New Zealand Treasury

Better Business Cases for Capital Proposals Toolkit:

Overview

8 July 2011

THE TREASURY
Kaitohutohu Kaupapa Rawa

New Zealand Government

Acknowledgements

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- The Five Case Model is the best practice standard recommended by the HM Treasury for the preparation of business cases. Refer to 'Making Sense of Public Sector investments' (2001) by Courtney A Smith and Joe Flanagan and the business case guidance at www.hm-treasury.gov.uk/data_greenbook_business.htm
- The State of Victoria Department of Treasury and Finance Investment Management Standard provides a set of tools, including the Investment Logic Map (ILM) adopted in this guidance. Refer to www.dtf.vic.gov.au/investmentmanagement. This material is reproduced with permission and that copyright belongs to the State of Victoria. The State of Victoria is released from any liability associated with the subsequent use of the intellectual property associated with the material.

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About this Document

A vital part of the work of investment is the proper development and scrutiny of business cases in the state sector. The aim of this guidance is to provide a structured process for informed investment decision-making that will improve the value for money and the impact of investment by the Government.

The New Zealand state sector makes significant capital investments in infrastructure and improving public services. There is over $110 billion worth of physical assets in the state sector- and a further $38 billion in the pipeline over the next five years.

Many Government strategies, programmes and projects can fail to achieve their objectives and fail to deliver anticipated benefits. This can happen if the key phases of the investment have been inadequately scoped and planned, or the associated risks have not fully been taken into account and managed appropriately.

For example, the Standish Group report[1], "CHAOS Summary 2009," shows that 44% of information technology projects surveyed were late, over budget, or provided less than the required features and functions. The report also shows that 24% of projects are either cancelled prior to completion or delivered and never used.

Given constraints on available resources, we need to use what we've got more efficiently and strive for better value out of every dollar of Government spending.

This guidance is intended to assist those people who develop and sponsor business cases with a staged road-map that:

- enables agencies to better utilise their efforts, through the development of "better prepared" business cases and access to relevant knowledge and expertise
- provides Ministers with early engagement on options, greater assurance that the work has been done, and clear and consistent presentation of information for more fully informed decision-making, and
- assists monitoring agency assessors to understand the stages for the development and analysis of business cases and have easy access to knowledge and expertise to provide effective assurance and second opinion advice.

When considering how to apply this guidance, you should refer to Cabinet Office Circular CO(10) 2[2] *Capital Asset Management: Expectations* in the first instance, for a more detailed explanation of Cabinet's expectations for the development, approval and monitoring of proposals relating to capital projects.

In some sectors of Government, the approval of capital proposals is subject to existing statutory requirements or delegations by Cabinet, that mean that specified Ministers or other decision-making bodies have approval authority. You should refer to your Treasury vote team, or the Major Projects Monitoring Unit in the State Services Commission or other monitoring agencies, for clarification on the implications of the expectations set out in CO(10) 2 and this guidance.

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1 Refer to the Standish Group web-site at http://www1.standishgroup.com/newsroom/chaos_2009.php

2 Refer to the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

While this guidance introduces new business case processes and expectations, you may find aspects of business case guidance previously promulgated by Treasury, the State Services Commission (SSC) and other Government agencies relevant and useful.

This guidance is not intended to comprehensively cover all the related aspects of business case development such as OGC Gateway™ review or other Independent Quality Assurance (IQA), regulatory impact analysis, Public sector procurement, Public Private Partnerships (PPPs), Treaty requirements or the monitoring processes applied by central and other monitoring agencies. For detailed rules and expectations on these aspects, you should refer to the relevant existing guidance.

Overview

What is a Business Case?

1. A business case provides the justification for undertaking a project. It is the articulation of a compelling case to decision-makers for the investment of scarce resources to deliver planned benefits.

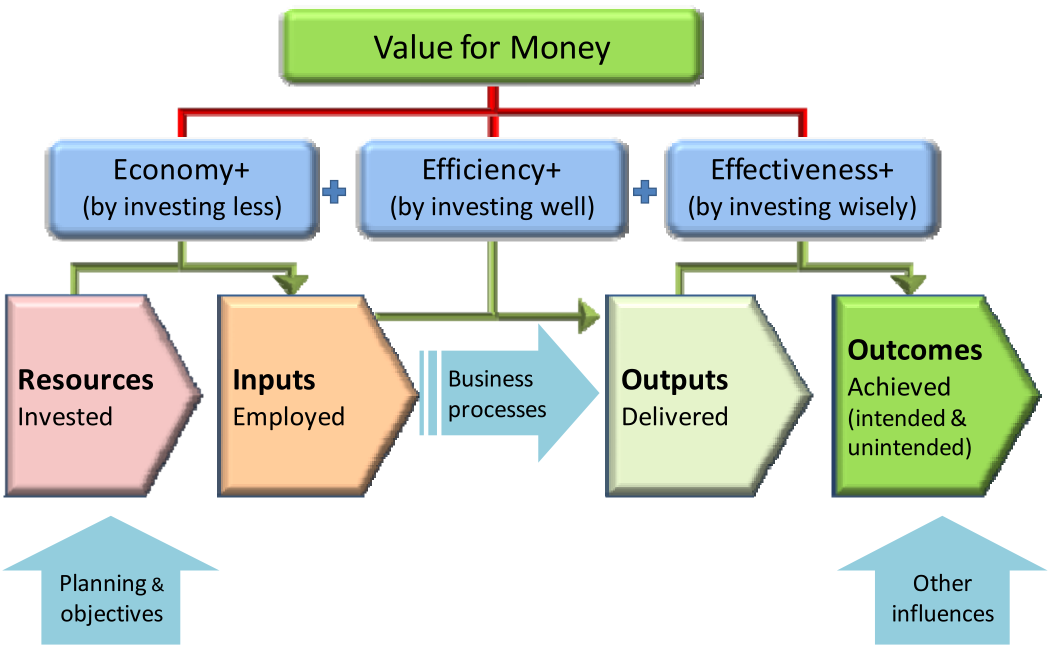
2. However, a business case is not just about gaining approval for funding. A robust business case should provide:
   - an explicit and systematic basis for decision-making
   - transparency and accountability for the use of scarce resources
   - an effective communication tool for engaging stakeholders and providing assurance that the proposed investment is affordable, achievable and maximises value for money compared to alternative spending priorities, and
   - a plan for post-implementation review over the life of the project that includes the management of risks and the delivery of expected benefits on time and within budget.

Maximising Value for Money

3. The Government is a major consumer of New Zealand's available resources and consequently needs to ensure that investment proposals maximise value for money to the economy and society. This means that capital investment decisions are taken by State sector agencies to ensure *the right capacity to deliver the right Public services in the right place at the right time*.

4. Value for money measures the relationship between outcomes achieved and the underlying resources consumed by Government to achieve these outcomes. If better outcomes are achieved from the resources used, then value for money is improved.

Figure 1: Value for money is increased by investing smarter to maximise the three E's



5. Maximising value for money means maximising the three E's:

   i. **effectiveness**, by investing wisely. This means increasing the impact of a specified set of outputs (goods and services) on the community. Impact refers to the achievement of desired outcomes (ie, achieving results).

   ii. **efficiency**, by investing well. This means optimising the quantity and quality of outputs produced from a given level of human, financial or other inputs.

   iii. **economy**, by investing prudently. This means minimising the resources consumed by an organisation for a given level of inputs employed.

6. Effectiveness relates outputs to outcomes. An impact evaluation may demonstrate the effectiveness of a new policy programme in achieving desired outcomes. For example, by determining the proportion of recipients of work subsidies who transferred to paid employment.

