Creative, Digital & IT - one of the SEP's 5 key sectors.
- Immersive tech is recognised as having the potential to provide productivity growth across a range of sectors including construction, health and tourism.
- The Lab will be co-located with the 5G testbed, bringing overlapping benefits to both.
- The Lab is sited in New England House, a resource designated as having strategic importance for the city region's CDIT sector in the Brighton City Deal agreement.

1.4) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet. (Please name the source of match funding).

	Amount	% of Total Cost
Total Project Cost	140,000	100
Applicant own funds		
Other public funds	£70,000	50
Private sector funds		
Funding requested from Coast to Capital LEP	£70,000	50

1.5) Expected tangible core outputs/outcomes: (Please also complete the outputs tab of the supporting spreadsheet)

Output/outcome	Metric	Number to be delivered
Employment- created and/or safeguarded	No.	
Businesses assisted- financial and non- financial	No.	18
Skills- new learners and/or apprentices	No.	
New housing unit completions	Units	
New floor space constructed/refurbished- learning	Sq mtr	
New floor space constructed/Refurbished- Commercial	Sq mtr	
Length of new roads/cycle ways	km	
Improvement to journey times	Minutes per mile	
Carbon reduction	Tonnes of CO2	

1.6) Main risks and issues the project will need to manage? (Please also submit a full risk register as an annex to this document|)

- Delays in contracting a builder
- Delays in installation
- Tech becomes obsolete
- Low take up by SME's

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor

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2. The Strategic Case

2.1) Describe the compelling case for change.

Immersive Tech is a fast-developing, yet still nascent, industry. The Government has signalled its interest in supporting the development of VR/AR/MR products so that the UK is in a position to take advantage of expanding commercial opportunities internationally. HMG recognises that the market for Immersive Tech is still far from developed, so requires strategic support. Through the Digital Catapult Programme, it has identified 6 cities with VR/AR/MR growth potential (one of which is Brighton), and is supporting the establishment of an Immersive Lab in each.

The Brighton Lab enables an emerging part of the Creative Digital & IT sector to understand and develop ways to capitalise on the potentially significant market opportunities that immersive technologies can engender. Growth of the digital sector and the wider digital economy are both strategic objectives for C2C and for the Brighton city region.

The constellation of innovation activity in Brighton, and particularly in New England House, is a significant strategic asset for the economy. BHCC's support for the Brighton Digital eXchange and the FuseBox, and C2C's support for the Digital Catapult Centre Brighton and the 5G testbed has laid the groundwork, and an Immersive Tech Lab which integrates with these assets adds significantly to the CDIT sector's innovation and growth opportunities.

A relatively small amount of strategic investment now will position the C2C region as active in supporting the growth of the Immersive Tech sector, and will enable innovative businesses using the Lab to take advantage of the ongoing opportunities (funding, trade missions, etc) that Lab accreditation can bring to regional businesses.

2.2) Investment Objectives- detail the specific objectives to achieve the anticipated outcomes.

The investment will enable at least 18 start-ups to receive access to a range of state-of-the- art immersive technologies to develop new products and services, connect hardware and content creators, demo prototypes and network with others in the market.

2.3) Stakeholder Engagement carried out.

- Workshopped with immersive tech representatives from London, Newcastle, Bristol, Manchester and Belfast to share expertise
- Met with sector experts from DCMS, BEIS and Innovate UK to understand national strategy.
- Hosted a workshop of local VR/AR businesses to ensure the demand, and certify that the equipment and activities that will be provided through the project are correct.

2.4) List the key stakeholders and their interest areas.

Stakeholder	Interest area
BHCC	Creating innovation infrastructure and supporting SME growth
Digital Catapult	Accelerating new products to market
Wired Sussex	Supporting digital business growth

2.5) What are the strategic issues, risks and constraints that may impact successful delivery of the project?

C2C has already secured the core capital funding for this project from the national Digital Catapult and an indicative timetable for delivery has been agreed. The early approval of this proposal will ensure that the project delivery remains on target.

Wired Sussex who manage the Fusebox and the Digital Catapult Centre Brighton will oversee the business engagement activity through an extension to the existing DCCB agreement and will provide the support necessary to ensure delivery to SME's.

2.6) Project Dependencies

There are no project dependencies

2.7) Project disruption

The work will involve some noise during the construction phase.

The management of access, noise and disruption will be carried out in accordance with the established agreements for construction and refurbishment work in New England House. We will liaise with Cluttons the building managers to minimise disruption to other tenants.

3. The Economic Case

3.1) Please describe the options that have been considered in selecting the project proposal, completing both box 1 and 2.

