

<INSERT PROJECT NAME>

# ­­­outline business case VERSION 3.1

The purpose of the **Outline Business Case (OBC)** is to:

* Revisit the Strategic Outline Case (SOC) in more detail to identify a preferred option which demonstrably optimises Value for Money (VfM)
* Prepare the project for procurement
* Put in place the necessary funding and management arrangements for the successful delivery of the project

It is a requirement that all OBC’s submitted to the West Midlands Combined Authority (WMCA) for public funds must:

* Revisit the options identified in the Strategic Outline Case (SOC) and outline the detailed plans associated
* Set out the likely deal, affordability, supporting procurement strategy and management arrangements for successful roll out of the project. Key contractual clauses and payment mechanisms should be demonstrated within the Commercial Case
* Complete the Economic Case according to the Green Book
* Contain a detailed analysis of affordability and funding gaps within the Financial Case
* Outline the project management plan and methodology withing the Management Case.

## Guidance

* To support better spending, investment decisions and better procurement, this Outline Business Case should be written using WMCA guidance, which can be found [here](https://www.wmca.org.uk/media/24ehrdpm/wmca-saf-gd017-outline-business-case-guidance-v3-1.pdf).
* In addition, it is a requirement that all proposals for public funds submitted to WMCA are guided and based around the HM Treasury’s Green Book and supporting information can be found [here](https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020).
* The input of key stakeholders must be detailed within Table 2, or the business case will be rejected until this information is provided.
* Mandatory appendices as listed in Section 6.0 of this business case must be submitted as supplementary documents.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Table 1* | | | | |
| **PROJECT DETAIL** | | | | |
| **Project Name:** | |  | | |
| **WMCA Directorate:** | |  | | |
| **Delivery Team (if WMCA internal):** | |  | | |
| **Organisation (if WMCA external):** | |  | | |
| **GOVERNANCE** | |  | | |
| **If external to WMCA, when was this project approved by your internal governance?** | |  | | |
| **VERSION CONTROL** | | | | |
| **Version:** |  | | **Date:** |  |
| **OBC Prepared by:** |  | | **Job Title:** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Table 2* | | | | |
| **STAKEHOLDER INVOLVEMENT**  Please provide the names and level of input of the stakeholders listed below.  Note that some are mandatory and others are optional / dependent on the source of funding / nature of the project, this is made clear on the left of the table below. | | | | |
|  | **Role** | **Name** | **Input** | **Date** |
| **Mandatory** | **Senior Responsible Owner (SRO):** |  | Choose an item. |  |
| **WMCA Executive Director:** |  | Choose an item. |  |
| **Finance Lead:** |  | Choose an item. |  |
| **Legal Representative:** |  | Choose an item. |  |
| **Procurement Lead:** |  | Choose an item. |  |
| [**Digital and Data Engagement and Delivery**](mailto:DigitalandDataEngagementandDeliveryTeam@wmca.org.uk)**:**  ***(if WMCA internal)*** |  | Choose an item. |  |
| **Optional** | **Programme SRO:**  ***(if applicable)*** |  | Choose an item. |  |
| [**Major Programme Finance**](mailto:majorprogrammereturns@wmca.org.uk)**:**  ***(if CRSTS/ Investment Programme funded)*** |  | Choose an item. |  |
| **Human Resources:** |  | Choose an item. |  |
| [**Transport Planning** **Assurance**](mailto:Transport%20Planning%20Assurance%20%3cTransportPlanningAssurance@tfwm.org.uk%3e)**:**  ***(if CRSTS funded)*** |  | Choose an item. |  |
| [**Cycling Team**](mailto:cycling@tfwm.org.uk)**:** |  | Choose an item. |  |
| [**Network Mitigations Forum**](mailto:behaviourchangehub@tfwm.org.uk;colin.whitehouse@tfwm.org.uk)**:** |  | Choose an item. |  |
| [**Inclusive Growth Team**](mailto:InclusiveGrowthUnit@wmca.org.uk)**:** |  | Choose an item. |  |

# executive summary

## PLEASE PROVIDE A ONE-PAGE STAND-ALONE SUMMARY OF THE PROPOSED PROJECT WHICH INCLUDES (MAX 500 WORDS):

## • A BRIEF PROJECT DESCRIPTION AND WHY IT IS necessary

## • TARGET OBJECTIVES

## • ASSOCIATED OUTPUTs

## finance summary

|  |  |
| --- | --- |
| *Table 3* | |
| **Finance Summary** | **OBC (£)** |
| **Total Project Cost:** |  |
| **WMCA Funding Requested:** |  |
| **Development Funding Requested:** |  |
| **WMCA Funding Stream:** |  |
| **Funds Secured:** |  |
| **Funds Not Secured:** |  |

