

What Are Place-Based Business Cases?

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WHAT ARE PLACE-BASED BUSINESS CASES?

LOCAL POLICY INNOVATION PARTNERSHIP HUB

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What is a Place-Based Business Case and Why does it matter?

Across government and local institutions, the term “place-based business case” has become a common phrase since its [announcement](#), but few have defined it. Is it a funding bid? A strategic plan? A governance tool? Currently, the lack of clarity is contributing to the erosion of both local confidence and national decision-making.

Having supported Treasury in the review of the Green Book and spoken to several people about the issues with place-based investment, this briefing sets out some reflections on what a place-based business case could be, explores its potential purposes, and considers where it should sit within the decision-making structure.

The government is currently working with four places on their Business Cases to understand and pilot how Place-Based Business Cases guidance can be developed and implemented. The four areas are in Liverpool, Birmingham, Port Talbot, and Plymouth.

Why the debate matters

The Green Book business case model was designed to support transparent, evidence-based decisions. Yet in practice, it’s often reduced to a compliance exercise for competitive funding rounds. The result? Short-termism, weak alignment with local priorities, and over-reliance on consultants. In [City-REDI’s review of 134 cases](#), only

13.4% included SMART outputs and 2.2% SMART outcomes, and most failed to incorporate place-sensitive value-for-money analysis.

If we want investment to deliver real impact in places, we need to be clear on the purpose of the business case.

Three possible purposes

There are three possible purposes for a place-based business case. The first one listed below, a funding gateway tool, is what people perceive the purpose of a business case to be. Cases have been used in this manner; [however, the current government has moved away from this type of competitive approach](#). But it is worth bearing in mind that it is still perceived as an option for many organisations outside Treasury and Whitehall.

1 Funding gateway tool

One interpretation of a place-based business case is as a gateway to funding, a document designed primarily to justify a single project and unlock resources from central or devolved government. This is the model most familiar to local authorities bidding into competitive programmes such as the Levelling Up Fund or Transforming Cities Fund. It aligns neatly with HM Treasury's Green Book guidance, providing a structured way to demonstrate value for money and ensure transparency in public investment decisions. This is probably the local organisation's current expectation of the purpose of place-based business cases.

However, this approach is inherently narrow and transactional. It frames the business case as a compliance exercise rather than a strategic tool, encouraging short-termism and competitive bidding between places. Instead of fostering collaboration or long-term planning, it often drives a race to submit polished bids, utilising external expertise, disjointed from delivery, within tight deadlines, sometimes at the expense of robust evidence or genuine local priorities and strategic collaboration.

Ownership under this model typically rests with the bidding authority, against a funding structure, but the shape and content of the case are heavily influenced by central government templates and requirements. While this ensures consistency for appraisal, it limits flexibility for places to articulate their unique challenges, opportunities and contribution to national growth and transformation. In effect, the business case becomes a passport to funding rather than a roadmap for transformation.

There is an issue that business cases are often written for all funding decisions at a local level, because they are responding to government funding calls. This means projects that are much smaller than national government would consider for a business case go

through the full business case process. This approach wouldn't address this issue and could lead to greater proliferation of full business cases for relatively small amounts of money.

2 Strategic investment framework

A more ambitious interpretation of a place-based business case is as a *place-wide investment case*, a living document that sets out the rationale for a portfolio of interventions linked to a locality's economic strategy. Rather than focusing on a single project, this approach provides a coherent framework for prioritising and sequencing investments over time and ensuring clear trade-offs are made. It moves beyond the transactional logic of competitive bidding and underpins allocative funding models, where resources are distributed based on need and strategic fit rather than who can write the slickest bid.

The benefits of this model are clear. It creates a shared reference point for local leaders, delivery partners, and central government, ensuring that individual projects contribute to a broader vision for inclusive growth. Rather than being a one-off bid, it becomes the anchor for decision-making, guiding which projects are prioritised, when they are delivered, and how they collectively achieve transformational outcomes. This approach solves several persistent problems: it tackles short-termism by shifting focus from reactive bidding to proactive planning; it reduces duplication and churn by aligning investments with a coherent local strategy; and it creates a transparent basis for allocative funding, enabling central government to distribute resources based on need and strategic fit rather than competitive advantage.

