### TEMPLATE 4: FULL BUSINESS CASE (FBC)

Project Title:

Full Business Case (FBC)

**Version No:**

Issue Date:

**Purpose of this document**

This document provides a template for a Full Business Case (FBC), in support of an investment – project, procurement or scheme.

In all cases, an Outline Business Case (OBC) should have been completed and agreed, prior to the submission of this document for approval.

Prior to contract signature, the main purpose of the FBC is to evidence that the most economically advantageous offer is being procured and that it is affordable. In addition, the FBC explains the fundamentals of the negotiated deal and demonstrates that the required outputs can be successfully achieved.

In practice, the author will find this entails updating the economic case to reflect the procurement phase; completing the commercial case to record the preferred service provider’s offerings; and putting in place robust management arrangements for delivery of the required products and services.

Please note that this template is for guidance purposes only and should be completed in accordance with the guidelines laid down in the HM Treasury’s Green Book.

version history

| Version | Date Issued | Brief Summary of Change | Owner’s Name |
| --- | --- | --- | --- |
| Draft | 00.00.00 | First Draft Version |  |
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|  |  |  |  |

# CONTENTS – FBC TEMPLATE

**HOW TO USE THIS TEMPLATE**

**OVERVIEW OF THE FBC DEVELOPMENT PROCESS**

**TEMPLATE AND SUPPORTING GUIDANCE**

## 1. Executive summary

## 2. Strategic case

## 3. Economic case

## 4. Commercial case

## 5. Financial case

## 6. Management case

## APPENDICES

## These must include:

## economic appraisals

## financial appraisals

## benefits register

## risk register

## risk potential assessment (RPA)

## letter of commissioner/ stakeholder support

## SOP/ strategic business plans

* proposed contract and OJEU notice (where applicable)

## agreed project/ cnage management plans.

### HOW TO USE THIS TEMPLATE

There are four points that you should take into consideration:

* first, the business planning process for the scoping (SOC), planning (OBC) and procurement (FBC) of a scheme is an **iterative exercise**. Therefore, it follows that whilst some sections of the above cases using the Five Case Model may look similar, the level of detail required will vary significantly over the developmental phases of business case
* second, the guidance provided in Departmental Capital Investment Manuals should be referred to, along with the Treasury Green Book: A Guide to Investment Appraisal in the Public Sector
* third, wherever you are in the business case development process, remember that the business case for a scheme is a single document, developed over time, in four distinct phases
* fourth, that detailed guidance on the completion of this template is available from The Complete Guide to Public Sector Business Cases using the Five Case Model (published by the HFMA).

**2. OVERVIEW OF THE FBC DEVELOPMENT PROCESS**

The table below shows the systematic approach to the preparation of the business case – SOP, SOC, OBC and FBC development phases.

