



Better Business Cases NI

Overview of the Five Case Model

SOC ~ OBC ~ FBC

December 2020

Contents

Overview of Five Case Model: SOC ~ OBC ~ FBC	2
Key Considerations	3
Overview of Strategic Assessment	4
Overview of Strategic Outline Case (SOC)	5
Overview of Outline Business Case (OBC)	6
Overview of Full Business Case (FBC)	8
The Role of Workshops within the Five Case Model	9

Overview of Five Case Model: SOC ~ OBC ~ FBC

Stage	Step Number and Description		Action Numbers	HMT Guidance Reference	Gateway
Stage 0 Strategic Assessment	1	Strategic assessment	Action 1	P.28	Gateway 0: Strategic Assessment (Programmes Only)
Stage 1 Strategic Outline Case (SOC)	2	Rationale and Objectives (Case for change)	Actions 2-5	P.31 -34	Gateway 1: Business Justification
	3	Options generation and longlist appraisal	Actions 6-9	P.39-47	
Stage 2 Outline Business Case (OBC)	4	Shortlist appraisal	Actions 10-13	P.48-51	Gateway 2: Delivery Strategy
	5	Commercial arrangements	Action 14-18	P.57-61	
	6	Affordability and funding	Actions 19-20	P.64-66	
	7	Delivery arrangements	Actions 21-26	P.69-72	
Stage 3 Full Business Case (FBC)	8	Procurement	Actions 27-29	P.77	Gateway 3: Investment Decision
	9	Final arrangements	Actions 30-32	P.78-79	
Key Considerations - (See overleaf for more info)					
Proportionate Effort		Appropriate Expertise		Rational Judgement	

Key Considerations

Proportionate Effort

The development of business cases uses up resources. The effort that should go into it and the detail to be considered is a matter for case-by-case judgement, but the general principle is that the resources to be devoted to appraisal should be in proportion to the scale or importance of the objectives and resource consequences in view. Decisions on small expenditures need relatively little appraisal, while those with major spending implications require significant resources to be devoted to appraisal. Similar principles apply to ex post evaluation.

Judgement of proportionate effort should take into consideration the totality of the resources involved in a proposal. However, particular weight should be given to the total public funds involved, since it is primarily for these that public bodies are accountable to the taxpayer.

Appropriate Expertise

As outlined in the [Best Practice Guide](#), the Five Case Model places an onus on the Senior Responsible Owner (SRO) of a project/programme/policy to seek the appropriate input, from the relevant experts (e.g. policy, finance, procurement, commercial, economist etc.) to develop each section (or case) of the BC before seeking approval. The extent of advice and support needed will be a matter of judgement for the SRO and will depend on a number of factors including the complexity of the proposal under consideration, the potential cost, whether it is a routine spend or one of a number of similar proposals, as well as the level of experience of the SRO or project team.

It is also important that the appraisal is appropriate in the sense that the correct methodology is used and tailored to suit the case in hand, because there are variations in how the steps of appraisal apply in different spending areas. Judging this is a matter of experience and departmental economists should be consulted where there is any doubt.

Rational Judgement

Related to the concepts above, it is important that those involved in the BC process use rational judgement in terms of the nature, scope and scale of the BC. The guidance is there to be followed but each proposal is different and may not require all, or some of the actions identified in the HMT guidance. Proportionate effort and a common sense approach should be applied to ensure the BC is reasonably robust to enable a decision to be made on a preferred option, thereby illustrating potential VfM and aiding expenditure decisions. If in doubt, seek advice from the relevant experts.

Overview of Strategic Assessment

Case	Step Number and Description		Better Business Case Action and Description		HMT Guidance Reference	Checklist for Each Step
Strategic Case	1	Strategic Assessment	1	Undertake strategic assessment	P.28	• A clear demonstration of the proposal's strategic fit. • A high degree of confidence that the proposal is required and feasible.

