



Stage 2 Business Case - Nelson - [Project Name}

A Draft Report by Hatch
September 2021

Pendle Borough Council

Stage 2 Business Case - Nelson - [Project Name]

September 2021

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Appendix A - List of Supporting Documents

Appendix B - <Insert title here>

Appendix C - <Insert title here>

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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]

1. Introduction

1.1 In September 2019, the government invited 101 places to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. The Towns Fund is part of the government's plan for levelling up the UK economy and the overarching aims of the Towns Fund are to drive the sustainable economic regeneration of towns and to deliver long term economic and productivity growth through:

- **Urban regeneration, planning and land use:** ensuring towns are thriving places for people to live and work, including by: increasing density in town centres; strengthening local economic assets including local cultural assets; site acquisition, remediation, preparation, regeneration; and making full use of planning tools to bring strategic direction and change.
- **Skills and enterprise infrastructure:** driving private sector investment and ensuring towns have the space to support skills and small business development.
- **Connectivity:** developing local transport schemes that complement regional and national networks, as well as supporting the delivery of improved digital connectivity

1.2 The Nelson Town Investment Plan (TIP) establishes the vision for the town:

"A healthy, vibrant and confident town fulfilling its role as a key centre on the M65 growth corridor; offering high quality services, aspirational education, diverse employment and housing opportunities; all set within safe and attractive spaces which inspire and energise our residents.

Nelson is a town proud of its social and industrial heritage, inspiring landscapes, and multi-cultural identity.

Together we will build a future everyone can aspire to, underpinned by inclusive and sustainable growth and community involvement."

1.3 The following business case is for one of the eight shortlisted priority projects that comprise the actions of the Nelson Town Investment Plan.

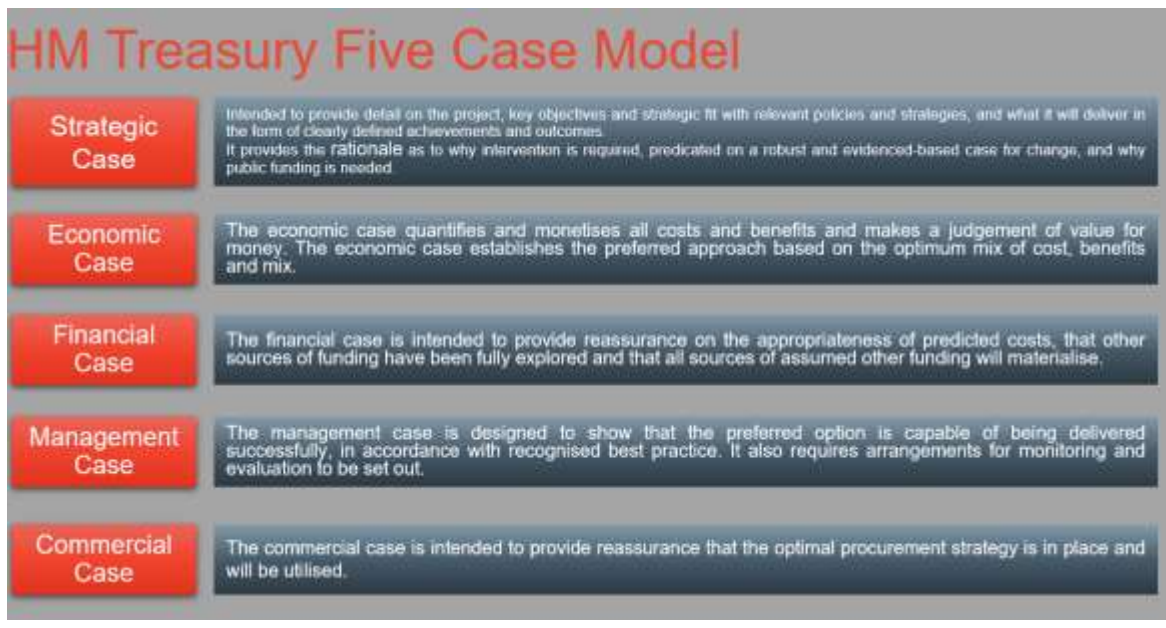
Project Background

- Summary of the scheme
- Project intent and investment objectives

Purpose of the Report

1.4 This report establishes the case for investment for **£xm** funding from the Towns Fund. The report provides a Full Business Case (FBC) which complies with HM Treasury guidance by setting out the case for investment using the framework established by HM Treasury's Five Case Model.