7. Maximising effectiveness depends on the outcomes desired which can, in turn, depend on the perspective taken. Assessment of value may vary between a national economy perspective, an all-of Government perspective, an organisational perspective or from the perspective of individuals or communities.

8. Efficiency relates inputs to outputs and demonstrates how well an organisation makes use of its inputs to deliver goods and services. Improvements in technical efficiency (or productivity) can occur if an organisation delivers more outputs of a minimum quality standard without a corresponding increase in the level of inputs.

9. Economy reflects the cost of acquiring inputs such as staff, premises or supplies. An organisation can improve its economy if it acquires a given quantity of consumables of a minimum specified quality standard (sufficient to meet needs) at a lower overall cost.

The Five Case Model

10. The Five Case Model has been adopted by the New Zealand Government as the basis for the Better Business Case process. The Five Case Model provides explicit assurance to Ministers, stakeholders, officials and managers that the proposed investment:

   i. is supported by a robust case for change, the '**strategic case**'

   ii. maximises value for money, the '**economic case**'

   iii. is commercially viable, the '**commercial case**'

   iv. is financially affordable, the '**financial case**', and

   v. is achievable, the '**management case**'.

11. The Five Case Model helps to ensure that each of the key aspects of a robust investment proposal is explicitly and systematically addressed as part of the business case development process.

12. The purpose of the strategic case is to demonstrate that the investment proposal is well-aligned to Government policy objectives and to organisational strategy. The strategic case should provide a robust and well-evidenced case for change and clear specification of the investment objectives and required service needs. The focus should be on service needs driving capital investment, not the other way round.

13. The economic case is intended to demonstrate that all available options for delivering the required services and meeting the investment objectives have been thoroughly analysed. The preferred option should represent the best value for money for the Crown from a national economy perspective and under varying future scenarios.

14. The purpose of the commercial case is to show that the preferred option will result in a transparent, accountable and sustainable procurement arrangement that achieves desired outcomes and provides value for money.

15. The financial case shows that the preferred option can be funded and is affordable to both Government and the organisation under various future scenarios.

16. The purpose of the management case is to demonstrate that the preferred option can be delivered successfully using best practice project and programme management. This includes setting processes in place for change, risk and contract management, as well as managing the on-going delivery of expected benefits.

17. The five cases are **not** discrete business case deliverables. The five cases are embedded into the business case development process and provide an organising structure for the underlying analysis and communications to stakeholders.

18. The Five Case Model was developed in the United Kingdom (UK) as a framework for decision-making for capital investment proposals[3]. The model is the best practice standard recommended by the HM Treasury for the preparation of business cases and is used extensively within UK government departments and agencies.

The Better Business Case Development Process

19. The Better Business Case development process is based on the UK Treasury business case toolkit and the Five Case Model[4]. The UK process has been modified by The Treasury to fit within the New Zealand Government context, where applicable, by:

- integrating the Logic Map (ILM) process
- integrating the two stage Cabinet approval process[5]
- co-ordinating with existing Treasury guidance for Public Private Partnerships (PPPs), cost benefit analysis, public sector procurement and regulatory impact analysis, and
- integrating accepted good practice programme and project management methodologies.

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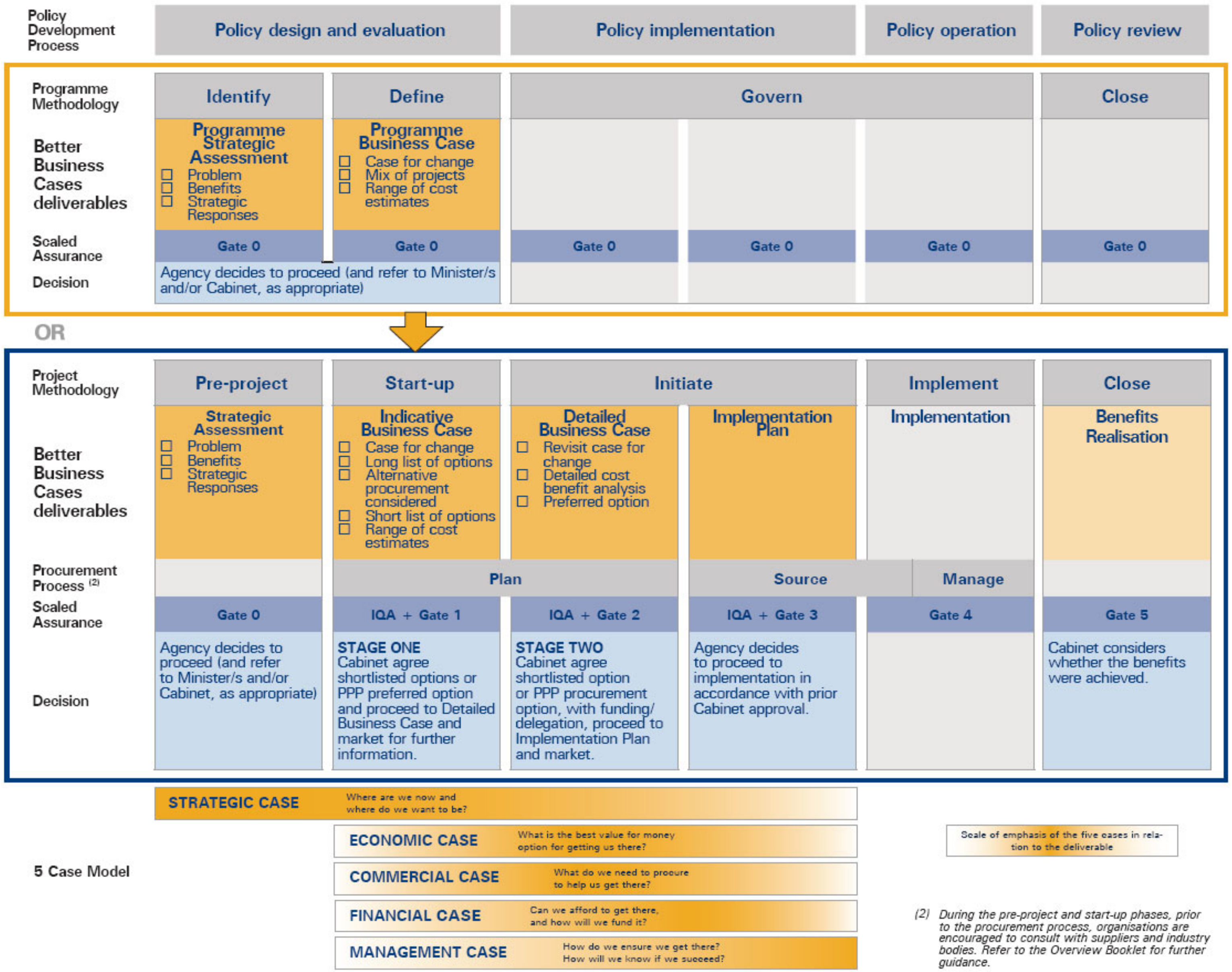
3 Refer to "Making Sense of Public Sector Investments" (2001) by Courtney A Smith and Joe Flanagan.