|  |  |  |
| --- | --- | --- |
| Stages | Development Process | Deliverables |
|  |  |  |
| Phase 0  | Determining Strategic Context |  |
| Step 1 / action 1 | Ascertain strategic fit | Strategic context |
| *Output* | *Strategic Outline Programme (SOP)* |  |
| *Outcome* | *Strategic fit*  |  |
| *Review point* | *Gateway 0 – strategic fit* |  |
|  |  |  |
| Phase 1 – scoping | Preparing the Strategic Outline Case (SOC) | Strategic case |
|  |  |  |
| Step 2 | Making the case for change |  |
| Action 2 | Agree strategic context  |  |
| Action 3 | Determine investment objectives, existing arrangements and business needs |  |
| Action 4 | Determine potential business scope and key service requirements  |  |
| Action 5 | Determine benefits, risks, constraints and dependencies |  |
|  |  |  |
| Step 3 | Exploring the preferred way forward | Economic case – part 1 |
| Action 6 | Agree critical success factors (CSFs) |  |
| Action 7 | Determine long list options and SWOT analysis |  |
| Action 8 | Recommended preferred way forward, including other arrangements | Outline commercial, financial and management cases |
|  |  |  |
| *Output* | *Strategic Outline Case (SOC)* |  |
| *Outcome* | *Robust case for change*  |  |
| *Review point* | *Gateway 1 – business justification* |  |
|  |  |  |
| Phase 2 - Planning | Preparing the Outline Business Case (OBC) |  |
|  |  |  |
| Step 4 | Determining potential value for money (VFM) | Economic case – part 2 |
| Action 9 | Revisit SOC and determine short list including the reference project (outline PSC)  |  |
| Action 10 | Prepare the economic appraisals for short-listed options |  |
| Action 11 | Undertake benefits appraisal |  |
| Action 12 | Undertake risk assessment/appraisal  |  |
| Action 13 | Select preferred option and undertake sensitivity analysis |  |
|  |  |  |
| Step 5 | Preparing for the potential deal | Commercial case |
| Action 14 | Determine procurement strategy |  |
| Action 15 | Determine service streams and required outputs |  |
| Action 16 | Outline potential risk apportionment |  |
| Action 17 | Outline potential payment mechanisms |  |
| Action 18 | Ascertain contractual issues and accountancy treatment |  |
|  |  |  |
| Step 6 | Ascertaining affordability and funding requirement | Financial case |
| Action 19 | Prepare financial model and financial appraisals |  |
|  |  |  |
| Step 7 | Planning for successful delivery | Management case |
| Action 20 | Plan project management – strategy, framework and outline plans |  |
| Action 21 | Plan change management – strategy, framework and outline plans  |  |
| Action 22 | Plan benefits realisation – strategy, framework and outline plans |  |
| Action 23 | Plan risk management – strategy, framework and outline plans  |  |
| Action 24 | Plan post project evaluation – strategy, framework and outline plans |  |
|  |  |  |
| *Output* | *Outline Business Case* |  |
| *Outcome* | *Planned procurement for VFM solution* |  |
| *Review point* | *Gateway 2 – procurement strategy* |  |
|  |  |  |
| Phase 3 – procurement | Preparing the Full Business Case (FBC) |  |
|  |  |  |
| Step 8 | Procuring the VFM Solution | Economic case |
| Action 25 | Revisit the case for change  |  |
| Action 26 | Revisit the OBC options, including the PSC |  |
| Action 27 | Detail procurement process and evaluation of best and final offers (BAFOs) (in £s) |  |
|  |  |  |
| Step 9 | Contracting for the deal | Commercial case |
| Action 28 | Set out the negotiated deal and contractual arrangements |  |
| Action 29 | Set out the financial implications of the deal | Financial case |
|  |  |  |
| Step 10 | Ensuring successful delivery | Management case |
| Action 30 | Finalise project management arrangements and plans |  |
| Action 31 | Finalise change management arrangements and plans  |  |
| Action 32 | Finalise benefits realisation arrangements and plans |  |
| Action 33 | Finalise risk management arrangements and plans  |  |
| Action 34 | Finalise contract management arrangements and plans |  |
| Action 35 | Finalise post project evaluation arrangements and plans |  |
|  |  |  |
| *Output* | *Full Business Case* |  |
| *Outcome* | *Recommended service provider and solution* |  |
| *Review point* | *Gateway 3 – investment decision* |  |
|  |  |  |

**FBC TEMPLATE AND SUPPORTING GUIDANCE**

**1. Executive summary**

### 1.1 Introduction

This FBC seeks approval to invest £…… in a contract for x years with …… for the following services in…….

### 1.2 Strategic case.

***1.2.1 The strategic context***

Please summarise the strategic drivers for this investment, with particular reference to supporting strategies, programmes and plans.

***1.2.2 The case for change***

Please summarise the business needs for this investment, with particular reference to existing difficulties and the need for service improvement.

### 1.3 Economic case

### *1.3.1 OBC long list and short list*

Please summarise the long and short lists of options explored in the OBC, with results.

***1.3.2 The procurement.***

Please provide a concise overview of the procurement process – from long list to short list and best and final offers (BAFOs).

