

ABSTRACT

This document provides guidance based on HM Treasury's Green Book and WMCA Requirements to assist in the writing of an Outline Business Case (OBC)

Programme Assurance and Appraisal
February 2024

Version Control Sheet

Version No.	Date	Author	Changes
V1.0	June 2021	Programme Assurance & Appraisal	First Launch of Business Case Guidance
V2.0	March 2023	Programme Assurance & Appraisal	Planned update to reflect WMCA and Green Book Requirements
V3.0	October 2023	Programme Assurance & Appraisal	Planned yearly update including but not limited to; addition of Inclusive Growth and Equalities Section, more detailed guidance on Stakeholder Involvement, Critical Success Factors and Monitoring and Evaluation
V3.1	February 2024	Programme Assurance & Appraisal	Update to stakeholder information and improved guidance on Inclusive Growth and Equalities Section

Version No.	Date	Approver	Approvals
v1.0	June 2021	Programme Assurance & Appraisal	Working Group Activity
V2.0	March 2023	Programme Assurance & Appraisal	Task and Finish Group Activity
V3.0	October 2023	Programme Assurance & Appraisal	Programme Appraisal
V3.1	February 2024	Programme Assurance & Appraisal	Programme Appraisal & Centre of Excellence

Related Documents

Reference	Related Documents
WMCA-SAF-TP017	OBC - Outline Business Case

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I Introduction

A key principle that underpins the Single Assurance Framework (SAF) is delivering enhanced evidenced based decision-making across everything that the WMCA does, this requires ensuring that decision-makers are as informed as they can be with the right information.

To support this approach the SAF requires the development of business cases using HM Treasury's Five Case Model as outlined within The Green Book, in a scalable and proportionate way that incorporates WMCA requirements such as alignment to Strategic Objectives, Policy and Inclusive Growth.

A well-prepared Project Business Case:

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

This guidance document sets out the requirements that need to be delivered when submitting an Outline Business Case (OBC). The guidance is designed to help with the completion of the OBC by explaining what the WMCA and Green Book standards are that will be appraised, assessed, and considered through the decision-making process.

The Purpose of an Outline Business Case

Planning the proposal and preparing the Outline Business Case (OBC) is the second stage in developing the project business case for a significant scheme using the Five Case Model. The purpose of the OBC is to revisit the options identified in the Strategic Outline Case (SOC), to identify the investment option which optimises Value for Money (VfM), prepare the scheme for procurement, and put in place the necessary funding and management arrangements for the successful.

II Project Detail

Ensure Table 1 and 2 are completed in full, including the names of the key stakeholders who have input and been sighted on the submitted business case. Note, a level of input from the Senior Responsible Owner (SRO), WMCA Executive Director, Finance Lead, Procurement Lead and Legal lead is mandatory, and the business case submission will not be accepted until this detail is provided. If the business case has been submitted by a non-WMCA entity i.e., a Local Authority, the stakeholders listed can be non-WMCA employees.

III Executive Summary

Complete a one-page overview of the project that is a maximum of 500 words.

This summary should include the following at a minimum:

- Project Description – A well-written description makes it possible for the intended audience (e.g., the decision-makers and reviewers) to understand the concept, context, and rationale of the proposed project.
- Target Objectives – State the ‘big picture’ goals that are planned to be achieved (e.g., improving air quality)
- Associated Outputs – State the tangible and direct results of the project (e.g., 250 metres of cycle lane)

IV Financial Summary

Complete Table 3 to provide a brief financial summary of the project.

Definitions for each line required are:

- Total Project Cost – The sum of the entire project cost (as known), including all funding sources identified.
- WMCA Funding Requested – The amount of funding being requested from WMCA (i.e., the financial ask of this business case)
- WMCA Funding Source – State the funding source of the WMCA Funding being requested (e.g., City Region Sustainable Transport Settlement – CRSTS)
- Funds Secured – The amount of funding that has already been officially secured; this should be demonstrated by confirmation of funding appended to the business case.
- Funds Unsecured - The amount of funding that has not yet been officially secured, this should include the financial ask of this business case (i.e., the amount in the WMCA Funding Required column.

Example Table for Financial Summary

Finance Summary	OBC
Total Project Cost:	£1,000,000
WMCA Funding Requested:	£100,000
WMCA Funding Source:	CRSTS
Funds Secured:	£0
Funds Not Secured:	£1,000,000

1.0 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.

1.1 PROJECT SPENDING OBJECTIVES AND ALIGNMENT TO WMCA AIMS

Specify the spending objectives for the project. These should focus on the target outcomes for the intervention and be SMART (Specific, Measurable, Achievable, Realistic and Time-Dependent). Desired outcomes include improved economy, efficiency, effectiveness, replacement and compliance.

Note, all projects need to consider Inclusive Growth and its contribution to Net Zero.

Complete Table 4 to set out the spending objectives for the project i.e., the outcomes we are seeking to achieve.

The project's spending objectives should be:

- Aligned with the WMCA Strategic Objectives - there should be at least one objective for both Inclusive Growth and contribution to Net Zero
- SMART – Specific, Measurable, Achievable, Relevant, and Time-constrained – to facilitate evaluation. The setting of clear, concise and meaningful SMART spending objectives is an iterative process and will depend upon the nature and focus of the project.
- Customer-focused and distinguishable from the means of provision, so focus is on what needs to be achieved rather than the potential solution.
- Not be so narrowly defined as to preclude important options, nor so broadly defined as to cause unrealistic options to be considered at the options appraisal stage.
- Focused on the vital outcomes, since a single or large number of objectives can undermine the clarity and focus of the project.