4 Refer to the UK Treasury business case resources at http://www.hm-treasury.gov.uk/data_greenbook_business.htm

5 Refer to Cabinet Office circular CO(10) 2 *Capital Asset Management: Expectations* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

Figure 2: The Better Business Case deliverables and fit with related processes[6]



6 Source: *Better Business Cases for Capital Proposals Quick Reference Guide (1 July 2011)*, available from http://www.infrastructure.govt.nz/publications/betterbusinesscases

20. Depending on the scale, risk and nature of the investment proposal, the business case development process entails up to 35 sequential actions encompassing the development of up to five key deliverables; the Strategic Assessment, the Programme Business Case, the Indicative Business Case, the Detailed Business Case and the Implementation Plan. Refer to figure 2 overleaf.

21. Not all investment proposals will require completion of all the 35 actions or five deliverables, the full two stage approval process, detailed analysis or quality assurance. The process is intended to be scalable to ensure that the level of effort is fit for purpose.

22. The business case development process in this guidance is targeted at State sector practioners and project managers. It provides a guide to the business case development process in a Public sector context, but can just as easily be applied more widely as good practice.

When is the Better Business Case Approach Used?

Mandatory for all capital proposals that require Cabinet approval

23. This business case guidance is mandatory for all capital expenditure, lease and asset disposal proposals undertaken by Government departments or Crown entities that require Cabinet approval as set out in Cabinet Office Circular CO(10) 2[7] *Capital Asset Management: Expectations,* as set out in table 1 below.

Table 1: Capital expenditure, lease and asset disposal proposals that require Cabinet approval

Type of proposal/organisation	All Departments	Crown Agents	Other Crown entities
All proposals that require new Crown funding	✓	✓	✓
All proposals to dispose of assets held on the Crown account that have significant policy implications[8]	✓	✓	✓
All PPP proposals, even if funded from baselines and balance sheets	✓	✓	
All departmental capital expenditure or lease proposals with a whole of life cost (WOLC) over $25 million, even if funded from baselines and balance sheets	✓		
All high risk departmental proposals, irrespective of the scale and funding source	✓		
All proposals to dispose of departmental assets with a carrying value of $25 million or more	✓		

[7] Refer to Cabinet Office Circular CO(10) 2 *Capital Asset Management: Expectations,* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

[8] The Crown may have obligations under the Public Works Act 1981 that agencies may have to work through before considering asset disposal.

Two stage approval required unless small and lower risk

24. Unless otherwise agreed by the Treasury or monitoring agency, a two-stage approval process must be followed for all capital proposals that require Cabinet approval as outlined in table 1.

 - **Stage 1:** Based on the Indicative Business Case, consider recommendations for an indicative or preferred way forward, to proceed with more detailed assessment of the short-listed options and to engage with market suppliers.
 - **Stage 2:** Based on the Detailed Business Case, consider recommendations to develop and finalise the arrangements for the successful implementation of the preferred option.

25. A single stage Cabinet approval process may be permitted for proposals that seek new Crown funding that are assessed as both lower risk and small (with whole of life costs less than $25 million). Consistent with Cabinet Office circular CO (09) 6 *Guidelines for Changes to Baselines*, it is intended that such projects will be considered as part of the annual Budget process.[9]

For other capital proposals requiring approval by the responsible Minister

26. The Better Business Case guidance is also mandatory for all capital expenditure, lease and asset disposal proposals that require approval by the responsible Minister as set out below[10].

Table 2: Capital expenditure, lease and asset disposal proposals that require approval of the responsible Minister[11]

Type of proposal/organisation	All Departments	Crown Agents and other Crown entities
All proposals to dispose of assets held on the Crown account that have non-significant policy implications	✓	✓
All proposals to dispose of departmental assets with a carrying value of between $15 million and $25 million	✓	
All departmental capital expenditure or lease proposals with a whole of life cost (WOLC) of between $15 million and $25 million	✓	

9 Refer to Cabinet Office circular CO (09) 6 *Guidelines for Changes to Baselines,* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

10 A two stage process is also mandatory for high risk or large scale self-funded investment proposals that require approval of the responsible Minister.

11 Refer to Cabinet Office circular CO(10) 2 *Capital Asset Management: Expectations,* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

For all other departmental capital proposals requiring approval by the chief executive

27. Even where the approval of Cabinet or the responsible Minister is not required, there is an expectation that Departmental chief executives adopt and apply the Better Business Case guidance to all capital proposals.

Sector-based requirements for other major non-Departmental capital proposals

28. Where Cabinet approval is not required for a non-Departmental capital proposal, the use of the Better Business Case guidance will depend on the expectations set by the responsible Minister from time to time. Even if this guidance is not required to be followed, it is suggested as good practice within the State sector for all major capital investment proposals.

Post-implementation monitoring

29. Unless otherwise agreed by Cabinet, departments and Crown agents that seek Cabinet approval for capital proposals that are both large and high risk (as determined by the State Services Commission (SSC) Gateway Unit) must report back to Cabinet on the actual level of benefits actually achieved compared with those outlined in the proposal.

Scalability Matrix of Business Case Development Effort

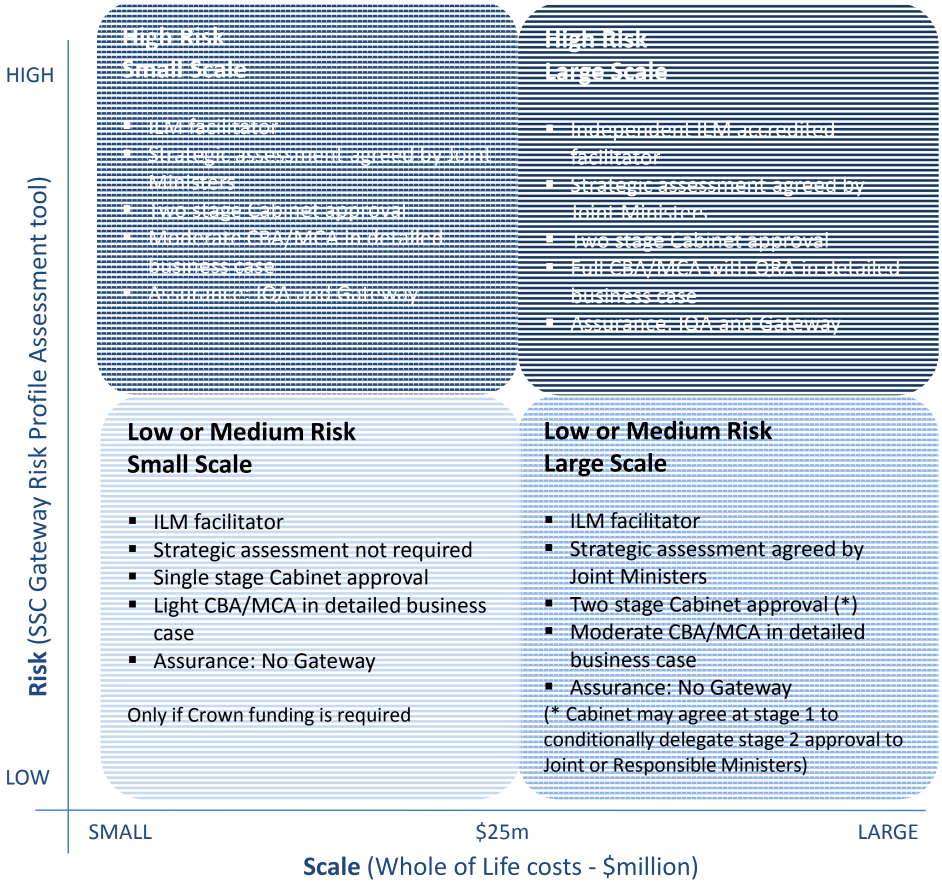
30. The business case development process in this guidance is intended to be scalable, to ensure that the level of effort is fit for purpose and matches the scale and type of decision required.