Box 1:

Option Name:	Description:	Total cost:	Amount requested:	Core outputs (see 1.6)
Do nothing, minimum or	Lost opportunity to establish a unique, innovative and	0	0	0

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status quo	accredited laboratory for business innovation in the city region			
Proposed option	Secure Accreditation and establish the lab	140,000	70,000	18 businesses supported
Alternative options:	VR / AR sessions provided on a small scale but no opportunity to realise the market benefits of the technology	12,000	0	Introductory sessions only

Box 2:

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	Able to focus on core deliverables already under contract	Significant missed opportunity and risk to the growth of the CDIT sector in the city region
Proposed option	Opportunity to establish a unique innovative accredited laboratory for businesses in the city region	None
Alternative options:	Low cost	Very low impact

3.2) The preferred option

The preferred option is the proposed option because it delivers the maximum opportunity for business growth with manageable risks and cost.

3.3) Issues with preferred option.

There are no issues

3.4) What are the top 5 risks of this option?

1. Delays in contracting a builder

2. Delays in installation

3. Tech becomes obsolete

4. Low take up by SME's

Please complete the boxes below, answering only those relevant for the theme of your project, referring to the guidance available. Please also complete the outputs tab of the supporting excel spreadsheet.

3.5) Economic impact

According to a recent estimate by Goldman Sachs, AR and VR are expected to grow into a $95 billion market by 2025. https://www.weforum.org/agenda/2017/09/augmented-and-virtual-reality-will-change-how-we-create-and-consume-and-bring-new-risks/

The strongest demand for the technologies currently comes from industries in the creative economy - specifically, gaming, live events, video entertainment and retail – but will find wider applications in

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industries as diverse as healthcare, education, the military and real estate over time.

In the longer term this technology has the potential to impact a range of sectors including construction and retail.

Investment now will ensure that the city region is at the forefront of realising the potential of this new technology.

3.6) Environmental Impact

The application of digital technology can reduce environmental impact e.g. reducing the need for certain physical non-renewable resources like paper; using virtual imaging rather than the need to produce physical prototypes; it can also reduce the need for business travel by connecting people virtually

3.7) Social Impact

This project will imbue SME's with new skills that will enable their businesses to grow thereby leading to knowledge intensive, high value, job growth in the city.

Application of the new technology is already being used to address societal issues such as elderly care and care for the vulnerable.

The newness of the technology means that it is not yet possible to articulate the full impact that it will have on the economy and society.

3.8) The number of people and businesses positively impacted by the intervention?

A minimum of 18 businesses will benefit from this project

3.9) Follow on Investment

If this project is successful there is potential to attract national and regional investment for a new Immersive Centre of Excellence (ICE) for the South East.

This is a potentially opportunity, one not yet realised.

3.10) Skills projects only- Impact on Skills Provision

3.11) Business and enterprise projects only- Impact on business growth

3.12) Infrastructure and Regeneration and Housing projects only- Physical and aesthetical impact- Does the project make a positive and lasting contribution to the physical, human and cultural environment?

3.13) If your project results in service and other improvements then please provide baseline data below.

Metric	Baseline		What the intervention will achieve	
	Figure	Year	Figure	By when

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route.

BHCC will procure the work in line with the Brighton & Hove City Council's Standing Orders.

BHCC Economic Development will manage the overall project and will commission BHCC Property & Design to commission and oversee the build works.

4.2) Involvement of private development partners.

N/a

4.3) Procurement plan and timescales.

The expected 'go live' date is 4th October; it is anticipated that work on drawing up the full specification will start once approval is confirmed by C2C with a view to agreeing a building contractor by January 2018.

4.4) How will the project contribute towards social value?

This project will imbue SME's with skills to enable them to realise the potential of AR & VR technologies. Acquiring this knowledge will enable SME's to develop applications that have commercial value using new and emerging technologies. This in turn will support the long term viability of SME businesses and the potential future job growth.

There are two areas where social value may emerge from this project in the longer term: -

1 SME growth leading to employment growth in the sector

2 The development of applications that can support health and social cohesion

4.5) State Aid Compliance.

N/A

5. The Financial Case

5.1) what is the estimated total project cost and the amount of LGF being applied for? Please complete the funding breakdown tab in the supporting excel spreadsheet.

