



# UK Shared Prosperity Fund

## Business Case Template and Guidance

April 2023

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## 1. Introduction

Congratulations on having been invited to submit a Business Case for funding through the Good Growth Programme. To have reached this stage, you will have already submitted an application form which has met the Gateway Criteria, has been through an initial appraisal by the Good Growth Team, and been approved, in principle, by the Economic Prosperity Board. The approval of funding is subject to the satisfactory submission of a business case and this template will help you provide the information required to make the assessment.

The invitation to submit a Business Case should not be considered a hurdle to be overcome or simply a 'box to tick'. The purpose of developing a Business Case is to provide a clear structure for 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.

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.

### Using this Business Case Template

We have developed this template to help applicants have a sound structure for developing their business cases in line with the HM Treasury Five Case Model. It will also help Assessors to appraise the project against a Business Case Appraisal Framework (see Appendix for detail on the Appraisal Framework).



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## 2. Business Case Template Guide

### Using the Five Case Model

The Five Case Model is the required framework for considering the use of public resources to be used proportionately to the costs and risks involved and taking account of the context in which a decision is to be taken. The five “cases” or dimensions are different ways of viewing the same proposal, outlined in Table 1 below.

**Table 1 The Five Case Model**

<b>Strategic Dimension</b>	<b>What is the case for change, including the rationale for intervention?</b> What is the current situation? What is to be done? What outcomes are expected? How do these fit with wider Good Growth Programme objectives?
<b>Economic Dimension</b>	<b>What is the social value of the intervention compared to continuing with Business As Usual?</b> What are the risks and their costs, and how are they best managed? Which option reflects the optimal net value to society?
<b>Financial Dimension</b>	<b>What is the impact of the proposal on the funding budget in terms of the total cost?</b> Is the investment affordable and have costs and funding sources been identified? Has the need for SPF been fully demonstrated?
<b>Commercial Dimension</b>	<b>Is the project commercially viable?</b> Who will manage which risks?
<b>Management Dimension</b>	<b>Are there realistic and robust delivery plans? How can the proposal be delivered?</b>

The five case model provides a universal thinking framework that if understood and applied correctly accommodates the widely varied features of any investment or spending proposal.

This Business Case Template document has been structured to provide a series of sub-section headings that would be expected to be provided under each of the Five Dimensions listed above.

A set of prompts are provided under each sub-section heading in the blue shaded boxes. This is intended to encourage applicants to think through and consider their plans from each dimension. Try to provide as much of the information prompted as possible. If you have supporting evidence for your answer, please reference this document clearly in your answer and attach it as part of your submission.

The blue boxes can be deleted once you have completed each section.

## 3. Project Summary

### 3.1 Project Name

### 3.2 Project summary

This should be a brief description of the project, including its purpose. (No more than 200 words).



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## 4. Strategic Case

The strategic dimension of the Five Case Model must identify “Business as Usual” (BAU) – that is the result of continuing without implementing the proposal under consideration. A lot of the information relevant for the Strategic Case will have been set out in the Application Form. Note that specific project objectives will need to be identified in this business case (in addition to the SPF Objectives).

### 4.1 Project Objectives

This section should set out the project’s objectives (these should be Specific, Measurable, Achievable, Realistic and Time-bound - SMART)

### 4.2 Proposed Investment

This section should set out what key activities will be delivered by the project, clearly specifying what Good Growth funds will be used to purchase and setting out what would be the case under the ‘Do Nothing’ and ‘Do Minimum’ scenario, i.e. the baseline scenario without investment/ intervention.

### 4.3 Project Beneficiaries

This should explain who will benefit from the project and how have they been involved in the project’s design.

### 4.4 The Case for Change

This should explain the opportunity(ies) or barrier(s) that Good Growth investment will help unlock. Use this section to provide a clear analysis of the issue or market failure, evidencing your response where possible.

### 4.5 Strategic alignment

This should summarise how the project will contribute to the achievement of the Good Growth Investment Plan and how it aligns to wider national, sub-regional and local priorities.

Highlight how the project links to other activity being delivered either locally, regionally or nationally.

#### 4.6 Additionality

Use this section to explain why Good Growth investment is required and the implications if the project does not secure this funding i.e. under the Business As Usual (BAU scenario, would the project be delayed, scaled-back or not proceed at all? Provide any evidence to support the additionality created by securing Good Growth funding.



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## 5. Economic Case

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.

Options appraisal and selection of the preferred option is a crucial function of the economic dimension. Options and scenarios considered must include at least a comparison of the 'Do Minimum' option compared to the 'Do Something' option.

