

Better Business Cases NI

Best Practice in Business Cases

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Version 2

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1 Introduction

A growing demand for public services creates ever more pressure on the public purse, increasing the requirement to make better use of these limited resources to ensure value for money. Business cases, which encompass economic appraisals, help to achieve this and should be developed when making expenditure decisions.

This document provides an overview of the roles and responsibilities of those involved in the business case approval process, including practical information for those developing or assessing business cases.

Business cases can cover a wide range of types and levels of spending and each case will be developed to reflect the type of proposal being considered. Proportionate effort in the production of business cases should be used. This means that the resources to be devoted to appraisal should be proportionate to the scale or importance of the objectives and resource consequences in view.

HM Treasury Business Case Guidance[1] provides the framework for preparing business cases for spending proposals. Business cases are now prepared in NI according to a model which views proposals from 5 interdependent dimensions – known as **The Five Case Model**.

Preparing a project business case using the Five Case Model provides decision makers and stakeholders with a framework for structured thinking and assurance that the project:

- **Provides strategic fit, supported by a compelling case for change.**
  Focuses on business planning - 'Strategic Case'

- **Will maximise public value to society through the selection of the optimal combination of components, products and related activities.**

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf

Focuses on options appraisal and identification of the preferred option - 'Economic Case'

- **Is commercially viable and attractive to the supply side.**
  Focuses on the development and procurement of the potential Deal - 'Commercial Case'

- **Is affordable and is fundable over time.**
  Focuses on the whole life costs of the proposed Deal – 'Financial Case'

- **Can be delivered successfully by the organisation and its partners.**
  Focuses on the implementation arrangements for the proposal – 'Management Case'

The five cases are not individual documents, they are the five sections of a business case which are interlinked and should not, therefore, be developed in isolation.

The aim of this guidance is not to replicate existing guidance, but to outline the roles and responsibilities of those involved with developing business cases, and provide practical information to aid the process.

This should be read in conjunction with the new Better Business Cases NI guidance, Supplementary Guidance, e-learning guides and checklists as required. Which can be found on the Better Business Cases NI website.

This document should also be read in conjunction with Managing Public Money NI, which provides guidance on a wide range of issues relating to the proper handling and reporting of public money.

2 Roles and Responsibilities

This section outlines the roles and responsibilities of the prominent stakeholders in the business case (BC) development process, and where their input is required within the Five Case Model. These apply, in varying degrees, to all expenditure and saving decisions regardless of magnitude.

The table below highlights the main stakeholders and their main focus in terms of the development of the BC. Further information is subsequently provided on each stakeholder.

Table 2.1: Roles and Responsibilities of Stakeholders

Stakeholder	Engagement with the BC process
Accounting Officers	Accounting Officers should ultimately be satisfied with the affordability, regularity, propriety and value for money of projects before signing these off.
SRO	The SRO has operational responsibility for the development of a proposal, including the production of a proportionate, cohesive business case which supports the expenditure decision. It is the SRO's responsibility to seek the relevant advice and input into the development of the business case and to present it for approval.
Project Management Team	Responsible for ensuring the relevant expertise is sought throughout the development of the BC. Also required

Stakeholder	Engagement with the BC process
	to develop the Management Case. Note proposals which are straightforward or involve low-level spend may not have a Project Management Team as such, but there should always be an SRO.
Economists	Principally concerned with the quality assurance or development of the Strategic and Economic Cases.
Policy Team	The policy team can provide expert advice to inform business case development.
Commercial/Procurement Expertise (CPD, COPEs, personnel, legal, actuarial etc.)	This expertise should be sought when developing the Commercial Case.
Departmental Finance Divisions/Directorates	When developing the Financial Case, input from finance divisions or directorates is required.
DoF Supply	Approval of expenditure where authority to do so is not delegated to Departments

2.1 Accounting Officers

Each organisation in central government (Department, Agency, trading fund, HSC body, NDPB or significant Arm's Length Body) must have an Accounting Officer. This person is usually the senior official in the organisation.

Acting within the authority of the Minister to whom the individual is responsible, the Accounting Officer should ensure that the organisation operates effectively and to a high standard of probity including carrying out procurement and project appraisal objectively and fairly, seeking good value for the public sector as a whole.

