**Business Case Templates**

Business case stages should be iterative:

* The ***Strategic Outline Case*** (SOC) makes the case for change within the wider strategic context and tests alignment with national, regional and local strategies
* The ***Outline Business Case*** (OBC) assesses the best option for delivering the strategic objectives and benefits within the resource envelope available
* The ***Full Business Case*** (FBC) outlines how the project and its objectives and benefits will be delivered in terms of quality and value for money.

Avoid repetition:

* Do not repeat information in more than one section
* Revisit the earlier business case (i.e. SOP, SOC or OBC) and confirm any key changes. If the business case remains the same, there is no need to repeat what was agreed at this previous stage. Include cross-references to earlier documents where appropriate.

Flag in the index where specific policy issues are addressed:

* Assessors may have ten or more business cases to read each month. Make it as easy as possible for them to find the information they are looking for.

Keep it brief:

* Stay within the word limits
* Try to be factual and concise; use bullet points where possible rather than lengthy narrative
* Tables make financial information easier to analyse
* A site plan is helpful for context
* Top five risks and mitigation actions is sufficient
* Include photographs of current building.

Avoid annexes:

* If it is important it should be in the main body of the business case
* We do not need to see tender documents.

**Strategic Outline Case**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity and reduction of maintenance costs? What is the estimated cost? What is the proposed completion timeframe? Have you considered the guidance in the School Organisation Code? Do you need to carry out consultation and publish a statutory notice? If so could will this affect your timescales? How old are the existing buildings?