31. Scalability is not just a factor of size. A smaller proposal can still expose the Government to risk, either due to implementation risks or its impacts on other programmes or services. Large scale in this context means that whole of life costs (WOLC) exceed $25 million. High risk is determined by the SSC Gateway Unit, based on their moderation of the Risk Profile Assessment (RPA). Variations to the risk rating can be made by the responsible Minister.

32. For example, a fit for purpose business case can be developed and a single stage approval process may be applied for capital proposals that require Cabinet approval, yet are low risk and small. A Strategic Assessment may not be required and less analytical effort is likely to be sought for options analysis, risk analysis and post-implementation monitoring in particular.

33. The above expectations on both fitness for purpose and the approval process should be agreed with the Treasury vote team, the SSC Gateway Unit and the relevant monitoring agency at an early stage of the process. Early engagement is recommended to avoid unnecessary rework at a later stage of the business case development process.

Figure 3: Scalability Matrix based on estimated scale and level of risk of the investment proposal[12]



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[12] Source: *Better Business Cases for Capital Proposals Quick Reference Guide (1 July 2011)*, available from http://www.infrastructure.govt.nz/publications/betterbusinesscases

Programmes and Projects

34. Programmes tend to be outcome focused and bring together multiple projects under a single coordinating structure, when it makes sense to do so due to each project's contribution to the programme outcomes. Programmes can include pieces of work that are not projects (for example on-going business as usual work), and can have a variety of structures.

35. The table below summarises the key differences between programmes and projects.

Table 3: Comparison of the key differences between programmes and projects[13]

Programme	Project
Creates new capability in order to realise one or more key organisational strategies… is about delivering outcomes and programme level business benefits.	Creates and delivers products (or services) that will deliver defined project-level business benefits within agreed budget, timeframe and quality standards… is about delivering outputs.
Business change is transformational. Entirely new business models, capacity and/or activity will transform significant parts, or all of the organisation.	Business change is incremental. Integration of the product(s) requires adjustment to existing business functions and/or personnel.
Programme leadership has a broad focus across the business and wider organisation in order to achieve the desired change and benefits.	Project leadership primarily focuses on product and task delivery in order to meet agreed success criteria, including delivery of project level business benefits.
Scope evolves over time and change is the norm – only very significant change would be escalated.	Scope is tightly managed and change must be carefully controlled – changes are escalated.
High-level planning provides guidance – but is likely to change as the programme progresses. Project plans are aggregated into the overall programme schedule.	Detailed, stage by stage planning is critical to managing successful product delivery.
Always big, relative to the size of the organisation.	Can be big or small.
Have a long timeframe – normally several years.	Have a shorter timeframe – normally up to 18 months.
Can initiate new, or alter existing projects and activity to adjust to strategic changes.	Cannot initiate new work and is less likely to be affected by strategic change.

[13] This information is based on material provided by the Cross Agency Project Management Office (CAPMO).

36. Programmes and projects do have some things in common. They both:

- are required to deliver benefits
- require good governance, controls and management disciplines (such as risk, assurance, finance, monitoring and reporting) to be in place, and
- require the active involvement of the Senior Responsible Owner (SRO).

The Role of the Senior Responsible Owner

37. The ownership of the investment planning and business case development processes rests with the organisation. For significant investment proposals, the organisation should appoint a Senior Responsible Owner (SRO) to oversee the business case development.

38. The SRO has overall accountability for the business case development process, delivery of the programme or project and ultimately the realisation of benefits. The SRO should have the authority to make decisions affecting progress. Responsibility for the day-to-day management can be delegated to project managers and project teams.

39. Accountability for the direction and the production of the business case should not be outsourced to an external consultant.

Use of external specialist or technical skills

40. The Better Business Cases approach outlined in this guidance will require the SRO to bring together a range of specialist capabilities and skills at different stages.

41. Specialist or technical skills may be required for the Strategic Assessment (ILM facilitator), options assessment and evaluation, quantitative risk analysis, change and benefit management. Early planning should signal how and when this expertise will be acquired along with anticipated costs.

42. Where specialist or technical skills are not easily available within the organisation, particularly for significant, complex or innovative proposals, it may be necessary to seek external advice and support.

43. The National Infrastructure Unit of The Treasury and the State Services Commission intend to provide on-going support to assist state sector agencies to develop and access specialist capability.

44. For further advice and support, e-mail betterbusinesscases@treasury.govt.nz

OGC Gateway™ Review

45. OGC Gateway™ delivers a strategic-level peer review on the programme or project. Independent practitioners use their experience and expertise to examine progress and make recommendations to improve the likelihood of success. The review panel can provide a valuable additional perspective on the issues facing the internal project team and an external challenge to the robustness of plans and processes.

46. The OGC Gateway™ review process provides support by helping the SRO to ensure:

- the best available skills and experience are deployed on the programme or project
- all the stakeholders associated with the programme or project fully understand the programme/project status and the issues involved
- there is assurance that the programme or project can progress to the next stage of development or implementation and that any procurement is well managed in order to provide value for money on a whole life basis
- achievement of more realistic time and cost targets for the programme or project
- improvement of knowledge and skills among government staff through participation in reviews, and
- provision of advice and guidance to programme and project teams by fellow practitioners.

47. The Gateway methodology was developed in 2001 by the UK Office of Government Commerce (OGC). In New Zealand, Gateway is part of Treasury's Capital Asset Management (CAM) regime and is administered by the State Services Commission (SSC). Further details can be found at the SSC Gateway Unit web-site.[14]

48. Cabinet has mandated that all high risk capital programmes and projects initiated by departments or Crown Agents are to undertake Gateway reviews.[15]

49. Departments and Crown agents must perform an initial Risk Profile Assessment (RPA) for all projects and programmes where failure to deliver within the expected functionality, cost and timelines would expose Government to significant fiscal or ownership risks. The RPA for any medium or high risk project must be forwarded to the SSC Gateway Unit as early as possible to ensure early engagement with the relevant central agencies. The Gateway Unit will review the RPA and determine a final risk rating.

50. Early engagement with the SSC Gateway Unit is essential. Due to the need to assemble a suitable review team, there can be a significant lead time from the first contact with the SSC Gateway Unit to commencement of a Gateway review. This should be taken into account in planning and scheduling when preparing the business

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[14] Refer to the SSC Gateway web-site at http://www.ssc.govt.nz/gateway

[15] Refer to Cabinet Office circular CO(10) 2 *Capital Asset Management: Expectations,* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

case as well as the subsequent development and implementation of the programme or project.

Independent Quality Assurance

51. The focus of project assurance is to support the successful delivery of the project or programme within time and cost. Assurance should target any aspects of a programme or project that pose a risk to the successful realisation of benefits, and it should provide value to those working on, or who have an interest in the programme or project.

52. High risk investment proposals are expected to undergo independent quality assurance in addition to Gateway reviews. Refer to the Treasury vote team and the State Services Commission for further information and guidance.

Engaging with Monitoring Agencies

53. It is important to engage with your Treasury vote team, the Major Projects Monitoring Unit of the State Services Commission (SSC)[16] or other designated monitoring agencies at an early stage in the business case development process to determine how and when to apply the Better Business Case processes detailed in this guide.

54. This is to ensure the business case will be fit for purpose by agreeing on the:

- type of business case
- timing and nature of decisions required including the fit with the required Budget process
- scale and risk of the proposal, using the Risk Profile Assessment tool and the scalability matrix
- scope of analysis required for each case
- scope of assurance required for each case
- level of effort and cost for development and assurance, and
- scope of the engagement during the development of the business case.

