

**Business Case Pro Forma for Contract Extensions**

| **Contract Title:** |  | |
| --- | --- | --- |
|  | **Name** | **Date** |
| **Contract Manager:** |  |  |
| **Approved By:** |  |  |

# Section 1: Contract Background

This section should include details of the current contract as per the table below.

|  |  |
| --- | --- |
| **Contract Details** | |
| Contract Title |  |
| Contractor Name |  |
| Start Date |  |
| Contract Duration  (including extension periods) |  |
| Proposed Contract Extension Period |  |

*Please provide the Content Manager reference for the original business case or alternatively embed the electronic document into the business case at this point. If there is no original business case please explain why.*

# Section 2: Case for Change/Need for the assignment

This section should include detail of the following:

* Background and purpose of the contract;
* Any changes to Strategic/policy context since the contract was first agreed;
* The original need for the contract;
* Any changes to this need;
* The implications of the contract not being extended; and
* The spending objectives/targets of this extension where applicable.

|  |
| --- |
| **Case for Change/Need for Contract Extension** |
| 1. Background 2. Strategic Context 3. Assessment of Need 4. Implications of Contract Not Being Extended 5. Spending Objectives/Targets |

**Section 3: Satisfactory Contractor Performance**

This section should include detailed evidence of the contractor’s performance to date. For example:

* Performance Review Reports;
* Feedback from Contract Users; and
* The Views of the Contract Manager.

|  |
| --- |
| **Contractor Performance** |
| 1. Performance Review Reports 2. Feedback from Contract Users 3. Contract Manger Views 4. Other |

**Section 4: Assessment of Options**

A full range of delivery options should be assessed, including the following:

* Do Nothing (terminate the contract and have no contract in place);
* Do Minimum (avail of the optional extension);
* Do Maximum (terminate the contract and re-tender); and
* If applicable, any other realistic options that lie in between the do nothing and do maximum option.

| **Option** | **Viable (Yes/No)** | **Explanation (if No)** |
| --- | --- | --- |
| Do Nothing |  | This should include the implications of not having a contract in place |
| Do Minimum (avail of optional extension) |  | This should include details of the extension period available- how many extension periods are written into the contract? What would the proposed extension entail? |
| Do Maximum (terminate the contract and re-tender); |  | If this option is not practical due to time constraints please explain why this option was not considered in a timelier manner. |
| Other: |  |  |

**Section 5: Expected Costs of the contract**

**Costs to Date**

* What was the expected cost of the contract?
* What has the actual cost been?
* Any variances in estimated vs actual spend should be explained.

**Future Costs**

* What are the estimated costs going forward?
* How have these costs been derived?

|  |  |
| --- | --- |
| **Costs to Date** | |
| Expected cost of original contract (A) |  |
| Actual Cost/ Spend to Date (B) |  |
| Variance (A-B) |  |
| Reasons for Variance |  |

|  |  |
| --- | --- |
| **Future Costs** | |
| Expected Cost going forward | Costs should be broken down as much as possible. The assumptions and sources used to calculate all cost lines should be clear. |

| **TOTAL CONTRACT COST =** | **£** |
| --- | --- |

### Section 6: Risks

Please use the box below to outline any notable risks and how these will be mitigated/managed.

| **Risks and Mitigation** |
| --- |
|  |

### Section 7: CoPE/CPD Approval

This section should include details on:

* Contract Specifics (including the start date of the proposed extension, the length of the extension and the revised contract end date).
* Evidence that procurement expert has reviewed and are content with what is being proposed.

|  |
| --- |
| **CoPE/CPD Approval** |
| 1. Contract Specfics 2. Evidence from Procurement Expert |

## Section 8: Other Considerations

This section should outline whether or not the contract extension option offers best VFM in the context of current market conditions.

|  |
| --- |
| **Other Considerations** |
|  |

## Section 9: Next Steps

If this is the final year of the contract please provide a description of current/expected plans in terms of business case preparation and procurement plans to ensure all feasible options for future service provision can be considered in a timely manner.

If there are further options to extend please provide an early view as to whether or not the next extension is likely to be taken up.

|  |
| --- |
| **Next Steps** |
|  |

| *For more information see* [*Better Business Cases NI*](https://www.finance-ni.gov.uk/articles/better-business-cases-ni)  *Departmental economists should be able to provide advice on specific appraisal queries.*  *Any questions or comments about this pro forma should be sent to DoF at the email address below.*  [*economicappraisal@finance-ni.gov.uk*](mailto:economicappraisal@finance-ni.gov.uk) |
| --- |