The following short list emerged as a result of the BAFOs in relation to the scheme:

* option 1 – the reference project or Public Sector Comparator (PSC) (if this is required)
* option 2 – supplier A
* option 3 – supplier B
* option 4 – supplier C

### *1.3.3 Key findings*

*The economic appraisals*

Set out the findings from the economic appraisals here.

|  |  |  |
| --- | --- | --- |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 1 – PSC**  |
| CapitalRevenueRisk retainedOptimism bias (if applicable)  |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 2 – supplier A** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 3 – supplier B** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 4 – supplier C** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
|  Non-cash releasing benefits |  |  |
| **Total** |  |  |

*Option appraisal conclusions*

* Option 1: PSC – this option ranks ……
* Option 2: supplier A – this option ranks ……
* Option 3: supplier B – this option ranks ……
* Option 4: supplier C – this option ranks ……

### *1.3.4 Overall findings: the preferred option*

Summary of overall results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Evaluation Results** | **Option 1 – PSC** | **Option 2 – supplier A** | **Option 3 – supplier B** | **Option 4 – supplier C** |
| Economic appraisals |  |  |  |  |
| Benefits appraisal |  |  |  |  |
| Risk appraisal |  |  |  |  |
| **Overall ranking** |  |  |  |  |

Overall conclusions and recommendations: ……

### 1.4 Commercial case

### *1.4.1 Agreed products and services*

The following goods and services are being contracted……

### *1.4.2 Agreed risk allocation and charging mechanism*

The following risk allocation and supporting charging mechanism have been agreed……

***1.4.3 Key contractual arrangements***

A copy of the intended contract is attached at Appendix…. This is based upon…….

The key contractual issues are as follows: ……

There are no personnel implications and TUPE does NOT apply (please alter as required).

***1.4.4 Agreed implementation timescales***

The key milestones and delivery dates are as follows: ……

***1.4.5 Accountancy treatment***

The agreed accountancy treatment is ……

### 1.5 Financial case

The financial implications of this procurement are as follows: ……

### *1.5.1 Financial expenditure*

Summary of financial appraisal

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total |
|  | £ | £ | £ | £ | £ | £ | £ | £ |
| **Preferred choice:** |
| Capital  |  |  |  |  |  |  |  |  |
| Revenue  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |
| **Funded by:** |
| Existing |  |  |  |  |  |  |  |  |
| Additional |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |

##### 1.5.2 Overall affordability and balance sheet treatment

Please summarise the overall affordability of the scheme – both in terms of its capital and revenue consequences – over the lifespan of the investment.

Where the scheme requires the support and approval of external parties, please indicate that this is forthcoming. A letter of support should be attached as an appendix.

In instances where the investment is above the delegated limit of the organisation and/ or is ‘novel and contentious’, please indicate the sums requiring approval and any additional funding requirements.

### 1.6 Management case

### *1.6.1 Project management arrangements*

Please summarise the project management arrangements for the scheme, with reference to programme management arrangements, as required.

### *1.6.2 Benefits realisation and risk management*

Please summarise these arrangements.

### *1.6.3 Post project evaluation arrangements*

Please summarise these arrangements, with reference to arrangements for the Gateway Review process, as required.

### 1.7 Recommendation

Please formally make the required recommendation for approval of the scheme to proceed to delivery of the scheme.

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project**

##### 2. The Strategic Case

**2.0 Introduction**

This Full Business Case (FBC) is for the provision of ……………..

##### Structure and content of the document

The FBC has been prepared using the agreed standards and format for business cases, as set out in ……….

The approved format is the Five Case Model, which comprises the following key components:

* the **strategic case** section. This sets out the case for change, together with the supporting investment objectives for the scheme
* the **economic case** section. This demonstrates that the organisation has selected the most economically advantageous offer, which best meets the existing and future needs of the service and optimises value for money (VFM)
* the **commercial case** section. This sets out the content of the proposed deal
* the **financial case** section, which confirms funding arrangements, affordability and the effect on the balance sheet of the organisation
* the **management** **case** section which details the plans for the successful delivery of the scheme to cost, time and quality.

Please update how the scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of the existing and future operational needs.

Please refer back to the Strategic Outline Programme (SOP), Strategic Outline Case (SOC) and Outline Business Case (OBC), noting any key changes since the production and approval of these documents.

### Part A: the strategic context

**2.1 Organisational overview**

Please provide an updated overview of the organisation(s) making the case for investment in the scheme.

**2.2 Business strategies**

Please reference the business strategy for the organisation(s), and any related national or regional strategies, noting any changes since agreement to the OBC for the scheme.

In the main, this will include consideration of national policy documents, regional plans and supporting SOPs and other relevant initiatives.

**2.3. Other organisational strategies**

Please provide an update on any other related organisational strategies, as appropriate.