In line with MPMNI, the Assembly expects Accounting Officers to take personal responsibility, amongst other areas, for **regularity and propriety**, the **selection and appraisal of programmes and projects** and **value for money**[2].

A Department's business areas and Arm's Length Bodies must have certain expenditure decisions approved by the Departmental Accounting Officer or their delegate within the Sponsor Department, in order to comply with DoF guidance, facilitate effective sponsorship of arm's length bodies, and preserve Ministerial authority.

Many of these decisions, including but not limited to novel, contentious, precedent setting or repercussive decisions and high value capital and IT decisions then also require DoF approval before they can be taken forward.

For those cases which must also come to DoF, within the Supply **Expenditure Approval Submission Pro Forma**, the Departmental Accounting Officer or their delegate is required to sign off on the following:

I am content with the regularity and propriety of this proposal and that it represents value for money for the Department.

This can be signed off by any individual with delegated responsibility from the Departmental Accounting Officer, however, DoF guidance, the need for Departments to provide effective sponsorship and the need to refer certain decisions to Ministers all place limits on who a Departmental Accounting Officer can delegate to.

[2] Note that MPMNI is being updated and an additional requirement on Accounting Officers is to be introduced regarding feasibility (where there is a significant doubt about whether the proposal can be implemented accurately, sustainably and to the intended timetable). Once finalised this guidance will be updated.

If an expenditure decision must come to Supply, Departmental Accounting Officer authority is often, but not always, delegated, to the Departmental Finance Director who will sign the Supply Expenditure Approval Submission pro forma.

Similar cascading delegations typically operate within Arm's Length Bodies as determined by their Accounting Officers.

It is the role of Departmental Accounting Officers and ALB Accounting Officers to ensure value for money, affordability, regularity and propriety have been secured prior to submission to DoF Supply. Note that DoF Supply is not accountable for the quality of the business case.

In arriving at a decision to approve expenditure or not, the Accounting Officer (or other individual to whom the expenditure decision has been delegated) may call on the advice of the various specialist advisors to inform that decision or may rely on the assurance that has been provided through the involvement of these advisors in the development and sign-off of the BC. The choice as to whether to seek further advice will be a matter of judgment for the decision maker.

It is best practice to submit a summary rationale for departmental support of a decision to Supply,

A key recommendation from the Review of Expenditure Approval and Business Case Processes[3] was for *Departments to also consider introducing Casework Committees (where they are not already in place) for larger expenditure proposals or where spending is novel, contentious or repercussive.* Departments should therefore give serious consideration to introducing a Casework Committee function, pitched at an appropriate threshold which reflects the level of risk, complexity and value attached to proposals under consideration. Care needs to be taken that all the individuals on this Committee are clear about respective roles within it.

It is important to note that a Casework Committee function does not need to be a standing function for all larger expenditure proposals or where spending is novel,

[3] http://nics.intranet.nigov.net/nics/documents/review-expenditure-approval-and-business-case-processes-july-2019

contentious or repercussive. This could be an ad hoc function introduced when decisions over expenditure are difficult and the Casework Committee function adds value.

In line with existing CPD guidance, the Accounting Officer should ensure that if required, a Risk Potential Assessment (RPA) has been carried out, and that where applicable, a **Gateway 2 (Delivery Strategy)** has been undertaken **prior** to approval at Outline Business Case (OBC) stage.

2.2 Senior Responsible Officer (SRO)

The SRO has ultimate ownership of the BC from its inception to final approval. It is therefore the responsibility of the SRO to seek the appropriate input, expertise and advice from the relevant stakeholders to develop 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.

Note that SROs should be content with the regularity and propriety of the proposal at an early stage of BC development.

It is important for SROs to understand that the five cases are interlinked and should be developed as such, rather than the cases being developed in isolation. In other words, information from cases may be required to undertake the subsequent cases.

2.3 Project Management Team

The project management team, and ultimately the SRO, is likely to have ownership of the BC from its inception to final approval. They are also responsible for developing the Management Case, expert advice may also be sought from project management specialists to inform the development of this Case. Key principles of this Case to consider are set out below.

- The Management Case is concerned with the deliverability of the proposal and must clearly set out management responsibilities, governance and reporting arrangements. The Senior Responsible Owner (SRO) should be identified.

- The management case should include a delivery plan with clear milestones. Where so-called controlled environments such as information and communications technology are involved or there are complex business systems then the use of PRINCE2 methodology is mandatory for programme and project management.

