

Appendix 5.6 - Project Business Case Assessment Process

Project Business Case Assessment Process

1 The 5-Case model

The need to get the best possible value from spending public money will always remain a constant for those entrusted with spending decisions.

To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

A well-prepared Project Business Case:

1. enables the organisation and its key stakeholders to understand, influence and shape the project's scope and direction early on in the planning process
2. assists decision makers to understand the key issues, the available evidence base and to avoid committing resources to schemes that should not proceed
3. demonstrates to senior management, stakeholders, customers and decision makers the continuing viability of the project, and
4. provides the basis for management, monitoring and evaluation during and after implementation.

HMT - Guide to developing the Project Business Case

The five cases are::

- **Strategic Case** - The purpose of the strategic dimension of the business case is to make the case for change and to demonstrate how it provides strategic fit.
- **Economic Case** - The purpose of the economic dimension of the business case is to identify the proposal that delivers best public value to society, including wider social and environmental effects.
- **Commercial Case** - The purpose of the commercial dimension of the business case is to demonstrate that the preferred option will result in a viable procurement and a well-structured Deal between the public sector and its service providers.
- **Financial Case** - The purpose of the financial dimension of the business case is to demonstrate the affordability and funding of the preferred option, including the support of stakeholders and customers, as required.
- **Management Case** - The purpose of the management dimension of the business case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the scheme, including feedback into the organisation's strategic planning cycle.

The business case for significant spending proposals is developed in three key stages as follows:

Stage 0 – Determining the strategic context for the project

Stage 1 – Scoping the scheme and preparing the Strategic Outline Case (SOC)

Stage 2 – Planning the scheme and preparing the Outline Business Case (OBC)

Stage 3 – Procuring the solution and preparing the Full Business Case (FBC)

Stage 4 – Implementation and monitoring throughout the project

Stage 5 – Evaluation and feedback

2 Regional Office Project Assessment Criteria

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place that they approve the submission of the Project Business case.

The Programme Management Office (PMO) has day to day responsibility for managing the assessment process for projects.

To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing draft versions of business cases in order to assist Project Leads in the production of complete full business cases which are appropriate for 5 case formal review process.

Following the City Deal reviews, the relationship between individual local authorities, project leads, the Regional Office, the UK Government and Welsh Government has been improved to create enhanced communication.

On completion of the final draft business case, and following approval from the respective Regional/Project Authority Lead(s), business cases for each of the City Deal projects will undergo assessment by the Regional Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal government project funding to the Accountable Body.

2.1 Fit with the WG Future Well-being Act

- Clear evidence of the 5 Ways of Working;
- Clear evidence of contributing to Well-being goals
- Clear evidence of alignment with local well-being plans

2.2 Strategic Fit

- Alignment with the strategic aims and objectives of the Swansea Bay City Deal and wider regeneration regional strategy, while demonstrating the City Region's ambitions
- Demonstrable synergies with other Swansea Bay City Deal projects

2.3 Financial

- Credible and robust financial profile with cost breakdown is in place for each City Deal project before funding approval
- Private sector contribution/s are as set out in the initial business case financial projections for the project and in the Heads of Terms document

- Letters confirming project match funding from all sources must be in place before City Deal funding is approved. These letters should confirm amount/s and timing – and any dependencies - as set out in the project's Financial Profile for both the public and private sectors
- Evidence of ongoing project sustainability for a period of at least the 15-year SBCD Programme period to include a credible operational/commercial case that sets out full details on proposed income sources, income flows and any dependencies.

2.4 Deliverability

- Robust governance & partnership approach
- Project management - team and experience
- Clear project plan

2.5 Outputs and Outcomes

- SMART (specific, measurable, achievable, results-based, time-bound) project outcomes with associated baseline data is in place in line with overall City Deal plan
- Projects should clearly establish intended outputs with a clear definition of what success would look like

2.6 Risk Management

- Project Risk Register and risk management process in place - identification, management and mitigation of all risks

2.7 Procurement

- Projects must set out how they will procure all project activity to benefit regional businesses and residents
- Wider community benefits demonstrated in the business case - local supply chain support and apprenticeships, for example

2.8 Project Monitoring & Evaluation

All Project Leads to have clear and effective Monitoring and Evaluation Plans

- Key delivery steps and associated milestones demonstrated
- Detailed proposal for how and when all outputs and outcomes will be measured and reported to the Project Lead Authority and the Regional Office
- Evaluation proposal
- Exit Strategy in place

The four local authorities have agreed the following process for the formal assessment of final SBCD business cases:

FULL BUSINESS CASE APPROVAL PROCESS FOR AGREED SBCR CITY DEAL PROJECTS

