**Business Case Templates**

*To support better spending and investment decisions and better procurement*

The aim of the business case template family is to support thinking, writing and engagement with stakeholders and compliance with best practice. These templates provide a framework for scoping and planning spending proposals, to support evidence based decision-making. They avoid a “one-size fits all” approach and should be used proportionately.

The two Single-Stage Business Case templates are based on the Five Case Model and follow the Better Business Cases Guidance. They have been developed in partnership with the Cayman Islands Government as part of the International Better Business Case Programme.

**The Five Case Model can be used for the preparation of:**

* Programme Business Cases (PBC)
* Project Business Cases (three stage: SOC, OBC, FBC)
* Business Justification Cases (BJC)
* Policies and Strategies

**It is concerned with:** Thinking, Evidencing, and Documenting. TBusiness cases should be clear, concise, and avoid unnecessary repetition.

**Which template should be used?**

Consider:

the value thresholds (see guidance below),

* the complexity and risk involved,
* whether the situation is novel or contentious,
* whether procurement is required and the scale of the procurement, and
* whether there are any dependencies, e.g. with business as usual matters or other projects?

When in doubt, consider using the higher value business case templates, which provide more structure and support. Contact your local office for advice, support and training.

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| **TEMPLATES****For Procurements and Projects** (enabling outputs, activities and infrastructure):1. Single Stage Business Case - Low Value and Risk (£0 to £250k value of procurement).
2. Single Stage Business Case - Medium Value and Risk (£250k to £2 million value of procurement)
3. Three Stage Business Case (SOC, OBC, FBC) – High Value (Over £2 million value of procurement)

**For Overarching Programmes** (their outcomes are to be achieved through improved services delivered by the enabling projects that make up the programme):1. Programme Business Case using the Five Case Mode
 |
| **Business Case Templates** |
|  |
| *To support better spending and investment decisions and better procurement* |
|  |
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|  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Name  | Signature | Date |
| Prepared by: |  |  |  |
| Reviewed by: |  |  |  |
| Approved by: |  |  |  |

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|  |

**<Title of Spending / Investment Proposal>**

1. **INTRODUCTION**

*<State the purpose of the business case and the spend for which approval is being sought, specifically, “to procure X and/or to do X at the cost of £Y”. Provide an overview of sections 1-5 of your proposal in no more than half a page.>*

1. **STRATEGIC CASE**
	1. **Context**

*<Provide a high-level overview of the nature and work of the Organisation in which this procurement or project is taking place.>*

*<Describe how the proposed investment supports Organisational objectives, and any links to other programmes or projects.>*

**1.2 Case for Change**

***1.2.1 Spending objectives***

*<Specify the key objectives for undertaking the investment proposal, expressed in terms of what you are seeking to achieve by way of targeted outcomes.>*

*<Key Note 1: Make your objectives SMART (specific, measurable, achievable, realistic and time-bound).>*

*<Key Note 2: Be guided by the generic drivers for intervention and spend:*

* *to improve the quality of public services by delivering better social outcomes, e.g. to meet new policies and operational targets (effectiveness);*
* *to improve the delivery of public services through better use of inputs and outputs (efficiency);*
* *to reduce the costs of public services (economy);*
* *to meet legal, regulatory or organisational requirements and accepted best-practice (compliance and conformance);*
* *to re-procure services or equipment to avert service failure and provide business continuity (replacement).>*

*<Key Note 3: Consider a workshop (See Appendix I for details) for “Making the Case for Change” consisting of stakeholders, end users, the Sponsor/SRO and other key participants.>*

***1.2.2 Existing Arrangements***

*<Describe any arrangements currently in place (business as usual): how services are presently organised and provided to users; including associated throughput, costs, current asset availability, utilisation and condition.>*

***1.2.3 Business Needs***

*<Describe the problems and difficulties with the existing arrangements and what needs to be done to fill the service gap, i.e. the difference between where we are now and where we want to be in terms of our spending objectives.>*

***Potential Scope and Services***

*<Describe the potential scope for service improvement on a continuum of need as follows:*

* *“core” coverage - the “essential” requirements without which the procurement will not be judged a success;*
* *“desirable” coverage - the “additional” requirements which the procurement may justify extra spend on a value for money basis; and*
* *“optional” coverage - the “possible” requirements which the procurement may justify on a marginal low cost and affordability basis. >*

***1.2.4 Main Benefits***

*<Specify the beneficiaries and the benefits that will accrue from the achievement of the anticipated outcomes, taking into account: direct public sector benefits (to originating organisation); indirect public sector benefits (to other public sector organisations); and wider benefits to society (households, individuals and businesses).>*

***1.2.5 Main Risks***

 *<Specify the risks associated with the achievement of the anticipated outcomes and the proposed counter measures for the mitigation and management of risk. Focus on the business risks (those that are retained by the organisation) and the service risks (those that may be shared with the supply side, as required, in the design, build, funding and operational phases of the investment proposal).>*

