# Annex 5: Outline business case (OBC) template

**Executive summary**

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| **1500 Words Maximum**  This should be a concise summary of the proposal.  This should summarise the following:   * What do you want to do? (At this point, you will have analysed your short list of options and have a preferred option) * Who are the beneficiaries? * Why do you need to do it? * Investment objectives * Long list of options (summary) * Short list of options (summary) * Preferred option * What investment is needed? * What will this pay for? * How will this address capacity surplus/deficit? * How will this address building condition? * Will this improve learner experience and enable delivery of the new curriculum? * What impact will the preferred solution have on other schools/colleges in the locality? * How will the proposals help to provide community benefits, for example, does it include resources such as sports facilities and pitches to be used by the local community or clubs, and play provision? * How will the project impact on learner travel? * What are the headline benefits? * It should contain a summary of the information contained within each of the five cases * You should confirm that any issues raised by the Welsh Government at SOC stage have been addressed * Support for scheme   For example:   * This is a proposal to build a new 11-19 school on an existing site for 1,500 learners. * It will address surplus capacity / poor building condition in the existing school. * It will result in the replacement of a Category D school with one that is Category A. * It will reduce surplus capacity by 200 places, bringing the current surplus down to below 10% and we anticipate a £20k per annum revenue saving in respect of energy costs. * The cost of the preferred option is estimated to be £8.3 million. This figure will be confirmed in the Full Business Case. * There will be a new artificial turf pitch on the site which will be made available to local clubs at certain times outside school hours.   Include a summary of the conclusions reached in each of the five sections of the Business Case.  Also include any statutory consultations, Cabinet approval and market support. |

**Strategic case**

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| **1000 Words Maximum**  At OBC Stage, it may be necessary to update the Strategic Case as presented at SOC. This may be in relation to local changes in policy or in response to comments raised during the assessment process.  It is important that the Strategic Case identifies whether any changes have been made and/or records responses to comments raised by Welsh Government assessors.  If there are no changes to be made and/or no comments to be addressed, this should be stated. |

**Economic case**

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| **3000 Words Maximum**  This section should briefly restate the long list of options and then undertake a detailed analysis of the shortlist.  This should include:   * appraisal of costs and benefits * appraisal of qualitative benefits * assessment of risk (including optimism bias) * sensitivity analysis.   The preferred option should then be identified.  This analysis should include confirmation that the Investment Objectives and Critical Success Factors identified in the SOC have been revisited and have not changed.  It is also important that the long list of options is referred to and that it is confirmed that these have been revisited and no changes made. |

**Commercial case**

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| **1000 Words Maximum**  This section of the OBC outlines the proposed deal in relation to the preferred option outlined in the economic case.  This section should confirm the method of procurement, whether the project will be procured via a regional framework such as SEWSCAP, South West Wales Regional Contractor Framework (SWWRCF) or [North Wales Schools and Public Buildings Contractor Framework](http://www.government-online.net/north-wales-schools-and-public-buildings-contractor-framework/) or via a separate OJEU tender process.  This section should also include the required services and the potential for risk transfer.   |  |  |  |  | | --- | --- | --- | --- | | **Risk Category** | **Potential allocation** | | | | **Public** | **Private** | **Shared** | | 1. Design risk – D&B |  |  |  | | 2. Construction and development risk – D&B |  |  |  | | 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 – D&B |  |  |  | | 12. Legislative risks – D&B |  |  |  | | 13. Other project risks |  |  |  |   At this stage details of the procurement route should set out, whether the project will be procured via a regional framework such as SEWSCAP, South West Wales Regional Contractor Framework (SWWRCF) or [North Wales Schools and Public Buildings Contractor Framework](http://www.government-online.net/north-wales-schools-and-public-buildings-contractor-framework/) or via a separate OJEU tender process.  If an OJEU process is followed then confirmation of the following will be required,   * The contract will be advertised via sell2wales, * The Supplier Qualification Information Database (SQuID) questions will be used in the supplier selection stage pre-qualification questionnaire * Supply chain opportunities will be advertised via Sell2Wales and be open to Wales based suppliers, including how clients will promote sub-contract supply of Welsh or UK supplied steel on projects were steel is a major component.   At this stage information should include:   * Results of market testing – potential bidders appropriate * Procurement plan – including timescales * Intention to use sell2wales for advertising contracts * Alignment with Welsh procurement policy & WPPS * Pre-qualification – confirm use of SQuID (if required) * Development of project documents and specification * Community Benefits plan * Evaluation and award criteria * Payment provisions * Steel Requirements - If there are steel requirements for the construction element of the build, please provide details of the components and an estimate of usage in tonnes.   Full details of the community benefits to be included in the tender process should be provided, including:   * core/ non core or both to the contract; included in contract notice/ Prior Information Notice or framework; * priorities that you are seeking to address; potential targets; * process for managing the delivery of Community Benefits through the contract; * confirmation contractors will be required to complete the community benefit measurement tool for the project. |

**Financial case**

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| **1000 Words Maximum**  The purpose of this section is to set out the forecast financial implications of the preferred option (as set out in the economic case section) and the proposed deal (as described in the commercial case).  As the Welsh Government is paying for 50% of the project, it is important that we are confident that the remaining 50% of the project is affordable.  At this point in the project development, it should be possible to identify the sources of match funding and confirm that these are signed up to by the relevant parties in the local authority / Further Education Institution. |

**Management case**

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| **1000 Words Maximum**  This section of the OBC addresses the ‘achievability’ of the scheme. Its purpose, therefore, is to build on the SOC by setting out in more detail the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.  This section should include confirmation that the project will be managed in accordance with PRINCE 2 methodology, details of the reporting organisation and structure for the project, details of project roles and responsibilities, and an overview of the project plan with milestones.  Also to consider and include:   * resourcing and governance. * outline arrangements for management of the whole process e.g. contract management; benefits realisation, risk management and monitoring and evaluation. * risk of delivery * statutory consultations   The Gateway Review Process should also be referenced, along with confirmation that any recommendations are actioned. |

**Signed…………………………………………………………………………………………**

**Printed………………………………………………………………………………………..**

**Position in the organisation………………………………………………………..………………………..**

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