# **TIF TPSP RESPONSE TEMPLATE & GUIDANCE**

FOLLOWING REVIEW OF THE MANDATORY CRITERIA AT 1., THE TEMPLATE AT APPENDIX A SHOULD BE COMPLETED AND RETURNED TO SFT BY WAY OF EMAIL RESPONSE TO: TIF@scottishfuturestrust.org.uk **BY 28 FEBRUARY 2017**.

# **MANDATORY CRITERIA**

As detailed in the TIF Guidance documentation, there is mandatory criteria which must be agreed/evidenced prior to any proposal being formally considered and scored. Please therefore review each criteria and identify whether your proposal complies.

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| **MANDATORY CRITERIA** | **CONFIRM COMPLIANCE** | |
|  | **YES** | **NO** |
| **TIF PROJECT BACKGROUND** |  |  |
| Pilots are of a primarily non-retail nature (although they may have smaller elements of retail space built in); |  |  |
| Pilots should comply with current Scottish Government priority areas and related strategies including key sectors; which may include single or multi-sectors as appropriate - <http://www.gov.scot/Topics/Statistics/Browse/Business/KeySectors>; |  |  |
| There is a compact red-line area, limited to proposed infrastructure and identified development sites.  This red-line area should primarily include vacant and/or derelict land. |  |  |
| No submission can include assets currently being funded by SG or which intersect with spatial boundaries of existing TIF or Growth Accelerators. |  |  |
| **PRIVATE SECTOR INVESTMENT, ECONOMIC, FISCAL AND INCLUSION IMPACT** |  |  |
| There is evidence of engagement with the private sector; with preference given to schemes which have well-developed arrangements (for example contractual agreements/memorandum of understanding) in place with private sector partners (subject to state aid compliance), and evidence of the likelihood of early private sector related activity. |  |  |
| Demonstration of the wider benefits which may be applicable to the project. |  |  |
| **FINANCIAL VIABILITY** |  |  |
| There is clarity around co-funding and the funding gaps;  Authorities confirm agreement to standard method of applying displacement; |  |  |
| **KEY RISKS & POTENTIAL MITIGANTS** |  |  |
| Confirmation that an initial state aid position has been sought and that there are no significant concerns; |  |  |
| Internal governance and resourcing arrangements in place to develop and deliver the proposal. |  |  |
| **TIMESCALES** |  |  |
| No proposal can include outcomes which are dependent on successful award of any ongoing / current competition/selection process e.g. The Medicines Manufacturing Innovation Centre; |  |  |
| Evidence that the proposal is well developed. It should be noted that if progress to full approval has not been obtained within 6 months of award of pilot status, the pilot status will be removed. In addition, first TIF Investment will be expected to occur within 6 months of full approval, beyond which again pilot status may be removed. |  |  |

# **GUIDANCE**

Each section of the template at Appendix A should be carefully completed, taking consideration of the following guidance.