The project's spending objectives will typically address one or more of the following five generic drivers for intervention and spend. These are:

- To improve the quality of public services in terms of the delivery of agreed outcomes (effectiveness). For example, by meeting new policy changes and operational targets.
- To improve the delivery of public services in terms of outputs (efficiency). For example, by improving the throughput of services whilst reducing unit costs.
- To reduce the cost of public services in terms of the required inputs (economy). For example, through 'invest to save' schemes and spend on innovative technologies.
- To meet statutory, regulatory or organisational requirements and accepted best practice (compliance). For example, new health and safety legislation or building standards.
- To re-procure services in order to avert service failure (replacement). For example, at the end of a service contract or when an enabling asset is no longer fit for purpose.

Example Table for Project Spending Objectives and Alignment to WMCA Aims:

#	Objective	Baseline (quantitative)	Target	Specific actions to	How will the customer be	Alignment to WMCA aims
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				achieve objective	impacted (i.e., outcomes)	and objectives
1	Contribute towards reducing un-employment in the city of Birmingham	Current unemployment level in the area is 15.3% as of November 2022	Improvement of 2% in unemployment by 31 December 2023	The delivery of 12 digital bootcamps in Birmingham	Economy	Promote inclusive economic growth in every corner of the region

1.2 INCLUSIVE GROWTH AND EQUALITIES

Explain how this project will contribute to inclusive growth and equality within the West Midlands. If WMCA internal, the WMCA’s Inclusive Growth Framework can be found [here](#). To add, state how health inequalities and equalities (protected characteristics as defined by the Equality Act) have been considered in the production of this business case, this can be done using the WMCA Health and Equity Impact Assessment (HEQIA) Tool found [here](#) for internal staff, or other tools available within Local Authorities. If you are external to WMCA but wish to use our HWQIA Tool, contact equalitiesteam@wmca.org.uk.

Provide a written explanation that explains how the project contributes to both inclusive growth and equality. This can be done using the WMCA tools provided within the links above (links available for WMCA internal applicants), or other tools available within Local Authorities. Once the tool/s are completed, the output should be used to shape the business case i.e., what steps or actions have been taken in response to the results. If you are external to WMCA but wish to use our HWQIA Tool, contact equalitiesteam@wmca.org.uk.

- The Inclusive Growth Framework poses a set of considerations and provides guidance and evaluation criteria to help assess whether a project will directly or indirectly contribute to achieving the [inclusive growth fundamentals](#). Please refer to the [Inclusive Growth Toolkit](#) page for further information and updates.
- The Health and Equity Impact Assessment (HEQIA) tool how equalities etc has been considered, highlighting any likely positive, neutral and/or negative impacts, and in the case of the latter, what steps or actions can be taken to mitigate negative impact(s).

1.3 KEY RISKS

Specify the main risks associated with the achievement of the project’s objectives, along with the key activity aimed at either managing the cause or mitigating the effects of each risk.

Use the table provided to specify the most significant / highest rated risks associated with the achievement of the project’s outcomes and the key activity for mitigation and management of said risks.

These risks should be extracted from the more comprehensive risk register appended to the OBC, which should follow the standard WMCA Risk Register template and should be developed and used in accordance with the WMCA Risk Management Framework.

Further details and guidance on Risk Management are available below at “*Risk and Issue Management*”.

Example Table for Key Risks:

#	Risk	Impact (1-5)	Probability (1-5)	RAG Rating	Risk Owner	Mitigation
1	Discovery of Japanese knot weed along the desired metro route	4	2	Medium	S Jones (SRO)	Land surveys to be completed in March 2023

1.4 CONSTRAINTS

Specify any constraints that have been placed on the project.

Detail any constraints that have been placed on the project i.e., the limitations that may be faced.

Constraints are the external conditions and agreed parameters within which the programme must be delivered, over which the project has little or no control. These can include policy decisions, ethical and legal considerations, rules and regulations, and timescales within which the project must be delivered. Affordability constraints may include agreed limits on capital and revenue spend.

Constraints on the project need to be managed from the outset, since they will constrain the options that can be considered for project delivery.

1.5 DEPENDENCIES

Specify any dependencies outside the scope of the project upon which the success of the project is dependent.

Detail any dependencies outside the scope of the project upon which the ultimate success of the project is dependent i.e., things that must be in place/managed elsewhere. These should include:

- Inter-dependencies between other programmes and projects. (These are the dependencies that are external to the project but are still within the perimeters of the organisation’s project and project management environment, and most likely linked to the scope of another project or project within the strategic portfolio).
- External dependencies outside the project environment. (These are the dependencies that extend beyond the boundaries of all the projects into other parts of the organisation or even other organisations. These dependencies are outside the control of the project management environment; potentially in business operations, partnering organisations and include external dynamics, such as legislation, strategic decisions and approvals).

2.0 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.

2.1 CRITICAL SUCCESS FACTORS (CSF'S)

List the critical success factors i.e., what must this project achieve to be successful?

These are not outcomes or objectives, they are the attributes essential for successful delivery of the project.

Complete Table 6 with the following: Critical success factors are those factors that if not met, would mean the project had not been successful. They can be used to eliminate options from the short list, even those options that perform well financially or economically but do not satisfy all CSFs.

- An optional, 'nice to have' or non-critical output or outcome should not be listed as a CSF.
- CSFs are not the same as project outputs, objectives or outcomes, which should still be defined separately.
- CSFs should be set at the SOC stage, and further guidance is available at that stage of the SAF process.
- Each CSF should indicate how it aligns to the project objectives - showing how meeting the Objectives contributes to meeting the CSF. This means that each CSF should align to one or more objective.
- When considering a projects CSFs, a starting point in order to ensure a broad range of attributes essential for delivery are identified consider the following themes: Strategic Fit, Business Need, Value for Money, Supplier Capacity and Capability, Affordability (example #1 below), and Achievability.

Example Table for CSF's:

#	Critical Success Factor	Alignment to Project Objectives
1	Deliver within available funding envelope	1. Deliver 1000 units by 2025 2. Enable 3000 customer interactions per month by 2025

2.2 ECONOMIC APPRAISAL OF THE SHORT-LISTED OPTIONS

Prepare the Economic Appraisals for the short-listed options in the table below.