### 5.1 Options Appraisal

Demonstrate that alternative options have been considered for the project, setting out the main advantages and disadvantages for each option, anticipated outcomes and the reasons for either rejecting or taking it forward as the preferred option. A minimum of 3 options should be presented, including a 'Business As Usual' Reference Case (e.g. this could be a 'No Good Growth investment' option), an alternative viable option (e.g. reduced Good Growth funding / smaller scale project) and the preferred option.

### 5.2 Quantifiable Benefits

Use this section to set out estimated gross quantifiable benefits that you expect to be delivered by the project and the time profile (annually) for benefits realisation.

Quantifiable benefits are the benefits that can be easily monetised and are typically divided into three types:

1. Cash releasing benefits – i.e. new revenue streams that the project will unlock (measured in £'s of additional revenue generated)
2. Non-cash releasing benefits – i.e. time saving from improved efficiency (measured in £)
3. Quantifiable benefits – i.e. GVA benefits from creating new employment (measured in £)

It would be helpful to set out these quantifiable benefits as below or similar.

Estimated gross quantifiable benefits						
Type of quantifiable benefit (Metric)	Overall total	Realisation timeframe				
		2023	2024	2025	2026	Future years



### 5.3 Non- Quantifiable Wider Benefits

Include information on any other non-quantifiable wider economic and social benefits and outcomes associated with the project, detailing supporting data and information.

Non-quantifiable benefits are the qualitative benefits from the project that cannot easily be monetised. These benefits are not less important than the quantifiable benefits but cannot easily be monetised. Types of qualitative benefits may include (but not exhaustively):

- Health benefits (eg from increased physical activity and improved air quality)
- Social benefits (eg from improved connectivity or new amenities)
- Community cohesion benefits (from improved access to culture)
- Skills benefits (from new training opportunities)
- Inward Investment benefits (from attracting new businesses to the area)

### 5.4 Additionality

If possible, for each type of benefit explain the assumptions upon which the quantification and timing of gross benefits is based. Provide any economic impact assessment prepared to support the project which can demonstrate that these benefits would not occur without the investment.

### 5.5 Economic Costs

Identify the total economic cost of the project, including the cost to the Shared Prosperity Fund as well as any other public sector funds that will be utilised and any private sector costs.

Economic Costs						
Type of Costs	Overall total	Cost timeframe				
		2023	2024	2025	2026	Future years
Shared Prosperity Funding / Costs						
Other Public Sector Funding						
Private Sector Funding						
<b>Total Economic Costs</b>						

## 5.6 Value For Money

Provide a summary of the Value for Money (VfM) for the preferred option for investment using the table below. Demonstrate that consideration has been given of the impact on benefits and costs of using different sensitivity tests i.e. what would be the impact on the VfM if less benefits were realised than expected or if costs increased by more than expected?

Value for money assessment (£m)	Core Scenario	Sensitivity Test 1	Sensitivity Test
<b>Economic Benefits</b>			
Benefit 1			
Benefit 2			
<b>Total Economic Benefits (A)</b>			
<b>Economic Costs</b>			
Shared Prosperity Funds (B)			
Other Public Sector Funding (C)			
<b>Total Public Sector Funds (D)</b>			
Private Sector Funding (E)			
<b>Benefit Cost Ratio = (A – E) / D</b>			



## 6. Financial Case

The Financial Case covers affordability, whereas the economic dimension assesses whether the proposal delivers the best social value. The Financial case should identify project costs (including initial capital and ongoing operating costs) and that sufficient funding is in place (or sources identified) that show the project is affordable.

This section should build on the 'cashflow' and 'funding' sections of the Application Form Annex including an explanation of how cost estimates have been obtained and how robust they are and if risks have been factored into costs.

### 6.1 Project costs and expenditure profile

Use this section to provide a detailed profile of proposed project expenditure (preferably as a project Cashflow in Excel format) distinguishing between Capital Expenditure and Revenue Expenditure.

Capital Expenditure is for purchasing assets including items such as premises, fixtures and equipment.

Revenue Expenditure includes expenditure on operational project costs including staffing costs, materials, consultancy fees etc.

Explain how costs have been determined and what additional work is ongoing to firm up cost estimates for the project. Provide any evidence you have of how costs have been arrived at such as quotes and professional cost estimates etc.

### 6.2 Funding profile

Use this section to set out the funding profile for the project, including funding sources (including if funding has been confirmed) and expenditure time profile - as below or similar.