Figure 1.1 Five Case Model – Summary



Source: Hatch

- 1.5 Figure 1.2 summarises the Theory of Change for the project by establishing the context within which the project is set, the inputs required to resource the project, and the outputs, outcomes and impact which the project will deliver.

Theory of Change Model

Figure 1.2 Theory of Change – [Project Name]

Source: Hatch

1.6 The remainder of the document is structured as follows:

- **The Strategic Case:** the rationale for the investment, its objectives and fit with wider policy
- **The Economic Case:** the value for money provided by the project
- **The Financial Case:** the costs and funding profile for the project
- **The Commercial Case:** the contractual and procurement approach to be taken
- **The Management Case:** the approach to managing the project

2. The Strategic Case

- 2.1 The strategic case provides the rationale for investment in [the project], strategic objectives, and alignment with policy.

Strategic Context

Town Deal Objectives

- 2.2 The vision for Nelson is:

"A healthy, vibrant and confident town fulfilling its role as a key centre on the M65 growth corridor; offering high quality services, aspirational education, diverse employment and housing opportunities; all set within safe and attractive spaces which inspire and energise our residents.

Nelson is a town proud of its social and industrial heritage, inspiring landscapes, and multi-cultural identity.

Together we will build a future everyone can aspire to, underpinned by inclusive and sustainable growth and community involvement."

- 2.3 The Town Investment Plan sets out 9 strategic objectives to securing transformational and sustainable growth in Nelson. The [project] directly aligns with: **[select from list below and remove others]**

- SO1: To instil pride and a strong sense of identity and belonging to create a cohesive and welcoming community where residents feel connected, involved and empowered.
- SO2: To ensure that public service provision meets the needs of all residents to enable them to thrive.
- SO3: To increase confidence and aspiration to succeed through improved access to skills and quality jobs.
- SO4: To provide a better choice of housing through renewal and new build to enhance quality and affordability.
- SO5: To support health and well-being through access to quality open spaces, active walking and cycling routes, and responsive recreation and leisure provision.
- SO6: To reinforce the town's role as a key service centre serving the needs of its catchment set within an attractive, safe and welcoming environment.
- SO7: To drive resilience and growth through a diverse business base which celebrates innovation, entrepreneurship and ambition to grow.
- SO8: To re-energise and breathe new life into heritage assets and redundant buildings.
- SO9: To enhance digital and physical connections to support inclusion and economic growth.

- 2.4 The project responds to the three cross-cutting principles of the Town Investment Plan as follows:

- **Collaboration & engagement:** [insert alignment]
- **Clean growth:** [insert alignment]

- **Economic recovery:** [insert alignment]

2.5 The [project] aligns with the Town Deal intervention framework:

Table 2.1 Alignment with the Town Deal intervention framework		
Intervention Framework	Output Indicators	Outcome Indicators
		•
		•
		•
		•

Source: Towns Fund Guidance Annex A, 2020

2.6 The project will support and complement other Nelson Town Deal projects:

- [Summarise how the project supports and strengthens the other projects building on Figure 3.14 in the TIP]

Policy Alignment

- [Summarise regional and national policy alignment]

Table 2.2 Policy Alignment Summary Table		
Policy Document	Objectives	Outcomes facilitated through the Project
	•	•
	•	•
	•	•
	•	•
	•	•
	•	•
	•	•
	•	•

The Case for Change

Existing Arrangements

- [Current context and challenges]

Addressing Key Challenges

- [Evidence of need for the project drawing on the TIP and Evidence of Need, updated evidence including any feasibility work to support the business case]