It also supports long-term planning, enabling places to align investment decisions with evidence-based strategies rather than reacting to short-term funding windows. It creates a delivery document for the current local strategy (or strategies), such as growth plans, city plans, industrial strategies and could bring delivery of all these strategies together in a coherent approach.

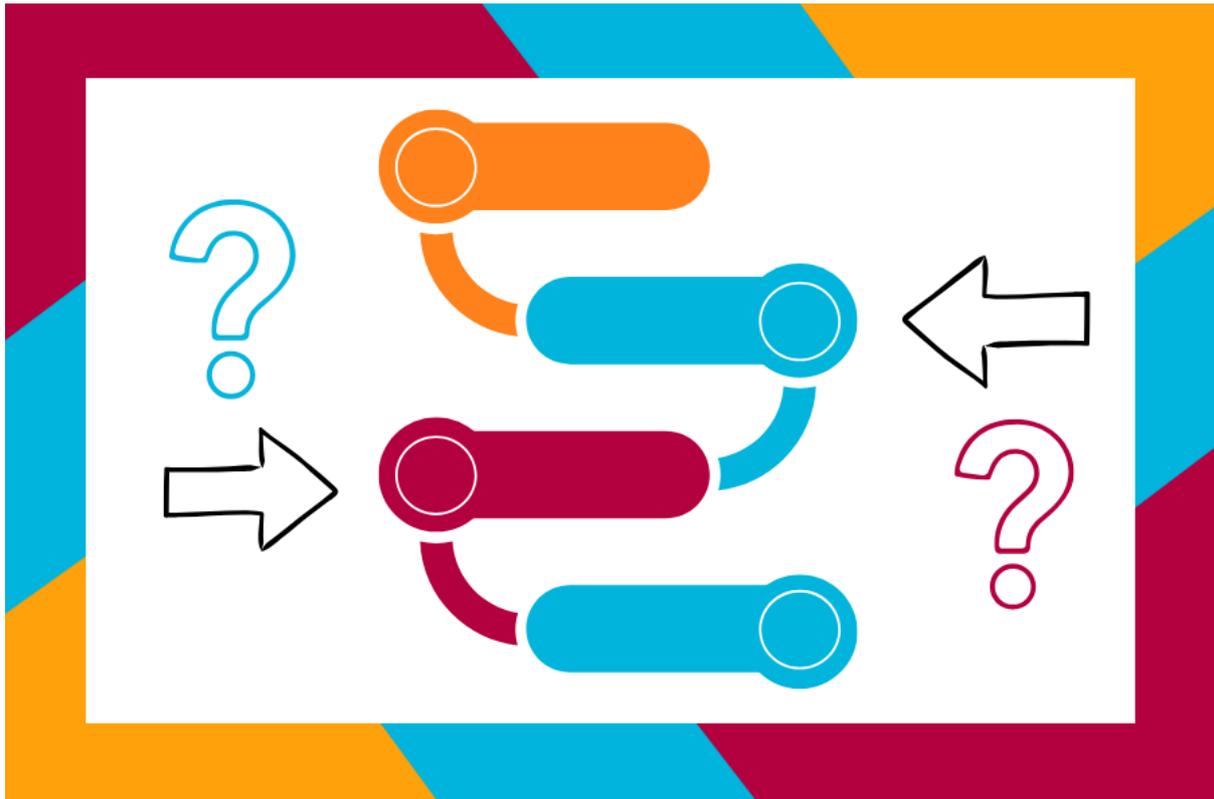
However, this approach demands strong local analytical capacity and governance. Developing and maintaining a credible investment case requires robust data, skilled appraisal, and effective partnership structures. Without these, the framework risks becoming aspirational rather than actionable.