Funding source	Status:	Funding profile						Total
	Confirmed (Yes/No)	2023	2024	2025	2026	2027	Future years	
Good Growth Funding								
Applicant contributions (total)								
Other funding								
<b>Total</b>								

### 6.3 Cost risks and mitigations

Use this section to provide an explanation of any major cost and financial risks and how they be managed.

Explain the level of cost contingency included in the project cost plan and describe how cost overruns be dealt with.

### 6.4 The Need for Good Growth Funding

Use this section to explain why you need Good Growth funding to carry out the project including analysis of the viability of the project with and without Good Growth funds.

Explain and justify why the amount bid for is the minimum necessary for the project to proceed and what other avenues have been explored in terms of securing funding for the project



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## 7. Commercial Case

The Commercial Case assesses the commercial viability of the investment. Note the level of detail should be proportionate to the size of the project.

### 7.1 Evidence of demand

Use this section to provide evidence that there is demonstrable demand for the project. The response should:

- set out the findings of any market testing that has been undertaken with target end users;
- demonstrate that the project will not displace existing activity;
- demonstrate that there is sufficient demand to ensure that the scheme is financially sustainable beyond the completion of the Good Growth investment.

Supporting evidence for demand can be attached as an appendix.

### 7.2 Deliverability / Viability

Use this section to summarise the proposed commercial/delivery model with supporting rationale, with reference to the existing commercial strategy of the organisation where feasible.

### 7.3 Procurement arrangements

Use this section to include detail of the main components of the project that will need to be procured and assess the procurement options for each. Summarise the procurement strategy and intended contractual arrangements, including key milestones/timescales.



## 8. Management Case

The Management Case is used to assess the deliverability of the investment, identifying timescales, responsibilities, project risks and costed mitigation plans.

### 8.1 Project management

Use this section to provide a summary of how the proposed project will be managed. Provide a summary of the principal workstreams, timescales and key milestones (*If possible, please provide a separate detailed project plan and/or Gantt Chart.*)

Set out who is responsible for delivering project activity, providing details of the project team, their experience and track record.

Identify any constraints or assumptions used in the delivery plan.

Also provide details on how change will be managed including changes to project scope, delivery plans, governance arrangements or personnel.

### 8.2 Risk management

Use this section to provide a summary of the risk management strategy reflecting organisation, financial and commercial case and covering identification, classification, quantification and mitigation of risks.

Provide a summary of the key risks and mitigations, including the likelihood of the risk occurring and the potential impact of the risk on the project. Provide details of costed risk mitigation plans and a summary of how risks will be identified and managed.

### 8.3 Barriers / Constraints and Dependencies

Use this section to identify any likely constraints and dependencies to the project e.g. planning, land/property acquisition, ownership issues, legal issues etc. How will these be addressed prior to delivery?

### 8.4 Monitoring & Evaluation

Use this section to explain what project controls are in place to ensure your project is delivered on time and to budget. Set out your high level strategy for monitoring and evaluating benefits and what systems and arrangements are in place for tracking and reporting benefits.



## 9. Documents and Declaration

Use this section to reference (or append if needed in a separate annex) any relevant or additional information. Specify each reference or related document by title, version (if applicable), date, and source (e.g. the location of the document or the publishing organisation)

ID	Reference or Related Document	Source or Link/Location
1		
2		
3		

### Check list of suggested supporting information

▪ <b>Project expenditure profile, annual output profile and risk register</b>
▪ <b>Sketch plans and elevations (to the equivalent of at least RIBA Stage C)</b>
▪ <b>A detailed flow chart (for example a Gantt chart) setting out the project programme</b>
• <b>Supporting evidence for any third-party project funding confirmed</b>
• <b>Letters of support from other stakeholders</b>
• <b>Market assessment evidencing the demand for the scheme</b>
• <b>Feasibility / viability study including financial cashflow / appraisal</b>
• <b>Copy of any relevant planning permission or other regulatory approvals</b>

## Declaration

I certify that the information provided in this application is complete and correct.