Complete Table 7, showing:

- NPSV: the discounted net present social value of the option (Benefits - Costs) – see Appendix I of this document for further detail.
- Relevant present value cost: The discounted costs to the public sector
- BCR: the benefit/cost ratio
- Significant quantified but unmonetisable benefits: those benefits which do not have a value in accordance with Green Book principles but can still be expressed in a numeric form.

- Significant unquantifiable benefits: those benefits which cannot be expressed in a numeric form.
- Risk and optimism bias allowances: show the allowances included in your option costs and/or benefits for risk and optimism bias.
- Switching values: the percentage change in key values (benefits or costs) at which point the choice of preferred option would change. The preferred option will always be zero, other options should be expressed as a percentage change from the preferred option.
- Life span: in years and/or months, the time that the option will be valid for (e.g., contract length or equipment suitability. For permanent infrastructure, the length of time covered by the appraisal)

In economic appraisals, all costs are discounted to a base year. Depending on your sector, government departments may specify a base year (e.g., transport schemes use 2010), else use the current year. Future benefits and costs are discounted (i.e., reduced) by the amount of the social discount rate, which is 3.5% per year for 30 years and then 3.0% thereafter. For example, a cost of £5,000 in 2 years' time would have a present value of $5000 / (1.035 \times 1.035) = £4,667$

Example Table for Economic Appraisal of the Short List Options:

Description of option	NP SV	Relevant present value cost	BC R	Quantified but unmonetisable benefits	Unquantifiable benefits	Risk and optimism bias allowances	Switching values	Lifespan
Do minimum - maintain existing service	£500,000	£2,500,000	1.2	Customers served: 1,000 per week	No change to process for staff or customers	Risk: £150,000 (5%)	Costs: +25%	5 years

2.3 VALUE FOR MONEY (VFM) JUDGEMENT

Explain why the identified Preferred Way Forward is being chosen over other options.

Drawing on the economic appraisal, justify your decision on which option to take forward.

This decision should not be taken solely on the BCR but should also consider the unmonetized benefits (both quantified and unquantified). Options which do not meet the Critical Success Factors or score poorly against the spending objectives should have been filtered out at the longlist stage.

Affordability should also be a consideration, with evidence that the preferred way forward is affordable in the short and long term, over both capital and revenue expenditure.

The chosen option should offer the best overall value for money for WMCA, and the explanation here should clearly show why that is the case.

2.4 BENEFITS APPRAISAL

Specify the main benefits associated with the achievements of the project' spending objectives by beneficiary. Distinguish benefits from outcomes.

Complete Table 8, taking the following information into account:

- A 'benefit' is a tangible impact realised by the end users of the project. It arises because of the project's outcomes.
- The benefits of a project should have been identified in the logic map and benefits realisation plan.
- Beneficiaries can be users, non-users, public sector and private sector.

Benefit types are as follows:

- Cash releasing benefits (CRB) can be monetised, by definition, and include improved economy.
- Non-cash releasing benefits (non CRB) can be monetised and include improved efficiency.
- Quantifiable benefits (QB) can be measured but not (meaningfully) monetised.
- Qualitative benefits (Qual) cannot be measured nor monetized (meaningfully)

For example, consider a scheme to improve physical activity:

- Outputs: physical activity equipment
- Outcomes: greater physical activity
- Benefit: improved health
- Beneficiary: general public (social benefit)
- Benefit type: Quantifiable benefit

Example Table for Benefits & Beneficiaries:

#	Benefit	Beneficiary	Type
1	Improved health	General public	Quantifiable

Provide quantified benefits for selected measures, noting the value that has been included in the Social Value and BCR. Complete Table 9 noting that in a Green Book analysis, GVA/GDP is not included in the BCR calculation but is still a relevant measure to report in the business case.

If your project does not impact on a specific measure, enter a 0.

Example Table for Quantified Benefits:

#	Item	Quantified Benefit	Social Benefit included in BCR
1	GVA	£2m increase in WM GVA over 3 years	N/A

2.5 PREFERRED OPTION SENSITIVITY ANALYSIS

Using the preferred option, undertake a sensitivity analysis.

Complete Table 10 with the following: Critical The purpose of a sensitivity analysis is to understand how the option's appraisal responds to changing inputs. It helps to understand how much scope there is for the preferred option to absorb changes before it ceases to offer the best (or any) value for money.

An option that has little scope to absorb changes presents a high risk to the funder (WMCA). An option that can absorb many changes and still offer value for money, even if that value has changed, presents a low risk to the funder.

The table should show the 'switching value' for each of the categories given. The switching value is the point at which the choice of preferred option changes, and should be expressed as a percentage change, where the values in the preferred option are 0%.

A sensitivity analysis should also consist of "what if" scenarios, asking how likely it is that the core assumptions in your appraisal will change, and by how much - again for the same categories. If your sensitivity analysis shows that it is possible that one or more categories might change by a similar or greater amount than the switching value then further work should be carried out, as this indicates that the preferred option may not always represent the best value for money in a different future scenario.

Example Table for Sensitivity Analysis:

Capital costs	Lifecycle costs	Costs of core services	Costs of non-core services	Benefits	Non-monetisable benefits	Timing
-10%	-15%	-8%	-10%	6%	10%	5%

3.0 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.

3.1 PROCUREMENT STRATEGY AND ROUTE

Determine the procurement strategy and explain how the project's key outputs and activities will be procured in accordance with relevant procurement rules and regulations.

This section should detail how the required services, supplies or works needed can best be procured in accordance with established rules and regulations and the commercial strategy of the organisation.

Key considerations are the choice of procurement method and the degree to which early consultation with the supply side is required, and the extent to which the organisation should be acting as a single procurement entity or procuring more collaboratively with other public bodies in order to secure economies of scale and improved public value.

3.2 SERVICE REQUIREMENTS AND OUTPUTS

Identify the project's service streams and required outputs and the scope and content of a potential Deal to be made between public and private sector service providers. Attach a copy of the advertisement, if applicable.

