**[Insert Project Name]**

Final Business Case (FBC)

Date: [insert date]

**Key Details**

Senior Responsible Officer:

Author:

Project Manager:

Service Lead:

Agreed Project Type:

Programme Board Allocated:

**Version Control**

| Version | Date | Summary of Change | Author |
| --- | --- | --- | --- |
| 0.1 |  | First issue |  |
|  |  |  |  |

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

**Approvals**

| Gateway | Approved by | Role | Date |
| --- | --- | --- | --- |
| 2 - FBC | *Project Group* |  |  |
| *Stronger Towns Board* |  |  |
| *Hereford Councils Section 151 officer* |  |  |
|
|
|
|
|
|
|

**Distribution**

This document has been distributed to

| Name | Role | Date of issue | Version |
| --- | --- | --- | --- |
|  |  |  |  |
|  |  |  |  |

**Table of Contents**

**Contents**

**1.0** **PROJECT DESCRIPTION** 6

**2.0 STRATEGIC CASE** 6

**2.1 Project aims and objectives** 6

**2.2 Strategic Drivers** 6

2.2.1 National and Regional 6

2.2.2 Local 6

**2.3 Background and Rationale in Project Mandate** 7

**2.4 Scope** 7

2.4.1 In Scope 7

2.4.2 Out of Scope 7

**2.5 Benefits** 7

2.5.1 Cashable benefits 7

2.5.2 Non-cashable benefits 7

2.5.3 Dis-benefits 7

**2.6 Risks** 8

**2.7 Constraints and Dependencies** 8

**2.8 Stakeholders** 8

**3.0 ECONOMIC CASE** 9

**3.1 Critical success factors** 9

**3.2 Options and Do Nothing Option** 9

3.2.1 Long-List of options 9

3.2.2 Short-list of options 9

3.2.3 The preferred option 11

**3.3 Supplier appraisals** 11

3.3.1 The Procurement process 11

3.3.2 Preferred supplier 12

**4.0 COMMERCIAL CASE** 12

**4.1 Required services** 12

**4.2 Potential/Agreed risk transfer** 12

**4.3 Proposed/Agreed charging mechanism** 12

**4.4 Proposed/Agreed contract lengths** 12

**4.5 Proposed/Agreed key contractual clauses** 12

**4.6 Personnel implications (including TUPE)** 13

**4.7 Procurement Strategy and implementation timescales** 13

**5.0 FINANCIAL CASE** 13

**5.1 INSERT FUNDING TABLE** 13

**5.2 Impact on the Council’s income and expenditure account (revenue account)** 14

**6.0 MANAGEMENT CASE** 14

**6.1 Project Management Arrangements** 14

**6.2 Use of Consultants** 14

**6.3 Arrangements for benefits realisation** 14

**6.4 Arrangements for post project evaluation** 15

**6.5 Timeframes** 15

**7.0 THE ENVIRONMENTAL CASE** 16

**8.0 LEGAL IMPLICATIONS** 16

**9.0 EQUALITY IMPACT IMPLICATIONS** 16

**10.0 HEALTH & SAFETY IMPLICATIONS** 16

**11.0 SOCIAL VALUE IMPLICATIONS** 16

**APPENDICES - SUPPORTING EVIDENCE** 16

# **PROJECT DESCRIPTION**

# **2.0 STRATEGIC CASE**

*This part of the business case provides the compelling argument for the project.*

## **2.1 Project aims and objectives**

*Set out the overall aims and objectives of the project. It should provide the reader with a clear understanding of the motives and objectives behind the project.*

## **2.2 Strategic Drivers**

### 2.2.1 National and Regional

*Please reference any related national or regional strategies that your project contributes towards.*

### 2.2.2 Local

*Your project must support local initiatives, strategies, strategic thinking, joined up approaches for hereford*

*Please outline how your project directly addresses the priority(s) for Herefordshire .*

*Please confirm how your project directly contributes to the other priority(s)*

## **2.3 Background and Rationale in Project Mandate**

*Describe the primary need for your project i.e. explain the existing arrangements - what problems, difficulties, service gap is the project seeking to address in relation to future needs e.g. Is it a statutory requirement? Is it a requirement for cost cutting?*

## **2.4 Scope**

*Project scope is the common understanding among stakeholders about what goes into a project. It is the totality of all outputs, outcomes and benefits and work required to produce them. Clearly defining what is in and out of scope prevents the risk of misunderstanding at a later point in the project that may lead to issues and change requests.*

### 2.4.1 In-Scope

*Provide an outline of the activities that fall within the boundaries of the scope.*

### 2.4.2 Out of Scope

*States any activities that fall outside the boundaries of the scope.*

## **2.5 Benefits**

**The anticipated benefits of the proposed project are:**

### 2.5.1 Cashable benefits

*Describe any monetary efficiency savings that will be made as a direct result of implementing the new project*