### Part B: the case for change

### 2.4 Investment objectives

The investment objectives for this project are as follows:

* investment objective 1: ……
* investment objective 2: ……
* investment objective 3: ……
* investment objective 4: ……
* investment objective 5: ……

Please note any changes from the OBC.

### 2.5 Existing arrangements

This section describes the existing situation with regard to the scheme and associated investment.

The existing arrangements are as follows: ……

Note: if applicable – for example, in the case of a replacement service – details of existing costs can be included here.

Table 1: existing costs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Existing costs (£)** | **Service stream** | **Service stream** | **Service stream** | **Service stream** | **Total** |
| Current |  |  |  |  |  |
| Capital |  |  |  |  |  |
| Duration of contract |  |  |  |  |  |

### 2.6 Business needs

This section provides a detailed account of the problems, difficulties and service gaps associated with the existing arrangements in relation to future needs and any changes since submission of the OBC.

### 2.7 Potential business scope and key service requirements

This section describes the potential scope for the project in relation to the above business needs and any changes since submission of the OBC.

### 2.8 Main benefits criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits. By investment objectives these are as follows:

Table 2: investment objectives and benefits

| **Investment Objectives** | **Main benefits criteria by stakeholder group** |
| --- | --- |
| Investment objective 1 | **Patients**Cash releasing (£s)*For example, avoided costs*Non cash releasing (£s)*For example, staff time saved (x hours)*Qualitative*For example, staff morale***Clinicians**Ditto**Administrators**Ditto |
| Investment objective 2 |  |
| Investment objective 3 |  |
| Investment objective 4  |  |
| Investment objective 5 |  |

The main ‘dis-benefits’ are as follows: (if applicable)

### 2.9 Main risks

The main business and service risks (design, build and operational over the lifespan of the scheme) associated with the scope for this project are shown below, together with their counter measures.

For further details, please see the attached risk register.

Table 3: main risks and counter measures

| **Main Risk** | **Counter Measures** |
| --- | --- |
| Design  |  |
| Development * supplier
* specification
* timescale
* change management and project management
 |  |
| Implementation risks* supplier
* timescale
* specification and data transfer
* cost risks
* change management and project management
* training and user
 |  |
| Operational risks* supplier
* availability
* performance
* operating cost
* project management
 |  |
| Termination risks |  |

Note: this table shows the main risk categories typically associated with the provision of the service. Table 10 in section 3.8.2 below shows the risk categories more generally associated with construction projects.

### 2.10 Constraints

### The project is subject to following constraints: ……

Note: any changes since the OBC should be noted.

### 2.11 Dependencies

The project is subject to following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme: ……

Note: any changes since the OBC should be noted.

##### 3. The Economic Case

### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury’s Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the FBC documents the procurement process and provides evidence to show that we have selected the most economically advantageous offer, which best meets our service needs and optimises value for money.

### 3.2 Critical success factors

The critical success factors (CSFs) shown within the OBC were as follows: ……

### 3.3 The long-listed options

The long list evaluated within the OBC was as follows: ……

Table 4: long list – summary of inclusions, exclusions and possible options

|  |  |
| --- | --- |
| **Options** | **Finding** |
| **1.0 Scoping** |
| 1.1 Do nothing  |  |
| 1.2 Minimum scope |  |
| 1.3 Intermediate scope |  |
| 1.4 Maximum scope |  |
| **2.0 Service solutions** |  |
| 2.1  |  |
| 2.2  |  |
| **3.0 Service delivery**  |  |
| 3.1 In house |  |
| 3.2 Outsource |  |
| 3.3 Strategic partnership |  |
| **4.0 Implementation** |  |
| 4.2 Big bang |  |
| 4.3 Phased |  |
| **5.0 Funding** |  |
| 5.1 Private funding |  |
| 5.2 Public funding |  |

**Preferred way forward**

The preferred way forward at SOC and OBC stages was as follows: ………

### 3.4 Short-listed options

The short listed options shown within the OBC were as follows:

* option 1 – the do nothing, do minimum or status quo
* option 2 – the reference project or outline Public Sector Comparator (PSC) based on totality of the preferred choices within each of the above categories
* option 3 – the reference project or outline PSC (more ambitious option) based on the more ambitious possible options within each of the above categories
* option 4 – the reference project or outline PSC (less ambitious option) based on the less ambitious options within each of the above categories.

