

## Building a business case: The 5 stage model

<p><b>Strategic Case</b></p>	<p>The strategic case sets out the rationale for the proposal; it makes the case for change at a strategic level. It should set out the background to the proposal and explain the objective that is to be achieved. The strategic policy context and the fit with the wider public policy objectives and the department's corporate plan must also be satisfactorily explained.</p> <p>Lessons learned from previous experience in this area should be briefly set out.</p> <p>Questions to address:</p> <p>Does the strategic case clearly state the objectives which are to delivered in "SMART" terms? If not then how is the objective clearly set out so that its achievement can be monitored?</p> <p>If the case cannot be monitored the proposal cannot be judged as good value for money. As well as the main benefits, the associated risks, constraints and dependencies of the proposal should also be considered at a high level and how they are to be managed should be outlined.</p>
<p><b>Economic Case</b></p>	<p>This section of the business case assesses the economic costs and benefits of the proposal to society as a whole, and spans the entire period covered by the proposal</p> <p>A cost benefit analysis must be performed in which the economic costs (-) and benefits (+) should be calculated for each year covered by the proposal and then summed to produce a net figure for each year.</p> <p>In all business cases the economic case must include a sufficiently wide consideration of alternative options for achieving the desired objective. This options analysis starts from a long list of all reasonable alternatives including a do nothing option (the so called counter factual) or if doing nothing is not possible a do minimum option.</p> <p>As part of their implementation all business cases should include a plan for monitoring their effects and a plan for subsequent evaluation covering when and by whom this is to be undertaken. These should include provision in both economic and financial cases for the associated monitoring and post implementation evaluation costs. This monitoring and feedback provision is essential to the longer term evolution of evidence based policy and without it the business case is not complete.</p>

Information extracted from HM Treasury Green Book Guidance

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	<p>Questions to address:</p> <ul style="list-style-type: none"> <li>• Have all appropriate risks been considered?</li> <li>• Are the risk management arrangements credible, and are the risk management costs also built in?</li> </ul>
<b>Commercial Case</b>	<p>The commercial case is concerned with issues of commercial feasibility and sets out to answer the question “can the proposed solution be effectively delivered through a workable commercial deal or deals?”</p> <p>The commercial case should show key contractual milestones and delivery dates and should clearly set out the agreed accounting treatment.</p>
<b>Financial Case</b>	<p>The financial case is concerned with issues of affordability, and sources of budget funding. It covers the lifespan of the scheme and all attributable costs. The case needs to demonstrate that funding has been secured and that it falls within appropriate spending and settlement limits.</p> <p>Questions to address:</p> <ul style="list-style-type: none"> <li>• does the financial case identify and fill any funding gaps?</li> <li>• does it contain provision for dealing with the financing of any time or cost overruns?</li> <li>• does it fully explain and estimate any contingent liabilities that may result from the proposal?</li> </ul>
<b>Management Case</b>	<p>The management case is concerned with the deliverability of the proposal and is sometimes referred to as programme management or project management case. The management case must clearly set out management responsibilities, governance and reporting arrangements, if it does not then the business case is not yet complete.</p> <p>The management case should include a delivery plan with clear milestones which relate to but are at a more detailed level than contractual milestones. The management plan applies to any programme or projects required by the proposal.</p> <p>Where significant change management is involved, a change management and stakeholder management plan should be included</p> <p>The management plan should also include a contract management plan and arrangements where contracts are required. There should be a contingency plan with arrangements and plans for risk management and a risk register.</p>

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