

# **Business case pro forma**

# **FULL BUSINESS CASE (FBC)**

| **Project Title** |  |
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| **Sponsoring department**  |  |
| **Agency / NDPB (if applicable)** |  |
| **senior responsible owner** |  |
| **Est. Capital Cost (INCLUDING OB & INFLATION)** |  |
| **EST. REVENUE COST (INCLUDING INFLATION)** |  |

|  | **Signed**  | **Date** |
| --- | --- | --- |
| **Project Manager** |  |  |
| **ApprovIng Officer / Grade** |  |  |

**FUNDING**

| **A** | **Departmental contribution** | **£** |
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| **B** | **other government bodies contribution** | **£** |
| **C** | **other contributions (IF ANY)** | **£** |
|  | **toTAL funding (a+b+c)** | **£** |

**pROPORTIONATE EFFORT, ADVICE & GUIDANCE**

* This business case pro forma is based on HM Treasury Better Business Cases guidance and follows the Five Case Model for preparing business cases.
* An FBC is required for decisions requiring procurement of goods and services when a standalone business case is not appropriate. If in doubt, consult your Departmental Economists for advice on whether a standalone business case or an OBC/FBC approach is appropriate.
* An FBC should generally cover Actions 25-35 of the Better Business Case guide.
* However, proportionate effort should be used throughout commensurate with the level of expenditure and how complex, novel or contentious the proposal is. The level of detail provided should be based on the judgement of the appraiser.
* Boxes can be expanded depending on the level of detail required.
* For detailed guidance on business cases and expenditure appraisal, consult the [Better Business Case NI guidance](https://www.finance-ni.gov.uk/articles/better-business-cases-ni) or seek advice from relevant professionals within your department.

| **PURPOSE OF A FULL BUSINESS CASE** |
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The purpose of the Full Business Case (FBC) is to:

* Identify the market place opportunity which offers optimum Value for Money (VfM).
* Set out the commercial and contractual arrangements for the negotiated Deal.
* Confirm the Deal is still affordable.
* Put in place the detailed management arrangements for the successful delivery, monitoring and evaluation of the scheme.

Much of the work involved in producing the FBC focuses upon revisiting and updating the conclusions of the Outline Business Case (OBC) and documenting the outcomes of the procurement.

Useful resources such as a NPSC calculator, affordability template and a benefits profile template can be found at [**Additional Business Case Templates | Department of Finance (finance-ni.gov.uk)**](https://www.finance-ni.gov.uk/publications/additional-business-case-templates)

| **BACKGROUND TO THE PROJECT** |
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Please summarise the background to the project:

* What is the project and why is it being proposed?
* Who gave approval to proceed to tender/FBC stage (include the date of approval)?
* What level of expenditure was expected at OBC stage?

Please outline the purpose of this FBC and highlight any areas of major change since OBC stage.

| **Background** |
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| **STRATEGIC CASE & ECONOMIC CASE****STEP 8 - PROCURING THE VFM SOLUTION**  |
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**Action 25 - Revisit the Case for Change**

Revisit the case for change, because the rationale for the project may have altered since the OBC was approved, due to evolving business needs and changing service requirements.

* Confirm that the case for change remains as set out in the OBC.
* Changed business needs and requirements that have arisen since OBC approval will require the case for change to be revisited and updated.
* Ensure the spending objectives have been made SMART for the purpose of post evaluation and updated to reflect the latest information regarding the rationale, drivers, anticipated outcomes and benefits for the project.
* Attach further confirmation of the organisation’s commissioners and other key stakeholders, if applicable.

| **Revisiting the Case for Change** |
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**Action 26 - Revisit the OBC Options**

* Provide evidence that the preferred option remains the same as that identified at the OBC stage
* Any new options must be clearly identified and any adjustments to existing options explained.
* If any of the key OBC assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better public value than the other available options, including the ‘do minimum’ (if applicable).