**Preferred option**

The preferred and agreed option at OBC stage was as follows: ……

This was the solution we went to procurement for.

**3.5 The procurement process**

We used the following procurement route: ……

The response (to the OJEU) was as follows: ……

***3.5.1 Long list criteria***

The long list criteria were as follows: ……

***3.5.2 Long list***

As a result of applying these criteria, the evaluation list was as follows: ……

***3.5.3 Short list criteria***

The short list criteria were as follows: ……

***3.5.4 Short list***

As a result of applying these criteria, the evaluation list was as follows: ……

Note: the short list generally comprises the successful suppliers following BAFOs.

In instances where a ‘preferred bidder’ is appointed, the short list should be made up of the selected service provider; the second choice, or standby service provider, (if applicable); and the adjusted public sector comparator (PSC).

The PSC is predicated upon the ‘in-house’, or some alternative method, of service provision. It should not be a hypothetical solution; but rather an alternative method of service provision which is capable of implementation, if required.

### 3.6 Economic appraisal

***3.6.1 Introduction***

This section provides a detailed overview of the costs and benefits associated with each of the selected service providers.

More detailed information is shown for each cost and benefit line within the economic appraisals at Appendix…..for each option.

### *3.6.2 Estimating benefits*

*Methodology*

Please provide an update of any changes since the OBC particularly in relation to tasks associated with the preparation of the benefits register and benefits realisation plan for the scheme.

*Description, sources and assumptions*

The benefits identified fell into the following **main** categories. In each case, the sources and assumptions underlying their use is explained. A more detailed explanation for each benefit line is attached to the economic appraisals in Appendix….

Note: please note that as before (when preparing the OBC) benefits fall into different categories which require different treatment within the FBC appraisals supporting the economic and financial cases.

Table 5: main benefits

|  |  |  |
| --- | --- | --- |
| **Type** | **Direct to Organisation(s)** | **Indirect to Organisation(s)** |
| Quantitative (or quantifiable)  | Measurable – for example, £s or numbers of transactions etc | As shown |
| Cash releasing | These are financial benefits – for example, avoided spend, reduced cost etc | As shown |
|  | ***The above are accounted for in the financial case appraisals*** | ***The above are not accounted for in the financial case appraisals*** |
| Non-cash releasing | These are economic benefits – for example, opportunity cost of staff time etc | As shown |
|  | ***All of the above are accounted for in the economic case appraisals*** | ***All of the above are accounted for in the economic case appraisals*** |
| Qualitative (or non-quantifiable) | Non-measurable – for example, quality improvements such as patient well-being, improved morale etc | As shown |
|  | ***Subject to weighting and scoring – see below*** | ***Subject to weighting and scoring – see below*** |

### *3.6.3 Estimating costs*

*Methodology*

Please update since the preparation of the OBC, as required.

*Description, sources and assumptions*

The costs associated with the PSC for the scheme were estimated as follows: ……

The ‘attributable’ costs falling to the organisation and public sector were estimated as follows and are accounted for within each of the economic appraisals for each option.

All other costs for each option were provided by the successful service provider at BAFO stage.

Note: there should be very little requirement for the use of optimism bias at this stage because all of the costs and benefits should have been risk-adjusted (in £s) and the ‘cost of risk retained’ under each option accounted for in the economic appraisals.

### *3.6.4 Net present cost findings*

The detailed economic appraisals for each option are attached at Appendix … together with detailed descriptions for costs and benefits, and their sources and assumptions.

The short-listed options have been risk-adjusted to account for the cost of risk retained (in £s) by the public sector under each option. The following table summarises the key results of the economic appraisals for each option – please consider whether sums for the cost of risk retained need to be shown separately.