**Strategic Case (2,000 words)**

*Demonstrate how the project will meet the community’s needs*

* **Strategic objectives**
* Give a short description how the project supports existing policies and strategies of the organisation and other programmes and projects within the strategic portfolio.
* **Wider context**
* Give a short description how the project supports existing policies and strategies of the Welsh Government e.g. Well Being of Future Generations Act, Programme for Government, Cymraeg 2050, its commitment to tackle child poverty.
* .
* **Case for change**
* Specify the spending objectives for the project. Theses should focus on the target outcomes and be SMART.
* Specify the main benefits associated with the achievements of the project’s spending objectives, including the benefits to all learners, including disadvantaged pupils Distinguish benefits from outcomes.
* Specify the main risks associated with the spending objectives and the proposed counter measures for avoidance, mitigation and management.
* Specify any constraints that have been places on the project.
* Specify any dependencies outside the school of the project upon which the success of the project is dependent.
* **Demographics / catchment / demand**
* What are the names and location of schools/colleges involved? (include the type of schools, age range and language provision)
* Why has the proposed location been chosen?
* What is the current capacity?
* What is the demand for places? (Provide evidence of future uptake if increase in demand is forecast).
* Include detail of all provision, including numbers of places (e.g. nursery, sixth form, additional learning needs centre)
* What is the impact on nearby schools/colleges (e.g. will it address sufficiency of places elsewhere?)
* Have the other schools/colleges been consulted/involved in developing the proposal?
* **Welsh medium education**
* What is the impact on Welsh medium education and training? Assessing impact upon Welsh medium provision is also a requirement with projects that may be deemed as English medium.
* How will the project support the aims of Cymraeg 2050: A million Welsh speakers and the targets as set out in the Welsh in Education Strategic Plan (WESP)?
* **School/College performance condition category and targets following project**
	+ Give details of current school performance along with proposed targets post project
	+ What are the transitional arrangements for learners (e.g. how will learner outcomes be maintained during project; how will learners be supported through any potential disruption).
* **Childcare / early years provision**
	+ Do the proposals include provision for, breakfast clubs, Flying Start provision, after school care, holiday play schemes or wrap around childcare?
	+ What reference has there been to the Local Authority Childcare Sufficiency Assessment?
	+ How will the proposals support Welsh Government’s Childcare Offer?
* **Additional learning needs provision**
* Detail the needs of any learners/potential learners
* What will the impact of the proposal be on these learners?
* What provision is there for children and young people experiencing difficulties/at risk of exclusion e.g. PRU provision on site/nearby.
* **Community provision**
* Has the co-location of facilities been considered?
* How will the school/college work with other providers in the area?
* **Active Travel**
* Has the local authority assessed the travel needs of learners in their area in accordance with their statutory duty under Learner Travel Measure 2008?
* Has the local authority/Further Education Institution assessed the potential travel needs of learners who will attend the school or college?
* What will be the impact on the number of learners eligible for free transport under the age, distance, aptitude criteria? Have the on-going cost implications of this been considered?
* What is the impact on journey times between home and school/college?
* Has the local authority risk assessed the walked routes to school/college?
* What will the impact on learner travel be? Will the project reduce or increase the opportunities for learners to walk or cycle to school/college?
* **Disability**
* Think about different types of disability, impairment, or long term health condition. This also includes Deaf BSL users. Consider what barriers disabled people face. Can these barriers be reduced, removed or mitigated?
* **Community use of Facilities; rooms for adult learning opportunities; community enabled public WiFi)**
* How will the proposed facilities fit with current/local facilities?
* What are proposed plans for community use, including access to services and programmes which support community resilience and contribute to tackling poverty?
* What other facilities will be available for community use? e.g. room hire; community enabled public WiFi; common areas for adult/community learning.
* **Town Centre First**
* The Welsh Government is keen to promote the use of town centre locations for new developments where this is appropriate. Is the proposed project located in a town centre? If not, please explain why a town centre location would not be appropriate/possible.
* **Sport and Outdoor Play Facilities**
* How will the proposed facilities fit with current local facilities?
* What are proposed plans for community use? What is needed to maximise usage – i.e. flood lights?
* In the case of full-size pitches (artificial and grass), have you consulted the relevant National Governing Bodies of Sport (e.g the FAW, WRU and Hockey Wales) if the pitch in question is to be used by community clubs?
* In the case of artificial pitches, has a sink fund been factored in for on-going maintenance costs?
* **Post 16**
* What consideration has been given to collaborative working with local colleges; other schools and 6th form centres to avoid working in competition or duplicating provision?
* How will the post 16 option proposed impact on educational outcomes including learner choice and class sizes?
* Has the impact on learner travel been considered?
* What provision is in place to maintain and develop the Welsh language skills of learners whilst at the institution? (include projects that may be deemed as English medium projects). What reference has been made to increasing the provision in line with the aims and objectives of the Coleg Cymraeg Cenedlaethol’s *Further Education and Apprenticeship Welsh-medium Action Plan.*
* **Equality Impact Assessment and Children’s Rights Impact Assessment**
* Confirm that these assessments have been/will be completed.
* **Environment (Wales) Act 2016**
* Section 6 of the Environment (Wales) Act 2016 requires public authorities to maintain and enhance biodiversity and the resilience of ecosystems in the exercise of its functions. The provision of bio-diverse green infrastructure by public authorities helps them to comply with their statutory duties, as well as deliver their well-being objectives where they are also a public body subject to the Well-being of Future Generations Act 2015.
* The Welsh Government has an ambition of a carbon neutral public sector by 2030. How energy efficient are the designs? Have you looked at onsite or nearby development of renewable energy generation, including low carbon heating.
* Recognition of the role that renewables play in effective long term cost, environment and wellbeing solutions.
* Have you considered Electric vehicle charging infrastructure and the source of power, for instance solar car ports.
* Do you have water and recycling and waste management plans?
* Creation of ecologically resilient habitats on the new site should be included within the business case.
* Plans on creating areas of biodiversity, any provision that would contribute to improving air quality and decarbonisation.
* Ensuring no net loss of playing fields and green spaces. If so, what will be done to mitigate the effects of this?
* How will future SuDS and green spaces be maintained? Please refer to <https://www.buildingwithnature.org.uk/how-it-works> for more information.
* What construction materials are being used? Where do they come from? can you incorporate reused or recycled components
* **Youth Engagement**
* Has there been consultation with learners and parents/carers in developing the proposal?
* Proposals must consider wider government priorities so that new buildings or refurbishments provide appropriate or flexible spaces to deliver Welsh Government education strategies including curriculum reform.
* Where the proposal relates to a school delivering pre-16 provision, does the proposed project enable effective delivery of the new curriculum in Wales? How will it support learners to realise the four purposes? For example, does it consider open-plan areas, individual or quiet learning areas, discussion zones, innovative spaces to learn and play or outdoor learning facilities?