Ownership in this model typically sits with a combined authority or a local partnership board, with endorsement from central government to ensure alignment with national priorities. Done well, it can transform the relationship between local and national decision-makers from one based on competition to one grounded in collaboration and shared accountability. It can increase trust and accountability between local and national government as the decision-making and learning through the place-based business case is shared.

The third scenario positions the place-based business case as an integral part of local governance, not just a tool for securing external funding, but a mechanism for internal prioritisation, scrutiny, and evaluation. In this model, the whole place programme business case becomes a gateway within the local decision-making cycle, ensuring that major investments are assessed against clear objectives and robust evidence before approval. Its purpose is to create a disciplined, transparent process that supports better choices and continuous improvement.

The advantages of this approach are significant. It builds institutional capability by normalising evidence-based decision-making, reducing reliance on consultants and strengthening local expertise. It also creates a transparent audit trail, making it clear why certain projects were prioritised and how they align with strategic goals and relevant strategies at the local level. Over time, this fosters iterative learning, helping places refine their investment strategies based on what works.

However, embedding programme business cases into governance requires a cultural shift. It demands buy-in from elected members and senior officers, and it must be applied proportionately to avoid adding unnecessary bureaucracy to smaller decisions. Ownership in this scenario sits firmly with local decision-making bodies, such as Economic Development Boards or Combined Authority Boards, under the oversight of elected members. Done well, this approach transforms the business case from a bidding document into a cornerstone of accountable, strategic local governance.



Where should place-based business cases sit in the decision-making structure?

There are various options on where the process should sit, and the pros and cons should be considered once the purpose is defined:

Option A: At the bidding stage only

Appears as a compliance document for central government funds.

Problem: Reinforces competitive, short-term cycles.

Benefit: Each challenge tackled as it arises

Option B: At programme initiation and review

Developed alongside local economic strategies and refreshed periodically.

Problem: Susceptible to impact from national policy changes

Benefit: Creates a shared reference point for local and national priorities.

Option C: Embedded as a governance “gateway”

Required for all major investment decisions, reviewed by local scrutiny and, where relevant, central government.

Problem: Could be seen as a vehicle of central government, not for place and devolved powers

Benefit: Normalises evidence-based decision-making and evaluation.

Who Owns It?

Ownership should be jointly held if the purpose is strategic and iterative, and to devolve funding and powers whilst supporting emerging local structures. Combined/strategic authorities or local partnerships should lead, supported by regional technical hubs and clearer central guidance. Central government's role should shift from prescriptive templates to enabling capability and strategic direction to achieve national goals, especially if allocative funding becomes the norm. This approach will build trust and respect between local and national government, which, in turn, enables a greater partnership approach. Central government has a role in providing advice, guidance, and expertise to local areas, but development should be a shared approach in the interests of the place and the UK economy.

Central government should use it to help inform funding decisions based on the needs of place, rather than the sole needs of central government. It would demonstrate central government takes the needs of places seriously, beyond individual projects. Appraising projects on the basis of whether they meet the needs of place, not whether they outperform other areas in meeting national objectives. Central Government also provides a role in joining up activity across places and has a strategic oversight of mutually reinforcing activities and opportunities to join up action, as well as recognising when local interventions can be scaled to the national level. This would also go a long way to addressing the misconception of the role of the Green Book and the reality of HMG decision-making.

What initiates a Place-Based Business Case (PBBC)?

This depends on the purpose; if they are intended to be strategic place-building tools that sit above the inventions and below the local strategy (or Mayoral Plan), then once a strategy is agreed, this should trigger the development of a PBBC. As the strategy is renewed and updated, so should the PBBC. This would become the programme-level business case for the place, creating greater transparency, which national government would be able to align projects and investments with, and building trusting investment relationship with places.

The other potential trigger would be large-scale transformational investment, from public or private sources. Although generally these are rare, they do occur due to specific conditions but would be created reactively and should still 'speak to' the wider PBBCs.