- Where significant change management is involved, a change management and stakeholder management plan should be included.

- Consideration should be given as to whether relevant business owners and professionals (Economists, Statisticians, Finance, Procurement, HR, ICT, delivery professionals etc.) have inputted and quality assured the proposal.

- The Five Case Model encourages the use of workshops when developing the BC, bringing together different areas of expertise to improve the quality and expand the breadth of consideration which goes into the key milestones of the BC. The Better Business Cases guidance outlines at what stage of BC development these should take place. Nevertheless, it is important to

apply the principle of proportionate effort when deciding on the number and size of workshops required.

- Evaluation of the effects of the intervention after it has been implemented is a key element which is sometimes overlooked in preparation of a business case but it is vital to the evolution of evidence-based policy and must be included in all proposals. Provision for this work must form part of the management plan, with identification of who will conduct monitoring during and after implementation and who will be responsible for post implementation evaluation and when and how it will occur. It is extremely important to record baseline information.

- There must be full inclusion of monitoring and evaluation costs within both the economic and financial cases. Without planning and provision for monitoring and post-implementation evaluation of the proposal, the business case is not complete.

2.4 Economists

Under the Five Case Model, the departmental economists' role will primarily focus on the Strategic and Economic Cases. In terms of the development of the business case, this will involve providing support and advice to the SRO (or BC author) around the content of these elements of the BC. This may take different forms such as quality assuring the content, ensuring content is consistent with guidance or helping to draft material.

In carrying out this support and advice role, it will still be possible for economists to challenge the content of the BC, such as around the assumptions that underpin it.

It will be for the approver to determine whether they require additional assurance when making the final expenditure decision and therefore whether to seek further

advice from stakeholders such as departmental economists. If further advice is needed, this should generally be a separate economist from that involved in the development of the BC.

In carrying out their role, there are a number of other principles that departmental economists should apply.

- In general terms, the aim is to ensure the BC follows guidance by reasonably setting out spending objectives, making a convincing case for change and robustly uses the HMT Green Book methodology to develop and appraise options.

- Given the BC is likely to be read as a whole document, economists are free to comment on the other three cases if they have any concerns, with the understanding that these do not necessarily fall within their area of expertise and they bear no responsibility for approval/sign-off of these.

- Some examples of where economists could be required to input into BC development are shown below.

DoF economists in Strategic Policy Division (SPD) are responsible for advising DoF Supply. The purpose of this advice is to aid their review and approval of proposals in relation to value for money, affordability, regularity and propriety (see Section 2.7). This is likely to involve a full review of the BC documentation and previous comments by departmental economists, to provide the Supply Officer with the assurances required that the BC is reasonably robust for the scale, scope and nature of the expenditure or investment decision.

Table 2.2: Examples of Economist Input

Section of Five Case BC	Economist Engagement with the BC process
Strategic Case	• Research of relevant strategies and involvement in their initial design.

Section of Five Case BC	Economist Engagement with the BC process
	• The collection & analysis of the necessary data to inform business needs and the case for change. • Testing forecasting assumptions and economic theories. • The assistance in identifying spending objectives and associated potential benefits. • The initial identification of potential mutual dependencies and scoping exercises etc.
Economic Case	• Involvement in options longlisting and shortlisting workshops. • Estimating the economic costs & benefits of interventions. • Preparing NPCs, Social Cost Benefit Analyses and sensitivity analysis.
Commercial Case	• Providing economic assistance to enable the determination of a procurement strategy that offers best VfM. • Research into the supply side (for example external variables such as inflation etc.) to inform a solid economic case and evidence base.
Financial Case	• Advice on inflationary uplifts
Management Case	• Advice on benefits management process, monitoring and evaluation

Section of Five Case BC	Economist Engagement with the BC process
	advice, informing PIDs etc. as outlined in BC guidance.

- With the agreement of the Departmental Accounting Officer, departmental economists can focus their advice and support on larger expenditures and more novel, contentious or complex business cases (both capital and resource). Assurance to Accounting Officers around smaller spends can be provided through the use of test drilling, training on business cases and improved guidance tools to ensure a more consistent approach across departments.

- Economists are there to provide advice, not critical commentary. It is important to be mindful of this when deciding how to frame comments and feedback on the BC. The aim is to ensure the BC is at a reasonably robust standard to justify a case for change and select a preferred option to meet business needs.