55. The National Infrastructure Unit (NIU) of the Treasury will facilitate this agreement between the organisation and the relevant monitoring agencies. This process entails the following four steps:

    i. The organisation completes the relevant sections of the attached Scoping Document and sends the document to the relevant monitoring agency. This simple document considers the points above and provides the basis for obtaining early

[16] The Major Projects Monitoring Unit at the SSC is the lead major projects monitoring agency for Government. It sets project monitoring guidelines for all monitoring agencies and works with other monitoring agencies in planning the monitoring of their projects. Contact the Major Projects Monitoring Unit at majorprojects@ssc.govt.nz

agreement and clearly defining expectations on both the process and the degree of analytical effort required in developing and implementing the capital proposal.[17]

ii. The monitoring agency engages with the NIU who then provide access to subject matter experts for each of the relevant (strategic, economic, commercial, financial and management) cases.

iii. The monitoring agency aims to agree the Scoping Document with the organisation prior to work commencing on the business case.

iv. The organisation (typically the Senior Responsible Owner and the project team) engages with monitoring agency on an on-going basis throughout the development of the business case.

56. The relevant sections of the attached Scoping Document template should be completed and provided to the Treasury vote team.

57. On-going monitoring may include regular progress meetings with the Senior Responsible Owner and project team throughout the lifecycle of the project, Independent Quality Assurance (IQA) of the business case prior to approval and quality assurance and comment on any Cabinet submission for approval. These processes need to be factored into planning.

58. Early engagement with The Treasury is recommended if the proposal is likely to involve a Public Private Partnership (PPP) or other alternative procurement solution, as this is likely to result in a different process for options assessment, seeking approval from ministers and engaging with potential suppliers[18]. All departments and Crown agents must consult with the Treasury's National Infrastructure Unit (NIU) early in the development of a PPP or other alternative procurement proposal, and must give the NIU the opportunity to make a representative available to relevant PPP project steering and working groups.[19]

59. Early engagement with The Treasury is also recommended if the proposal is likely to involve regulatory implications that will lead to advice to Cabinet. A Preliminary Impact and Risk Assessment (PIRA) may be required to be developed, in the first instance[20].

Engaging with Potential Suppliers

60. Organisations need to be aware of the size, composition and nature of the supply markets on which they depend. This means taking a systematic approach to researching and analysing markets and suppliers. A key part of this can be consulting with the market at an early stage in the development of policy or the design of a concept.

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17 A copy of the Scoping Document template is attached to this booklet.

18 Refer to the Treasury PPP guidance at http://www.infrastructure.govt.nz/publications/pppguidance

19 Refer to Cabinet Office circular CO(10) 2 *Capital Asset Management: Expectations* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

20 Refer to the Treasury web-site at http://www.treasury.govt.nz/publications/guidance/regulatory

61. The quality of the ultimate solution achieved will benefit greatly from the time invested in market analysis. However, the amount of time, effort and resources expended on this exercise should be commensurate with the anticipated level of spend, the risks, or the complexity or innovation in the products or services being procured.

62. Areas to focus on in market analysis include:

- suppliers and their market shares (supply)
- the number of buyers and their influence on the market = demand
- degree of competition
- current prices, pricing methodology and factors influencing price
- market trends and regional differences
- availability of alternative/substitute goods/services - product differentiation
- degree of technological developments in the market
- nature and quality of supply chain.

63. Organisations are encouraged to consult with suppliers and industry bodies at an early stage in their planning and design process. This can enable potential suppliers to help shape the organisation’s requirements, provide feedback on feasibility and affordability, and gear up to respond to the tender once it gets underway. It also provides valuable information on the perceived barriers to innovation or working with government.

64. Organisations must exercise care in carrying out their early engagement with suppliers and must deal with all suppliers on an open and fair basis. This is to:

- avoid later accusations of favouritism
- avoid locking in to a particular solution too early
- to maintain suppliers’ confidence in the process
- to maintain healthy competition.

65. It is essential that organisations do not jeopardise suppliers’ intellectual property rights. A major part of consultation is to ascertain the level of innovation available in design or delivery of products or services. If organisations want to benefit from finding out about suppliers’ new ideas and approaches they must ensure that these are fully protected as they are integral to each supplier’s commercially sensitive intellectual property and competitive advantage.

66. There is also potential for organisations to shape existing markets, or create new ones, with the strategic aim of meeting Public sector needs both now and in the future. This involves working with suppliers and industry to ensure that they understand organisational requirements and ultimate objectives. It allows suppliers to investigate

alliances with each other and consider innovation in the design or delivery of their products or services to better meet the organisation's current and future needs.[21]

Communicating with Stakeholders: Telling the Story

67. The business case serves different communication purposes for different audiences. While it can document the business case development process to provide assurance that each of the key aspects of the investment proposal has been explicitly and systematically addressed. It should also provide:

- a clear justification for investment to sponsors
- clear accountability for Public spending to monitoring agencies, and
- a compelling case for investment to ministers.

68. Different forms of communication of the business case will be needed, depending on the information and assurance requirements of the intended audiences. While the Five Case Model can provide a useful structure for most communication, repeating the detailed analysis of all the 35 actions may not always provide the most compelling story or meet the expectations of the target audience. Early engagement should inform your communications strategy.

Where to go for Further Information?

Better Business Case Guidance

69. The National Infrastructure Unit (NIU) of the Treasury will:

i. Monitor and periodically update the Better Business Cases guidance on the NIU website[22] and on the Public Sector Intranet (PSI)[23] including the:

- Quick Reference Guide
- Online module
- Cabinet Office Circular
- Overview booklet
- Strategic Assessment booklet
- Programme Business Case booklet
- Indicative Business Case booklet
- Detailed Business Case booklet
- Implementation Plan booklet.

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21 For further information and guidance on procurement in the public sector, refer to the Ministry of Economic Development web-site at http://www.business.govt.nz/procurement

22 The National Infrastructure unit web-site is at http://www.infrastructure.govt.nz

23 Access to the Public Sector Intranet at https://psi.govt.nz/cam is restricted to State sector organisations.

ii. Review, develop and deliver support to agencies

- Awareness seminars for senior managers
- Half-day training sessions including agency examples
- Workshops on how to apply the business case development process
- Clinics to assist agencies as they develop a business case
- Communities of practice to exchange information and experiences with peers
- A list, on the Public Sector Intranet, of agency business cases with a contact name for each agency.

iii. Provide facilitation between agencies and their monitoring agencies to ensure the business case will be fit for purpose.

Other Relevant Guidance

70. Other relevant guidance can be sourced via the National Infrastructure Unit web site, including:

- Cabinet Office Circulars
- Programme Management
- Project Management
- Public Private Partnership (PPP) Guidelines
- Procurement Process
- Policy Development Process
- Investment Logic Mapping (ILM)
- Independent Quality Assurance (IQA)
- Gateway Assurance

Who to contact?