***1.2.6 Constraints***

 *<Specify any constraints that have been placed on the investment proposal, including any external conditions and agreed parameters within which it must be delivered).>*

***1.2.7 Dependencies***

 *<Specify any dependencies outside the scope of the investment proposal upon which successful delivery is dependent.>*

2. **OPTIONS ANALYSIS**

2.1 **Critical Success Factors**

*<Specify the critical success factors for the investment proposal, i.e. the attributes essential for successful delivery, against which the options will be appraised, together with the agreed spending objectives.>*

*<Key Note 4: Consider the following and tailor as required for your investment proposal:*

* *Strategic fit*
* *Business needs*
* *Optimisation of cost and benefits*
* *Supply side capacity and capability*
* *Affordability*
* *Achievability>*

2.2 **Main Options**

*<Identify and complete the financial appraisal for each option at Annex A, and attach as an Appendix to the Business Case. Your options must include:*

* *Business as usual (the baseline from which improvement will be measured)*
* *The “do minimum” (a realistic option that meets core requirements)*
* *Any additional options considered (see Key Note 6).*

*<Key Note 5: Notwithstanding the procurement value, for novel, contentious proposals that pose significant risks to the public or the Government, use the three stage process (SOC, OBC and FBC) for the development of the business case. This will enable you to identify, quantify, manage and mitigate the risks to the required standard during the design, build and operational phases.>*

*<Complete Table 1 below for each option, referencing the benefits and risks in relation to Sections 1.2.4 and 1.2.5 and the costs as shown in the financial appraisal in Annex A.>*

*<Key Note 6: consider a workshop (See Appendix II for details) for “Identifying and Assessing the Options” consisting of stakeholders, end users, the Sponsor/SRO and other key participants; and use of the Options Framework.>*

Table 1: Summary of Options Appraisals

|  |  |
| --- | --- |
| **OPTION 1** | **BUSINESS AS USUAL (BAU)** |
| **Description** | *<Potential scope, solution, delivery, implementation, and funding stream >* |
| **Net** **Costs** |  |
| **Advantages\*** |  |
| **Disadvantages\*** |  |
| **Conclusion** | *<How well it meets the agreed spending objectives and critical success factors (CSFs) for the procurement.>* |
| **OPTION 2** | **DO MINIMUM:** |
| **Description** | *<Potential scope, solution, delivery, implementation, and funding stream>*  |
| **Net** **Costs** |  |
| **Advantages\*** |  |
| **Disadvantages\*** |  |
| **Conclusion** | *<How well it meets the agreed spending objectives and critical success factors (CSFs) for the procurement.>* |
| **OPTION 3** |  |
| **Description** | *<Potential scope, solution, delivery, implementation, and funding stream>* |
| **Net** **Costs** |  |
| **Advantages\*** |  |
| **Disadvantages\*** |  |

\*Include an assessment of the extent to which the option will deliver the main benefits (Section 1.2.4 refers) and incur the main risks (Section 1.2.5 refers).

2.3 **Recommended option**

*<Justify the recommended option (which will be taken forward for further analysis in Sections 3, 4 and 5).>*

3. **PROCUREMENT ROUTE**

*<Describe the procurement route and how it complies with procurement rules and regulations and any other relevant organisational policy.>*

*<Describe the outputs - goods, services and works - that will be procured in relation to the recommended option, and how they will be paid for.>*

*<Describe how the goods, works or service will be paid for and risks tied down in the payment mechanism - e.g. pay against milestones, delivery of services, performance, availability, usage.>*

*<Describe how the procurement will be contracted and whether a standard or bespoke contract will be required.>*

*<Explain any legal or personnel implications of the recommended option, if applicable, and how they will be managed.>*

4. **FUNDING AND AFFORDABILITY**

<*Complete Table 2 and 3 to specify* *the capital (CAPEX) and revenue (OPEX) requirements for the investment proposal and provide an overall statement on affordability and funding. Ensure any affordability gaps are highlighted.>*

*<Key Note 7: This should reflect the whole life cost of the investment proposal, i.e. over the expected lifespan of the proposal. For investment proposals exceeding five years, expand the table accordingly.>*