- Business case development is often an iterative process. However, it is important to avoid duplication of effort, ensuring, where possible, that issues are not raised which were already previously discussed/addressed. With this in mind, economist advice should be well-documented and made available for other economists involved in the approval of the BC / associated expenditure e.g. to DoF SPD economists providing advice to Supply. When DoF approval is being sought, this advice should accompany the BC documentation, as well as how any issues raised were addressed.

- Building on the point above, Departmental economists should engage with economists out-posted in ALBs (and departmental branches outside the core) throughout the business case process to avoid significant duplication

of effort. Departmental economists should consider applying a proportionate assessment to ALB business cases that require DoF approval, particularly where these have already been quality assured by an economist within the ALB. Economist advice should be documented and provided by ALBs to departments.

- Economists, both SPD and departmental, should ensure that economic advice to Accounting Officers is well-documented and recorded, and provides a commentary on the relevant information contained in the business case. This advice should also be provided to departments when ALBs are submitting an expenditure proposal, and similarly when departments are submitting expenditure proposals to DoF. Section 3 provides more guidance on economist advice and sign off on the BC.

- Note that economist input may not be needed for small to medium repeat resource expenditure or capital decisions.

2.5 Commercial/Procurement Expertise

As indicated earlier, it will be for the SRO to determine the extent of advice and support they will need around the Commercial Case when developing the BC. Similarly, it will then be for the decision maker to determine whether they require additional assurance in making the expenditure decision.

There are a range of potential sources of advice and support that may be relevant to this section of the BC. Given that the Commercial Case largely deals with procurement issues, it is likely that much of the advice and support will come from CPD or a relevant CoPE. However, legal, HR or actuarial support may also be needed from time to time for example with BCs involving grant funding or the provision of benefits.

The Commercial Case is concerned with issues of commercial feasibility and sets out to answer the question “can the proposed solution be effectively delivered

through a workable commercial deal or deals?" The main principles below should be applied when commercial and/or procurement advice is provided.

- The procurement strategy should be clearly set out in the commercial case and the ownership of any assets should be clearly defined and key contractual issues identified and explained, together with the proposed solution.

- The allocation of any procurement risks should be clearly explained along with the steps that are being taken to mitigate or reduce procurement risk through the contract.

- Any personnel implications also need to be fully explained and if TUPE is involved this has to be properly included in the delivery plans (TUPE refers to the Transfer of Undertakings (Protection of Employment) Regulations 2006).

- The commercial case should show key contractual milestones and delivery dates and should clearly set out the agreed accounting treatment.

- As with the other four cases, advice to Accounting Officers should be well-documented.

Note that the need for CoPE involvement in low value purchasing decisions is documented in procurement guidance.

2.6 Departmental Finance Divisions/Directorates

The Financial Case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs and assumptions around revenue generation (where applicable).

The purpose of the Financial Case is to identify the funding required for the preferred option and to demonstrate that the project is affordable. Once again, it

will be for the SRO to judge what advice and support is needed in order to demonstrate this within the Financial Case element of the BC.

When signing off the Financial Case, Finance Divisions/Directorates in Departments and ALBS need to be satisfied that the issues below have been addressed and appropriately documented.

- Funding has been secured and that it falls within appropriate spending and settlement limits.

- Capital and operating requirements (near-cash and/or non-cash) and the inclusion of inflation and VAT etc. are detailed.

- The impact upon budget category totals (AME, DEL, within that Capital and Resource and within that near cash and non-cash) and departmental balance sheets (where applicable) have been considered. All funding gaps should be clearly identified and filled. Budgetary impact should reflect budgeting guidance.

- Provisions have been made for financing of any time or cost overruns.

- Any contingent liabilities that may result from the proposal should be explained and estimated.

- Finance Divisions/Directorates do not necessarily need to have responsibility for ensuring good governance and legislative practices in the construction of business cases. All concerned in drafting a case can access the guidance issued by DoF or others online. However, Finance Divisions/Directorates should normally quality assure and sign off/agree the conclusions of business areas on regularity and propriety considerations in business cases, unless another part of the Department or ALB carries similar expertise:

    - Regularity: resource consumption should accord with the relevant legislation, the relevant delegated authority and MPMNI.