71. For queries on:

i. the Better Business Case process or the services provided by the NIU, email: betterbusinesscases@treasury.govt.nz

ii. ILM, IQA and Major Projects Monitoring, email: majorprojects@ssc.govt.nz

iii. Gateway assurance, email: gatewayunit@ssc.govt.nz

Better Business Cases for Capital Proposals Scoping Document (Version 7th October 2011[1])

Organisation Name:

Capital Proposal Title:

Senior Responsible Owner:

Version Control

Date	Version	Document Revision History	Document Reviewer

Purpose

1. Cabinet Office Circular CO(10)2 *Capital Asset Management in Departments and Crown Entities: Expectations* sets out Cabinet expectations for the approval and assurance of major capital projects. All proposals requiring Cabinet approval must be developed in accordance with Treasury Better Business Case guidance and are required to complete this Scoping Document template.[2]

2. The purpose of this Scoping Document is to inform and document early agreement between the lead organisation and the Monitoring Agency[3] regarding key aspects of the business case development process. This includes agreement on the level of analysis and assurance effort required prior to the business case development proceeding. This is intended to ensure the level of effort is commensurate with the scale and risk of the proposal.

Process

3. Section One of this document should be completed by the organisation and submitted to the relevant Treasury vote team after the completion of the Gateway Risk Profile Assessment self-review and prior to the commencement of the Strategic Assessment (if required) of a project or programme.

4. Section Two of this document should be completed and agreed prior to commencement of the Strategic Assessment. Note that the completed Strategic Assessment can be used as the basis for providing early advice to joint Ministers or Cabinet.

5. Section Three of this document should be completed and agreed prior to commencement of the Programme Business Case (for Programmes only).

6. Section Four then Five or section Six of this document should be completed and agreed prior to commencement of the relevant Business Case.

[1] The July 2011 version was updated to this version in response to requests from Treasury vote teams.

[2] Refer to the guidance available at http://www.infrastructure.govt.nz/publications/betterbusinesscases

[3] Monitoring Agency in this context means the function within a monitoring agency that provides second opinion advice to decision makers.

SECTION ONE: ASSESSMENT OF SCALE AND RISK

Background:[4]

Scale[5] – lower limit	$ million
Scale – upper limit	$ million
Initial agency risk assessment[6] (high, medium or low)	
Final SSC risk assessment (high or low)	
Type of proposal? (Programme or project) Is the proposed investment sufficiently large and stand alone to form a project or could it be more sensibly undertaken as part of another programme or project?	

SECTION TWO: STRATEGIC ASSESSMENT

Better Business Case Scalability Matrix category agreed?	Low risk – small scale	Low risk – large scale	High risk – small scale	High risk – large scale
If yes, then the ILM facilitator is agreed to be …?	Not required, but recommended	ILM facilitator		Independent ILM Accredited facilitator
The quality of the ILM is dependent on the quality of the ILM facilitator and the stakeholders that attend the ILM workshops.	Refer to appendix for summary of participant roles required in each of the ILM workshops			
Gateway Review Gate 0 needed? (yes/no)				
Strategic Assessment to be submitted to:				
Planned date of submission of the Strategic Assessment?				
Agreed amount of effort and cost required for the development of the Strategic Assessment to ensure the 16 questions in the appendix can be answered?				

4 Include one to two paragraphs outlining the nature of the problem that the capital proposal is intending to address.

5 The scale should be expressed as an estimated range of whole of life costs (WOLC) as defined in Cabinet Office circular CO(10)2 *Capital Asset Management: Expectations,* available from the Cabinet Office web-site at http://www.dpmc.govt.nz/cabinet/index.htm

6 Cabinet has directed that all high risk capital programmes and projects in departments and Crown Agents are to receive a full set of Gateway reviews. Organisations must ensure Gateway reviews begin early in the lifecycle of a project or programme and apply the SSC Gateway Risk Profile Assessment to self-assess the inherent risk of their capital proposal. Where the self-assessment yields a 'Medium' or 'High' risk rating, the agency must submit the results to the SSC Gateway Unit for a final risk determination.

SECTION THREE: PROGRAMME BUSINESS CASE [PROGRAMMES ONLY]

Gateway Review Gate 0 needed? (yes/no)	
Programme Business Case to be submitted to:	
Planned date of submission of the Programme Business Case?	
Agreed amount of assurance effort and cost required for the development of the Programme Business Case?	

SECTION FOUR: INDICATIVE BUSINESS CASE

Is this a potential candidate for a Public Private Partnership (PPP)?(yes/no) [7]	
Independent Quality Assurance required? (yes/no)	
Gateway Review Gate 1 needed? (yes/no)	
Indicative Business Case to be submitted to:	
Planned date of submission of the Indicative Business Case?	
Planned scope of analysis, where relevant, for the development of the Indicative Business Case to support the evidence required against the Key Review Criteria in the Appendix	
Agreed amount of effort (high/ moderate/ low) and cost required for the development of the Indicative Business Case [8]	

7 If a PPP procurement solution is identified as a short-listed option at action 7, approval is sought from joint Ministers for more detailed cost benefit analysis to be undertaken, prior to completing the Indicative Business Case and submission to Cabinet for stage one approval. Refer to the options analysis and QRA requirements for the Detailed Business Case to assess the amount of additional effort required.

8 Refer to the Key Review Criteria in the Appendix as a guide to the level of analysis that is likely to be expected by monitoring agencies.

SECTION FIVE: DETAILED BUSINESS CASE

Fit with the relevant budget process:	
Is this a potential candidate for a Public Private Partnership (PPP)?(yes/no) [9]	
Agreed level of cost-benefit analysis likely to be required and outline proposed methodological approach to options analysis? (full/moderate/low)	
Agreed level of analysis of intangible benefits required? (full/moderate/low)	
Quantitative Risk Analysis required? (yes/no)	
If yes, agreed level of quantitative risk analysis required? (intense/moderate/low)	
Independent Quality Assurance required?	
Gateway Review Gate 2 needed?	
Detailed Business Case to be submitted to:	
Planned date of submission of the Detailed Business Case?	
Planned scope of analysis, where relevant, for the development of the Detailed Business Case to support the evidence required against the Key Review Criteria in the Appendix	
Agreed amount of effort (high/ moderate/ low) and cost required for the development of the Detailed Business Case [10]	

9 If a PPP procurement solution is identified as a short-list option at action 7, the Indicative Business Case is to be submitted to joint Ministers to seek approval for more detailed cost benefit analysis to be undertaken of the short-listed options. This is prior to completing the Indicative Business Case and submission to Cabinet for stage one approval.

10 Refer to the Key Review Criteria in the Appendix as a guide to the level of analysis that is likely to be expected by monitoring agencies.

SECTION SIX: SINGLE STAGE BUSINESS CASE

Fit with the relevant budget process:	
Is this a potential candidate for a Public Private Partnership (PPP)?(yes/no) [34]	
Agreed level of cost-benefit analysis likely to be required and outline proposed methodological approach to options analysis? (low)	
Agreed level of analysis of intangible benefits required? (low)	
Single Stage Business Case to be submitted to:	
Planned date of submission of the Single Stage Business Case?	
Planned scope of analysis, where relevant, for the development of the Single Stage Business Case to support the evidence required against the Key Review Criteria in the Appendix	
Agreed amount of effort (low) and cost required for the development of the Single Stage Business Case [35]	

[34] If a PPP procurement solution is identified as a short-list option at action 7, the Indicative Business Case is to be submitted to joint Ministers to seek approval for more detailed cost benefit analysis to be undertaken of the short-listed options. This is prior to completing the Indicative Business Case and submission to Cabinet for stage one approval.

[35] Refer to the Key Review Criteria in the Appendix as a guide to the level of analysis that is likely to be expected by monitoring agencies.