Summarise the project's required services and outputs and the potential implementation timescales required.

Consideration should be given to capturing the following details for the project:

- The business areas affected by the procurement.
- The business environment and related activities
- The business objectives relevant to the procurement
- The scope of the procurement
- The required service streams.
- The required outputs, including phases, performance measures and quality attributes.
- The stakeholders and customers for the outputs
- The options for variation in the existing and future scope for services
- The potential developments and further phases that may be required.

A copy of the procurement advertisement/notice for publication should be attached to the OBC if available.

3.3 SUPPLIER CAPACITY AND CAPABILITY

Confirm the capacity and capability of the suppliers to meet the needs of this project.

Detail the due diligence that's been undertaken during the assessment of current and potential suppliers to provide the organisation confidence that they can deliver what the output, service or works required.

3.4 RISK APPORTIONMENT

Outline potential risk apportionment and identify how the service risks in the design, build, funding and operational (DBFO) phases of the project may be apportioned between the public and private sectors. This should align to the Risk Register and Risk Management Strategy appended to this OBC.

The main aim of this section is to demonstrate that specific risks are allocated to the party best able to manage them. The intention is to optimise the allocation and sharing of risk rather than to maximise the number of risks to be transferred to potential service providers for delivery of the project.

The following principles should be considered:

- The DBFO model does not just apply to capital build projects, it could just as easily be design, implement, fund, operate for example.
- The public sector should consider transferring risk to the private sector when the service provider is better able to influence the outcome than the procuring authority.
- The degree to which risks may be transferred depends on the specific proposal under consideration.
- The successful negotiation of risk transfer requires a clear understanding by the procuring authority of the risks presented by a proposal; the broad impact that these risks may have on the service provider's incentives and financing costs (cost drivers); and the degree to which risk transfer offers Value for Money – hence the need to identify and cost individual risks.
- The private sector should be encouraged to take the risks it can manage them more effectively than the public sector; particularly where it has clear ownership, responsibility and control.
- The transfer of risks can generate incentives for the private sector to provide more timely, cost-effective and innovative solutions.

3.5 CHARGING MECHANISM

Identify how the project intends to make payment for its key services and outputs over the expected lifespan of the contract(s) and to tie down risks in the charging mechanism.

Detail how the charging mechanism can be used to 'incentivise' the service provider(s) to provide Value for Money over the lifespan of the project and its operational phase.

The charging mechanism is the agreed method for which payment for the contracted services will be made. The underlying aim of the payment mechanism and pricing structure is to reflect the optimum balance between risk and return in the contract. As a general principle, the approach should be to relate the payment to the delivery of service outputs and the performance of the service provider.

Charging mechanisms include (but are not limited to): fixed costs/prices, payment on delivery of agreed outputs, availability payment, volume payment and incentive payment.

Properly constructed payment mechanisms incentivise the service provider to deliver services in accordance with the business imperatives of the public sector in the following key phases of the service:

- The pre-delivery phase – up to the acceptable delivery of the service and commencement of the payment stream
- The operational phase – following acceptable delivery of the service up to the close of the primary contractual period.
- The extension phase – post-primary contract period

3.6 KEY CONTRACTUAL ARRANGEMENTS

Outline the contractual arrangements for the project, contract to be used, and the key contractual issues for the Deal and its accountancy and personnel implications (i.e., legal or personnel/HR implications) and how these will be managed.

State the form of contract to be used. In the case of a standard contract, state the title of the model contract to be used. In the case of a bespoke contract, state why this is more advantageous than using a standard contract.

Secondly, discuss the contractual arrangements and issues that have been considered.

The main areas of the contract to be categorised are as follows:

- The duration of the contract(s) and any break clauses
- The service provider's and procuring authority's respective roles and responsibilities in relation to the proposed Deal.
- The payment/charging mechanism, including prices, tariffs, incentive payments etc.
- Change control (for new requirements and updated services)
- The organisation's remedies in the event of failure on the part of the service provider to deliver the contracted services – on time, to specification and price.
- The treatment of intellectual property rights
- Compliance with appropriate regulations etc.
- The operational and contract administration elements of the terms and conditions of service
- Arrangements for the resolution of disputes and disagreements between the parties
- The agreed allocation of risk
- Any options at the end of the contract.

Finally, detail any legal or personnel implications such as:

- 1) Accountancy treatment
 - a. Provide details of the intended accountancy treatment for the potential Deal by stating on whose balance sheet – public or private sector, or both – the assets underpinning the service will be accounted for; and the relevant accountancy standard(s).
 - b. A letter supporting the balance sheet conclusion should be provided by the Finance Director or by an external auditor.

2) Personnel Implications

- a. Public sector organisations are obliged to involve their staff and their representatives in a process of continuous dialogue during significant projects involving considerable internal change. This also represents best practice in terms of human resources policies.

Consequently, the OBC should record any personnel implications to the scheme. In particular:

- Whether the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) will apply, directly or indirectly.
- Details of any terms regarding subsequent transfers at market testing intervals (if these apply)
- Descriptions of terms regarding Trade Union recognition (if these apply)
- Details of requirements for broadly comparable pensions for staff upon transfer (if these apply)
- That codes of practice are in place for the well-being and management of staff.

4.0 Financial Case

The purpose of the financial dimension of the business case is to ensure the project is affordable and is fundable over time. This section should be completed either by or in consultation with Finance and Accounting personnel. All figures need to be unrounded and there should be full alignment with the Financial Summary provided in Table 3.

Some key points to consider when writing this section:

- Nominal costs (including inflation) are not real costs.
- This section should provide a cost breakdown for expenditure for which funding is requested from this submission i.e., if you are asking for £100,000 for this OBC, what are the line items that this fund.
- Inclusion of contingency and the % of the total ask should be made clear.
- Where possible, demonstrate how benchmarking has been used to ensure reasonable cost estimates have been used (cost/unit.)
- Provide commentary to supplement tabular data and highlight assumptions used and sources of uncertainty.