- Propriety: patterns of resource consumption should respect the Assembly's intentions, conventions and control procedures, including any laid down by the PAC.

Note that SROs should be content with the regularity and propriety of the expenditure at an early stage of BC development.

- All advice provided to the Accounting Officer has been well-documented.

- The specific and general requirements around regularity, propriety and DoF delegations flowing from Managing Public Money NI and associated DAO and FD guidance mean that finance divisions need to be involved in some low value transactions, for example the giving of guarantees, the purchasing of insurance and proposals that affect other Departments,.

- Finance advice may be necessary for complex transactions as in such cases the accounting treatment may be complex and the budgeting may not follow the accounting.

- An issue here, of course, is that the approver will often be the Finance Director. The Finance Director may therefore judge that the involvement of finance staff in the development, quality assurance or review of the BC provides sufficient assurance to allow them to make the approval decision. Again, though, that will be a decision for the approver to determine.

2.7 DoF Supply

The Department of Finance (DoF) controls public expenditure, therefore all legislation with expenditure implications, both primary and secondary, must have the support of DoF. Departments also need DoF consent before undertaking expenditure or committing to other resource consumption. Usually DoF agrees general approvals for resource consumption subject to delegated limits and/or

exclusions. Some delegated limits are expressed in monetary values and some are expressed in terms of other features.

Resource commitments for which DoF cannot delegate responsibility are proposals which set precedents, are novel, potentially contentious, or could cause repercussions elsewhere in the public sector. Departments should always obtain DoF consent to resource commitments of this kind before proceeding.

Supply carries out the function of DoF approval of expenditure where authority to do so is not delegated to Departments, and where a higher approval within DoF is not required. **DoF approves the expenditure rather than the business case**; the implication of this is that DoF does not bear primary responsibility or accountability for the quality of that case, including the accuracy and robustness of information required to make a decision on approval, which ultimately rests with the DAO in the source Department.

Supply's review concerns value for money, affordability, regularity and propriety. All of these matters are for the submitting approver to secure on behalf of their DAO. Supply's *approval* confirms from an independent point of view whether the decision as documented is value for money against the business case guidance. The other points, if identified by Supply as significant, might equally affect whether approval can be given, or whether it will be conditional.

3 Economist Advice & Sign Off

This section provides guidance on economist advice & sign off to aid the development and approval of the BC. This is likely to be updated over time as the Five Case Model is rolled out.

Economists should recognise that developing BCs and addressing comments can be time-consuming and require the use of resources which are likely to have alternative uses. With this in mind, the aim should be to make this process less onerous when possible whilst ensuring the BC is robust enough to help justify expenditure decisions. See below for a number of points to consider when reviewing the BC, which should aid the review process.

- The principle of proportionate effort should be applied to all BCs. Both the BC and advice provided by economists should reflect the scale of expenditure and how complex, contentious or novel the BC is considered to be.

- A 'common sense approach' to comments and advice should be applied. The role of the economist should not be to dissect the BC in detail to ensure it stringently adheres to guidance. Economists provide advice to help ensure an expenditure decision is likely to represent value for money and that the BC is sufficiently robust to justify the preferred option as concluded in the BC. When assessing a BC you should be asking the following questions:

Is there enough information in the BC to justify the expenditure decision?

If not, you should provide advice based on guidance, pitched at a level which ensures the BC is reasonably robust.

Could addressing these comments potentially make a material difference to the choice of preferred option, have budgetary/funding implications or impact on any of the five cases?

If not, you should consider highlighting these for future reference rather than requiring these to be addressed at this time.

- Whilst it is never intended as such, comments may sometimes be considered a negative critique of the BC rather than points of advice and, therefore, economists should consider this when deciding how best to frame advice. Given the aim is to encourage best practice in BCs, there may be positive aspects of a BC which can be highlighted in comments - this type of advice may be useful for future reference.

- It is important that all advice is documented and saved for future reference. This includes informal advice between iterations of the BC (emails) and the formal advice given to the Accounting Officer when signing off on the Strategic and Economic cases.

- When providing sign-off you should note if there are any gaps in the BC which have not been addressed because they are not material to the choice of preferred option and/or are unlikely to have funding implications. This will aid the approval process as it will be noted by others who are assessing the BC (for example DoF).