APPENDIX: KEY REVIEW CRITERIA BY CASE

STRATEGIC ASSESSMENT

These are the key questions that the Department of Treasury and Finance, Victoria, Australia recommend should be asked by the reviewer of the Investment Logic Mapping process and output

Problem	Benefits	Strategic Responses	Solutions
Is it clear what the problem is that needs to be addressed? (both the cause and effect)	Have the benefits that will result from fixing the problem been adequately defined?	Have a *sufficient range* of strategic interventions been explored? (demand, productivity & supply)	Consistent with the strategic interventions, have a reasonable *range of project options* been analysed?
Is there evidence to confirm the *cause* and *effect* of the problem?	Will the KPIs that have been specified provide *reasonable evidence* that the benefits have been delivered?	Is it clear what strategic interventions are proposed and the rationale for their selection?	Is the proposed solution specified clearly and fully? (all business changes and any assets)
Does the problem need to be addressed *at this time*?	Are the KPIs both measurable and totally attributable to this investment?	Are the proposed interventions the most effective response to the problem? (comprehensive and balanced)	Is the proposed solution the *best way* to respond to the problem and *deliver the expected benefits*?
Is the problem specific to this investment? (or should a broader perspective be taken)	Are the benefits of high value to the organisation? (furthering its objectives)	Are the proposed interventions feasible?	Can the solution really be delivered? (costs, risks, timeframes, governance, etc).

These are recommended roles of those participating at each of the ILM workshops based on those required by the Department of Treasury and Finance, Victoria, Australia.

Problem Workshop

Investor	The person who has an identified business problem (or opportunity), will be responsible for making (or advocating) a decision to invest, and who will be responsible for delivering the expected benefits. This person is often referred to as the 'senior responsible owner'. • It is critical that the primary investor is present as the key participant at all of the ILM workshops • The investor might also be supported by one or two subordinates who may be involved with the problem (or opportunity) and its resolution.
Stakeholders	Help define the business need, contribute supporting evidence. Senior level, strategic thinkers who understand the wider problem and its context. Will be (or will represent) those most impacted by, or most influential over, the problem/proposed solution. Should attend the subsequent ILM workshops to ensure consistency of thinking.
Observers	Silent observers such as business analyst or project manager. Do not participate in the discussion but are present to gain a better understanding of the issue from the business.
Facilitator	Is trained/accredited to facilitate the development of Investment Logic Maps. As a minimum, the facilitator must have attended the training provided by the Department of Treasury and Finance (DTF), Victoria. For high risk/large scale investments the facilitator must be formally accredited by the DTF and must be independent of the organisation/investment.

Benefits Workshop

Investor	Person who has the business problem, will be responsible for making or advocating the decision to invest, and will ultimately be responsible for realising the expected benefits. Was the key participant in the Problem Workshop.
KPI developers	Individuals within the organisation who understand what is currently measured and what could be measured, to provide evidence that change has resulted from the investment. Some of the KPI developers may be stakeholders from the Problem Workshop.
Facilitator	Is trained/accredited to facilitate workshops under the investment management standard. Was the facilitator for the Problem Workshop.
Observers	Silent observers such as business analyst or project manager. Do not participate in the discussion but are present to gain a better understanding of the issue from the business.

Solutions Workshop

Investor	Person who has the business problem, will be responsible for making or advocating the decision to invest, and will ultimately be responsible for realising the expected benefits. Was the key participant in the Problem and Benefits Workshops.
Solution architect	Understands the business problem and the domain of the solution. Is responsible for proposing and defending the likely best solution to the identified business problem.
Strategist	Understands the strategic direction of the organisation in terms of policy, business strategy and enterprise architecture.
Innovator	Has broad knowledge as to how innovation and new technologies are being used in the specific business area.
Implementer	Has developed solutions in the specific business area and is aware of what already exists and the feasibility of developments in this area.
Facilitator	Is trained/accredited to facilitate workshops under the investment management standard. Was the facilitator for the Problem and Benefits Workshops.
Note. The Strategist/Innovator/Implementer are not individuals but roles, and may be undertaken by more than one of the workshop attendees.	

APPENDIX: KEY REVIEW CRITERIA BY CASE FOR INDICATIVE BUSINESS CASE

INDICATIVE BUSINESS CASE Key Review Criteria by Case[36]	Main Evidence Required	Comments
Strategic Case		
1. Is the proposed project an integral part of the organisation's business strategy?	• Extracts from business and other relevant strategies • Reference to relevant government and organisational policies	
2. Is the proposed investment sufficiently large and stand alone to form a project or could it be more sensibly undertaken as part of another programme or project?	• Relevant extracts from business and other strategies • Reference to scoping documentation	
3. Are the investment objectives and underpinning business needs defined clearly and supported by the key stakeholders and customers?	• SMART spending objectives - specific - measurable - achievable - relevant - timely • Evidence of stakeholder and customer involvement and support	
4. Is the scope for potential change to current services and business processes clearly defined?	• Clear statement of business outcomes and service outputs • Statement of any security and confidentiality issues	
5. Have the main benefits been clearly defined by key stakeholders and customers, alongside arrangements for their realisation?	• Outline of benefits realisation plan • Direct and indirect to the organisation and wider public sector • Cash ($) and non-cash-releasing • Ranking of benefits by key stakeholder	
6. Have the main risks been identified, alongside arrangements for their management and control?	• Outline of risk management strategy • Business risks • Service risks • Likely probabilities and impact (high, medium, low)	
7. Have the key organisational constraints and business dependencies been identified?	• Evidence of critical path • Related programmes and projects • Assessment of internal and external constraints	
Economic Case		
8. Have the critical success factors (CSFs) for options appraisal been identified?	• Prioritised CSFs (high, medium, low) • Relevant performance measures	

36 Source: HM Treasury business case guidance (UK)

INDICATIVE BUSINESS CASE **Key Review Criteria by Case**[36]	**Main Evidence Required**	**Comments**
9. Has a sufficiently wide range of options been identified and assessed within the long -list?	• Use of any feasibility study • 10 to 12 main options – full description • Use of the options framework - for business scope - for potential solutions - for service delivery - for implementation - for funding.	
10. Has a preferred way forward been identified following **robust** analysis of the available options?	• SWOT analysis of options against: - spending objectives - critical success factors - benefits criteria - evidence of likely support from key stakeholders	
11. Has the preferred way forward been unpacked within a short list for further examination and appraisal?	• Minimum of four options, including: - do nothing or do minimum - Public Sector Comparator (PSC) for PPPs	
Commercial Case		
12. Has a high-level assessment of the potential and its likely acceptability to the supply side been undertaken?	• Description of potential deal • Market soundings • Existing service providers	
Financial Case		
13. Has a high-level assessment of affordability and source(s) of required funding been undertaken?	• Indicative costs ($) • Likely sources or organisational funding	
Management Case		
14. Has a high-level assessment of the achievability and deliverability of the project been undertaken?	• Indicative time-scales • Use of special advisers • Feasibility study • Peer review	
15. Are all the necessary arrangements in place for the successful completion of the next phase?	• Project or Programme Board/Committee and reporting arrangements • Project manager and team • Project plan and agree deliverables • Budget allocation and resources	