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| 1. **TIF PROJECT BACKGROUND** |
| * Provide background to the basis of the project – does this proposal satisfy the mandatory project characteristics detailed below. * Why is this the chosen TIF project for your Local Authority? How does it fit with existing LA and Scottish Government priorities and plans, for example Inclusive Economic Growth? * Provide basis for satisfaction of the but-for-test * Identify the likely TIF Assets (i.e. the public sector enabling infrastructure), likely cost & why you consider these will enable private sector investment. * Provide a high level indication of the likely red-line area and basis for selection of this area * Detail the level of internal Local Authority support received for this TIF proposal, work undertaken to date and the internal resource available to take forward the project |
| **EVALUATION CRITERIA** |
| Section 1 of the TPSP proposal will attract a maximum of 20 points (refer to Appendix B of this TPSP Response Template for scoring methodology). As well as the criteria above, scoring will consider:   * How has the project been chosen? * How well has the ‘But-For’ test been evidenced? * Identification of TIF Assets, likely cost and ability of these assets to attract private sector investment, and any evidence to support this * Initial identification and rationale of the proposed Red-Line area * Extent of the Local Authority’s internal support & approvals, work undertaken to date and the internal resource to take forward any proposed TIF project |
| 1. **PRIVATE SECTOR INVESTMENT, ECONOMIC AND INCLUSION IMPACT** |
| * Detail the anticipated private sector involvement and investment enabled by the TIF Assets * If possible, please identify your private sector partners and give an indication of the level of discussions which have taken place and the level of development to date within the redline, if any * Comment on the ability of this private sector investment to generate incremental NDRs within the proposed red-line area.N.B. target private sector development will be relatively biased towards commercial rather than residential development due to the use (primarily) of NDRs as the income stream captured to fund the TIF infrastructure   Provide further detail in relation to the private sector development types enabled by the proposed TIF project (e.g. renewables, commercial, leisure)  ECONOMIC & FISCAL IMPACT   * Detail the potential economic impact and additionality that your TIF project will have at the following levels: Local / Regional / National * This section should give high level consideration as to the likely levels of displacement which will arise as a result of the TIF project and the anticipated private sector investment (either estimates of displacement levels across development types if available, or an indication of whether displacement is high, medium or low and a short justification for these assumptions) * Demonstration of the wider fiscal benefits which may be applicable to the project (this is for information purposes to give a feel for the wider impacts).   INCLUSION IMPACT   * Details of areas of relative social/ economic deprivation which will benefit from the investment * Demonstrate how the project has the ability to reduce social/ economic inequalities in “excluded” groups, e.g. employment rates between women and men |
| **EVALUATION CRITERIA** |
| Section 2 of the TPSP proposal will attract a maximum of 30 points. 10 points will be allocated to the private sector element of the response, 10 points to the economic analysis response and 10 points to the regeneration impact response (Refer to Appendix B for scoring methodology). Scoring will consider the proposal’s identification of:  PRIVATE SECTOR INVESTMENT (10 points out of 30)   * What private sector investment activity will likely be enabled that will generate the incremental NDRs and hence TIF revenues, and where available, the potential level of private sector investment in £s terms? * The extent that a proposal is able to identify private sector partners undertaking this investment * What current private sector investment is planned or taking place in the area, if any? * The breakdown of the sectors that will deliver NDR growth under the anticipated project e.g. renewables, commercial, leisure * The ability of the proposed TIF project to deliver additional NDR   ECONOMIC & FISCAL IMPACT (10 points out of 30)   * Identification and analysis of potential additional economic impacts arising from the proposal, e.g. jobs, business space, sectors * Consideration of likely displacement levels across development types – i.e. high medium or low or estimated % if this information is available. N.B. it is not a requirement for a Local Authority to engage external consultants to undertake economic impact assessments etc at this stage   INCLUSION IMPACT (10 points out of 30)   * How the project will benefit areas of relative social/ economic deprivation * Consider how the project contributes to reducing social/ economic inequalities in “excluded” groups, e.g. employment rates between women and men |
| 1. **FINANCIAL VIABILITY** |
| * An indication of how much the proposed TIF Assets will cost / how much the Local Authority will have to borrow * Consideration should be made here as to the source of funding for the TIF Assets and approach to repayment * Identify, and quantify where possible, incremental NDRs which the project is expected to generate over the TIF period (25 years from first TIF investment). Proposals should take due consideration of other incentive mechanisms which may have an impact, which includes but is not limited to rates relief and enterprise areas. * An indication should be made as to the level of certainty the Local Authority has in these high level assumptions and an explanation of why * Outline any sensitivity testing undertaken to date |
| **EVALUATION CRITERIA** |
| Section 3 of the TPSP proposal will attract a maximum of 20 points (Refer to Appendix B for scoring methodology) and scoring will depend on the extent of analysis undertaken to determine:   * Levels of expected incremental NDRs across development types * Ability to repay debt drawn down the fund the TIF Assets * The outturn findings of any sensitivity analysis undertaken to date, if available (e.g. the impact upon the financial viability of the proposed project from increased infrastructure costs, NDR take reduction, changing displacement levels) |
| 1. **KEY RISKS & POTENTIAL MITIGANTS** |
| * Key project risks should be identified. These may be wide ranging, however, are likely to include:   + State aid   + Procurement   + Private sector failure to deliver/ invest   + Certainty of NDR take   + Availability and ownership of land      * A brief outline of any risk quantification and mitigation strategies should be detailed insofar as is possible |
| **EVALUATION CRITERIA** |
| Section 4 of the TPSP proposal will attract a maximum of 20 points (Refer to Appendix B for scoring methodology).  Scoring of this section will consider the extent that a Local Authority has thought about project risks which may arise and how it can potentially manage and mitigate these risks. |
| 1. **TIME SCALES** |
| * Proposals should provide indicative timings for: the preparation and submission of a business case if identified as a pilot project, the likely date of the first TIF investment, timing of private sector investment and commencement of incremental NDR capture. * Please detail any timing dependencies. |
| **EVALUATION CRITERIA** |
| Section 5 of the TPSP proposal will attract a maximum of 10 points (Refer to Appendix B for scoring methodology).  Evidence that robust analysis has been undertaken to support these timeframes should be provided in the TPSP response, e.g. Local Authority capacity to deliver the project within the timeframes outlined. |

# **APPENDIX A: TPSP RESPONSE TEMPLATE**

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| **LOCAL AUTHORITY** |
| [INSERT LOCAL AUTHORITY NAME AND ADDRESS] |
| **TIF CONTACT** |
| [INSERT APPROPRIATE LOCAL AUTHORITY CONTACT  NAME  EMAIL  PHONE  MOBILE  ADDRESS IF DIFFERENT FROM ABOVE] |
| 1. **TIF PROJECT BACKGROUND** |
| **LA Response - Limit to 1 page only** |
| 1. **PRIVATE SECTOR INVESTMENT, ECONOMIC, FISCAL AND INCLUSION IMPACT** |
| **LA Response - Limit to 1 page only** |
| 1. **FINANCIAL VIABILITY** |
| **LA Response - Limit to 1 page only** |
| 1. **KEY RISKS & POTENTIAL MITIGANTS** |
| **LA Response - Limit to 1 page only** |
| 1. **TIME SCALES** |
| **LA Response - Limit to 1 page only** |
| 1. **ADDITIONAL LOCAL AUTHORITY COMMENTS (IF APPLICABLE)** |
| **LA Response - Limit to 1 page only** |

# **APPENDIX B: SCORING METHODOLOGY**

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| Maximum Score for Response: 10 points | Maximum Score for Response: 20 points |  |
| 1-2 | 1-4 | Initial concept considered |
| 3-4 | 5-8 | High level analysis with some thought to TIF project specific factors. |
| 5-6 | 9-12 | Fair progress with significant work outstanding |
| 7-8 | 13-16 | Good progress with some work outstanding |
| 9-10 | 17-20 | Well advanced. |