**Economic Case (2,000 words)**

*Demonstrate that the project provides good value for money*

* **Investment objectives and critical success factors**

These are used to assess whether an option is likely to be successful. Examples of (but not limited to) these are:

* Strategic fit
* Delivering value for money
* Achievability
* Affordability
* Acceptability
* Sustainability
* **Generate the long list of options**

A wide range of options should be generated to show that all possibilities have been considered.

The options framework below can be used to help generate the long list:

* Scope – What could be done and where?
* Service solution – How could it be done? e.g. new build
* Service delivery – Who could deliver the provision?
* Implementation – When could it be done? Does it need to be phased?
* Funding – How could it be funded? e.g. Capital or through the Mutual Investment Model.
* **Narrowing down to the short list**

These options should be examined as a group exercise and that you record the time, date and attendees involved in this process.

To narrow down the long list, the following process should be undertaken:

* The options should be assessed directly against both the investment objectives and critical success factors, indicating which are met, partially met or not met
* Provide a brief summary of the main advantages and disadvantages
* Decide whether the option should be carried forward or discounted.

Following this analysis, a short list of options is identified that will be taken forward for more detailed analysis in the OBC. Describe the short list. This should include a minimum of 3-5 options, including:

* Business as Usual
* A **realistic** do minimum based on the core requirements for the project
* The recommended preferred way forward
* One or more possible options based on a more and/or less ambitious combinations of the preferred way forward.
* **Quantitative benefits template**

This provides a summary of the main quantitative benefits, including improvements in condition and suitability, numbers of places and reduction in backlog maintenance **after completion of works**. This should be filled in as much as possible at this stage for all short listed options.

It is also a place to record the indicative economic costs for the shortlisted options. Remember to also make allowances for optimism bias, particularly in the absence of more detailed risk appraisal.

**Commercial Case (250 words)**

*Demonstrate that the project is commercially viable*

* Procurement approach / Framework
* Community benefits approach
* Project Bank Accounts (PBA) – confirmation that PBA policy will be complied with or details of the compelling reason(s) why a PBA is not considered appropriate
* Projects relying on a Section 106a agreement
* We would expect the delivery partner to have a PBA in the s106 agreement. Where this is not possible, we would expect to see sound reasons why a PBA could not be applied and evidence that prompt and fair payment terms would be in place.

**Financial Case (250 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Funding requirements
* Source of matching funding
* Highlight any known abnormal costs

**Management Case (250 words)**

*Demonstrate that the project will be delivered effectively*

* Project management methodology i.e. MSP/Prince2
* Key risks and mitigation
* Key milestones

**Outline Business Case**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity, increasing Welsh medium provision and reduction of maintenance costs? What is the estimated cost? What is the proposed completion timeframe?

**Strategic Case (500 words)**

*Demonstrate how the project will meet the community’s needs*

* Changes since SOC was approved
* Date SOC was approved

**Economic Case (3,000 words)**

*Demonstrate that the project provides good value for money*

* Investment objectives and critical success factors
* Short list appraisal – costs and benefits
* Risk assessment
* Preferred option
* Size and cost benchmark analysis

The Economic Case should be comprehensive at OBC stage and will not be accepted unless it contains all the necessary content. The requirements of this section at this stage are to:

* Summarise the findings from the SOC and update with any changes;
* Calculate net present values (NPVs) for **all** short-listed options;
* Provide an assessment of the benefits for **all** short-listed options;
* Provide an assessment of the risks (including optimism bias) for **all** short-listed options;
* Conduct sensitivity analysis to test the robustness of the preferred option.
* **Summarise and update findings from SOC**

Firstly this section should include confirmation that the Investment Objectives and Critical Success Factors identified in the SOC have been revisited and have not changed.