# 1 - strategic case

# *providing strategic fit supporTED BY A COMPELLING CASE FOR CHANGE*

## 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.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *Table 4* | | | | | | |
| **#** | **Objective** | **Baseline**  **(Quantitative)** | **Target** | **Specific actions** **to achieve objective** | **How will the customer be impacted?**  **(i.e. Outcomes)** | **Alignment to WMCA Aims and Objectives** |
| **1.** |  |  |  |  |  | Choose an item. |
| **2.** |  |  |  |  |  | Choose an item. |
| **3.** |  |  |  |  |  | Choose an item. |
| **4.** |  |  |  |  |  | Choose an item. |
| **5.** |  |  |  |  |  | Choose an item. |
| **6.** |  |  |  |  |  | Choose an item. |

## 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](https://www.wmca.org.uk/documents/housing-regeneration/investing-with-us/inclusive-growth-decision-making/). 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](https://intranet.wmca.org.uk/section/resource-hub/equality-diversity-and-inclusion/health-and-equity-impact-assessments) 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](mailto:equalitiesteam@wmca.org.uk).

## 1.3 key risks

Specify the key 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.

The information provided should be an extract from the Risk Register and Issue Log attached with this OBC.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *Table 5* | | | | | | |
| **ID** | **Risk** | **Impact**  **(1-5)** | **Probability**  **(1-5)** | **RAG**  **Rating** | **Risk**  **Owner** | **Mitigation** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

## 1.4 constraints

Specify any constraints that have been placed on the project.

## 1.5 dependencies

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

# 2 economic case

# *maximise public value to society through the selection of the optimal combination of scope, costs and outcomes*

## 2.1 critical success factors

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.

|  |  |  |
| --- | --- | --- |
| *Table 6* | | |
| **#** | **Critical Success Factor (CSF)** | **Alignment to Project Objectives** |
| **1.** |  |  |
| **2.** |  |  |
| **3.** |  |  |
| **4.** |  |  |
| **5.** |  |  |

## 2.2 ECONOMIC APPRAISAL OF THE SHORT-LISTED OPTIONS

Prepare the economic appraisals for the short-listed options in the table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *Table 7* | | | | | |
| **Option Label** | **Business as**  **Usual**  **(baseline)** | **Do-minimum**  **Option** | **Preferred**  **Way Forward**  **(if not Do-**  **Minimum)** | **More ambitious preferred way forward** | **Less ambitious preferred way forward** |
| Description of Option |  |  |  |  |  |
| NPSV for CBA or Net Present Unit Cost, NPUC for CEA |  |  |  |  |  |
| Relevant present value public sector cost |  |  |  |  |  |
| Appropriate BCR or NPUC |  |  |  |  |  |
| Significant Quantified but unmonetizable benefits |  |  |  |  |  |
| Significant unquantifiable benefits |  |  |  |  |  |
| Residual risk and optimism bias allowances |  |  |  |  |  |
| Switching values of key variables |  |  |  |  |  |
| Life span of the option |  |  |  |  |  |

## 2.3 value for money (vfm) judgement

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

## 2.4 benefits appraisal

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

This should be aligned with the Outline Benefits Realisation Plan / MEP appended to this OBC.

|  |  |  |  |
| --- | --- | --- | --- |
| *Table 8* | | | |
| **#** | **Benefit** | **Beneficiary** | **Type** |
| **1.** |  |  | Choose an item. |
| **2.** |  |  | Choose an item. |
| **3.** |  |  | Choose an item. |
| **4.** |  |  | Choose an item. |
| **5.** |  |  | Choose an item. |

Provide quantified benefits for the following items. Note that inclusion here is independent of the social benefits and BCR calculation, and not all items should be included in a Green Book appraisal.

|  |  |  |
| --- | --- | --- |
| *Table 9* | | |
| **Item** | **Quantified benefit** | **Social benefit included in BCR** |
| GVA | *£m increase in WM GVA over x years* | N/A |
| Jobs created | *Number created in WM over x years* | N/A |
| Houses built | *Number built in WM over x years* | N/A |
| Carbon emissions | *X tonnes saved over x years* | *Valued using latest HMT values* |

## 2.5 prefered option sensitivity analysis

Using the preferred option, undertake a sensitivity analysis as outlined below.

|  |  |  |
| --- | --- | --- |
| *Table 10* | | |
| **Category** | **Assumptions and Estimates** |  |
| **Costs and Benefits (£)** | Capital Costs |  |
| Lifecycle Costs |  |
| Costs of Core Services |  |
| Costs of Non-core Services |  |
| Benefits Valued in Monetary Terms |  |
| **Non-monetisable Benefits** | Quantifiable and Qualitative |  |
| **Timing** | Delays in Project |  |

# 3 commercial case *commercially viable and attractive to the supply side*

## 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.

## 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.

## 3.3 supplier capacity and capability

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

## 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.

## 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.

## 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.

# 4 financial case

# *affordable and fundable over time*

Unrounded figures should be used throughout the Financial Case.

