
HALEU Deconversion Competition: Section C - Economic Assessment (Value for Money) teach-in

July 2024

Overview

Part 1) Background to VfM

Part 2) Section C – Competition Application form

Part 3) Summary

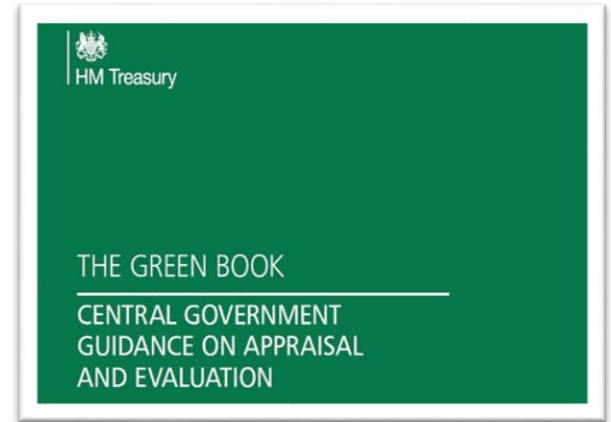
Part 4) Key dates

Background to VfM

What is VfM (Value for Money)?

Ensuring government funding provides ‘*value*’ to the UK taxpayer. Funded projects have a VfM assessment to inform how government funding is directed.

$$\text{Cost Benefit Ratio} = \frac{\text{Net Economic Benefit to the UK}}{\text{Cost to the exchequer}}$$



- ❑ **Cost:** the value of funding requested and the opportunity cost of this.
- ❑ **Benefits:** high-value jobs created or safeguarded, R&D spillovers etc.
- ❑ **Net:** we adjust ‘gross’ benefits for additionality and risk to get net benefits.
- ❑ **Social:** we value the benefits to society, not necessarily purely financial / commercial benefits.

Value for money

You need to evidence the case for support.

Case for support (Additionality)

The counterfactual	<p>Explain and evidence:</p> <ul style="list-style-type: none">• <i>What would happen to your project without this funding?</i>• <i>Would the project be cancelled, take place at a slower pace, move overseas?</i>
Funding required	<p>Explain and evidence:</p> <ul style="list-style-type: none">• <i>Why is HALEU funding appropriate for your proposal?</i>• <i>Your cost gap e.g., what is your available budget vs total project costs?</i>• <i>The alternative sources of funding already considered</i>
Credible evidence	<ul style="list-style-type: none">• Evidence of an internal cost gap or other alternative locations overseas where this research could be located. Evidence should be credible, authentic, and show the decision-making process of senior management.



Section C – Economic Template

Section C – Economic Template

Worksheet 1: Summary of work package

Project objectives/rationale

Describe the proposed project, its objectives, and when they will be achieved by? (Maximum of 750 words.)

Break this answer into two sections:

- a. For the design, and construction of a HALEU **oxide** deconversion facility.
- b. For the design of a **metal** deconversion facility.

Additionality arguments

Why is government funding necessary for this project? Describe the internal funding gap that exists, and the outcome of the alternative funding options explored. (Maximum of 500 words.)

What would likely happen to the proposed project if government funding is not secured? Will the project still be undertaken? If the project will still be undertaken with alternative funding, please describe the plan for how the project will be taken forward, would the scope and delivery timelines change?

If applicable, please explicitly state any estimates made for when this work might be done in the absence of funding.
(Maximum of 750 words.)



Section C – Economic Template

Worksheet 2: Annual expenditure

HALEU funding and the associated co-investment must be spent by March 2030. Project related expenditure that is undertaken in the following years will be financed by applicants. No further HMG funding is currently available to the winner of the competition.

The funding is only for these four periods

Evidence here

UK GOVERNMENT FUNDING REQUESTED FOR THIS PROJECT (Capital spend only, 2024 prices)

Funding type (where applicable)	Funding source (where applicable)	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	Source / evidence / assumptions/additional text funding type & source
Capital equipment (Oxide Facility)										
TOTAL Government funding		£0	£0	£0	£0	£0	£0	£0		

SUMMARY FUNDING FOR THIS PROJECT FROM COMPANY/ CONSORTIA

FOR THE OXIDE FACILITY

Funding type	Funding source	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	Source / evidence / assumptions/additional text funding type & source
R&D Expenditure										
Capital equipment										
Skills & training										
Other non-capital expenditure										
TOTAL Company Funding for the Oxide Facility		£0	£0	£0	£0	£0	£0	£0		

FOR THE METAL FACILITY

Funding type	Funding source	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	Source / evidence / assumptions/additional text funding type & source
R&D Expenditure										
Capital equipment										
Skills & training										
Other non-capital expenditure										
TOTAL Company funding for the Metal Facility		£0	£0	£0	£0	£0	£0	£0		

ADDITIONAL UK SPEND (100% COMPANY FUNDED) ON RELATED PROJECTS (that would not have been spent if this project did not go ahead)

Funding type	Funding source	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL	Source / evidence / assumptions/additional text funding type & source
R&D Expenditure										
Capital equipment										
Skills & training										
Other non-capital expenditure										
TOTAL Additional funding (with no government funding)		£0	£0	£0	£0	£0	£0	£0		

Given equal weight in evaluations

Section C – Economic Template

Worksheet 3: Itemised expenditure

This sheet helps us to better evaluate individual projects by improving our understanding of what is being funded. It is also an opportunity for the applicant to demonstrate that they have a detailed plan over the project period.