4.1 CAPITAL FUNDING AND REVENUE FUNDING STATEMENT

A summary of the overall affordability of the project and the funding that has been secured to date must be provided.

All secured funding identified below should be verified by a written confirmation attached to this OBC with details of any conditions etc.

Complete the Tables 11 and 12 to provide detail on the overall funding package.

Note, funding can only be deemed secured if written confirmation is available and attached with the OBC.

Table 11 should include a target date of a decision of funds should be listed against all unsecured funding e.g., decision due March 2026 and should detail any conditions attached to the secured funds e.g., spend by March 2026.

Some definitions to help with the completion of Tables 11 and 12:

- Gross costs - The total costs, expenses, liabilities, Taxes and other expenditures.
- Revenue costs - Total cost incurred to obtain a sale and the cost of the goods or services sold.
- Capital costs - Fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment used in the production of goods or in the rendering of services. In other words, it is the total cost needed to bring a project to a commercially operable status.
- Development funding - Costs that are needed to reach the next business case stage i.e., feasibility studies, design works and creation of an Outline Business Case (OBC)

You can use revenue funding to fund capital expenditure, but you can't use capital funding for revenue expenditure. Examples of revenue funding include:

- Certain grants
- Revenues generated.
- Capital funding:
- Capital Grants
- Capital Receipts

“Local Authorities can only borrow for capital expenditure” (CIPFA Prudential Code)

4.2 OVERVIEW OF FUNDING AND AFFORDABILITY SUMMARY

A written summary of the overall affordability of the project and the funding that has been secured to date must be provided. Where there is a shortfall in available funding, provide details of how this will be addressed, and the level of contingency included.

Complete Table 13 to provide further detail on WMCA funding specifically.

In addition, if there is a shortfall in funding, commentary should be included above Table 10 to state how this will be dealt with e.g., discussions with DfT around future funding streams or ongoing discussions with the private sector.

Note, WMCA are to be seen as a funder of the last resort where possible and therefore this should be reflected within the order in which WMCA funding is drawn down (should other funding sources be available).

4.3 CASHFLOW

Complete the cashflow table below setting out both income and expenditure. Amend fiscal year dates as required and number of funding sources.

Complete Table 14 to demonstrate the cashflow of the project from its ongoing operational costs and external investment sources.

Please tailor the financial period/s to reflect the timings most suitable for the project.

4.4 BORROWING SUMMARY

Please state if any element of the project costs is to be financed by borrowing. (Yes/No).

If applicable, please complete the following table and provide an explanation of the borrowing required to fund this project.

If project costs are dependent upon borrowing, this question is applicable.

If the project is dependent upon borrowing, using the guidance provided in italics, please complete Table 15 to demonstrate the receipt of funding from other parties whereby there is an agreement that the funds will be repaid.

4.5 IMPACT ON ORGANISATIONAL FINANCES

The impact on the organisation's balance sheet and income and expenditure account must be explained. This includes depreciation, impairment, and any contingent liabilities or capital changes.

Provide commentary that explains this impact of this project upon the wider organisation's finances.

Some definitions to help with the completion of this section:

- **Balance Sheet:** A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period.
- **Depreciation:** A reduction in the value of an asset over time, due in particular to wear and tear
- **Impairment:** If projected future cash flows are less than its current carrying value.
- **Contingent Liabilities:** Potential financial liability that may occur in the future.
- **Capital Changes:** Any reclassification, merger, consolidation, reorganization, stock split (including a reverse stock split), stock dividend or distribution or other similar transaction.

4.6 STAKEHOLDER SUPPORT

Evidence of stakeholder support must be provided where other public sector organisations are funding the project's outputs and services.

If elements of this projects are to be funded by sources outside of the WMCA, this question is applicable. Please highlight stakeholder support in the guise of ongoing commitment to financial support this project.

5.0 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.

5.1 MANAGEMENT AND GOVERNANCE

Provide an overview of the necessary management and governance arrangements both in the delivery phase and in operation. Include how the project will be managed day-to-day, the decision-making process and how project spend will be monitored and controlled.

Please provide further information on the following elements of Management and Governance:

- Day-to-day management - an overview of the daily management arrangements including detail on the use of a Project Management Framework e.g., PRINCE2 (if applicable)
- Governance and decision-making arrangements - who is involved in the decision-making process both inside and outside the organisation including the use of governance frameworks such as the Single Assurance Framework. Diagrams may be added.
- Financial control - explain the process for monitoring and controlling project spend including the use of financial experts

5.2 PROJECT SCHEDULE FOR DELIVERY

The key project milestones table below is a summary of those key milestones aligned to the Project Schedule, which must be appended to this OBC. Include dates for future business case submissions (i.e., FBC) and a longstop date by which all monies for development of this OBC needs to be drawn by.

Use Table 16 to set out the key project milestones including (but not limited to) dates for future business case submissions and a longstop date by which all monies need to be drawn by.

Note, the detail provides should fully align to the Project Schedule appended to this OBC.

5.3 PROJECT ORGANOGRAM

Insert a Project Organogram which includes full-time, part-time and fixed term staff. A Senior Responsible Owner (SRO) should be appointed and identified in the organogram.

Insert a Project Organogram that includes all key stakeholders and their reporting lines. This should identify the staff that are full-time, part-time and fixed term.

5.4 PROJECT DELIVERY ROLES AND RESPONSIBILITIES

Classify the roles and tasks to determine who is Responsible (R) , Accountable (A) , Consulted (C) and Informed (I).

Use Table 17 to classify the key role and tasks leading up to the next business case stage.

Responsible - The individual(s) with responsibility for the task or deliverable is typically responsible for developing the deliverable or completing the activity. The persons responsible are typically working-level project team members, such as the project manager, business analyst, developers, or those who create marketing material and technical documentation, for example. These are the doers.