- In terms of sign-off, it is difficult to draft a template which could be used across departments and ALBs, given the varying nature of expenditure decisions and advice required. Furthermore, the aim is not to create a tick box exercise as this will encourage a regimented approach to quality assuring BCs, not necessarily allowing the freedom required to adopt a 'common sense approach' to providing advice. Note that work has

commenced on an example sign off template and economists will be consulted in due course.

4 Frequently Asked Questions

A number of practical questions to aid the development of the BC have been included below. Departmental economists are encouraged to flag any recurring or novel questions to DoF, so these can be included in due course.

How does the Five Case Model differ from the superseded (NIGEAE) guidance?

In many ways the two are similar. Business Cases will still entail the undertaking of an economic appraisal of options to ensure the preferred option is value for money. Funding, financing and project management will still be outlined in the BC. The 10 steps outlined in NIGEAE will still be undertaken in some form. However, the Five Case Model structures the BC in a way that ensures specialists are providing advice to the cases most relevant to their area of expertise.

Other notable differences are outlined below.

- A requirement to clearly outline **Critical Success Factors** and categorise **Spending Objectives** to aid option shortlisting.
- Using the **Options Framework** to arrive at ideally 4 shortlisted options which should include business as usual and a do minimum.
- A formal **categorisation of benefits** to identify cash releasing, non-cash releasing, quantifiable but not readily monetisable and qualitative benefits.
- The use of **workshops** is prevalent in the Five Case Model. Note these workshops should be well documented in the BC, including information on who was in attendance.

Should the Five Case Model be used for every project/programme?

For any project/programme that requires a BC, the Five Case Model approach should be used. However, this needs to be done with the principle of proportionate

effort in mind. In other words, for low level expenditure or expenditure that is not complex, contentious or novel, there could be very little detail in one or more of the cases. However, each should be addressed to indicate that it has, at the very least, been considered. It is important to remember that the Five Case Model is essentially just a BC, and a BC is required regardless of level of expenditure. Although the amount of detail and resources spent developing the BC depends on the scale, scope and nature of the expenditure – as it does under the superseded guidance.

Should the five cases be submitted together for approval?

Yes, they absolutely should. The five cases are five sections of the same BC. They should be developed and read in conjunction with each other to aid understanding of a proposal and the BC in general.

Can pro formas or templates be used?

The use of pro formas or templates is encouraged for relatively low levels of expenditure or routine expenditure that is not complex, contentious or novel. DoF have developed a suite of pro formas which follow the Five Case Model, these can be found on the Better Business Cases NI website. Departments may choose to develop their own pro formas to suit business needs.

Note that pro formas should generally not be used for larger expenditures.

How does the Five Case Model fit with the three BC stages (SOC, OBC and FBC)?

For large procurement projects or those likely to be contentious, novel or complex, DoF generally advocates the development of business cases iteratively over time, through three distinct stages, with more detail being provided at each stage:

- **Stage 1 – Strategic Outline Case (SOC) - the scoping stage;**

- **Stage 2 – Outline Business Case (OBC) - the detailed planning phase; and**
- **Stage 3 – Full Business Case (FBC) - detailed final phase before contracts are signed.**

At each of the three stages (SOC, OBC and FBC) the business case needs to consider each of the five cases. The emphasis is different though for each case at the respective stages. The purpose of each case has been summarised in the building blocks diagram below, highlighting the key steps; these reflect the core purpose of the document at the various stages of the business case lifecycle.

Figure 1: The five cases, key steps and stages of a BC

FBC	Review any minor changes & implications	Confirm Value for Money	KEY STEP 8: Procuring the solution KEY STEP 9: Contracting for the deal	Confirm financial implications and financing	KEY STEP 10: Ensuring successful delivery (i.e. Comprehensive Delivery plan)
OBC	Review any significant changes and implications	KEY STEP 4: Determine Value for Money	KEY STEP 5: Prepare for the potential deal	KEY STEP 6: Confirm Funding and Affordability	KEY STEP 7: Plan for Successful Delivery
SOC	KEY STEP 1: Ascertain the Strategic fit KEY STEP 2: Make the Case for Change	KEY STEP 3: Develop a long list of options and agree a short list	Outline the procurement strategy	Estimate costs (revenue and capital) for short listed options	Proposed management arrangements
The Five Cases	Strategic	Economic	Commercial	Financial	Management

The diagram shows that there are 10 key steps to developing the BC, as outlined in the guidance. These occur at various stages in the development of a BC and involve the five cases.