Table 6: key results of the economic appraisals for each option

|  |  |  |
| --- | --- | --- |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 1 – PSC**  |
| CapitalRevenueRisk retainedOptimism bias (if applicable)  |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 2 – supplier A** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 3 – supplier B** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
| Non-cash releasing benefits |  |  |
| **Total** |  |  |
|  | Undiscounted (£) | Net Present Cost (Value) (£) |
| **Option 4 – supplier C** |
| CapitalRevenueRisk retainedOptimism bias (if applicable) |  |  |
| Total costs |  |  |
| ***Less*** cash releasing benefits |  |  |
| Costs net cash savings |  |  |
|  Non-cash releasing benefits |  |  |
| **Total** |  |  |

### *3.6.5 Option ranking*

The results are summarised and in the following table:

Table 7: Summary of results

|  |  |  |
| --- | --- | --- |
| Option | **Description** | **Ranking** |
|  | NPC(£s) | Cash benefit | Non cash benefit | Cost net cash savings | Costs net all savings |
| **1** | PSC |  |  |  |  |  |
| **2** | Supplier A |  |  |  |  |  |
| **3** | Supplier B |  |  |  |  |  |
| **4** | Supplier C |  |  |  |  |  |

### *3.6.6 Option appraisal conclusions*

The key findings are as follows: ……

*Option 1 – PSC*

This option ranks…..

It provides ……

*Option 2 – supplier A*

This option ranks…..

It provides ……

*Option 3 – supplier B*

This option ranks…..

 It provides ……

*Option 4 – supplier C*

This option ranks…..

 It provides ……

### 3.7 Qualitative benefits appraisal

The qualitative benefits associated with each of the short-listed options have been appraised as follows……

***3.7.1 Methodology***

This was undertaken by:

* identifying the benefits criteria relating to each of investment objectives
* weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective
* scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9
* deriving a weighted benefits score for each option.

### *3.7.2 Qualitative benefits criteria*

The benefits criteria were weighted as follows for each investment objective:

Table 8: qualitative benefits criteria

| **Investment Objectives** | **Qualitative Benefits** | **Weight** |
| --- | --- | --- |
| Investment objective 1 | For example, business continuity through the provision of ……For example, business flexibility through the provision of …… | 30% |
| Investment objective 2 |  | 25% |
| Investment objective 3 |  | 25% |
| Investment objective 4 |  | 10% |
| Investment objective 5 |  | 10% |

### *3.7.3 Qualitative benefits scoring*

Benefits scores were allocated on a range of 0-9 for each option and agreed by discussion by the workshop participants to confirm that the scores were fair and reasonable.

### *3.7.4 Analysis of key results*

The results of the benefits appraisal are shown in the table that follows.

Table 9: benefits appraisal results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Benefit Criteria and Weight** | **Option – PSC** | **Option 2 – Supplier A** | **Option 3 – Supplier B** | **Option 4 – Supplier C** |
| Raw (R) weighted (W) scores | R | W | R | W | R | W | R | W |
| Investment objective 1 |  |  |  |  |  |  |  |  |
| Investment objective 2 |  |  |  |  |  |  |  |  |
| Investment objective 3 |  |  |  |  |  |  |  |  |
| Investment objective 4 |  |  |  |  |  |  |  |  |
| Investment objective 5 |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |
| **Rank** |  |  |  |  |

The key considerations that influenced the scores achieved by the various options were as follows: ……

* **option 1 – PSC**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

* **option 2 – supplier A**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

* **option 3 – supplier B**

This option ranks…..

 It provides ……

Key considerations influencing its score are ……

* **option 4 – supplier C**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

### 3.8 Risk appraisal – unquantifiables

Note: all the quantifiable risks should be measured (in £s) and included in the cost of risk retained for each option. There should be little need for the use of optimism bias at this stage.

All risks should be accounted for in the attached risk register.

The assessment of the non-financial risks should be recorded as shown below.

A workshop was held at ….. on ……. to evaluate the risks associated with each option.

***3.8.1 Methodology***

Risk appraisal has been undertaken and involved the following distinct elements:

identifying all the possible business and service risks associated with each option

assessing the impact and probability for each option

calculating a risk score.

### *3.8.2 Risk scores*

The workshop assigned the risk scores shown in the following table on the basis of participants’ judgements and assessments of previous procurements. A more detailed assessment of the individual risks is shown in the risk register.

The range of scales used to quantify risk for both impact and probability was as follows:

* low equals 2
* medium equals 3
* high equals 5.