Effects of COVID-19

- [Evidence of COVID-19 impacts on the town and how this project can respond to these]

Responding to Opportunities

- [Identify how the project will respond to the opportunities identified in the TIP]

Meeting Identified Need

- [Draw out specific needs which the project will address and supporting evidence]
- [Draw on case studies on how this type of intervention has been effective elsewhere if relevant]

Addressing Market Failure

- [Identify the market failures which the project responds to]

Providing a Catalyst for Change

- [Sum up how the project will catalyse change]

Benefits

2.7 The project's investment objectives are to:

- [insert SMART objectives]

2.8 Through investment, the project will facilitate the realisation of targeted Town Deal outcomes:

- [Summarise from the Town Deal Intervention Framework]

2.9 The project will do this through [summarise activity].

2.10 The project is expected to deliver the following direct outputs:

- [insert with reference to M&E indicator guidance]

2.11 This will lead to the following outcomes:

- [insert with reference to M&E indicator guidance]

2.12 The project will result in the following impacts:

- [insert following completion of economic case]

2.13 Wider benefits include:

- [identify]

Stakeholders

- [Summarise stakeholder engagement plan including key stakeholders, role, and how they have been engaged]
- [Summarise engagement findings including any images of consultation / designs etc]
- [Append full engagement plan]

Table 2.3 Stakeholder Engagement Plan Summary

Stakeholder group	Stakeholders	Purpose	Date of engagement
	•		
	•		
	•		

Links to other projects

- [Draw out alignment to other planned and proposed schemes]

3. The Economic Case

3.1 The economic case establishes value for money for the project, identifying both benefits and costs.

Investment Priorities

- Reiterate investment objectives and alignment to regional and national policy [ensure these are SMART]

Critical Success Factors

3.2 The project will support the realisation of the vision for the Nelson Town Investment Plan. Critical Success Factors defining the project can be identified as:

- [insert]

Options Assessment

Longlisting of Options

3.3 The following options identify the different ways in which the project’s investment objectives can be met revolving around changing the overall project cost, and the scale of the strands delivered within the project.

[Note must include comparison of do nothing, do minimum etc]

[Provide reference to the latest Green book in terms of best practice approach]

Longlist Options Summary

Table 3.1 Project Longlist	
Option	Summary

3.4 A RAG rating provides a qualitative assessment of how each option met the identified critical success factors.

Table 3.2 RAG Rating of Long List Options [tailor accordingly]					
	Option 1	Option 2	Option 3		
CSF1					
CSF2					
CSF3					
CSF4					

3.5 In summary:

- [insert summary of each and an explanation of which are shortlisted and why]

Shortlisted Options

3.6 Longlisting has presented a refined list of options. The shortlisted options are assessed against the 'do nothing' reference case. The shortlisted options are shown in Table 3.3.

Table 3.3 Options Summary	
Option	Proposals
1.	•
2.	•
3.	•

Economic Appraisal

3.7 This section sets out the assessment framework for assessing the gross and net benefits associated with each option. The direct impacts capture those benefits that can be quantified and form part of the Value for Money Assessment.

Economic, Social & Environmental Impacts

- [Summarise expected monetised benefits and the assumptions used to derive these including appraisal period, how these have been monetised, relevant modelling results, additionality and persistence]

Economic Costs

- [Explanation of how costs have been obtained / whether a risk assessment has been undertaken – cross reference to Financial Case / technical support provided]

- [Capital costs including renewal costs if relevant in real terms]
- [Operating costs]
- [Approach to Optimism Bias]

Benefit Cost Ratio

3.8 The Benefit Cost Ratio provides a value for money assessment of costs per one unit of benefit achieved based on net present values of costs and benefits.

