(C2) ANNEX D: BUSINESS CASE TEMPLATE

BUSINESS CASES – MINIMUM CONTENTS

References:

A. JSP 507
B. Air Command Approvals Guidance for Investment Proposals.
C. Her Majesty's Treasury (HMT) Appraisal and Evaluation in Central Government available at: https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent

SUMMARY

1. Summary of Business Case, recommended option, price payable to the Contractor for implementation and the resulting benefits (financial and non financial) accruing to the Authority, and in the spirit of Open Book Accounting, benefits (financial and non financial) accruing to the Contractor.

2. Required approval date.

3. Recommendation

   a. Define the recommended course of action including any critical path activities.

   b. Financial details of cash flow, net present value (NPV) and internal rate of return (IRR) and any sensitivity for preferred Option.

   c. Outline of the governance arrangements (Contractor and Authority) necessary to reliably deliver the preferred option.

   d. Assessment of the likely Trade Union interest and implications for Contractor and Authority employees.

DETAILS OF PROPOSAL

4. Background:

   a. Explanation of the change to be fulfilled by the Business Case.

   b. Objectives of the Business Case.

5. Assumptions (Contractor and Authority) on which the Business Case is based.

6. Dependencies (Contractor and Authority) on which the Business Case is reliant for success.

7. Delivery methods considered.

8. Options identification:

   a. Detail all potential options, this must include a 'do nothing' option

b. Detail any options dismissed at an early stage with reasons

9. Development of Options:

a. Comparison of maximum, minimum and most likely implementation costs to the Authority for the various options considered with the resulting benefits (financial and non financial) that the Authority will accrue over the lifetime of the Contract. Any disbenefits to the Contractor and/or the Authority of implementing options are also to be explained.

b. 3 point cost estimate (minimum, most likely and maximum) and sensitivity analysis including relative price adjustments.

c. The ‘Green Book” (Reference C) financial modelling showing cash flow, NPV and IRR calculations including sensitivity analysis.

d. Explanation of optimism bias included in the appraisal of the options.

e. Assessment of risks inherent with the options considered including mitigation actions required.

f. Assessment of the sustainability of each option.

g. Implementation timetables for each option.

h. The intended post implementation evaluation of recommended option.

10. Conclusions:

a. Summarise key issues and rationale for recommendations.