Table 10: summary of the risk appraisal results

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Summary of Risk Appraisal Results****(Pr = probability)** | **Risk category no.** | **Impact** | **Option 1 – PSC** | **Option 2 – Supplier A** | **Option 3 – Supplier B** | **Option 4 – Supplier C** |
|  |  |  | Pr. | Tot. | Pr. | Tot. | Pr. | Tot. | Pr. | Tot. |
| Risk description |  |  |  |  |  |  |  |  |  |  |
| Risk description |  |  |  |  |  |  |  |  |  |  |
| Risk description |  |  |  |  |  |  |  |  |  |  |
| Risk description |  |  |  |  |  |  |  |  |  |  |
| **Total**  |  |  |  |  |  |  |  |
| **Rank** |  |  |  |  |  |  |  |

*Results*

The key considerations that influenced the scores achieved by the various options were as follows: ……

* **option 1 – PSC**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

* **option 2 – supplier A**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

* **option 3 – supplier B**

This option ranks…..

 It provides ……

Key considerations influencing its score are ……

* **option 4 – supplier C**

This option ranks…..

It provides ……

Key considerations influencing its score are ……

**3.9 The preferred option – selected supplier**

The results of investment appraisal are as follows:

Table 11: summary of overall results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Evaluation Results** | **Option 1 PSC** | **Option 2** **supplier A** | **Option 3** **supplier B** | **Option 4****supplier C** |
| Economic appraisals |  |  |  |  |
| Benefits appraisal |  |  |  |  |
| Risk appraisal |  |  |  |  |
| **Overall Ranking** |  |  |  |  |

Conclusion: the preferred option is supplier ….. because ……..

### 3.10 Sensitivity analysis

The methods used were:

a) ‘switching values’

b) scenario planning/ analysis (‘what if ‘) by altering the values of the ‘uncertain’ costs and benefits to observe the effect on the overall ranking of options.

***3.10.1 Results of switching values***

Table 12 shows the values (in %s) at which the preferred option would change in the overall ranking of options.

Table 12: changes (%) required to equate with the preferred option

| **Change in Costs (%)** | **Option 1** | **Option 2****Preferred Option** | **Option 3** | **Option 4** |
| --- | --- | --- | --- | --- |
| Capital costs |  | 0 |  |  |
| Current costs |  | 0 |  |  |
| Total costs |  | 0 |  |  |
| Cash releasing benefits |  | 0 |  |  |
| Non releasing cash benefits |  | 0 |  |  |
| NPV/C |  | 0 |  |  |

***3.10.2 Key observations***

These are: ……

***3.10.3 Results of scenario planning***

The table below summarises the results associated with increasing uncertain costs by …% and reducing uncertain benefits by ….%.

Table 13: summary of results from scenario planning

|  |  |  |
| --- | --- | --- |
|  | **Option 1 – benchmark** | **Option x – the preferred option** |
| Sensitivity analysis on benefits |  |  |
| Sensitivity analysis on costs |  |  |
| New order in ranking  |  |  |

***3.10.4 Key observations***

These are: ……

### 3.11 Preferred option

The preferred option, supplier …… remains/has altered (delete as appropriate), because……

##### 4. THE COMMERCIAL CASE

### 4.1 Introduction

This section of the FBC sets out the negotiated arrangements.

This is for the provision of …. under a …. contract with………

### 4.2 Required services

The products and services under contract are as follows: ……

### 4.3 Agreed risk transfer

The general principle is that risk is passed to ‘the party best able to manage them’, subject to value for money.

We have agreed that we will apportion service risks in the design, build and operational phases as follows: ……

Table 14: Risk transfer matrix

|  |  |
| --- | --- |
| **Risk Category** | **Potential allocation** |
| **Public** | **Private**  | **Shared** |
| 1. Design risk |  |  |  |
| 2. Construction and development risk |  |  |  |
| 3. Transition and implementation risk |  |  |  |
| 4. Availability and performance risk |  |  |  |
| 5. Operating risk |  |  |  |
| 6. Variability of revenue risks |  |  |  |
| 7. Termination risks |  |  |  |
| 8. Technology and obsolescence risks  |  |  |  |
| 9. Control risks |  |  |  |
| 10. Residual value risks |  |  |  |
| 11. Financing risks |  |  |  |
| 12. Legislative risks |  |  |  |
| 13. Other project risks |  |  |  |

### 4.4 Agreed charging mechanisms

The payment mechanism agreed with the service provider with respect to the proposed products and services is as follows: ……

Importantly, this should explain how the transferred risks are being tied down in the payment mechanism.

### 4.5 Agreed contract length

This is …… years for the following reasons……….

