



EXPLO National Manual for Projects Management

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Project Full Business Case Procedure



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Project Full Business Case Procedure

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Project Full Business Case Procedure

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1.0 PURPOSE

The Full Business Case (FBC) recommends a preferred supplier and seeks approval from decision-makers to contract for the provision of the preferred option.

The FBC:

- Revisits and confirms the strategic and economic cases;
- Identifies the supplier offer that optimizes value for money;
- Sets out the negotiated commercial and contractual arrangements for any procurement;
- Confirms that the proposed arrangements are affordable, and
- Puts in place detailed management arrangements for the successful delivery of the project.

It is undertaken in “Stage 5 - Tender for Construction” of the Expro stage-gate process.

It is recognized that much of the content of the FBC will be covered by other management procedures, especially in the areas of procurement and risk management. Where this is the case, then duplication should be avoided and a cross-reference made to relevant. In effect, the FBC procedure sets a minimum standard and original content is only required where a necessary task cannot be referenced elsewhere.

This procedure applies to works performed under all Government construction projects executed throughout the Kingdom of Saudi Arabia.

2.0 SCOPE

The FBC comprises Steps 8 to 10 of the framework shown below:

	<u>Preparing the Full Business Case (FBC)</u>	<u>Case</u>
Step 8	Procuring the VFM solution	
Action 25	Revisit the case for change	Strategic Economic
Action 26	Revisit the Outline Business Case (OBC) options	
Action 27	Confirm the procurement process and evaluate final offers	
Step 9	Contracting for the deal	
Action 28	Set out the negotiated deal and contractual arrangements	Commercial Financial
Action 29	Set out the financial implications of the deal	
Step 10	Ensuring successful delivery	Management
Action 30	Finalize project management arrangements and plans	
Action 31	Finalize change management arrangements and plans	
Action 32	Finalize benefits realization arrangements and plans	
Action 33	Finalize risk management arrangements and plans	
Action 34	Finalize contract management arrangements and plans	
Action 35	Finalize post project evaluation arrangements and plans	

The remainder of this procedure is structured around each Action. The purpose of each action is described together with what is specifically required and what evidence should be provided. It also contains tips and examples to assist business case developers.



3.0 DEFINITIONS

Definitions	Description
Entity	A Saudi Government organization which is responsible for the delivery of government funded infrastructure construction projects.
Evidence Matrices	A tabulation of evidence to support the project, submitted by the Sponsor, for evaluation by the Reviewer.
Full Business Case (FBC)	The third and final business case containing firm estimates of cost based upon a tendering exercise
Gateway Review	An independent review of a project to confirm public investment is not at risk of being wasted.
Gateway Reviewer	An individual who reviews the application for a Project, who should be independent of the Sponsor.
Outline Business Case (OBC)	The second business case of a Project, produced at Stage 2 of its Stage Gate, confirming the feasibility of the project when examined in all Five Cases.
SMART	SMART Specific, Measurable, Agreed, Realistic and Time-limited, a criteria to guide in the setting of objectives, typically used in project management, employee-performance management, and personal development.
Sponsor	The individual responsible for the project during the 5 Year Project Portfolio Planning Stage.
Value for Money (VFM)	A measure that assesses the monetary cost of the product or service against the quality and/or benefits of that product or service.

4.0 REFERENCES

1. HM Treasury (2018), International Guide to Developing the Project Business Case. Retrieved from https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749088/Project_Business_Case_2018_International_.pdf
2. Scottish Government, Gateway 3 – Evidence Matrix
Retrieved from <https://www2.gov.scot/Resource/Doc/923/0054864.doc>
3. EPM-S00-PR-000008 - Entity Outline Business Case
4. HM Treasury (2018). The Green Book, Appraisal and Evaluation in Central Government. Retrieved from <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>
5. EPM-EM0-PR-000001 - Project Risk Management Procedure

5.0 RESPONSIBILITIES

The first part of the procedure will be undertaken by the Sponsor, who is responsible for creating the FBC and completing the Evidence Matrices to support the Gateway Review.

Once these documents are ready the Gateway Reviewer will undertake the Gateway Review.

The Gateway Reviewer should be independent of the Sponsor, so an independent view of the Project can be obtained.

6.0 PROCESS

6.1 Objective

The purpose of the FBC has been defined in Section 1.0, though much of the work involved in producing the FBC focuses upon revisiting and updating the conclusions of the OBC and documenting the outcomes of the procurement.

6.2 Step 8: Procuring the VFM Solution

This step involves revisiting and updating the strategic case and economic case dimensions of the business case to confirm the current situation in terms of the case for change and the continued efficacy of the preferred option following the procurement exercise.