APPENDIX: KEY REVIEW CRITERIA BY CASE FOR DETAILED BUSINESS CASE

DETAILED BUSINESS CASE Key Review Criteria by Case	Main Evidence Required	Comments
Strategic Case		
1. Are the Indicative Business Case investment objectives and planning assumptions still valid?	• Are they set at an appropriate level and SMART: - specific - measurable - achievable - relevant - timely • Still supported by stakeholders and customers	
2. Do the services to be procured in the Indicative Business Case still provide best fit in relation to organisational needs?	• Organisational context • Existing and future changes in needs • Expected changes in volumes and mix of services • Other existing, planned or possible services • Security and confidentiality issues	
3. Have any outstanding differences at Indicative Business Case stage between stakeholders and customers been satisfactorily resolved?	• Continued stakeholder commitment and involvement • Communication strategy	
4. Has the assessment of likely benefits, risks, constraints and dependencies in the Indicative Business Case been revisited and examined in further detail?	• Updated benefits criteria – benefits study • Updated risk assessment – risk study • Ongoing assessment – business strategies and plans	
Economic Case		
5. Were the long-listed options in the Indicative Business Case revisited and subjected to further scrutiny?	• New options • CSFs revisited • Options ranked, weighted and scored	
6. Were the sort-listed options in the Indicative Business Case revisited and subjected to robust analysis?	• Economic appraisals for shortlisted options, including: - do nothing or do minimum - PSC - Alternative procurement (PPP) solution(s) • Use of appropriate tools: - sensitivity analysis - risk ($) quantification - evaluation of qualitative benefits (rank, weight and scoring) • Treatment of costs and benefits in accordance with Treasury's Cost Benefit Analysis (CBA) Primer	
7. Has the Public Sector Comparator been constructed and assessed in accordance with Treasury's PPP guidance, if PPP?	• Realistic solution capable of implementation • Risks identified, apportioned and measured for all project stages • Alternative procurement (incl. PPP) costs, where available	
8. Does the preferred option represent best value for money or the most economically advantageous offer?	• Rigorous use of investment appraisal tools and techniques • All assumptions recorded • Achievable benefits streams • Stakeholders and customers support	

DETAILED BUSINESS CASE **Key Review Criteria by Case**	**Main Evidence Required**	**Comments**
Commercial Case		
9. Has the procurement strategy for the successful delivery of the required services been considered and prepared in sufficient detail?	• Consideration of procurement options	
10. Is there sufficient scope for a potential deal, which will meet organisational needs whilst offering best value for money?	• Potential for innovation within the provision of services and solutions • Potential for risk transfer • Potential for new business and alternative revenue streams • Likely contract length	
11. Has the potential deal been considered in sufficient detail? The **how** rather than **what**.	• Consideration of - core, desirable and optional services - delivery time-scales (phased improvements etc.) - potential payment mechanisms - ownership of residual assets - service levels and performance measures	
12. Is there a clear understanding of the business change agenda?	• Change management plans • Proposed mechanisms and milestones • Assessment of personnel implications	
13. Is the potential deal still likely to be acceptable and bankable within the private sector?	• Market research and surveys • Use of standard contractual terms and conditions • Benchmarks – similar projects	
Financial Case		
14. Is the solution still likely to be affordable?	• Financial appraisals for preferred option, including full assessment of: - capital and current requirements - net effective on prices - balance sheet impact - income and expenditure account - stakeholder and customers agreement	
Management Case		
15. Are all the necessary arrangements in place for the successful completion of the next phase?	• Programme Methodology (e.g. MSP) • Project methodology (e.g. PRINCE2) - project board/committee and structure - project manager and team - project plan - project resources and budget - reporting mechanisms • Use of external advisers - legal - financial - other • Outline arrangements for: - benefits study and realisation plan - risk management strategy and plan - change management strategy and plan - contract management • Arrangements for evaluation: - peer reviews - gateway reviews (if required) - project implementation reviews - post-evaluation reviews • Contingency plans	

APPENDIX: KEY REVIEW CRITERIA BY CASE FOR SINGLE STAGE BUSINESS CASE

SINGLE STAGE BUSINESS CASE Key Review Criteria by Case[37]	Main Evidence Required	Comments
Strategic Case		
1. Is the proposed project an integral part of the organisation's business strategy?	• Extracts from business and other relevant strategies • Reference to relevant government and organisational policies	
2. Is the proposed investment sufficiently large and stand alone to form a project or could it be more sensibly undertaken as part of another programme or project?	• Relevant extracts from business and other strategies • Reference to scoping documentation	
3. Are the investment objectives and underpinning business needs defined clearly and supported by the key stakeholders and customers?	• SMART spending objectives - specific - measurable - achievable - relevant - timely • Evidence of stakeholder and customer involvement and support	
4. Is the scope for potential change to current services and business processes clearly defined?	• Clear statement of business outcomes and service outputs • Statement of any security and confidentiality issues	
5. Have the main benefits been clearly defined by key stakeholders and customers, alongside arrangements for their realisation?	• Outline of benefits realisation plan • Direct and indirect to the organisation and wider public sector • Cash ($) and non-cash-releasing • Ranking of benefits by key stakeholder	
6. Have the main risks been identified, alongside arrangements for their management and control?	• Outline of risk management strategy • Business risks • Service risks • Likely probabilities and impact (high, medium, low)	
7. Have the key organisational constraints and business dependencies been identified?	• Evidence of critical path • Related programmes and projects • Assessment of internal and external constraints	
Economic Case		
8. Have the critical success factors (CSFs) for options appraisal been identified?	• Prioritised CSFs (high, medium, low) • Relevant performance measures	
9. Has a sufficiently wide range of options been identified and	• Use of any feasibility study • 10 to 12 main options – full description	

[37] Source: HM Treasury business case guidance (UK)

SINGLE STAGE BUSINESS CASE Key Review Criteria by Case[37]	Main Evidence Required	Comments
assessed within the long -list?	• Use of the options framework - for business scope - for potential solutions - for service delivery - for implementation - for funding.	
10. Has a preferred way forward been identified following **robust** analysis of the available options?	• SWOT analysis of options against: - spending objectives - critical success factors - benefits criteria - evidence of likely support from key stakeholders	
11. Does the preferred option represent best value for money or the most economically advantageous offer?	• Rigorous use of investment appraisal tools and techniques • All assumptions recorded • Achievable benefits streams • Stakeholders and customers support	
Commercial Case		
12. Has the procurement strategy for the successful delivery of the required services been considered and prepared in sufficient detail?	• Consideration of procurement options	
13. Is there sufficient scope for a potential deal, which will meet organisational needs whilst offering best value for money?	• Potential for innovation within the provision of services and solutions • Potential for risk transfer • Potential for new business and alternative revenue streams • Likely contract length	
14. Has the potential deal been considered in sufficient detail? The **how** rather than **what**.	• Consideration of - core, desirable and optional services - delivery time-scales (phased improvements etc.) - potential payment mechanisms - ownership of residual assets - service levels and performance measures	
15. Is there a clear understanding of the business change agenda?	• Change management plans • Proposed mechanisms and milestones • Assessment of personnel implications	
16. Is the potential deal still likely to be acceptable and bankable within the private sector?	• Market research and surveys • Use of standard contractual terms and conditions • Benchmarks – similar projects	
Financial Case		
17. Is the solution still likely to be affordable?	• Financial appraisals for preferred option, including full assessment: - capital and current requirements - net effective on prices - balance sheet impact - income and expenditure account - stakeholder and customers	

SINGLE STAGE BUSINESS CASE Key Review Criteria by Case[37]	Main Evidence Required	Comments
	agreement	
Management Case		
18. Are all the necessary arrangements in place for the successful completion of the next phase?	• Programme Methodology (e.g. MSP) • Project methodology (e.g. PRINCE2) - project board/committee and structure - project manager and team - project plan - project resources and budget - reporting mechanisms • Use of external advisers - legal - financial - other • Outline arrangements for: - benefits study and realisation plan - risk management strategy and plan - change management strategy and plan - contract management • Arrangements for evaluation: - peer reviews - gateway reviews (if required) - project implementation reviews - post-evaluation reviews • Contingency plans	