Year	Total project cost	LGF
17/18	£80,000	£10,000
18/19	£60,000	£60,000
19/20		
20/21		
Total	£140,000	£70,000

5.2) Please set out the project expenditure items

Please state the date of this estimate-

Projects costs (delete as appropriate)	Total cost (£)	LGF (£)	Match funding (£)
Land Acquisition			
Planning and Feasibility studies			
Surveys			
Construction, inc- materials, equipment and labour	£63,000	£63,000	
Fit out (inc. equipment and furnishings not included in construction)	£70,000		£70,000
Project management	7,000	£7,000	
Consultancy			
Other (please specify)			
Contingency*			
Total Net Cost			
VAT (			
Total Gross Cost	140,000	£70,000	£70,000

5.3) Net Present Value cash flow analysis.

Options	NPV
Do nothing, minimum or status quo	
Proposed option	
Alternative option	

Please detail your project assumptions and discount rate used-

5.4) Value for money.

This proposal is embarking in a new area of innovation where a concentrated investment in a relatively small number of businesses has the potential to have highest long term impact in growing the sector regionally.

The budget includes the purchase and set up of the tech infrastructure which will be a one off cost.

Co-locating this programme with the Digital Catapult Centre Brighton and the 5G testbed means that innovation opportunities for SME's can be multiplied through aligning activity and expertise (linking together 5G and VR for instance),

5.5) VAT status
n/a

5.6) Financial Sustainability
This facility is co-located with the Digital Catapult Centre Brighton and the 5G testbed, which are funded until 2020. Consequently, it can obtain ongoing sustainability through its alignment with these programmes

6. The Management Case

6.1) In which financial year do you expect your project to commence?	2017/18
6.2) In which financial year do you expect your project to complete?	2018/19

6.3) Please set out the key milestones related to the project.

Milestone	Start date	Completion date
Project launch	4 Oct 17	
Procurement planning starts	Oct 17	
Procurement completed		Jan 18
Contractors on site	Feb 18	
Construction complete		Sept 18
First SME sessions	Nov 18	
Final SME interventions		Mar 20

6.4) Project management arrangements

BHCC ED
Manage the budget, Commission ED P&D to undertake the tender process, track project progress, complete and submit the LGF; trouble shoot, act as intermediary between project partners
BHCC Property & Design (P&D)

Prepare the project specification, procure the builders, oversee the works, organise the project meetings, report progress to the project meetings act as the main contact for the builders during the build phase

Wired Sussex
Work with BHCC on the specification, attend project meetings, ensure that the installation meets the requirements of the National Digital Catapult, deliver the project outcomes

A project meeting will be drawn up comprising two meetings before December 2017.

Project partners will meet once every three weeks during construction and installation in order to track the progress of the works; ad hoc and more frequent meetings will take place if required to ensure project delivery.

6.5) Key project roles and responsibilities.

BHCC – ED Project lead
BHCC – Finance – support with claims
BHCC – Property build project management
Wired Sussex – project delivery

6.6) Governance, oversight and accountability

The governance and oversight of the project will be undertaken by the DCCB Steering Group.

The DCCB Steering Group is the contractually constituted body that oversees the delivery of Digital Catapult projects for C2C LEP (including DCCB and 5GTB). The Steering Group meets quarterly and is chaired by a C2C LEP board member (currently vice chair Steve Allen). It also includes representatives

from core stakeholders the national Digital Catapult, BHCC, Wired Sussex and the University of Brighton.

The chair of the DCCB Steering Group has the authority to deal with any issues between SG meetings or, if necessary, call emergency meetings.

Within BHCC the project will be tracked through the project meetings and any issues escalated to the Assistant Director for City Development & Regeneration

6.7) Communications and stakeholder management

Communications to businesses and other beneficiaries of the project will utilise existing platforms including DCCB newsletters, slack groups, social media feeds and blogs.

Phil Jones, MD of Wired Sussex and Programme Director of the DCCB programme will undertake primary stakeholder engagement.

6.8) Benefits management

6.9) Project evaluation

The project contract stipulates that there will be an end of project review in March 2018, which will include the national Digital Catapult, BHCC Wired Sussex and C2C LEP.

Given the nature of this project in helping inform national strategies, this project evaluation will also feed into an evaluation of the national Immersive Tech Lab strategy. Learning gained from this project will be combined with those from London, Manchester, Bristol, Newcastle and Belfast for national review.

Recommendation/ Declaration

Recommendation- please state clearly the recommended action this business case supports.

Declaration:	I certify that the information provided in this Outline Business Case is complete and correct at the time of submission.
Signature:	*N. M. Hibberd* (signature)
Print Name:	Nick Hibberd
Title:	Executive Director Economy Environment & Culture
Date:	

Before submitting your Business Case ensure you have all the required supporting documentation:

- One electronic copy of the business case template, signed and dated
- Excel Spreadsheet
- Any other Supporting documents and evidence required