Table 3.4 Benefit Cost Ratio		
	Preferred option	Other shortlisted option(s)
Present value of net economic impact		
Present value of Town Deal project costs		
Benefit Cost Ratio		

3.9 The preferred option delivers a BCR of x:1 which according to HM Treasury Guidance is 'x value for money'.

3.10 [Provide explanation if other shortlisted options provide a greater impact why this isn't the preferred option]

3.11 A number of sensitivity test have been undertaken, to test the robustness of the BCR. These are:

- [insert sensitivity test summary. These could include the impact of COVID-19]

Table 3.5 [Project Name] - Sensitivity Testing			
Testing against Preferred Option	Net Present Value of Costs inc. OB	Net Present Value of Benefits	Benefit Cost Ratio (net present benefits/ net present costs)
Preferred Option			
Sensitivity Test 1: x			
Sensitivity Test 2: x			
Sensitivity Test 3: x			

Source: Hatch, 2021

Non-monetised Costs and Benefits

3.12 For some benefits of the project either there are no valuation methods readily available or it is not possible to identify the expected uplift due to the intervention. These benefits have not been monetised within the economic case. They include:

- [summarise]

Project Outputs & Outcomes

3.13 The preferred option is expected to deliver the following direct project outputs:

Table 3.6 MHCLG Reported Outputs

Output Indicator	Indicator Type	Total	2021/22	2022/23	2023/24	2024/25	2025/26
	i.e. MHCLG mandatory						

[Note – insert 'Project Bespoke Output' table as necessary']

3.14 These direct outputs will lead to the following beneficial outcomes:

Outcome Indicator	Indicator Type	Total	2021/22	2022/23	2023/24	2024/25	2025/26

3.15 These outcomes are expressed according to the Monitoring and Evaluation guidance issued by MHCLG as part of the Towns Fund. However, the prescribed outcome indicators do not take into account [explanation of wider] outcomes. The above outcomes will therefore include:

Outcomes Indicator	Total	2021/22	2022/23	2023/24	2024/25	2025/26

3.16 The project will deliver the following impacts:

- [summarise]

3.17 The following wider benefits will also be delivered:

- [summarise]

Table 4.2 Capital-Revenue Expenditure Split [as required]

	20/21	21/22	22/23	23/24	24/25	25/26
Total	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Capital						
Revenue						
Total						

Source:

Revenue Funding

4.6 Revenue costs of £x will support [provide detail].

Table 4.3 Revenue Expenditure by Component and Year

Component	20/21	21/22	22/23	23/24	24/25	25/26	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Total							

Source:

4.7 [Provide revenue costs profiled by type as required]

Operating Expenditure

4.8 [Consider relevance of operating expenditure detail to be included here on an annual basis]

Funding profile

4.9 The funding package sought for the project is:

- £xm Town Deal (x% intervention rate)
- [Expand as required on match funding sources]

4.10 [Provide detail on status of match funding and cross reference to supporting confirmation detail in appendices]

Table 4.4 Funding Sources and Uses Summary

Sources	Value	Uses	Value

Source:

Spend Profile

4.11 The following table illustrates the proposed spend profile of the £x Towns Deal ask.

Table 4.5 Town Deal Spend Profile						
Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	

Source:

4.12 [Provide explanation as necessary as to how the costs are profiled and why]

Alignment with Accelerator Funding

4.13 The Town Deal investment will build upon the Town Deal Accelerator funding for 2020/21. [Summarise if relevant how the project will complement accelerator funding and how].

Overall Affordability

- [assessment of affordability including financial metrics such as net cash flow, net present value, internal rate of return and breakeven analysis]
- [Reference to the stakeholders that support the project and continued viability]
- [Consider financial risks]
- [Summarise wider financial implications]

5. Commercial Case

5.1 The commercial case assesses the commercial viability of the investment [note detail should be proportionate to the size of the project].

5.2 The procurement and management of the project will be the responsibility of [x].

Commercial Strategy

5.3 The commercial strategy has been developed in conjunction with key stakeholders to consider how the investment may be delivered.

5.4 [summarise roles/responsibilities of key stakeholders involved at key stages of project development and delivery]

5.5 [Outline the commercial structure for the scheme, detailing key roles and responsibilities for delivery of capital works]

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

5.6 [Outline the proposed approach to managing any revenue funded elements]

5.7 [Summarise core principles underpinning the commercial strategy aligned to project lead's procurement strategy]

Commercial structure

5.8 [Summarise the proposed roles in the Commercial structure by strand if applicable within the overall project].