Accountable - The accountable party is typically the person or group responsible for ensuring the work is complete and suitable. This is usually someone with signature authority or the decision-maker. The accountable parties are typically the business owner, business sponsor, steering committee, key stakeholders, information security or governance bodies, or the manager of the key responsible party.

Consulted - Consulted individuals are those from whom feedback, and input should be solicited. Consulted parties could be legal, information security, compliance, and subject matter experts (SMEs) from other departments in the organisation that could be impacted. If you are working on new product development, this could essentially be the entire organisation.

Informed - Informed persons are those you simply want to keep in the loop. These individuals do not have to be consulted or be a part of the decision making. Keep this group on your cc list for awareness of topics, decisions, and progress. Also, invite this group as optional attendees for kick-off meetings and project demos.

5.5 USE OF SPECIALIST ADVISERS

Specify what support and SME advice is required from outside the project team. Include both resources inside your organisation (e.g., legal and finance) and those outside (e.g., technical consultants).

The use of specialist advisers is encouraged where the necessary capabilities and competencies are in short supply for large, significant, complex and novel projects.

The requirement for special advisers usually falls into four key categories in the project plan: financial, legal, technical and programme / project management.

The OBC should indicate how and when this advice will be used along with expected costs.

Special advisers should be used where an independent and impartial role is required to achieve the best results. This includes facilitating workshops.

5.6 CHANGE AND CONTRACT MANAGEMENT ARRANGEMENTS

Explain how contracts and changes will be managed with references to the WMCA Change process. The information provided should align with the Change Strategy attached with this OBC.

The following arrangements need to be explained:

- Change management arrangements (inc. reference to WMCA Change Process) - detail the process for managing, tracking and approving changes to time, cost, quality and scope. This section should align with the Change Strategy appended to the OBC.
- Contract management arrangements - detail the arrangements in place to manage the agreed contracts over the duration. This should include detail on both the service provider's and procuring authority's respective roles and responsibilities in relation to the potential Deal.

5.7 RISK AND ISSUE MANAGEMENT

Explain how project risk management is undertaken; the relevant roles and responsibilities for managing risk within the project. Think about how risks are identified, how often and by whom the risk register is reviewed, and how risks are to be escalated. This last point is particularly important, what happens if a risk is out of control, where does it go?

Risk is the possibility of something occurring that could adversely impact the success of the project. While an Issue is evidence that such a risk event is occurring or has already occurred. Risk management is, therefore, a structured approach to identifying, assessing and controlling risks that emerge during the project lifecycle. Effective risk management is not a tick box exercise, it supports better decision-making, is a key tool in providing protection to the WMCA, and provides assurance to the Board, Audit Committee and Central Government.

All the information necessary to understand how Risk Management works at the WMCA can be found in the Risk Management Framework here: <https://intranet.wmca.org.uk/section/resource-hub/finance-and-business-hub/business-improvement-team/risk-management>. This includes the scope of the framework, the roles and responsibilities, and the process we expect to be followed in identifying, assessing, managing, and escalating risks.

Within each project it is important that the roles and responsibilities for risk management are understood. In particular:

- Who owns each risk and is thereby responsible for the risk,
- Who the action owners are; individuals tasked with implementing activity aimed at bringing a risk under control?
- Who will review the risk register and how often, and importantly,
- What happens with risks that are outside of control? Do these risks escalate to a programme or Executive Director / Operational risk register?
- What happens if there is evidence of far wider risks? How is awareness escalated to the programme or Executive Director / Operational risk register?

For any questions on the application of risk management please contact Peter Astrella, the WMCA Risk Manager, peter.astrella@wmca.org.uk

5.8 PROJECT ASSURANCE

Provide an overview of the assurance arrangements in place for this project, including:

- **Ongoing quality assurance, monitoring and reporting.**
- **Planned out of directorate health checks undertaken by the WMCA Programme Assurance and Appraisal Team or other 2nd line of defence assurance teams.**

- **External and internal audit/government reviews.**
- **Post evaluation and implementation reviews.**

Detail the project assurance arrangements in place (including, but not limited to):

- Ongoing quality assurance, monitoring and reporting - meetings in place and frequency of progress reporting.
- Planned out of directorate health checks undertaken by the WMCA Programme Assurance and Appraisal Team or other 2nd line of defence assurance teams - the plan to seek independent support and guidance outside of the project team.
- External and internal audit/government reviews - planned audits that may be a requirement of the funder/s.
- Post evaluation and implementation reviews

5.9 CONTINGENCY ARRANGEMENTS

Set out the contingency plans in the event of any delays or disruptions to anticipated services.

Provide details of the contingency plan(s) in the event of the non-delivery of the contracted services to the required level of performance and availability at some unspecified future point in time, this includes:

- Details of any tolerances built into the project, which if breached would trigger a change request (i.e., impact on cost, time, scope, benefits or quality of deliverables).
- Plans in place in the event of project or service failure.

5.10 LESSONS LEARNT

Detail how Lessons Learnt have been considered during the development of this proposal and plans for capturing Lessons Learnt during this project.

Provide information on how lessons learnt will be captured during the project phases to improve project delivery. This may include the use of Lessons Learnt workshops or a Lessons Learnt log.

5.11 MONITORING AND EVALUATION

Set out a summary of the outline Monitoring Evaluation arrangements for the project and milestones leading to Project Evaluation.

Further steer is set out within the OBC guidance document and [Performance Team Intranet Page](#). For additional support with completing the M&E template please contact the M&E team: CorporateMonitoringEvaluation@wmca.org.uk

Include detail on the following:

- Do you have an initial estimate of the budget & resources required for M&E? - (Note, this should align to the financial case).
- Do you have an initial idea how performance will be measured? – Indicator/metrics.
- Have you identified the key M&E questions the project hopes to address? This will determine the type of tools, processes and methods required to gather M&E information.
- Are you aware of any baseline data for the preferred option and how this should be used to inform your M&E?