Note that even if an OBC is the only document being produced, all of these key steps and, therefore, all of the five cases are required to be addressed to the degree proportionate to the scale, scope and nature of the spend. If SROs are in doubt about how to develop the BC then they should consult departmental economists in the first instance, who can liaise with DoF if necessary.

Can specialists (economists/finance officers/procurement experts etc.) review other parts of the business case (BC) which do not fall within their responsibility?

Reviewing the BC is likely to require the whole case and supporting documentation to be considered, in order to fully understand a proposal. Specialists can comment on the information within cases outside of their responsibility and may wish to flag concerns to the SRO/Accounting Officer. However, this is done on the understanding that they are not responsible for signing off on the sections (cases) of the BC which fall outside of their remit and expertise, and appropriate advice should still be sought from all relevant experts as required.

Version 2 additions

Given the amount of time and resources required to both draft and review, is there an ideal length that a business case should be?

It is difficult to be prescriptive about an ideal length for a business case. However, it should be drafted with proportionate effort in mind with novel, complex or contentious decisions often warranting a greater level of detail.

Furthermore the aim should always be to make them as concise as possible, whilst providing necessary and important detail to enable decisions to be made and expenditure approved. **They should not include needless information which unnecessarily bulks up the content.**

Those drafting should refrain from the use of jargon and understand that decision-makers will not necessarily have specialist knowledge linked to the proposal at

hand. Put simply, **business cases should be easily understood by non-specialists.**

FD (DoF) 11/20 introduces a £50m threshold in terms of a requirement to do an SOC for expenditure which is not considered major, high-profile, novel, contentious or complex. Is it reasonable for departments to retain a lower threshold?

Departments should use their own judgement in terms of a threshold for an SOC. However, it should be recognised that an SOC is not generally used to make a commitment for expenditure other than that required to develop an OBC. If a department is unsure of the merits of using resources to develop an OBC or introduce a proposal then the SOC is a useful tool to help make a decision, regardless of the scale of expenditure; naturally this should be undertaken with proportionate effort in mind.

Note that a standalone OBC, which has not been drafted following the approval of an SOC, will also contain most of the information required at SOC stage.

When is an FBC required?

It is expected that you would complete this if going down the SOC-OBC-FBC route i.e. major projects over £50m or those contentious, novel or complex - this is outlined in FD 11/20.

However you should also consider the following:

- some departments are retaining a lower threshold to do an SOC (and therefore OBC-FBC) e.g. a £20m threshold;
- even if you do a standalone OBC, departments may find an FBC necessary/useful depending on the project and procurement issues (for example if post-procurement costs came in notably over the OBC estimate an FBC can potentially be easier than revisiting the OBC); and
- some projects may not require an FBC. Notably those which are procured using an existing, previously approved, procurement

framework or a project involving a relatively straightforward procurement which has been undertaken for the same products/services a number of times.

The Plain English Guide clarifies this further.

Note the £50m threshold in FD 11/20 refers to the requirement for DoF approval and is merely a guide for departments, who should put in place their own procedures depending on the scale and types of projects they approve.

Can the pro forma for expenditure of up to £25k and £500k be used for expenditures above those thresholds?

The thresholds given are there as a guide and not to be strictly adhered to, as every project is different. For instance, if the expenditure is straightforward and/or recurring (i.e. previously appraised and approved) then there is absolutely no issue with using a pro forma for expenditure which is above the level given. However, the level of detail should be proportionate to the level of expenditure.

Do I have to use the Five Case Model when seeking approval of expenditure for professional services, including the use of consultants?

Due to the information required to approve, and on the basis of proportionate effort, this type of expenditure does not lend itself to the use of the Five Case Model when developing the BC.

However, the core principles of the Better Business Cases NI guidance should still apply. Notably, the SRO has ultimate ownership of the BC from its inception to final approval. It is therefore the responsibility of the SRO to seek the appropriate input, expertise and advice from the relevant stakeholders to develop the BC, if required, before seeking approval.

Supplementary guidance has been developed on the expenditure for professional services, and can be found on the BBCNI website.

Departmental economists should be able to provide advice or signposting on specific appraisal queries.

Any questions or comments about this guidance should be sent to DoF at the email address below.

economicappraisal@finance-ni.gov.uk