It should briefly restate the long list of options and provide a summary of how this was narrowed down to a short list.

If this has changed since SOC stage, the process needs to be restated in full with clear explanations for decisions on whether options should be taken forward. The new short list should then be taken forward for detailed analysis.

* **Calculate net present values (NPV)**

NPV should be calculated in order to assess which option offers the best value for money over the expected life of the building. This is generally 30 years for a refurbishment and 60 years for a new build. A summary of what should be included is:

* Costs of the build
* Costs of ongoing maintenance and running the building
* Any other financial costs from operating e.g. transport
* The value of existing assets to reflect their opportunity cost
* Any transactions to buy or sell existing assets
* The expected residual value of the site(s) recorded as a benefit
* An allowance for optimism bias
* Any revenue received recorded as a benefit.

A NPV template needs to be completed to help structure this. Please provide all assumptions and calculations behind the figures, as without these the case will not be accepted. The results from this should be the primary criteria to decide which option offers the best value for money.

* **Provide an assessment of the benefits**

Firstly the quantitative benefits template submitted at OBC needs to be updated and submitted. Again this should reflect the improvements in condition and suitability, numbers of places and reduction in backlog maintenance **after completion of works**.

While this reflects the main benefits associated across all education capital projects, it is also important to consider any qualitative benefits of each option. Primarily this should highlight any **significant additional benefits** (not already quantified) which are important in context of the project. This is especially important to articulate where an option with a higher NPV has significant additional benefits over an option with a lower NPV.

**However this assessment should complement the findings from the NPV rather than be considered the primary criteria.**

* **Provide an assessment of risks**

This should assess different types of risks associated with each short listed option. It should consider the likelihood of risks occurring and their potential impact. Weighting and scoring can be used and recorded in like in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of risk and Weight** | **Option 1** | **Option 2**  | **Option 3** | **Option 4**  |
| Impact (I), Likelihood (L) and risk score (S) | I | L | **S** | I | L | **S** | I | l | **S** | I | L | **S** |
| Benefit Criteria 1 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 2 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 3 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 4 |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit Criteria 5 |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Rank** |  |  |  |  |

This assessment is not an isolated process and should be linked with a risk register and inform the calculation of optimism bias. Details of how risks will be monitored and been mitigated should be noted as part of a risk register. A judgement on risks and how well they can be mitigated should inform the optimism bias calculation. A template for calculating optimism bias is included within the NPV template spreadsheet.

Based on the results of the analysis, the preferred option should then be identified as the best value for money.

* **Sensitivity analysis**

It is important that the robustness of the preferred option is tested through sensitivity analysis. This ensures that even if there are a rise in costs, a shortfall in benefits or both, that the preferred option still represents the best value for money. This can either be done using switching values or scenarios. A brief summary of the analysis should be provided to show that the preferred option remains robust.

**Commercial Case (1,000 words)**

*Demonstrate that the project is commercially viable*

* Procurement approach / Framework
* Market testing
* Procurement plan and milestones
* Evaluation and award criteria
* Community benefits plan
* Project Bank Account (PBA) – confirmation that PBA policy will be complied with or details of the compelling reason(s) why a PBA is not considered appropriate
* Projects relying on a Section 106a agreement
* We would expect the delivery partner to have a PBA in the s106 agreement. Where this is not possible, we would expect to see sound reasons why a PBA could not be applied and evidence that prompt and fair payment terms would be in place.