Procurement Strategy

5.9 The procurement strategy for the Capital works element of the project will achieve the following objectives:

- [summarise]

5.10 [Outline procurement approach]

Statutory and Other Consents

5.11 [Detail ownership and statutory and other consents including status of discussions and cross reference to supporting letters from planning].

Policy Drivers

5.12 [Cite relevance procurement strategies / social value considerations / sustainability, ethical sourcing, net zero / deployment of modern methods of construction etc that apply]

Procurement Resourcing

5.13 [Identify relevant Frameworks as necessary]

Contractual Relationships

Key Partnerships

- 5.14 [Identify key partnerships and basis of agreement, including cross reference to MOUs/letters of support/ tenancy agreement etc as required]

Risk Allocation

- 5.15 [Identify project lead and their responsibility in managing and allocating risk]
- 5.16 [Cross reference to project risk register in appendix and allocation of risk to relevant organisations/suppliers]
- 5.17 [Detail how contractual risks will be managed by type]
- 5.18 [Cross reference to retained risks in Management Case]

Asset Ownership and Management

- 5.19 [Outline asset ownership and management structures]

Service Delivery

- 5.20 [If relevant, summarise how service delivery will be managed]

Subsidy Control

- 5.21 The UK Government's interim subsidy control regime came into force 31 December 2020 and requires decisions on public funding interventions to consider the UK's international commitments relating to subsidies, for example within the UK-EU Trade & Co-operation Agreement, World Trade Organisation Agreements and Trade Agreements between the UK and non-EU countries.
- 5.22 The interim regime is expected to be replaced by the Subsidy Control Act on 1 January 2022, with the Government's Subsidy Control Bill having been published on 30 June 2021.
- 5.23 When considering any potential subsidy control implications in respect of a planned intervention, the current UK Government guidance¹ (last updated 24 June 2021) sets out the specific conditions (tests) all of which must be present for an intervention to be considered a subsidy.
- 5.24 [Insert subsidy control opinion and further actions required]

6. Management Case

- 6.1 The management case assesses the deliverability of the investment, identifying timescales and project responsibilities.

Management, Governance and Coordination

Project Management

- 6.2 [Detail project management roles and responsibilities]
- 6.3 [Highlight experience of the project manager in delivery]
- 6.4 [Identify job title of SRO for the project and project management structure]
- 6.5 [Reference project management approach deployed by lead organisation that will apply by stage]

Governance

- 6.6 The project governance structures align with the Nelson Town Investment Plan Structure.

Figure 6.1 Nelson Town Investment Plan Governance Structure

Insert diagram

Source:

- 6.7 Based on the Town Investment Plan governance, project governance has been developed for the project as illustrated in Figure 6.2.

Figure 6.2 Project Governance Structure

Source:

Town Deal Board and Accountable Body

- 6.8 The Nelson Town Deal Board are responsible for developing the vision, strategy and Town Investment Plan for Nelson in consultation and collaboration with the community of Nelson. This also includes responsibility for providing assurance to central government that the business case for x represents value for money.
- 6.9 The Town Deal Board will receive a progress update from the project quarterly which includes, key actions, next steps for the coming month and key risks.

Summarise project structure

- 6.10 [summarise roles in the project structure]
- 6.11 [Identify stakeholder representatives in each structure within a summary table]
- 6.12 The Project Delivery Group's remit is to:
- Provide strategic direction and oversight to support the role of the SRO.
 - Review project progress including recording activity, achievement of project outputs and performance against agreed milestones and profiles.