The main actions are set out below:



Step 8 Procuring the Value for Money Solution

Action 25 Revisit the case for change

Action 26 Revisit the OBC options

Action 27 Confirm the procurement process and evaluate final offers

6.2.1 Action 25: Revisit the Case for Change

It is necessary to revisit the case for change, because the rationale for the project may have altered since the OBC was approved, due to evolving business needs and changing service requirements.

6.2.1.1 Updating the Strategic Case

It is necessary to confirm that the case for change remains as set out in the OBC. Additional business needs and requirements that have arisen since the submission and approval of the OBC will require the case for change to be revisited and updated.

It is necessary to ensure the spending objectives have been made Specific, Measurable, Achievable Realistic and Time-limited (SMART) for the purpose of post evaluation and updated to reflect the latest information regarding the rationale, drivers, anticipated outcomes and benefits for the project.

6.2.2 Action 26: Revisit the OBC Options

It is necessary to confirm that the options identified in the OBC economic case are still valid and their rankings remain the same. The purpose of this action is to provide evidence that the preferred option remains the same as that identified at the OBC stage. Any new options must be clearly identified and any adjustments to existing options explained.

6.2.2.1 Confirming the OBC Options

It is necessary to confirm that the conclusions of the OBC economic appraisal still remain valid at FBC stage.

The analysis from the OBC stage must be updated in the FBC because new information affecting the ranking of the options may have become available since the approval of the OBC.

For example:

- The relative rankings may have changed as a result of supplier side offerings, prices and other costs;
- The expected benefits of the OBC preferred option may be lower, or the anticipated benefits of another option higher;
- The level of uncertainty in a high risk option may have reduced making it more attractive, and
- Operational changes may have led to significant changes in the preferred option.

If any of the key assumptions have altered, the FBC must demonstrate that the recommended option continues to offer better public value than the other available options, including the 'do nothing'.

6.2.2.2 Confirming the Procurement Method

At the OBC stage different methods of funding and procurement were examined. It is necessary to confirm that the project has been procured by the most appropriate method.

6.2.2.3 Risk Adjustment

It is necessary to estimate the 'cost of risk' to the public sector. The main service risks in the design, build, funding and operational phases of the project should be fully identified and quantified at the FBC stage, using Quantitative Risk Analysis.

The residual use of optimism bias to measure continued uncertainties should be minimal and generally no more than 2% for a standard capital scheme.

6.2.3 Action 27: Confirm the Procurement Process and Evaluate Final Offers

It is necessary to update the economic case to provide a summary of the procurement process and how the final offers were evaluated and the preferred bidder selected.



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The purpose of this action is to provide evidence that the recommended service provider offers the most economically advantageous offer, in relation to other service providers, and that the option offers best public value.

6.2.3.1 The Procurement Process

It is necessary to confirm the procurement process was followed as set out in the OBC and explain any changes.

The service providers are grouped into those:

- Who progressed no further than the pre-qualification (and the reasons for any rejections);
- Those who were taken forward and the evaluation results.

It is necessary to record the preferred service provider(s) together with the reasons for their selection. A copy of the procurement report may be attached to the FBC for this purpose.

The Expro Projects White Book 'Volume 4 – Introduction to Contracts and Tendering' and 'Volume 5 – Procurement' provide detailed guidance on procedures to be followed.

6.2.3.2 FBC Economic Appraisals

It is necessary to prepare economic appraisals for each of the 'short listed' service providers at the final offer of the procurement, in accordance with the guidance provided in Expro's procedures, e.g. Expro Projects White Book 'Volume 4 – Introduction to Contracts and Tendering'.

The recommended option should be compared to the 'do nothing' option. The option offering best public value should be recommended for approval, subject to affordability.

6.2.3.3 Post-FBC Approval Prior to Contract Signature

The FBC must be re-submitted for approval if the costs, benefits or contract terms vary significantly post FBC approval.

Checklist for step 8

There should now be a clear understanding of:

- Any changes to the strategic context and the case for change.
- The procurement process and the service providers' offers.
- How the selection of the preferred service provider was made.

Output of step 8

The strategic and economic cases have now been revisited, updated and completed in respect of the FBC.

6.3 Step 9: Contracting for the Deal

This step involves revisiting and updating the commercial case dimension of the business case to reflect the negotiated deal and its financial consequences over the life span of the contract and service.

The main actions are set out below:

Step 9 Contracting for the deal

Action 28 Set out the negotiated deal and contractual arrangements

Action 29 Set out the financial implications of the deal

The Expro Projects White Book 'Volume 4 – Introduction to Contracts and Tendering' provides detailed guidance on procedures to be followed.

6.3.1 Action 28: Set out the Negotiated Deal and Contractual Arrangements

It is necessary to document the Deal that has been negotiated by the public sector organization and its choice of service provider.