How do we define place?

In one sense, all business cases are place-based because all benefits are realised within a specific geography. The last Green Book asked that all national-level business cases carry out a place review to understand the effects on place. The distinction between a project-level business case and a PBBC would therefore need to be clearer. What is the

added value of elevating something to the PBBC level, and what scale or set of conditions makes that appropriate, and how do they align with emerging decision-making and implementation bodies from the local government review?

Recommendations for place-based funding

The most future-proof model combines Option B and C and would cover the following recommendations:

- A place-wide business case framework underpinning local strategies and feeding into governance gateways, achieving the local government goal of improving outcomes in a place, and is not lost in a bureaucratic structure. This would root activity in the fundamentals of local economic growth, as well as responding to the wider wellbeing of the population. PBBCs can set the Business-As-Usual case across the place, so partners and government understand the impact of investment.
- Improving the sequencing of decision-making and better integrating decision-making on individual projects into an overall plan for place, given that existing case-by-case structures don't work.
- Nested project-level cases for funding and delivery; these can also be streamlined, reducing the burden on developing full business cases as they sit under a strategic programme case. This can speed delivery and help make faster decisions, based on coherent shared knowledge across partners.
- Supported by regional centres of excellence and transparent appraisal guidance, creating an ecosystem of shared endeavour for the benefit of the place rather than local partners competing.
- Create better alignment of practice with guidance, enabling earlier, more honest conversations about interventions and projects. This will also enable greater alignment of national priorities (at the ministerial level) with local delivery (at the mayor or leadership level) through balanced strategic alignment in programme plans.

This approach aligns with HM Treasury's 2025 Green Book review and City-REDI's recommendations - a mandatory place-based appraisal, alignment with local plans, and iterative development.



Finally, how do we measure success in PBBCs?

This is a critical question. Programmes are typically assessed against outcomes (such as improved skills or reduced unemployment) while projects are judged on outputs like square metres of new workspace or kilometres of road upgraded. A place-based business case (PBBC), however, sits above both. With option B or C, it is not an intervention in itself but a governance and prioritisation tool. So how do we know if it works?

It starts with its objectives. A PBBC should aim to:

- Provide a clear, evidence-based rationale for investment decisions.
- Align projects and programmes with a coherent local economic strategy.
- Improve transparency and accountability in prioritisation.
- Enable iterative learning and capability-building within local institutions.

From these objectives, success measures need to reflect process quality and strategic impact, not just delivery metrics. For example:

- Alignment and coherence: Are funded projects demonstrably linked to the priorities and logic set out in the PBBC?
- Decision-making efficiency: Has the PBBC reduced duplication, churn, and reactive bidding?

-
- Capability development: Are local officers and boards using the PBBC framework to appraise options consistently and confidently?
 - Transparency and trust: Is there a clear audit trail showing why certain investments were prioritised, and do stakeholders perceive the process as fair?
 - Strategic outcomes over time: While the PBBC doesn't deliver outputs directly, does the portfolio of projects it prioritised collectively move the dial on long-term objectives (e.g., inclusive growth, productivity, resilience)?

Evaluation should therefore combine qualitative governance indicators (e.g., stakeholder confidence, process transparency) with quantitative portfolio performance (e.g., proportion of projects meeting SMART objectives, contribution to local strategy targets). Crucially, this needs to be proportionate, to avoid turning the PBBC into another bureaucratic layer. Instead, it should function as a living framework that is reviewed periodically, with lessons fed back into future prioritisation.

In short, the success of a PBBC is measured not by how many projects it funds, but by whether it improves the *quality of choices and the strategic coherence of investment in place*.

The Bottom Line

A place-based business case is not just a bid; it's a decision-making tool. Done well, it can:

- Clarify priorities.
- Improve transparency.
- Build local capability.
- Help central government allocate resources fairly.
- Creating living documents that respond to need, capture thinking and decisions in a transparent and open process.

In short, it's how we move from chasing funds to shaping futures.

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