**Financial Case (500 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Project Cost Template (PCT)
* Funding requirements
* Source of matching funding
* Risk assessment
* Cabinet commitment, date approved
* Project Cost Template (PCT) which should indicate of abnormal costs and comparisons to standard benchmark

**Management Case (500 words)**

*Demonstrate that the project will be delivered effectively. Detail the approach for the following:*

* Project resources
* Contract management
* Benefits realisation arrangements
* Risks and mitigation
* Project assurance
* Key milestones and contingencies

**Full Business Case**

**Executive Summary (500 words)**

*A brief synopsis of the project and its benefits*

What do you want to do? Why? What will it achieve in terms of building condition, capacity, increasing Welsh medium provision and reduction of maintenance costs? What is outturn (tendered) cost? What is the proposed completion timeframe?

**Strategic Case (500 words)**

*Demonstrate how the project will meet the community’s needs*

* Changes since SOC and OBC were approved
* Date SOC and OBC were approved

**Economic Case (500 words)**

*Demonstrate that the project provides good value for money*

* Changes since SOC and OBC were approved
* Confirmation of HM Treasury Green Book compliance

As this section has been covered in detail at OBC stage, there is no need to restate the case in detail, although where changes have occurred, consider whether or not these changes would materially impact upon the ranking of the options achieved at OBC, and record your conclusions. This is of particular importance when there is a significant increase in costs. In this scenario, the NPVs should be recalculated to show that the preferred option remains the best value for money.

This section should restate the critical success factors, highlight any changes since OBC, and confirm that all economic appraisals have been carried out in accordance with HM Treasury’s Green Book.

For those submitting a joint OBC/FBC, please note that both sets of guidance must be used in conjunction and a full analysis provided.

**Commercial Case (1000 words)**

*Demonstrate that the project is commercially viable*

* Confirmation of procurement route taken
* Negotiated deal and contract arrangements
* Risk transfer agreements
* Community benefits schedule
* Confirmation of Project Bank Account arrangements
	+ Which bank will be used to service the PBA?
	+ What type of account will be used, Joint or Sole account or
	+ Details of the compelling reason(s) why a PBA is not considered appropriate
* Projects relying on a Section 106a agreement
* We would expect the delivery partner to have a PBA in the s106 agreement. Where this is not possible, we would expect to see sound reasons why a PBA could not be applied and evidence that prompt and fair payment terms would be in place.

**Financial Case (1000 words)**

*Demonstrate that the project is affordable*

* Financial forecast
* Final project costs
* Finalised sources of matching funding broken down by source (capital resources, borrowing etc.)
* Size and cost benchmark appraisal
* Project Information Proforma (PIP)
* Project Cost Template (PCT) which should indicate full breakdown of abnormal costs and comparisons to standard benchmark
* Final cabinet approval
* Details of any revenue savings
* Details of any other WG funding stream (e.g. Childcare)
* Updated Envelope funding forecast where final costs have changed from SOP

**Management Case (1000 words)**

*Demonstrate that the project will be delivered effectively. Finalise arrangements and plans for the following:*

* Project delivery
* Statutory procedures
* Risk register (top 5)
* Benefits realisation
* Project assurance
* Change and contract management
* Post project evaluation

**Business Justification Case**

Please ensure that all SOC/OBC/FBC information is included within your BJC.

**Templates**

Please ensure the following templates are completed and submitted at the relevant business case stage:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Template** | **SOC** | **OBC** | **FBC** | **BJC** |
| Project Benefits Template |  |  |  |  |
| Funding Forecast |  |  |  |  |
| Project Cost template |  |  |  |  |
| Project Information Proforma |  |  |  |  |

**Conditions of Funding**

There are specific grant conditions that local authorities and further education institutions need to be aware of when submitting business cases:

* Community Benefits
* Project Bank Accounts
* British Research Establishment Environmental Assessment Method (BREEAM) and Energy Performance Certification (EPC)

### Surface water drainage

* Foul drainage
* Recycled content
* Fire sprinklers
* Acoustics (BB93)
* Accessibility and Equality
* Active Travel
* Carbon Reduction
* Biodiversity and Resilience of Ecosystems duty

For more information please refer to the business case guidance or speak with a member of the 21stCenturySchools team.