

Business Case Appraisal Framework

Strategic Outline Case: Key criteria and Checklist

The Portfolio Management Office will lead on the appraisal process independently of both Local Authorities with external technical support provided by Hatch Ltd – who supported the Portfolio Business Case development. This checklist is intended to guide the appraisals of Strategic Outline Cases (SOCs) for candidate projects for the Mid Wales Growth Deal. As part of the production of the initial Portfolio Business Case for the Growth Deal, candidate projects produced outline concept documents, which the Growing Mid Wales partnership used to assess their suitability for inclusion in the initial portfolio.

Since then, the projects have been tasked with producing full SOC. These need to be critically reviewed, in order to inform recommendations for their further development for Growth Deal funding.

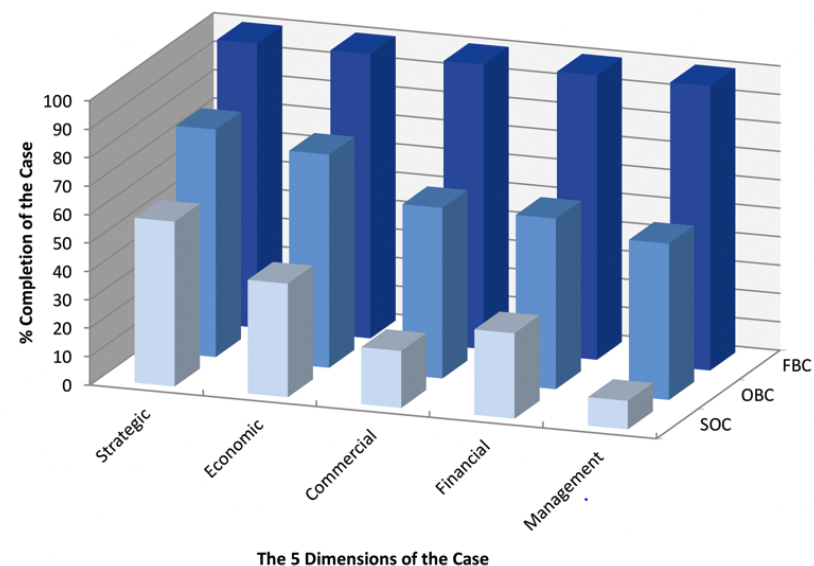
The purpose of a SOC is to detail the outcome of the scoping phase of a project. It should make the case for change and provide a sense of the “preferred way forward.”

In the classic business case development process, the SOC is the first of three stages. If a proposal progresses from the SOC stage it moves to develop an Outline Business Case (OBC), in which the scheme is planned and assessed in detail. The final stage in the process is the Full Business Case (FBC), in which the project moves towards procurement.

Essentially, this three-stage process ensures that review points are built in as the project is developed, enabling detail to be fleshed out over time with assurance that key criteria have been met. As the official guidance diagram opposite illustrates, this means that the detail within the Five Cases is built up steadily. At the SOC stage, it is anticipated that, indicatively, the Strategic Case is around 60% developed; the Economic Case 40% developed; and the remaining Cases are at a much lower level as the detail will not have been worked up yet. These points should be borne in mind when carrying out SOC reviews. The review needs to be proportionate to the SOC stage and the SOC should be providing enough detail to inform a decision on whether the project should proceed to OBC stage. This means that most of the focus will be on the strategic and economic cases.

The checklist below is intended to guide the SOC reviews, with some detailed criteria to consider. The overarching questions that guide the more detailed criteria in the table are essentially as follows (with more of an emphasis on 1 and 2 at this stage):

- 1. Does the project have a clear strategic fit with the Growth Deal and the Vision for Growing Mid Wales?**
- 2. Is there evidence it will deliver value for money for the Growth Deal funding?**
- 3. Is the project attractive to the supply side and feasible?**
- 4. How will the project be funded and is it affordable for the organisation(s) concerned?**
- 5. Is it clear how the project will be delivered and managed?**