Overview of Strategic Outline Case (SOC)

Case	Step Number and Description		Better Business Case Action and Description		HMT Guidance Reference	Checklist for Each Step
Strategic Case	2	Rational and objectives (Case for change)	2	Revisit strategic assessment	P.31	• SMART objectives, existing arrangements and business needs • Scope and service requirement. • Benefits, risks, constraints and dependencies.
			3	Determine SMART objectives, existing arrangements and business needs	P.31	
			4	Determine potential scope and service requirements	p.33	
			5	Determine the benefits, risks, constraints and dependencies of the proposal	P.34	
Workshop 1 – Case for change (P.36)						
Economic Case	3	Options generation and longlist appraisal	6	Agree critical success factors (CSFs)	P.39	• Critical success factors. • Longlist of options. • Shortlist of options including the preferred way forward. • Potential commercial, financial and management arrangements.
			7	Generate a longlist of options	P.39	
			8	Use longlist appraisal to identify the shortlist and the preferred way forward	P.40	
			9	Make an initial consideration of the proposal’s commercial, financial and management arrangements	P.47	
Workshop 2 – Identifying and assessing the options (P.46)						
Complete the SOC by providing an overview of the commercial, financial and management arrangements for the successful delivery of the project - see P.20						

Overview of Outline Business Case (OBC)

Case	Step Number and Description		Better Business Case Action and Description		HMT Guidance Reference	Checklist for Each Step
Strategic Case	4	Shortlist appraisal	10	Revisit Steps 2 and 3 and update as necessary	P.48	• The summary metrics of social value for the shortlisted options. • The unmonetisable social costs, social benefits and risks for the shortlisted options. • The distributional impacts and place-based impacts for the shortlisted options. • The risks and uncertainties associated with the shortlisted options. • The preferred option, identified from the shortlist.
Economic Case			11	Identify social costs, social benefits and risks	P.48	
			12	Analyse social costs, benefits and risks	P.49	
			13	Identify the preferred option	P.51	
Workshop 3 – Assessing the shortlist of options (P.54)						
Commercial Case	5	Commercial arrangements	14	Determine procurement strategy	P.57	• Procurement strategy. • Required inputs and outputs. • Risk allocation. • Payment mechanisms. • Contractual arrangements.
			15	Determine required inputs and outputs	P.58	
			16	Outline risk allocation	P.59	
			17	Outline payment mechanisms	P.60	
			18	Outline contractual arrangements	P.61	
Workshop 4 – Developing the procurement (P.62)						

Case	Step Number and Description		Better Business Case Action and Description		HMT Guidance Reference	Checklist for Each Step
Financial Case	6	Affordability and funding	19	Prepare financial model and assess public finance implications	P.64	- Accounting treatment. - Budgeting treatment. - Funding statement. - Contingency arrangements.
			20	Produce funding statement and identify contingency	P.66	
Management Case	7	Delivery arrangements	21	Confirm how the proposal will be governed, managed, assured and approved	P.69	- Governance, management, assurance and approvals arrangement. - Delivery plan. - Change management plan. - Benefits management plan. - Risk management plan. - Monitoring and evaluation plan.
			22	Prepare the outline plan delivery	P.70	
			23	Plan change management	P.70	
			24	Plan benefits management	P.71	
			25	Plan risk management	P.71	
			26	Plan monitoring and evaluation	P.72	
Workshop 5 – Putting in place arrangements for successful delivery (P.75)						

Overview of Full Business Case (FBC)

Case	Step Number and Description		Better Business Case Action and Description		HMT Guidance Reference	Checklist for Each Step	
Strategic Case	8	Procurement	27	Revisit the strategic case	P.77	- Any changes to the strategic case. - Any changes to the economic case. - The procurement process and offers from suppliers. - The most advantageous tender.	
Economic Case			28	Revisit the preferred option	P.77		
			29	Describe the procurement process and compare offers from suppliers	P.77		
Commercial Case	9	Final arrangements	30	Finalise the commercial arrangements	P.78	- The commercial arrangements for the project. - The financial implications of the project. - The management arrangements for the project.	
Financial Case			31	Finalise the financial implications	P.79		
			Management Case	32	Finalise the delivery arrangements		P.79

The Role of Workshops within the Five Case Model

HMT Guidance for the Five Case Model outlines why the use of workshops is recommended at various stages of the BC process. The workshop approach is suggested so that the key stakeholders are engaged earlier on, and can challenge and assist in shaping the direction of the project.

The five workshops and where to find information on them in [HMT Guidance](#) have been listed below. The guidance covers the objectives of the workshop, key participants and outputs.

Workshop 1 – Case for change (P.36)

Workshop 2 – Identifying and assessing the options (P.46)

Workshop 3 – Assessing the shortlist of options (P.54)

Workshop 4 – Developing the procurement (P.62)

Workshop 5 – Putting in place arrangements for successful delivery (P.75)

The requirement for workshops should be undertaken with proportionate effort in mind and it may not be necessary to hold formal workshops as this could take the form of meetings with stakeholders. However, it is always important to engage stakeholders early in the process and document this, as described in the HMT guidance, to ensure the BC is as robust as possible.