*Example: The new boiler system will result in a 10% reduction in revenue costs per year due to the efficiency of the new system*

### 2.5.2 Non-cashable benefits

*Describe any qualitative benefits that will be made as a direct result of the project*

*Example: The residents and community who occupy the building will now be warmer.*

### 2.5.3 Dis-benefits

*Describe any negative impacts for the Council, its residents, the business community or other stakeholders that may arise from your project. The nature and scale of the adverse effects should be mentioned here, ideally with details of any mitigating actions that have been identified. These should be definite impacts that will happen and not things that might happen which should be covered in the risk section.*

***\*\*\* the following should be provided in the FBC only\*\*\****

*A benefit profile should be completed for each benefit or dis-benefit identified in section 2.5.1 to 2.5.3 above. These profiles should be inserted in the appendices.*

## **2.6 Risks**

*Risks are potential threats that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen.*

*Summarise here a list of the main known risks together with their mitigating action. The Risk Log will need to be completed on Verto in full and appended to this document when downloaded.*

## **2.7 Constraints and Dependencies**

Initiatives which depend on this project are:

*Describe any existing or future projects which will need this work to happen in order to progress?*

This project depends on:

*Describe any existing or future projects which may hinder the progress of this project if not delivered on time?*

## **2.8 Stakeholders**

*Please identify who the key stakeholders in the project are? How will they be engaged and their views sought as part of the options appraisal for the project?*

# **3.0 ECONOMIC CASE**

*This section looks at the options that have been considered and the return on investment. At project proposal (Stage 0) this will be high level and set out in the project mandate form; at Outline Business Case (OBC) stage this will include an appraisal of short-listed options and identification of the preferred option; at FBC stage this will include appraisal and selection of recommended supplier.*

## **3.1 Critical success factors**

*Please set out the critical success factors for your project. These are the attributes essential to the successful delivery of the scheme, against which the available options are assessed.*

*Example:*

## **3.2 Options and Do Nothing Option**

### 3.2.1 Long-List of options

*This is the long-list of options that have been considered including the “do nothing” or “do minimum option”.*

*You should summarise your results. It might be helpful to do this in a table.*

| Option | Short-list Y/N | Reasons |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

*The short-list of options will undergo economic analysis to identify the preferred option.*

### 3.2.2 Short-list of options

*This section looks at the advantages and disadvantages of each option in terms of cost, benefits and deliverability, the analysis of which will lead to a preferred option. Your assessment should include the following elements:*

**Economic appraisals (cost)**

*Identify the expected costs and cash benefits of each of the shortlisted options. It includes calculating risks that can be measured financially. Costs could be based on data from other projects or organisations, requests for quotations or industry standard data e.g. building costs per square metre.*

**Non-financial benefits appraisal (benefits)**

*Identify and review the non-cash releasing benefits, their weighting, score and impact on options ranking.*

**Non-financial risk appraisal (deliverability)**

*Identify and review non-financial risks – their impact, probability and score – on options ranking.*

*When undertaking your appraisals, you should be aware of “optimism bias” – this is the over and/or under estimation of key project parameters including costs, project duration and benefits delivery.*

*You should also think about sensitivity analysis – this involves exploring the sensitivity of expected outcomes of an intervention to potential changes in key input variables. Switching values can be estimated as part of sensitivity analysis where appropriate. These are the values an input would need to change to in order to make an option no longer viable.*

*Please provide a commentary of your results. You might find this helpful to summarise in a table – add more options as required or use a different format to suit.*

| Option 1 – Detail |  |
| --- | --- |
| Cost |  |
| Benefits |  |
| Deliverability |  |
| Pros |  |
| Cons |  |
| Recommendation |  |

| Option 2 – Detail |  |
| --- | --- |
| Cost |  |
| Benefits |  |
| Deliverability |  |
| Pros |  |
| Cons |  |
| Observations |  |
| Recommendation |  |

| Option 3 – Detail |  |
| --- | --- |
| Cost |  |
| Benefits |  |
| Deliverability |  |
| Pros |  |
| Cons |  |
| Observations |  |
| Recommendation |  |

### 3.2.3 The preferred option

*Following the above appraisals and analysis, the preferred option should be confirmed below*

**\*\*\* the following section (3.3 to 3.3.2) is for use in the FBC only\*\*\***

## **3.3 Supplier appraisals**

*This section compares the potential supplier deals and agrees the preferred supplier.*

### 3.3.1 The Procurement process

*Please outline your procurement process including the following:*

* *Procurement route e.g. via OJEU/framework agreement*
* *The long list criteria*
* *The short list criteria*
* *Economic appraisals –* *an overview of the costs and benefits associated with each of the selected service providers*
* *Non-financial benefits appraisals – an overview of* *non-cash releasing benefits, their weighting, score and impact on supplier ranking*
* *Non-financial risk appraisal – an overview of* *non-financial risks - their impact, probability and score on supplier ranking*

Evidence Based Estimates:

See Technical Guidance Note 1 for details around the provision of evidence based estimates.