The contents of the commercial case should be used to explain:

- The service streams and outputs which are being contracted;
- The implementation timescales which have been agreed for their delivery;



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- The allocation of risk negotiated between the public sector and preferred service provider;
- The method of payment for these services and outputs.
- The type of contract used and the key contractual issues.
- The accountancy treatment of the negotiated deal
- An explanation of any personnel implications.

6.3.2 Action 29: Set out the Financial Implications of the Deal

It is necessary to confirm the affordability of the negotiated Deal.

The contents of the financial case should be used to explain:

- How the charges for the preferred service provider's offer have been modelled;
- The capital and revenue implications of the resultant deal, including any financial costs falling to the organization;
- The net effect on prices charged by the entity – if any;
- The impact on the organization's income and expenditure account and balance sheet;
- The overall affordability and funding arrangements for the deal.

Checklist for step 9

There should now be a clear understanding of the financial implications of the proposed deal, both in terms of the organization's contractual obligations and associated spend in support of the required services.

Output of step 9

The commercial and financial cases have now been revisited, updated and completed in respect of the FBC.

6.4 Step 10: Ensuring Successful Delivery

This step requires revisiting and updating the management dimension of the business case to record the detailed management arrangements that have been put in place to ensure the successful delivery and evaluation of the project.

The main actions are as follows:

Step 10 Ensuring successful delivery

Action 30 Finalize project management arrangements and plans
Action 31 Finalize change management arrangements and plans
Action 32 Finalize benefits realization arrangements and plans
Action 33 Finalize risk management arrangements and plans
Action 34 Finalize contract management arrangements and plans
Action 35 Finalize post project evaluation arrangements and plans

6.4.1 Action 30: Finalize Project Management Arrangements and Plans

It is necessary to revisit the project management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalized for the successful delivery of the project in accordance with best practice. The Expro Projects White Book 'Volume 3 – Project Initial Planning' of the White Book provides guidance.

The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and plans for any future changes.

The latest version of the project plan should be attached to the FBC. This must reflect the implementation timescales agreed with the service provider for the delivery of the negotiated services and be signed off by the stakeholders and customers (end users) for the services.

6.4.2 Action 31: Finalize Change Management Arrangements and Plans

It is necessary to revisit the change management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalized for the successful delivery of the project in accordance with best practice.



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The change management strategy should be revisited and updated, as required. The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and any plans for future changes. Where there are contractual issues related to change, then the Expro Projects White Book 'Volume 4 – Introduction to Contracts and Tendering' can provide guidance.

The latest version of the change management plan should be attached to the FBC. This must reflect the specific training and developmental needs of key groups of personnel and any required communication arrangements. It should be signed off by the stakeholders for the services and indicate customer (end- user) involvement.

6.4.3 Action 32: Finalize Benefits Realization Arrangements and Plans

It is necessary to revisit the benefits realization arrangements and plans that were outlined in the OBC and explain what has been agreed and finalized for the successful delivery of the project in accordance with best practice.

The strategy for the realization of benefits during the key phases of the project should be revisited and re-affirmed within the FBC.

The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and any plans for future changes. Where appropriate, reference should be made to the Expro Dashboard and the procedures in Expro Projects White Book 'Volume 7 – Project Controls and Reporting'

6.4.3.1 The Benefits Register

The Entity's plan for the ongoing management and delivery of benefits should be captured within the benefits register, which must be completed in full and attached to the FBC. It should cover all the benefits – financial, non- financial and qualitative – identified during the implementation and operational phases of the project.

The 'owner' of the benefits register should be named and their reporting line(s) identified to senior management, who are ultimately responsible for their delivery. It should also be confirmed that the benefits register will be reviewed regularly and form part of the standing agenda for future meetings of the project board.

6.4.4 Action 33: Finalize Risk Management Arrangements and Plans

It is necessary to revisit the risk management arrangements and plans that were outlined in the OBC and explain what has been agreed and finalized for the successful delivery of the project in accordance with best practice.

The strategy for the management of risks during the key phases of the project should be revisited and re-affirmed within the FBC, following the procedures given in Expro Projects White Book Volume 13 – Risk Management'.

The existing framework (project structure, reporting lines, roles and responsibilities) should be shown, together with named individuals, any vacancies and any plans for future changes, following the directions given in 5.

EPM-EM0-PR-000001 - Project Risk Management Procedure.

6.4.4.1 The Risk Register

The organization's plan for the ongoing mitigation and management of risk should be encapsulated within the risk register, which must be completed in full and attached to the FBC. The register should cover all the business and service risks identified during the design, build, implementation, operational and re-procurement phase (if applicable) of the project, following the procedures given in Expro Projects White Book Volume 13 – Risk Management'.

6.4.4.2 Contingency Plan

The organization should provide details of its 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 should be consistent with the procedures in Expro Projects White Book 'Volume 7 – Project Controls and Reporting'.