| **Revisiting the OBC Options** |
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**Procurement method**

Confirm that the project has been procured by the most appropriate method and update the Public Sector Comparator[[1]](#footnote-1) (PSC) where appropriate, i.e., where a private finance offer is being pursued.

| **Revisiting the Procurement Method & Refining the PSC** |
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**Risk**

* Revisit the cost of risk where applicable, as quantified in the OBC
* The main service risks, for example in the design, build, funding and operational phases of the project should be fully identified and quantified (£) at the FBC stage.
* The residual use of optimism bias to measure continued uncertainties should be minimal and generally no more than 2% for a standard capital scheme.

| **Risk Adjustment** |
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**Action 27 - Detail the Procurement process and evaluation of Best and Final Offers (BAFOs)**

Update the economic case to provide a summary of the procurement process and how the Best and Final Offers (BAFOs) were evaluated and the preferred bidder selected.

* Confirm the procurement strategy, route and evaluation criteria were followed as set out in the OBC and explain any changes.
* Describe the evaluation process at each key stage of the procurement
* Identify the preferred bidder
* Append a copy of the procurement report.

| **The Procurement Process** |
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**Economic Appraisal**

* Prepare economic appraisals[[2]](#footnote-2) for each of the ‘short-listed’ service providers at the BAFO stage of the procurement.
* Compare the recommended option against the Status Quo & Do Minimum.
* Where private finance is being considered, the private finance offer must be appraised against the PSC and Status Quo and Do Minimum options from the OBC to confirm VFM.
* The option offering best public value should be the choice recommended for the approval, subject to affordability.
* [NPSC Template](https://www.finance-ni.gov.uk/publications/additional-business-case-templates)

| **FBC Economic Appraisals** |
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**THE STRATEGIC CASE AND ECONOMIC CASE HAVE NOW BEEN COMPLETED.**

| **COMMERCIAL CASE & FINANCIAL CASE****STEP 9 - CONTRACTING FOR THE DEAL**  |
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**Action 28 – Set out the negotiated Deal and contractual arrangements**

Provide details on:

* The service streams and outputs which are being contracted.
* The implementation timescales which have been agreed for their delivery.
* The allocation of risk negotiated between the public sector and preferred service provider.
* The underpinning method of payment for these services and outputs, including the premiums for risk transfer.
* The type of contract used and the key contractual issues.
* The accountancy treatment of the negotiated Deal, with confirmation from the organisation’s external auditors, as required.
* A detailed explanation of any personnel implications (for example, TUPE) and how they are being managed.

A copy of the proposed contract should be attached to the FBC.

In the case of PPP procurements, the contract form should be compliant with the relevant Treasury and Cabinet Office standards

| **Set out the negotiated Deal and contractual arrangements** |
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 **Action 29 - Set out the financial implications of the Deal**

Provide details on:

* How the charges for the preferred service provider’s offer have been modelled, including the resultant benefits.
* The capital and revenue implications of the resultant Deal.
* The overall affordability and funding arrangements for the Deal, including (written) confirmation from the organisation’s commissioners and other key stakeholders and any contingency arrangements for overspends.
* [Affordability Template](https://www.finance-ni.gov.uk/publications/additional-business-case-templates)

| **Set out the financial implications of the Deal**  |
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**THE FINANCIAL CASE AND COMMERICAL CASE HAVE NOW BEEN COMPLETED.**

| **MANAGEMENT CASE****STEP 10 – ENSURING SUCCESSFUL DELIVERY** |
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**Action 30 – Finalise project management arrangements and plans**

Revisit the project management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalised for the successful delivery of the project in accordance with best practice.

* The project management strategy should be revisited and updated, as required.
* The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and plans for any future changes.
* The latest version of the project plan should be attached to the FBC. This must reflect the implementation timescales agreed with the preferred bidder.
* [Project Management Guidance](https://www.finance-ni.gov.uk/topics/programme-and-project-management-and-assurance/project-management)

| **Project Management Arrangements & Plans** |
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**Action 31 - Finalise change management arrangements and plans**

Revisit the change management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalised for the successful delivery of the project in accordance with best practice.