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Key review criteria	Main evidence/detail required	RAG rating	Commentary	Action <i>needs immediate improvement (specify); issues to address at OBC stage (specify); no action needed</i>
Strategic Case – Rationale for the project				
Has a workshop /discussion with stakeholders been undertaken?	<ul style="list-style-type: none"> ▪ Evidence on workshop and attendance 			
Is the proposal clearly aligned to the objectives of the Growth Deal and wider strategies and polices at Welsh/UK level?	<ul style="list-style-type: none"> ▪ Reference to relevant sections of Vision for Growing Mid Wales/Portfolio Business Case and explanation 			
Are there clear spending objectives?	<ul style="list-style-type: none"> ▪ Reference to relevant UK, Wales and local strategies and explanation 			
Are there clear spending objectives?	<ul style="list-style-type: none"> ▪ Are they set at an appropriate level and SMART: <ul style="list-style-type: none"> ➤ Specific ➤ Measurable ➤ Achievable ➤ Relevant ➤ Timely 			
Are there clear spending objectives?	<ul style="list-style-type: none"> ▪ Will it make a clear and measurable contribution to the Growth Deal objectives and targets? 			
Are there clear spending objectives?	<ul style="list-style-type: none"> ▪ Are they supported by stakeholders and customers – evidence (e.g. from workshop) 			

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<p>Is there a clear case on the need and demand for:</p> <p>a) the project</p>	<ul style="list-style-type: none"> ▪ Evidence of relevant issues/opportunities/demand/barriers (e.g. economic, sectoral, market evidence); this may include direct evidence from the private sector, including letters of support where relevant. <p>Note: At SOC stage these factors may not be fully evidenced but there should be a clear strategic story and a route to completing this evidence at OBC</p>			
<p>b) public sector funding for the project?</p>	<ul style="list-style-type: none"> ▪ Evidence of market failure driving the need for government investment ▪ Evidence or ideas on what would happen in the event of no intervention (linking to Do 			

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	Nothing/Reference Case in Economic Case)			
	<ul style="list-style-type: none"> ▪ Evidence that other funding sources have been considered/exhausted and hence a need for Growth Deal funding ▪ Evidence of private sector leverage 			
Is the proposed project scope clear and appropriate?	<ul style="list-style-type: none"> ▪ Clarity on the organisation that is delivering the project, and any partners 			
	<ul style="list-style-type: none"> ▪ Clarity on the project scope and what the funding is paying for 			
	<ul style="list-style-type: none"> ▪ Clarity on how the project scope addresses the identified business needs 			
Is there a well thought out theory of change/logic model?	<ul style="list-style-type: none"> ▪ Logic model/ToC diagram setting out baseline conditions, project objectives, inputs, activities, outputs, and outcomes/impacts ▪ Clear accompanying explanation running throughout Strategic Case 			
Is there evidence of community/ stakeholder support?	<ul style="list-style-type: none"> ▪ Evidence of support and involvement from specific 			

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	organisations including private sector if relevant			
Have the main benefits been clearly defined and are they comprehensive? Are they measurable?	<ul style="list-style-type: none"> • Outline of key benefits and beneficiaries, with clear link to the project objectives and project scope, and clear link to programme level benefits 			
Are they realistic, given the scope of the investment?	<ul style="list-style-type: none"> ▪ Split of benefits into monetised, non-monetised, indirect 			
Do they clearly link back to the project objectives and business needs?	<ul style="list-style-type: none"> ▪ Outline of how the benefits will be achieved/by whom/by when and how will they be measured/monitored 			
	<ul style="list-style-type: none"> ▪ Definition of appropriate baselines 			
Have the main risks been identified and are they appropriate?	<ul style="list-style-type: none"> • Different categories of risk identified • Mitigations identified at this stage if possible 			
Have the key constraints and dependencies been identified?	<ul style="list-style-type: none"> • Assessment of constraints and dependencies 			
Overall summary commentary: Strategic Case				