- Provide input into project engagement and consultation in accordance with the agreed Stakeholder Engagement Plan.
- Approve project activity at key gateway stages during development and delivery.
- Approve project deliverables, including spend and achievement of agreed milestones.
- Monitor risk and implement mitigation measures in accordance with the agreed Project Risk Plan.
- Implement changes in response to performance issues and lessons learnt.
- Ensure effective links to other activities in Nelson funded by the Town Deal (and aligned initiatives).
- Contribute to and approve reports to the Nelson Town Deal Board

6.13 [Consider approval mechanisms related to significant changes]

6.14 [Cross reference to Stakeholder Management and Engagement Plan]

6.15 [Consider changes to the delivery structure as required as the project moves to implementation]

Delivery Structure

6.16 A detailed delivery plan is provided in Appendix [x] and a summary of the project milestones is provided below:

Table 6.1 [Project] Milestones	
Milestone	End Date

Delivery Experience

6.17 [Summarise delivery experience of lead organisation]

Table 6.2 Delivery Experience Examples				
Schemes	Description	Date	Contract Type	Approx. Value

Source:

Risk Management

6.18 [Summarise approach to risk management and development of the risk register]

- 6.19 [Cross reference to full appended risk register]
- 6.20 [Summarise retained risks]

Risk	Risk Mitigation Strategy	Impact Score 1-5 (5 = highest impact)	Likelihood Score 1-5 (5 = highest Likelihood)	Risk Owner	Progress

Project management

- 6.21 [Summarise governance and management structures, including references to relevance toolkits/guidance, and reporting mechanisms]

Project Plan

- 6.22 A summary of the project programme showing the key stages and milestones is shown in Appendix [x].
- 6.23 [Outline approach to updates and reporting]
- 6.24 [Describe project lifecycle stages and current position as relevant]

Constraints and Dependencies

- 6.25 [Set out constraints and dependencies e.g. member approval, planning permission, links to other projects etc]

Stakeholder Management

- 6.26 [Summarise how consultation with key stakeholders undertaken during the development of the project has informed it]
- 6.27 [Describe how a Comms and Engagement Plan was developed, coverage, and agreed with cross reference to the relevant appendix]
- 6.28 [Summarise consultation techniques used and methods of communication]
- 6.29 [Identify important relationships and stakeholders who will support the project throughout delivery]
- 6.30 [Describe comms and engagement management structures overseeing the project, frequency of meetings, and how feedback is provided to the Board]

Table 6.4 Stakeholder Summary

Stakeholder	Stakeholder Role	Communications Channels
	•	•
	•	•
	•	•
	•	•
	•	•

Benefits realisation

Approach

- 6.31 The Benefits Realisation Plan sets out the expected benefits of a scheme, and the way in which these benefits will be planned for, tracked and realised through scheme implementation, it should be read in conjunction with the Monitoring and Evaluation Plan.
- 6.32 The Benefits Realisation Plan identifies benefits as objectives of the proposals, then sets out how they will be experienced, who will benefit and how it will be measured, how the benefit

will be targeted and over what timescale. The Monitoring & Evaluation Plan describes the data that will be collected to check progress in delivering the scheme's benefits, and how it will be assessed to show that the projects have fully delivered the anticipated benefits.

Benefits Realisation Plan

Table 6.5 Indicative Benefits Realisation Plan			
Objective/Benefits	Measure	Target	Timescale
•			
•	•		
•	•		

Monitoring, Evaluation and Feedback

- 6.33 [Describe the monitoring process and what it involves]
- 6.34 [Consider evaluation approach / how this is being funded / what are the key evaluation questions and what evaluation tasks are involved]
- 6.35 [Describe how the M&E will be used]

Appendix A - List of Supporting Documents

Table 6.7 List of Supporting Documents	
Appendix reference	Title – Examples of types of supporting documents
A	Authorisation to Submit FBC
B	Evidence of Match Funding
C	Project Plan
D	Cost Plan Summary
E	Site Plans & Designs
F	Insurances
G	Equality & Diversity Strategy
H	People Management Policy
I	Health & Safety Policy
J	Procurement Policy
K	Evidence of Land Ownership
L	Communications & Engagement Plan
M	Risk Register
N	Letter of Support – Pendle Borough Council
O	SRO Assurance Letter
P	Letter of Support – Pendle Borough Council Planning Team

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