### 4.6 Key contractual clauses

These are as follows: ……

### 4.7 Personnel implications (including TUPE)

TUPE – the Transfer of Undertakings (Protection of Employment) Regulations 1981 – will/ will not apply to this investment because……

### 4.8 Procurement route and implementation timescales

The solution was procured using……

The implementation milestones agreed for the scheme with the service provider are as follows: ……

### 4.9 FRS 5 accountancy treatment

The assets underpinning delivery of service will/will not be on the balance sheet of the organisation….. This has been confirmed by ……

**5.0 The Financial Case**

### 5.1 Introduction

The purpose of this section is to set out firm financial implications of the contracted solution.

### 5.2 Impact on the organisation’s income and expenditure account

The payment stream for the scheme over the intended lifespan of the project is as follows:

### Table 15: summary of financial appraisal

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| £ xxx | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Total |
|  | £ | £ | £ | £ | £ | £ | £ | £ |
| **Preferred choice:** |
| Capital  |  |  |  |  |  |  |  |  |
| Revenue  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |
| **Funded by:** |
| Existing |  |  |  |  |  |  |  |  |
| Additional |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |

### 5.3 Impact on the balance sheet

The proposed expenditure will have the following impact……

### 5.4 Overall affordability

The cost of the project is … over the expected lifespan of the contract period.

Our commissioners have signified their agreement to the required level of funding required as follows: ……

Note: costs should be broken down, as appropriate, within the categories shown for the design, build and operational phases of the scheme. In all cases, capital charges, VAT, and the cost of risk should be shown separately.

**6. The Management Case**

### 6.1 Introduction

This section of the FBC addresses in detail how the scheme will be delivered successfully.

### 6.2 Programme management arrangements

The scheme is an integral part of the …… programme, which comprises of a portfolio of projects for the delivery of………..

These are set out in the SOP for the project, which was agreed on…….

The programme management arrangements are as follows: ……

**6.3 Project management arrangements**

The project will be managed in accordance with PRINCE 2 methodology.

***6.3.1 Project reporting structure***

The reporting organisation and the reporting structure for the project are as follows: …..

Note: a diagram with named individuals is essential.

***6.3.2 Project roles and responsibilities***

These are as follows: ……

***6.3.3 Project plan***

This is as set out in the following table.

Table 16: project plan

| **Milestone Activity** | **Week No.** |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

### 6.4 Use of special advisers

Special advisers were used as follows:

Table 17: special advisers

| **Specialist Area** | **Adviser** |
| --- | --- |
| Financial |  |
| Technical |  |
| Procurement and legal |  |
| Business assurance |  |
| Other |  |

### 6.5 Arrangements for change management

The strategy, framework and plan for dealing with change management are as follows……

### 6.6 Arrangements for benefits realisation

The strategy, framework and plan for dealing with the management and delivery of benefits are as follows……

A copy of the project benefits register is attached at Appendix ……..

This sets out who is responsible for the delivery of specific benefits, how and when they will be delivered and the required counter measures.

### 6.7 Arrangements for risk management

The strategy, framework and plan for dealing with the management of risk are as follows……

A copy of the project risk register is attached at Appendix ……..

This sets out who is responsible for the management of risks and the required counter measures.

### 6.8 Arrangements for contract management

The strategy, framework and plan for contract management are as follows……

### 6.9 Arrangements for post project evaluation

The arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with best practice and are as follows:

***6.9.1 Post implementation review (PIR)***

This review ascertains whether the anticipated benefits have been delivered. The review is timed to take place ……..

***6.9.2 Project evaluation review (PER)***

This review appraises how well the project was managed and whether or not it delivered to expectations. It is timed to take place ……

### 6.10 OGC Gateway review arrangements

The impacts/risks associated with the project have been scored against the OGC Risk Potential Assessment (RPA) for projects. The RPA score is ……. The assessment is attached at Appendix….

A Gate 3 (investment decision) has been undertaken on the project, in conjunction with the submission of the draft FBC. The consequent actions have been addressed as follows……

Further reviews are planned as follows: ……

### 6.11 Contingency plans

In the event that this project fails, the following arrangements are in place to guarantee the continued delivery of the required services and outputs……..

**Signed:**

**Date:**

**Senior Responsible Owner**

**Project Team**