



## Checklist for Assessment of Business Cases.

**What stage has the case reached**, is it at the ;-

Strategic Outline; Business Outline or Full Business Case stage ?

**Does the case include all the elements of the 5 case model**, i.e.:-

Strategic; Economic; Commercial; Financial; Management ?

Is the information in each element complete enough for the stage reached ?

Is the case Green Book compliant ?

**Strategic Case:** (the case for change) should cover rationale, background, policy context and strategic fit.

Are there clear **SMART objectives in terms of** outcomes and are dependencies, constraints and risks identified ?

**Economic Case:** (Economic Appraisal)

Is there a reasonable range of options in the long & short lists ?

Is ruling out of potential promising options clearly justified ?

Are all economic costs and benefits clearly calculated for each year covered by the proposal with NPV calculated correctly (see over) ?

Is distributional analysis needed, who benefits, who pays ?

Are all costs and benefits quantified, if not is this justified ?

Are there any decisive unquantified cost/benefits and are they clearly explained ?

Are there appropriate sensitivity analyses, including worst case scenario ?

Are results of each option presented clearly including do nothing/minimum option?

Are risks, constraints and dependencies identified and managed ?

Is optimism bias properly included and aligned with risk ?

Are wider impacts assessed e.g. sustainability, competition, regulatory impact.?

Is there a Benefits register; benefits realisation (delivery) plan ?

If PFI involved is tax properly treated and is risk transfer clearly achieved ?

Is best VfM = max NPV and if not do unquantified benefits justify the cost ?

Exchequer impact calculated separately and not included in NPV!

Are **monitoring** and **evaluation** costs included ?

**Commercial Case:**

Is the proposal commercially feasible / deliverable ?

What procurement is required; goods, services, land, buildings ?

What is the procurement strategy ?

What are the key contractual issues ?

There must be clear contractual key milestones and delivery dates

**There must be clear agreed accounting treatment**

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Is risk identified and managed and allocated ?

Is there a risk allocation table?

What if any are the personnel implications and is TUPE applicable ?

**Financial Case:** (Financial Appraisal)

Focus on affordability; is full budget funding secured and budgeted by all parties ?

What are the impacts on income/expenditure a/c and on balance sheet if applicable ?

Are potential cost over runs provided for are the any contingent liabilities?

Any guarantees ?

**Management Case** (programme or project management)

Is the proposal practically deliverable and what are the delivery plans ?

Are there clear delivery dates and detailed milestones ?

Does the proposal require programme or project management techniques ?

Is there a contract management plan ?

Change management requires a change management plan !

If in a controlled environment such as ICT use of PRINCE 2 is mandatory !

Does the plan include clear arrangements for OGC Gateway peer reviews ?

Is there a contingency plan with arrangements & provision for risk management ?

There should be a benefit realisation table and plan.

Does the plan include monitoring arrangements (who when how and costs) ?

Does the plan include post implementation evaluation arrangements (including who when how and costs)?

**Notes on NPV calculation key issues** (if in doubt, consult an economist)

Correct discount rate (3.5% real).

Figures in real terms/constant prices at base year, sunk costs excluded.

Opportunity costs of already-owned assets included.

Residual values included.

Double counting avoided.

Transfer costs / benefits excluded.

Uses only economic resource costs (payment good/service).

Financing items/sources excluded.

Second round effects included (e.g. only genuine job creation).

Tax/subsidy treatment must be non-distorting between options.