





### Business Case Feedback Form

<b>Project Name:</b>		Relocation of the Northern School of Art FE Provision	
<b>Project Sponsor Name:</b>		The Northern School of Art	
<b>Project Development Officer:</b>		Martin Waters and Sarah Walker	
<b>Strategic Case Summary</b>	<b>SATISFACTORY</b>	<b>Strong Strategic Case</b> - Project need has been determined in relation to replacement of specialist premises for arts based further education in the Tees Valley. However, there is still a need to capture the key milestones/roadmap to implementation of this project and how it contributes to the wider University provision which need to be captured in SMART objectives.	<b>CONDITION 1:</b> SMART Objectives to be refined for inclusion in the Funding Agreement.
<b>Economic Case Summary</b>	<b>SATISFACTORY</b>	<b>Strong Economic Case:</b> The wider non-monetary benefits of gaining University Status and the impact on the wider Tees Valley economy would strengthen this case. However, optimism bias must be applied to costs until RIBA stage 4 is concluded.	<b>CONDITION 2:</b> Production of a Logic Model and a Benefits Realisation Plan for inclusion the Funding Agreement as a baseline for future evaluation.
<b>Commercial Case Summary</b>	<b>SATISFACTORY MEDIUM RISK</b>	<b>Strong Commercial Case:</b> Good standard approach to delivery of a capital project. Earlier option appraisal determined the rationale for the commercial case. The outstanding risk is about the state aid position and the suggested condition will mitigate this.	<b>CONDITION 3:</b> Provide an independent State Aid position statement prior to drawdown of funds.
<b>Financial Case Summary</b>	<b>SATISFACTORY MEDIUM RISK</b>	<b>Medium Level of Risk on Financial Case:</b> All options have been explored. The proposed financial model has a scale of risk on the financial return. This is mitigated through the financial modelling that has been undertaken which identifies a minimum repayment of £1.67m through to maximum payback on the repayable grant amount by 2042 or 2039. Further work is currently being undertaken on costs (RIBA Stage 3) which will be submitted on completion and the following conditions will feed into further detailed financial modelling by the Combined Authority prior to entering into a funding agreement.	<b>CONDITION 4:</b> The Combined Authority to have a legal charge over the assets to safeguard against any failure of the project. <b>CONDITION 5:</b> Any additional capital received from the sale of the current site will reduce the amount of contingent repayable grant. <b>CONDITION 6:</b> Provide a detailed revenue model, setting out expenditure and income prior to the project and throughout leading up to gaining University status and then forecasts once this is achieved. Evidence to be provided on assumptions. Once analysis has taken place consideration needs to be made on a potential upper limit on the 10% surplus. Requirements for the financial reporting requirements of the Combined Auority will be detailed in the Funding Agreement. Ask cabinet to delegate this level of detail to Julie Gilhespie our Chief Executive. <b>CONDITION 7:</b> A detailed cash flow for the project expenditure is to be provided. <b>CONDITION 8:</b> Further work is undertaken with ESFA to consider potential now or during the timeframe to 2027 as to any option to access capital from ESFA to replace TVCA commitment.
<b>Management Case Summary</b>	<b>SATISFACTORY</b>	<b>Strong Management Case</b> - Outstanding actions relate to monitoring and oversight functions, which will be determined in the monitoring and evaluation plan.	<b>CONDITION 9:</b> Agree a formal arrangement for TVCA representatives to remain involved through the lifetime of the project to mitigate our risk of non return. <b>CONDITION 10:</b> Agree and implement a joint marketing and communication plan with the Northern School of Art, the Combined Authority and Middlesbrough Council.

Role	Name	Signature	Final Sign Off Date
Policy Lead	Shona Duncan		11/09/2019
Investment Plan Lead	Keith Wilson		11/09/2019
Legal Lead	Julie Prior		11/09/2019
Financial Lead	Neil Cuthbertson		11/09/2019

Name and title of Reviewer responsible for providing summary of recommendations:	
<b>Name:</b>	Keith Wilson
<b>Title:</b>	Economist

Final Recommendation	Tick One	Reasons/Conditions
To support findings of business case	<input checked="" type="checkbox"/>	Set out above
To reject findings of business case	<input type="checkbox"/>	
Outcome		