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Economic case – Is it value for money?				
Has a workshop /discussion with stakeholders been undertaken?	<ul style="list-style-type: none"> • Evidence on workshop and attendance 			
Have critical success factors been identified and are these appropriate?	<ul style="list-style-type: none"> ▪ Prioritised Critical Success Factors that align with the Better Business Case guidance and are tailored to the project 			
Have a wide range of options been considered as part of the long list?	<ul style="list-style-type: none"> ▪ Use of feasibility study/workshop to determine options 			
Are these appropriate in light of the CSFs and project objectives?	<ul style="list-style-type: none"> ▪ Presentation of a long list of options using the options framework filter (scope, solution, delivery, implementation, funding) ▪ SWOT analysis of long list with reference to CSFs 			
Has an appropriate shortlist of options been identified and is	<ul style="list-style-type: none"> ▪ Clear statement on the shortlist to be examined at OBC stage 			

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it clear how this has been arrived at?	<ul style="list-style-type: none"> ▪ Minimum of 3-5 options including (at least including do nothing/BAU, do minimum and potentially do maximum) 			
Has a shortlist of options been subjected to robust analysis?	<ul style="list-style-type: none"> • Indicative BCR /NPV if possible, based on indicative costs and benefits. 			
Overall summary commentary: Economic Case				
Commercial Case – Is it viable?				
<p>Has the procurement strategy been considered?</p> <p>Is it appropriate?</p>	Does the Commercial case identify the procurement approach, and ensure alignment with legislation (Public Contracts Regulation and Subsidy Control)?			
Does the strategy align to Mid Wales procurement strategy?	<ul style="list-style-type: none"> • Has any consideration been given to the capacity of the supply side to deliver the required services? 			

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Overall summary commentary: Commercial Case				
Financial case – Is it affordable?				
Key review criteria	Main evidence required			
Is the solution affordable?	<ul style="list-style-type: none"> • How will business case development costs be funded? • How will the project be funded? What other sources of funding have been identified and what stage are they at (application/secured)? 			
	<ul style="list-style-type: none"> • How are ongoing operational costs of the project being funded? • Is there any sense at this stage on how the project will be sustainable over time after the initial Growth Deal capital funding? 			
Overall summary commentary: Financial Case				

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Management Case - How will it be delivered?				
Is the project sponsor (delivery organisation) and any partners clear? And do they have the appropriate capacity and capability to manage and deliver the project?				
Are the governance and management arrangements clear and satisfactory?				
Have the relevant risks been identified?				
Overall summary commentary: Management Case				

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ADDITIONAL SECTION - NOT PART OF 5 CASE BUSINESS MODEL

Decarbonisation Agenda:

Has the Project Carbon Categorisation Form been completed? What was the outcome?	<ul style="list-style-type: none"> • Carbon Categorisation Form • Identification of actions or benefits 			
Alignment with Net Zero Wales	<ul style="list-style-type: none"> • Evidence of consideration of decarbonisation agenda • Other considerations e.g. procurement, visitors, supplies 			
Overall summary commentary: Decarbonisation Agenda				

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The Appraisal checklist will be completed by each member of the review team who will focus on a particular section based on their experience in that area. Subsequently the reviews will be compiled, and a consensus agreed regarding an overall RAG rating and any actions required.

The RAG rating will be based on the following:

- **Green** - good strategic fit, may need some areas further developed/addressed at Outline Business Case stage
- **Amber** - recommend approve to Outline Business Case subject to certain areas/actions being addressed
- **Red** – poor strategic fit, various issues/concerns. Recommendation either to revise SOC for reconsideration or if serious concerns consider appropriateness for inclusion in Portfolio.

Subsequently a Business Case Appraisal summary will be presented, initially to the Management Group for review along with the Business Cases and recommendations then presented to the next available meeting of the GMW Board.

In addition to the review team assessment, formal Government assurance reviews of the business case will need to be undertaken providing an independent review. Further documents are required before the reviews can be commissioned (Risk Profile Assessments and Integrated Assurance and Approval Plans) which will ensure that the appropriate assurance ‘product’ is applied.

Once agreed, the reviews take circa 12 weeks to commission and plan.