Provide an itemised list of work to be carried out	Category of work	Is this item for the metal or oxide facility (or both)?	Description (max 20 words) of cost item	2026/26	2026/27	2027/28	2028/30	2030/31	TOTAL	Source of data	Justification of costs - Describe the methodology for estimating costs. On what basis have cost estimates been undertaken? (e.g. is the cost estimate based on a supplier quote, or is there another justification for the estimate)	Please confirm that all contingency has been removed from this cost line?	Please confirm that the cost estimates are in 2024 prices (i.e. no adjustments for inflation have been made)?	Evidence of cost estimate supplied: please enter 'Y' in each row for which supporting documentation has been supplied

- Best estimates** – we acknowledge that these are future cost estimates and are therefore subject to change, imperfect forecasting, and unknown impacts. A best estimate at the time of submission approach should be used and the source/methodology be provided or noted.
- Full funding allocation** – the itemised list of expenditures worksheet should add up to the total funding requested
- Proportionality** – we are not expecting nuts and bolts levels of granularity, but in order to have full confidence in the figures provided and enough understanding of where the funding is going, please provide a level of detail broken down to a sufficient level.

Section C – Economic Template

Worksheet 4: Jobs

Jobs can only be considered safeguarded where there is real threat that they will be lost in the near future if the programme does not proceed.

Jobs

Please outline how many full time equivalent employees/members of staff will be working on this project and their job title(s).

$$\text{FTE per Year} = \frac{\text{Total Hours Worked during a Year}}{\text{Total Working Hours per Year}}$$

Section C – Economic Template

Worksheet 6: Innovation and Markets

Spillover benefits

Innovation resulting from the novel application of existing or known processes.

Development of new processes and/or new technology development, or trialling of new and novel ways to deliver the planned work (IP).

"Please provide (either attached or in the box provided) evidence of market demand you have identified. Please include estimates of future market size, any memoranda of understanding, and any industry engagement indicating interest/demand."



Section C – Economic Template

Worksheet 7: Co-investment profile (1)

Where relevant, information on project funding sources, self-funded vs third-party. Split by during- and post-project spend.

Sources of funding (name(s) of organisation(s) supporting the project with funding)	Amount of funding being provided per annum (financial year beginning 1 April) £m, 2024 prices							Has the funding been secured?
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Please add rows above as required								
Total	0	0	0	0	0	0	0	0

This information will complement the information entered in previous sheets and support the additionality argument for your funding.

Section C – Economic Template

Worksheet 7: Co-investment profile (2)

Co-investment (During funding period): Please explain how your project demonstrates credible co-investment availability and/or evidence of engagement with prospective investor partners, together with an indication of any limits or dependencies on the plan to achieve this.
(Maximum 500 words.)

Co-investment (Work beyond funding project) (as applicable): Please explain how your project demonstrates potential for co-investment availability and/or evidence of engagement with prospective investor partners, together with an indication of any limits or dependencies on the plan to achieve this.
(Maximum 500 words.)



Section C – Economic Template

Worksheet 8: Deliverability

Risk and its mitigation has been touched on elsewhere in the application process. Here the focus is to understand those risks that could be most important/material to the time and cost estimates of the proposed work.

Factors	Which portion of the project will this factor effect?	Impact	Mitigations	Costs or loss of benefits (£m)	Details of the methodology used to estimate values included as the cost or loss of benefit.

- Costs or Loss of Benefits (£)** - An estimated value (presented as a number) should be included to represent either the cost of the factor occurring or the loss of benefits resulting from the occurrence of the factor identified. In addition to a value, there should also be a description of the methodology used to estimate the value.

Summary

- Be clear and remember the fundamentals of a good application:
 - Evidence the need for HMG support;
 - Have a simple but robust methodology for expenditure;
 - Show your assumptions.

Key dates

A reminder of key application dates:

- If you have a question on any aspect of the HALEU fund, email HALEU@energysecurity.gov.uk before 5pm on the **5th of September 2024**. **Please note that questions submitted after this time will not be answered.**
- Responses to materially significant questions will be published **Wednesday the 4th of September 2024**.
- Application window: Submit your application via the portal link provided to you to by 12pm on the **30th of September 2024**. Any issues with submission or access please speak to HALEU@energysecurity.gov.uk.