Better Business Cases

Single Stage Light Business Case Template

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Document Control

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How to use this Template (delete this page)

This document provides a template for completing a Single Stage Light Business Case as part of the Better Business Cases guidance. The template applies for investment decisions that are subject to lower levels of delegated authority, that are of very small scale and/or very low risk. The level of analysis undertaken in the Single Stage Light Business Case needs to be agreed with the monitoring agency or decision-maker as being fit for purpose in relation to the decision being sought. In some cases the Strategic Assessment and Implementation Business Case requirements may also be agreed to be incorporated as part of this case.

This business case development process is organised around a five case structure designed to systematically ascertain that each investment proposal:

i. is supported by a compelling case for change – the 'strategic case'

ii. optimises 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'.

The key purposes of this business case are to:

- *confirm the strategic fit and the need for the proposed investment*
- *identify a wide range of potential options*
- *determine the preferred option which optimises value for money, by undertaking a detailed analysis of the costs, benefits and risks of the short-listed options*
- *prepare the investment proposal for procurement*
- *plan the necessary funding and management arrangements for the successful delivery of the project, and*
- *inform a decision to approach the market with a request for proposals (if any) and to finalise the arrangements for implementation.*

Please note that this template is for guidance purposes only and should be completed in accordance with the "Guide to Developing a Single Stage Business Case". [1]

Text in italics provides commentary and guidance for drafting purposes and should be deleted when no longer required. The remaining standard text and tables can be retained to assist you in developing the draft business case.

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[1] Refer to the Treasury web-site at http://www.infrastructure.govt.nz/publications/betterbusinesscases

Purpose

Describe the investment proposal at the beginning in one to two sentences. State what decision-makers are being asked to consider or decide.

This business justification case seeks formal approval to invest up to [$x.xxx million/000] in the years [20xx/xx] to ….

This business case follows the Treasury Better Business Cases guidance and is organised around the five case model…..

Strategic Case

The strategic case outlines the strategic context for the investment proposal and makes a robust and compelling case for change….

Strategic Context

The strategic context provides an overview of the organisation and the outcomes that it is seeking to achieve, or contribute to, through its operations. Provide a brief overview of the context for this investment, with reference to supporting strategies, programmes and plans. Summarise any decisions already made and reference existing documents, where possible.

The key aims of the organisation are to.....

The core activities of the organisation are…

The organisation employs … full-time equivalent staff, has annual expenditure of $….. and manages the following assets and …

Analysis of the current and expected operating environments has identified the following key factors for the organisation ….

Relevant *[Government/sectoral/ regional/organisational policies, strategies and goals]* are ….

The investment proposal aligns to the …..

The Need for Investment

Having demonstrated that the proposal aligns with the organisations objectives, the next step is to outline a clear rationale or need for investing in change. That is:

- *What are the key drivers for considering an investment in change?*
- *Is there evidence to confirm both the root causes and effects of any problems?*
- *Are the potential gains of successful change likely to be worthwhile?*
- *Is the investment proposal a good idea?*
- *Is there strong evidence of support from management and other key stakeholders?*

A facilitated workshop was held on [*dd mmm yyyy*] with key stakeholders to gain a better understanding of investment drivers and the need to invest in change. The stakeholder panel identified and agreed the following key [*problems to address by/opportunities to leverage by/ benefits of*] investing in change:…………

The Case for Change

Describe what the organisation is seeking to achieve (the investment objectives) and what is currently happening (existing arrangements). The difference between the two represents the business gap (or business needs) that this investment proposal is intended to address.

Key stakeholders identified [xx] investment objectives for this investment proposal at a facilitated workshop in [dd/mm/yyy]. The case for change is summarised below for each of these investment objectives.

Investment Objective One	***…………What you are seeking to achieve?***
Existing Arrangements	*Summarise the current state.*
Business Needs	*Describe the business gap, the difference between the current state and the desired future state.*
Potential Scope	*What degree of change is required to successfully achieve the objective? What is a core must have? What is desirable, aspirational or out of scope?*
Potential Benefits	*If the objective is successfully achieved, who will benefit, how and how we measure the gain (or loss)?*
Potential Risks	*What contingent events could impact on the achievement of the objective?*
Constraints and Dependencies	*What are the limiting parameters within which the investment must be delivered? What other actions outside the scope does success depend on?*

Investment Objective Two	**…………**
Existing Arrangements	
Business Needs	
Potential Scope	
Potential Benefits	
Potential Risks	
Constraints and Dependencies	

Economic Case

Provide a description of the main, viable options (or choices) for the investment. Initially assess each option against the assessment criteria to select three to five short-listed options for more detailed economic assessment (where possible).