*If you intend to submit the FBC for capital funding approval using evidence based estimates, you must attach / evidence the costs to this form and explain below why you are requesting the use of this costing basis and when you anticipate full, procured costs to be available.*

|  |
| --- |

### 3.3.2 Preferred supplier

*Following the above appraisals and analysis, the preferred supplier is confirmed below.*

# **4.0 COMMERCIAL CASE**

*This section documents the proposed deal in relation to the preferred option outlined in the Economic Case. It is derived from the sourcing and/or procurement strategy. This is completed at OBC and then revisited at FBC.*

## **4.1 Required services**

*List the required services and/or goods*

## **4.2 Potential/Agreed risk transfer**

*The general principle is that risks should be passed to the party best able to manage them, subject to value for money. This section provides an assessment of how the associated risks might be apportioned between parties.*

## **4.3 Proposed/Agreed charging mechanism**

*The organisation intends to make payments in relation to the proposed products and/or services as follows*

## **4.4 Proposed/Agreed contract lengths**

*The following contract lengths will be considered*

## **4.5 Proposed/Agreed key contractual clauses**

*These are….*

## **4.6 Personnel implications (including TUPE)**

*It is anticipated that TUPE will/ will not apply to this investment.*

## **4.7 Procurement Strategy and implementation timescales**

*Detail and list below:*

# **5.0 FINANCIAL CASE**

*This section outlines the costs and funding arrangements for the capital project. Ensure that the cost of all resources required for the delivery of the project have been included. This section is completed at OBC and then revisited at FBC for example when the procurement process has presented more accurate costs.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Capital cost of project** | **2022/23** | **2023/24** | **2024/25** | **Future Years** | **Total** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Project Management Fees (est. 10% project value)** |  |  |  |  |  |
| **TOTAL** |  |  |  |  |  |
|  |  |  |  |  |  |
| **Funding streams**  **(Indicate revenue or capital funding requirement)** | **2022/23** | **2023/24** | **2024/25** | **Future Years** | **Total** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **TOTAL** |  |  |  |  |  |
|  |  |  |  |  |  |

## **5.1 Income and Expenditure Impact**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **Revenue budget implications** | **2022/23** | **2023/24** | **2024/25** | **Future Years** | **Total** |
| *note any impact on revenue budget, good or bad* | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **TOTAL** |  |  |  |  |  |
|  |  |  |  |  |  |

*To include the cost of pre-implementation feasibility study and other research.*

*To include post-implementation running costs and other revenue costs that may result from the project.*

*To include any positive impacts on revenue following an income/cost reductions generated by the project.*

*State any financial assumptions and implications.*

# **6.0 MANAGEMENT CASE**

*This section sets out the arrangements for successful delivery of the project.*

## **6.1 Project Management Arrangements**

*Outline the project management arrangements.*

## **6.2 Use of Consultants**

*List all external consultants to be used and their role.*

## **6.3 Arrangements for benefits realisation**

*The strategy, framework and plan for dealing with the management and delivery of benefits are as follows….*

## **6.4 Arrangements for post project evaluation**

*The arrangements for post project evaluation are as follows…*

# **6.5 Timeframes**

*Set out and maintain proposed timeframes as per the table in Project Mandate. This will aid the management of the project and keep it focused and achievable.*

| **Stage/Milestone** | **Indicative Date** | **Comments** |
| --- | --- | --- |
| Stage 1 - Outline business case completed | *Insert Date* |  |
| Stage 2 - Full business case completed | *Insert Date* |  |
| Full Council approval | *Insert Date* | **(Council projects only)** |
| Approval to spend obtained | *Insert Date* | **(Council projects only)** |
| Stage 3 - Delivery | *Insert Date* |  |
| *Insert key milestone* | *Insert Date* |  |
| *Insert key milestone* | *Insert Date* |  |
| Stage 4 – Completion | *Insert Date* |  |
| *Insert key milestone* | *Insert Date* |  |
| Stage 5 - Project Closure | *Insert Date* |  |

# **7.0 THE ENVIRONMENTAL CASE**

# *To be completed by the author and explain the considerations around the impact of this project and any mitigating actions required. Includes nature, environment and climate as well as sustainability.*

# **8.0 LEGAL IMPLICATIONS**

# **9.0 EQUALITY IMPACT IMPLICATIONS**

*To be completed by the author of Business Case*

# **10.0 HEALTH & SAFETY IMPLICATIONS**

*To be completed by the author of Business Case*

# **11.0 SOCIAL VALUE IMPLICATIONS**

*To be completed by the Community and Economy Champions*

# **APPENDICES - SUPPORTING EVIDENCE**