- Are there previous lessons learnt / M&E learning that can inform this project/programme?
- What is the main monitoring & evaluation objectives of the preferred option?

6.0 Mandatory Appendices

This section will provide guidance on each of the mandatory appendices required at OBC stage.

Please provide each of the mandatory appendices as a separate Word/Excel document – do not embed in the Business Case or provide PDFs.

If any appendices are missing, your business case may be rejected until missing appendices are provided.

6.1 OUTLINE BENEFITS REALISATION PLAN (or MONITORING AND EVALUATION PLAN (MEP))

The benefits realisation plan provides details of how the benefits process will be applied to a project; we appreciate some of the information included may be indicative at this stage.

A project benefit is an outcome of the project that is seen as a positive change by one or more stakeholders. It must, by definition, be achievable and approved by key stakeholders. Project benefits are not deliverables (e.g., a computer system or carpark).

Examples of tangible benefits: increased revenue, productivity gain or process improvement.

Examples of intangible benefits: improved user experience, increased compliance or brand equity.

The benefits realisation strategy should set out arrangements for the identification of potential benefits, their planning, modelling and tracking. It should also include a framework that assigns responsibilities for the actual realisation of those benefits throughout the key phases of the project.

For further information please access government Guidance on benefit measurement here https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987133/Benefits_Measurement_Guidance_Note_May_2021.pdf

6.2 BENEFITS REGISTER (may be contained within the MEP)

Aligned to the Outline Benefits Realisation Plan, the Benefits Register must capture all the target benefits. This register should also indicate how those benefits are to be realised. This is typically an Excel spreadsheet that includes line items of each benefit, a short description, the objective the benefit links/contributes to, the Benefit Owner, the beneficiaries, the baseline, target and measurement methodology.

6.3 OUTLINE RISK MANAGEMENT STRATEGY

A risk management strategy is a plan to deal with uncertainties that could affect your goals or operations. Strategies for the proactive and effective management of risk involve:

An Outline Risk Management Strategy should include the following elements, we appreciate some of the information included may be indicative at this stage:

- A demonstration of processes in place to monitor risks, and access to reliable, up-to-date information about risks,
- the right balance of control to mitigate against the adverse consequences of the risks, if they should materialise and
- the decision-making processes supported by a framework for risk analysis and evaluation.

6.4 COMMUNICATIONS STRATEGY

A Communications Strategy documents the involvement and influence of your project stakeholders. It also outlines how you plan to communicate with stakeholders.

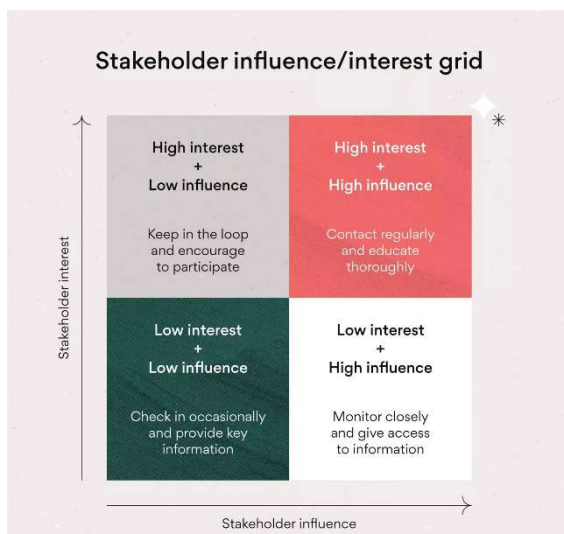
Stakeholders can either be individuals from within your team or external parties that are impacted by your work.

- Internal stakeholders may include project managers, operations teams, department heads, and board members.
- External stakeholders may include clients, customers, investors, suppliers, company partners, or shareholders.

At a minimum, the strategy should include:

- Stakeholder name: Identify who your stakeholder is.
- Interest level: Rank the stakeholder's interest level (High, Medium or Low), a stakeholder matrix may be useful to show this.
- Influence level: Rank the stakeholder's level of influence (High, Medium or Low), a stakeholder matrix may be useful to show this.
- Communication frequency: Identify how often you'll communicate with this stakeholder.
- Communication channel approach: Identify what communication tool you'll use to communicate with this stakeholder.
- Information type: Identify the type of information you'll deliver to this stakeholder when communicating.

Example of Stakeholder Interest-Influence Matrix:



6.5 RISK REGISTER AND ISSUE LOG

Identifying, mitigating, and managing risks and issues is crucial to the successful delivery of your project, since risks coming to fruition are most likely to result in the project not delivering its intended outcomes and benefits within the anticipated timescales and spend.

A standard WMCA Risk Register template is available here:

<https://intranet.wmca.org.uk/file/5768/download/Risk%2520Register%2520template%2520-%2520Final%2520Version.xlsx>

It includes concise but comprehensive guidance on how to complete the register.

Note that where a previous or existing risk register template is being used, you must ensure the headings within the WMCA Risk Register are included as a minimum standard.

The key requirements of a WMCA risk register are as follows:

Column	Description
Risk ID	Enter Reference Number e.g., Proj X 003, etc
Date Risk Raised	Date risk was first raised to the risk register
Raised by	This is the project owner that raised the risk. This can be any member of the team but would usually be Senior or Assistant Delivery Managers, project co-ordinators, performance managers
Risk Owner	The risk owner is usually the Head of Service, Sponsor or Directors
Category	Select a Risk category from the dropdown list; this should be linked to the cause and should, in most instances, reflect where or how the risk arose.
Risk Title	Enter a brief, easily understood, risk title
Cause	Describe the root cause of the threat to the achievement of WMCA / project objectives, deliverables, etc.
Effect	Describe the possible consequences of the risk materialising. List the main impacts this risk could have, thinking about the effects not just on the department but also on WMCA and any other stakeholders (e.g., Internal and external partners).
Controls and Measures already in place	Enter all the controls or measures the project already has in place, or which have been put in place specifically for this risk. This should include any ongoing activity.
Likelihood	Likelihood reflects the probability of the risk happening, taking into consideration the controls and measures already in place and without any further control activity taking place.
Impact	Reflects the effect the risk might have once existing controls have been considered and assuming no further control activity is undertaken.