## 4.1 capital 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. Note that any funding requested via this OBC is “unsecured” until approval of the Full business case (FBC).

|  |  |  |
| --- | --- | --- |
| *Table 11* | | |
|  | **Status**  ***(Secured / Not Secured )*** | **£M** |
| **Revenue** |  |  |
| **Capital** |  |  |
| **Total** |  |  |
| **Development Funding within the above *(funding required to reach the next stage)*** |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Table 12* | | | | |
| **Funder** | **Amount** | **% of Total** | **Status**  ***(Secured / Not Secured)*** | **Details of Funding Status / Timing / Conditions etc.** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** |  |  |  |  |

## 4.2 overview of funding and affordability summary

A 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 the table below to provide an overview of WMCA funding:

|  |  |
| --- | --- |
| *Table 13* | |
| **Funding Type**  *Grant / Cashflow (repayable) / Underwrite* |  |
| **Funding Commencement Date** | *DD/MM/YY* |
| **Funding Completion Date** | *DD/MM/YY* |
| **Basis of Reimbursement**  *Quarterly in arrears of expenditure incurred (WMCA Standard)* |  |
| **Any Conditions Precedent?**  *e.g. securing DfT funding. Include any spend deadline/s, eligible spend outputs and high priority items likely to be included in any Conditional Grant offers or development agreements in principle (Heads of Terms)* |  |
| **Order in which WMCA Funding is to be drawn**  *1st/2nd/3rd* |  |
| **Work streams for which WMCA Funding is available to be drawn against**  *e.g. all / workstream 1, 3 and 4 etc.* |  |

## 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Table 14* | | | | |
| **Year (fiscal)** | **Q2-3**  **23-24** | **Q3-4**  **23-24** | **Q1-2**  **24-25** | **Q2-3**  **24-25** |
| **Income (£)** | | | | |
| **Revenue** |  |  |  |  |
| **Capital 1 – [state funding source]** |  |  |  |  |
| **Capital 2 - [state funding source]** |  |  |  |  |
| **Expenditure (£)** | | | | |
| **Revenue** |  |  |  |  |
| **Capital** |  |  |  |  |
| **Net position** |  |  |  |  |

## 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 :

|  |  |
| --- | --- |
| *Table 15* | |
| **Principle expected to be Borrowed** | *£XX* |
| **Source of Finance** | *(PWLB, Private, LA to LA, etc)* |
| **Loan Type** | *(Annuity, Equality Instalment of Principal, Maturity,*  *Other)* |
| **Interest Rate Assumed** | *X.X%* |
| **Loan Term** | *XX Years* |
| **Expected Loan Draw Down Date** | *DD/MM/YYYY* |
| **Repayment Source** | *(E.g. Future Customer Revenues)* |
| **Other costs Associated with Borrowing** | *£XX* |

## 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.

## 4.6 stakeholder support

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

# 5 management case *can be delivered sucessfully by the organisation and its partners*

## 5.1 management and governancef

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.

## 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.

|  |  |  |  |
| --- | --- | --- | --- |
| *Table 16* | | | |
| **#** | **Milestone** | **Start Date** | **End Date** |
| **1.** |  |  |  |
| **2.** |  |  |  |
| **3.** |  |  |  |
| **4.** |  |  |  |
| **5.** |  |  |  |
| **6.** |  |  |  |
| **7.** |  |  |  |
| **9.** |  |  |  |
| **10.** |  |  |  |

## 5.3 project organogram

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

## 5.4 project delivery roles and responsibilites

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *Table 17* | | | | | |
|  | **<Insert Role>** | **<Insert Role>** | **<Insert Role>** | **<Insert Role>** | **<Insert Role>** |
| **<Insert Task>** | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| **<Insert Task>** | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| **<Insert Task>** | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| **<Insert Task>** | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| **<Insert Task>** | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

## 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).

## 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.

## 5.7 risk and issue managment

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?

All information provided should be in line with the WMCA Risk Management Framework and should be supported by the Risk Register and Issue Log attached to this OBC.

## 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 team
* external and internal audit/government reviews and
* 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.

## 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.

## 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**](https://intranet.wmca.org.uk/section/resource-hub/finance-and-business-hub/business-improvement-team/performance-team-0). For additional support with completing the M&E template pleases contact the M&E team: [**CorporateMonitoringEvaluation@wmca.org.uk**](mailto:CorporateMonitoringEvaluation@wmca.org.uk)

# 6.0 mandatory APPENDICES REQUIRED FOR THIS obc

Please provide each of the mandatory appendices listed below 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.

|  |  |
| --- | --- |
| *Table 18* | |
| **APPENDIX** | **PROVIDED (Y/N)** |
| Outline Benefits Realisation Plan / Monitoring and Evaluation Plan (MEP) |  |
| Benefits Register (may be contained within MEP) |  |
| Outline Risk Management Strategy |  |
| Risk Register and Issue Log |  |
| Stakeholder and Communications Strategy |  |
| Written Confirmation/s of Confirmed Funding |  |
| Project Schedule |  |
| Change Management Strategy |  |
| If Investment Programme, Project Delivery Plan on a Page (POAP) |  |
| If CRSTS, Additional Appendix |  |