Table 2: Cost and Funding for the Recommended Option

| **Lifespan** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
| **Capital Expenditure** |  |  |  |  |  |  |
| 1 | Fixed assets  |  |  |  |  |  |  |
| 2 | Software |  |  |  |  |  |  |
| 3 | Other Capital item |  |  |  |  |  |  |
| **4** | **Total Capital costs (CAPEX)** |  |  |  |  |  |  |
| **Operating Expenditure** |  |  |  |  |  |  |
| 5 | Personnel |  |  |  |  |  |  |
| 6 | Depreciation |  |  |  |  |  |  |
| 7 | Maintenance |  |  |  |  |  |  |
| 8 | Operating licences etc. |  |  |  |  |  |  |
| 9 | Training |  |  |  |  |  |  |
| 10 | Other Operating costs |  |  |  |  |  |  |
| **11** | **Total Operating costs (OPEX)** |  |  |  |  |  |  |
| **Total Expenditure** |  |  |  |  |  |  |
| **12** | **Total Project Costs (CAPEX + OPEX)** |  |  |  |  |  |  |
| **Funding**  |  |  |  |  |  |  |
| 13 | CAPEX funding |  |  |  |  |  |  |
| 14 | OPEX funding |  |  |  |  |  |  |
| 15 | Third party funding (CAPEX if any) |  |  |  |  |  |  |
| 16 | Third party funding (OPEX if any) |  |  |  |  |  |  |
| **17** | **Total funding**  |  |  |  |  |  |  |
| **Affordability Assessment** |
| **18** | **Shortfall/Overage CAPEX (CAPEX Costs – Total CAPEX Funding**) |  |  |  |  |  |  |
| **19** | **Shortfall/Overage OPEX (OPEX Costs – Total OPEX Funding**) |  |  |  |  |  |  |

**Revenue Generation (if applicable)**

Table 3: Revenue Projections for the Recommended Option

| **Recommended Option** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Total** |
| --- | --- | --- | --- | --- | --- | --- |
| **Revenues** |  |  |  |  |  |  |
| 1 | Sales and other Revenue |  |  |  |  |  |  |

**Balance Sheet Treatment**

*<Explain any impacts on the balance sheet of the Organisation and how these will be dealt with.>*

5. **DELIVERY ARRANGEMENTS**

*<Describe what arrangements have been put in place to ensure the successful delivery of the investment proposal, including:*

* *Project management arrangements: standards, governance arrangements, roles and responsibilities and plans.*
* *Project assurance (independent and impartial reviews) at different stages of the project lifespan.*
* *Change management arrangements, if required.*
* *Benefits realisation and plans, including benefits register.*
* *Risk management arrangements and plans, including risk register.*
* *Contract management arrangements and plans, if required.*
* *Post evaluation arrangements and plans including:*
	+ *(1) the date the Project Evaluation Review will be delivered (i.e. to evaluate whether the project has been delivered to time, cost, and specifications, and to identify lessons learned); and*
	+ *(2) proposals for a Post Implementation Review (i.e. to evaluate outcomes and benefits achieved).*
* *Contingency Plan (if applicable).>*

**Appendix I: Workshop – Making the case for change**

At least one workshop is recommended for making the case for change, so that the key stakeholders are engaged earlier on, can challenge and assist to shape the direction of the project. This may comprise more than one actual workshop depending on need.

The purpose, objectives, key participants and outputs of this workshop are as follows:

|  |  |
| --- | --- |
| Workshop  | Identifying and assessing the Options |
| Objectives | * To identify and agree spending objectives, existing arrangements, business needs, and potential scope for the project
* To identify the key service requirements for the project, related benefits and risks, constraints and dependencies
 |
| Key participants | * Sponsor/Senior Responsible Officer
* Project Director
* Project Manager and team members
* External stakeholders and commissioners
* Customer and/or user representatives
* Technical adviser(s)
* Financial adviser(s)
* Facilitator
 |
| Outputs | * SMART investment objectives
* Business needs and potential scope for the project
* Key benefits and risks, constraints and dependencies
 |

**Appendix II: Workshop – Identifying and assessing the options**

At least one workshop is recommended to identify and assess the options, so as to ensure that the key stakeholders are engaged earlier on, can challenge and assist to shape the direction of the project.

The purpose, objectives, key participants and outputs of this workshop stage are as follows:

|  |  |
| --- | --- |
| Workshop  | Identifying and assessing the Options |
| Objectives | * To identify the Critical Success Factors
* To identify and appraise the long listed options
* To identify and provide initial appraisal of the shortlisted options
* To identify the potential costs, benefits and risks associated with the short-listed options
 |
| Key participants | * External stakeholders or commissioners
* Director of Finance
* Economic adviser
* Customer and/or user representatives
* Project manager
* Facilitator
 |
| Outputs | * Appraisal of the Long list
* Short-listed options with preliminary assessment
* Information and data for economic appraisal of the short listed option
 |

**Multi Criteria Decision Analysis (MCDA)**

A form of multi criteria decision analysis, making use of a professionally trained facilitator to guide a team of expert representatives and stakeholders, can be useful for considering certain options at the long list stage. This kind of objective, consultative weighting and scoring with swing weighting should only be undertaken by experts and will require several long meetings.

See Also Annex A – Financial appraisal table