Signed For and on behalf of the Applicant Organisation	_____		
Name (Print)			
Position		Date	



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## Annex 1: Appraisal Framework and Criteria

Case / Appraisal Issue	Appraisal considerations	
<b>Strategic Case</b>		
1	<b>Project rationale</b>	<p>Will the project make a demonstrable contribution to the delivery of Cornwall's Good Growth Principles and are these clearly identified?</p> <p>Is the project scope clearly defined with specific capital and / or revenue items, deliverables, outputs and outcomes?</p> <p>Are the objectives of the project clearly defined and SMART, providing a basis for monitoring and evaluation</p> <p>Are the project beneficiaries identified?</p> <p>Does the project have the support of local stakeholders?</p>
2	<b>Need for funding</b>	<p>Is the need for funding clearly demonstrated?</p> <p>Are any dependencies identified and associated risks confirmed?</p>
3	<b>Demand</b>	<p>Is there clear evidence of demand for the project, supported by an appropriate level of market research?</p>
4	<b>Viability</b>	<p>Has the viability of the project been clearly demonstrated?</p> <p>Have all revenue cost implications been identified to ensure commercial sustainability?</p> <p>Are the key demand assumptions underpinning the viability assessment reasonable and evidenced?</p> <p>How sensitive is the viability assessment to variations in key assumptions?</p>
5	<b>Market failure / Business As Usual</b>	<p>What is the nature of the market failure addressed by the project?</p> <p>Is the outcome without SPF funding confirmed and evidenced?</p>
6	<b>Options</b>	<p>Is there an appropriate consideration of alternative options, including comparison with a 'no SPF funding' scenario?</p> <p>Is it clear why the preferred option has been selected?</p>
7	<b>Benefits</b>	<p>Have the anticipated impacts been effectively identified and, where possible, quantified and monetised?</p>





Case / Appraisal Issue		Appraisal considerations
		<p>Are the benefits aligned to the defined priorities of the Good Growth Principles?</p> <p>Are the anticipated benefits realistic and supported by evidence?</p> <p>Where non-quantifiable benefits are claimed, are they realistic and supported by evidence?</p> <p>Does the benefits realisation profile appear reasonable?</p> <p>Have appropriate 'additionality' adjustments been made to reflect deadweight, displacement and substitution effects?</p>
8	<b>Value for Money</b>	<p>Does the project appear to offer value for money based on the net additional quantitative and qualitative benefits set against the funding request?</p> <p>How sensitive is the VFM assessment to variations in benefit projections?</p>
9	<b>Cost validation</b>	<p>How have the project costs been derived and are they realistic and supported by evidence?</p> <p>Have appropriate cost contingencies been included based on cost risk assessment?</p> <p>What provisions have been made for addressing any cost over-runs?</p>
10	<b>Affordability</b>	<p>Has the full funding package for the project been identified?</p> <p>Have all sources of identified match funding been confirmed,</p>
11	<b>Need for grant</b>	<p>Has the need for SPF funding been fully demonstrated?</p> <p>Is it clear that the request for funding is the minimum necessary for the project to proceed?</p> <p>Have other sources of funding been explored including private sector funding and other public sector sources?</p>
12	<b>Contingent liabilities</b>	<p>Does the project create any contingent liabilities for Cornwall Council and how are these being managed?</p>
13	<b>Financial vetting / Subsidy Control</b>	<p>Financial due diligence and Subsidy Control verification</p>
<b>Management Case</b>		



Case / Appraisal Issue		Appraisal considerations
14	<b>Project management</b>	Are appropriate project management arrangements in place? Does the applicant have the capabilities and experience to successfully deliver the project?
15	<b>Risk management</b>	Have all project delivery risks been identified with appropriate mitigation strategies?
16	<b>Monitoring &amp; Evaluation</b>	Has an appropriate monitoring and evaluation plan been prepared?

## Risk-based approach to project appraisal

The appraisal criteria will be applied consistently in order to assess all projects. This will be a risk-based appraisal, drawing evidence from the submitted Business Case to judge levels of risk in respect of each of the Five Cases:

- Strategic Case – Based on the Business Case evidence, will the project deliver a strategic contribution to the delivery of the Good Growth Investment Plan?
- Commercial Case – Based on the Business Case evidence, are the demand assumptions and projections reasonable?
- Economic Case – Based on the Business Case evidence, will the projected benefits be achieved within acceptable value for money parameters?
- Financial Case – Based on the Business Case evidence, is the project affordable based on the level of funding being sought, are the cost projections reliable and is there a demonstrable need for grant ?
- Management Case – Based on the Business Case evidence, are project delivery risks fully recognised and effectively managed?

A 'RAG' rating will be applied by the appraisers against each of the Five Cases. This will reflect the risk assessment, based on the evidence provided in the Business Case.

<b>RED</b>	Insufficient evidence provided to demonstrate that project risks are identified and mitigated
<b>AMBER</b>	Some evidence that project risks are identified and mitigated
<b>GREEN</b>	Sufficient evidence that project risks are identified and mitigated