Score	The total risk score based on the Impact x Likelihood assessment.
Further Actions required to Mitigate Risk	Where the risk score is higher than desired, enter all further actions required to bring the risk down to achieve its target
Action Owner	Who is responsible for the further action. This could be a project team member.
Action Due Date	When the action is due
Risk Escalation	This cell should only be used to show that a risk has been passed from Project to Programme, to Directorate, or from Directorate to SRR. If there is a need for the risk to be raised with a different body, committee, etc, as a control activity, then that should be captured under "Further actions required...".
Date Risk escalated	Date the escalation took place.

6.6 INITIAL STAKEHOLDER AND COMMUNICATIONS STRATEGY

A stakeholder and communications strategy documents the involvement and influence of your project stakeholders. It also outlines how you plan to communicate with stakeholders.

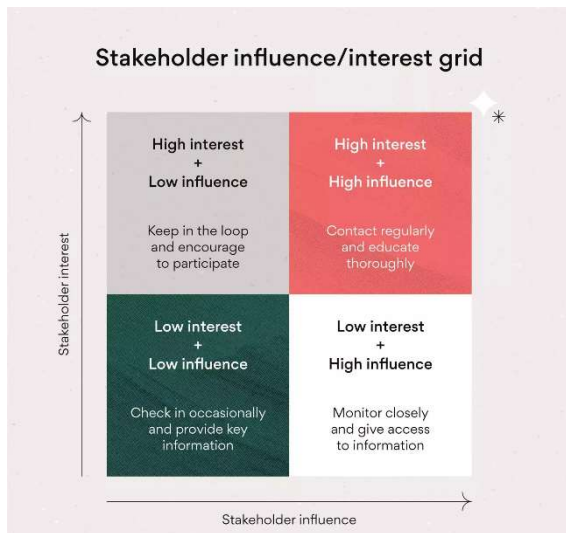
Stakeholders can either be individuals from within your team or external parties that are impacted by your work.

- Internal stakeholders may include project managers, operations teams, department heads, and board members.
- External stakeholders may include clients, customers, investors, suppliers, company partners, or shareholders.

At a minimum, the strategy should include:

- Stakeholder name: Identify who your stakeholder is.
- Interest level: Rank the stakeholder's interest level (High, Medium or Low), a stakeholder matrix may be useful to show this
- Influence level: Rank the stakeholder's level of influence (High, Medium or Low), a stakeholder matrix may be useful to show this
- Communication frequency: Identify how often you'll communicate with this stakeholder.
- Communication channel approach: Identify what communication tool you'll use to communicate with this stakeholder.
- Information type: Identify the type of information you'll deliver to this stakeholder when communicating.

Example of Stakeholder Interest-Influence Matrix:



6.7 WRITTEN CONFIRMATION/S OF CONFIRMED FUNDING

Attach any official confirmation/s received to confirm funding award, this may include funding award letters.

6.8 PROJECT SCHEDULE

A project schedule is a timetable that organises tasks, milestones, and due dates in an ideal sequence so that a project can be completed on time.

A project schedule is created during the planning phase and includes the following:

- Deliverables
- Tasks
- Task start and end dates
- Task dependencies

Then, during the delivery phase, the schedule baseline is compared against the actual project progress.

6.9 CHANGE MANAGEMENT STRATEGY

Outline the strategy, framework and plans required for managing change, including:

- An assessment of the potential impact of the proposed change on the culture, systems, processes and people working within the organisation,
- the associated and anticipated governance and reporting arrangements should be clearly explained and
- the change management plan should set out the communication and developmental deliverables (for example, training products) required for the implementation phase.

The above requirements are to manage change at a local level to satisfy internal governance arrangements, any change requests submitted will be subject to the WMCA Change Control

Process. There is an interactive course available on the WMCA Learning Pool titled 'Approvals and Change Control' for more information.

7.1 NPSV CALCULATION

This is a step-by-step guide to calculating NPSV, following the process set out in the Green Book. It is not possible to provide values or working calculations as each project is different

This process should be read alongside the Green Book and its supplementary guidance, available at <https://www.gov.uk/government/collections/the-green-book-and-accompanying-guidance-and-documents>

Firstly, ensure that Social Value is the appropriate way to appraise your project. It is the most usual way and appropriate for most projects, but some projects may be more effectively appraised via Social Cost Effectiveness Analysis or Multi Criteria Decision Analysis. Refer to the Green Book and supplementary guidance for more information.

1. Identify your benefits

The starting point should be the benefits listed in your business case. However, note that Green Book supplementary guidance and Government sector-specific guidance may list other benefits to be considered.

2. Calculate to what extent the benefits apply to your project

3. Identify whether the social benefits can be monetised

4. Identify appropriate social values for the monetisable benefits - see sector specific guidance for more information

5. Calculate the benefits attributable to the project in the years they occur (including ongoing benefits where appropriate). Do so for a reasonable project life (e.g., 60 years for infrastructure, contract length for a service, or a life expectancy for community facilities)

6. Discount the benefit stream to your base year (the present year or other year specified by sector specific guidance) - this gives the Present Value of Social Benefits

7. Calculate your project costs for the life of the project (include capital, revenue and maintenance costs)

8. Remove any inflation in project costs to bring all costs to the same base year used for benefit calculations

9. Discount the costs to your base year - this gives the Present Value of Social Costs

10. Net Present Social Value (NPSV) is Present Value of Social Benefits - Present Value of Social Costs

11. Benefit Cost Ratio (BCR) is Present Value of Social Benefits / Present Value of Social Costs

Sector specific guidance (NOT exhaustive):

Environmental: < <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal> >

Transport: < <https://www.gov.uk/guidance/transport-analysis-guidance-tag> >