* The change management strategy should be revisited and updated, as required.
* The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and any plans for future changes.
* The latest version of the change management plan should be attached to the FBC.
* [Programme and Project Change Management Guidance](https://www.finance-ni.gov.uk/articles/programme-and-project-change-management)

| **Change Management Arrangements & Plans** |
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**Action 32 – Finalise benefits realisation arrangements and plans**

Revisit the benefits realisation arrangements and plans that were outlined in the OBC and explain what has been agreed and finalised for the successful delivery of the project in accordance with best practice.

* The Benefits Register must be completed in full and attached to the FBC – note this will be updated further during the life cycle of the project.
* [Benefits Management in Programmes and Projects Guidance](https://www.finance-ni.gov.uk/topics/programme-and-project-management-and-assurance/benefits-management-programmes-and-projects)

| **Benefits Management Arrangements & Plans** |
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**Action 33 – Finalise risk management arrangements and plans**

Revisit the risk management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalised for the successful delivery of the project in accordance with best practice.

* The updated Risk Register showing how the risks will be mitigated and managed must be appended to the FBC – note this will be updated further during the life cycle of the project.
* A contingency plan should also be provided.
* [Programme and Project Risk Management Guidance](https://www.finance-ni.gov.uk/articles/programme-and-project-risk-management)

| **Risk Management Arrangements & Plans** |
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**Action 34 – Finalise contract management arrangements and plans**

Record the contract management arrangements and plans that have been agreed and finalised for the successful management of the service in accordance with best practice. This should include both the formal and informal arrangements that have been put in place for the strategic and operational management of the contract.

* [Project Management Guidance](https://www.finance-ni.gov.uk/topics/programme-and-project-management-and-assurance/project-management)

| **Contract Management Arrangements & Plans** |
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**Action 35 – Finalise Post-Project Evaluation arrangements and plans**

Revisit the post project evaluation arrangements and plans that were outlined in the OBC and explain what has been agreed and finalised for the successful delivery of the project in accordance with best practice.

The FBC should record:

* The arrangements for future Cabinet Office Gateway Reviews and organisational Health Checks (if applicable).
* Gateway 3 should take place prior to the formal submission of the FBC to the approving authority – [Integrated Assurance Process for Programmes and Projects](https://www.finance-ni.gov.uk/topics/programme-and-project-management-and-assurance/integrated-assurance-process-programmes-and).
* The arrangements for post project evaluation including the Project Implementation Review (PIR) and Post Evaluation Review (PER).
* [BBC NI Evaluation Guidance](https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Evaluation%20guidance%20-%20August%202021.pdf).

| **Post Project Evaluation Arrangements & Plans** |
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**THE MANAGEMENT CASE HAS NOW BEEN COMPLETED.**

**THE FBC HAS NOW BEEN COMPLETED FOLLOWING ACTIONS 25 – 35 IN THE ‘GUIDE TO DEVELOPING THE PROJECT BUSINESS CASE’.**

**For full details of the FBC process see pages 87-95 of the** [**HMT Better Business Case Guide**](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf)**.**

| **FBC APPROVAL** |
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**All previous related approval letters must be reviewed to ensure appropriate action is taken in the event that any conditions of approval have been breached.**

**Please see** [**Approval Procedures for Departmental Expenditure**](https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Approval%20Procedures%20for%20Departmental%20Expenditure%2026-10-20.pdf) **for further guidance.**

1. The PSC is an estimate of the cost the government would pay if it was to deliver the service by itself. [↑](#footnote-ref-1)
2. Calculate the Net Present Social Value (NPSV)/Net Present Value(NPV) for each option. [↑](#footnote-ref-2)