Critical Success Factors

In addition to the investment objectives, the following assessment criteria will be used for screening the options….*refer to the table of critical success factors in The Guide to Developing the Single Stage Business Case*.

Identify Short-listed Options

Within the potential scope of this proposal, the following long-list options for providing the identified services were identified by key stakeholders: …….

Table xx: Possible long-list options classified by the five dimensions of choice

Dimension	*Description*	Options within each Dimension
Scale, scope and location	*In relation to the proposal, what levels of service (supply) and coverage (user) are possible? For example, by levels of functionality, geographic coverage, population/user base, etc.*	• *status quo….* • …. • ….
Service solution	*How can services be provided? For example, alternative processes, mixes of enablers, etc.*	• *status quo….* • …. • ….
Service delivery	*Who can help us to deliver the services? Eg in-house or out-sourced or alternative partnering arrangements.*	• *status quo….* • …. • ….
Implementation	*When can services be delivered? Including choices about the pace of change. Eg big bang, phased, modular.*	• …. • ….
Funding	*How can it be funded? Including choices of funders and possible arrangements. For example, capital or operating, privately or Crown funded, user charging.*	• *status quo….* • …. • ….

On the basis of the initial assessment of the long-list options (by dimension), the following short-listed options were selected for further economic analysis:

- Option one: status quo or do nothing *(retained as a baseline comparator)*
- Option two: ………………….. *(usually a do minimum option)*
- Option three: ………………… *(the preferred way forward)*
- Option four: …………………

The Preferred Option

Conduct a fit for purpose analysis of the short-list, using cost benefit analysis and/or multi-criteria decision analysis techniques to assess benefits, costs and risks.

For the purposes of the analysis the following assumptions have been made….

	Option 1: Do Nothing	Option 2: Do Minimum	Option 3: Intermediate	Option 4: Aspirational
Appraisal Period (years)				
Capital Costs				
Whole of life costs				
Cost-benefit analysis of monetary costs and benefits				
Present Value of monetary benefits				
Present Value of costs				
Net present value				
Multi-criteria analysis of non-monetary benefits				
Benefit criteria 1				
Benefit criteria 2				
Benefit criteria 3				
Preferred option				

The options analysis is sensitive to significant drivers and the following scenarios were tested: ……..

The preferred option is ….., because…..

The other short-listed options were rejected because….

Commercial Case

Outline the potential deal. Summarise the procurement strategy, intended contractual arrangements, the products and services intended for procurement, the main risks associated with the project and the supporting arrangements for payment for the required products and services.

The procurement strategy is to……. This is for the provision of …. under a …. contract.

The required services are ……..

The service risks could be apportioned between the organisation and supplier as follows ………

The proposed payment approach is to….

Specific contract terms include….

Financial Case

Summarise the overall affordability of the project over the life of the investment and identify capital and operating funding requirements.

The financial analysis model and the associated methodology is ……..

The proposed funding arrangements are to……

The financial analysis of the preferred option demonstrates that it is affordable…...

Appropriate contingencies have been made for risks and uncertainties…...

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

	2013/14	2014/15	2015/16	2016/17	……..	Total
Capital expenditure						
Operating expenditure						
Total expenditure						
Revenue						
Capital required						
Operating required						

Management Case

Summarise the project management, benefits and risk management and post project evaluation arrangements.

The proposed investment project is an integral part of the …… programme, which comprises a portfolio of related projects for the delivery of……. (if relevant)

In the event that this investment proposal receives formal approval, a project will be established to deliver the required services and will be managed using the ….. project management methodology.

The relevant project management and governance arrangements are proposed to be as follows: ……

Figure xx: The ……….. project organisation chart

Include the project organisation chart here

The strategy, framework and plan for dealing with change and associated contract management is as follows……

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

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

A post implementation review is planned on [dd mmm yyyy] to ….. (if required)

Project evaluation reviews are planned at regular ….. intervals, commencing [dd mmm yyyy], to …….. (if required)

Next Steps

This business case seeks formal approval from …………… to approach the market for services and progress the implementation of the preferred option …..