6.4.5 Action 34: Finalize Contract Management Arrangements and Plans

Record the contract management and plans that have been agreed and finalized for the successful management of the service in accordance with best practice. This should include both the formal and informal arrangements that have been put in place for the strategic and operational management of the contract. The Expro Projects White Book 'Volume 4 – Introduction to Contracts and Tendering' provides guidance.

6.4.5.1 Contract Change

The basic contract management arrangements will have been covered in the contract and indicated in the commercial case (see contractual arrangements), following the procedures given in Expro Projects White Book Volume 4 – Introduction to Contracts and Tendering.

6.4.6 Action 35: Finalize Post-Project Evaluation Arrangements and Plans

It is necessary to revisit the post project evaluation arrangements and plans that were outlined in the OBC and explain what has been agreed and finalized for the successful delivery of the project in accordance with best practice.

Checklist for Step 10

There should now be a clear understanding of how:

- The project will be managed.
- Change within the organization will be implemented.
- The benefits will be realized.
- The business and service risks will be mitigated and managed.
- Major contract change will be handled over the longer term.
- The project will be reviewed periodically.
- Contingency plans will operate in the event of service failure.

Output of step 10

The management case has now been revisited, updated and completed in respect of the FBC.

Outcome from Stage 3 and preparation of the FBC

Consideration should be given to undertaking project assurance to confirm the investment decision. All parties should now be content for the project to proceed to contract signature, providing the above work has been completed satisfactorily and the resultant scheme is affordable.

The FBC must be re-submitted for approval if the costs, benefits or contract terms vary significantly post FBC approval. The approving authority should stipulate the relevant thresholds as a condition of approval.

6.5 Gateway Review

6.5.1 Purpose of the Review

Once the business case is complete, the final stage is to conduct a Gateway Review, to confirm that the project has adopted the most appropriate preferred option. The Gateway Reviewer will rely not only on the business case but on the evidence, which was collected and tabulated in the Evidence Matrices. As with the business case being reviewed, the level of detail in the Gateway Review needs to be proportionate to the importance of the project, and needs to be agreed between the Sponsor and Gateway Reviewer.

6.5.2 Finding and Recommendations

Covering all the areas listed above, and referring to the documentation provided, the Reviewer will state their findings and make recommendations on how the early project preparation could be improved.

6.5.3 Decision

The Gateway Reviewer will also express a decision on whether to accept the project, reject it, or refer the project back for more development. A positive decision is required to progress from "Stage 5 - Tender for Construction" of the Expro stage-gate process, to the next stage.



7.0 ATTACHMENTS

1. EPM-S00-TP-000009 - Evidence Matrices - Project Full Business Case Update Template
2. EPM-S00-TP-000010 - Project Full Business Case Template



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Attachment 1 - EPM-S00-TP-000009 - Evidence Matrices - Project Full Business Case Update Template

How to use this Template

Add a third right-hand column to reference evidence listed as expected in the second column.

1: ASSESSMENT OF THE PROPOSED SOLUTION

Areas to probe	Evidence Expected	Evidence Supplied
1.1 Does the proposed solution meet the business need?	• The selected delivery solution fully complies with all requirements; • Consultation with stakeholders during evaluation and their acceptance of the proposed solution.	
1.2 Have the suppliers or partners proposed any alternatives or other options in addition to a fully compliant bid?	• Assessment of options to show whether these are beneficial to the project's outputs/outcomes and still within the scope of the tender.	
1.3 Will the proposed delivery solution deliver the business need described in the Full Business Case?	• Analysis to show that: ○ the proposal is defined in business outcome terms; ○ the business can achieve the necessary organizational and business process changes; ○ the proposed services and service levels as defined in the contract or agreement will meet the agreed business requirements.	
1.4 Has the proposed solution affected the strategy for business change?	• Updated plan for managing the business change because of the proposed solution, agreed by Project Board and agreed with users and stakeholders; • Analysis of differences from original plan.	
1.5 Has the proposed solution affected the expectations of business benefits?	• Updated plan for benefit realization and updated descriptions of benefits and their owners; • Analysis of differences from original plan; • Changes documented and agreed with users and stakeholders.	



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Areas to probe	Evidence Expected	Evidence Supplied
1.6 Are the client and supplier prepared for the development (where there are new systems and processes), implementation, transition and operation of any new services?	- Proposed supplier's development and implementation plans included in delivery solution and recommended to the Project Board; - Client's implementation plan agreed with users (or their representatives, if the end-user is the citizen) and stakeholders, e.g. staff training, changes in business processes.	
1.7 Are there plans and processes to address future issues, both business and technical?	Strategy for managing change agreed by all parties, including supplier.	
1.8 Is there clear allocation and understanding of responsibilities between all parties, in addition to any contractual liabilities?	- Defined client and supplier organization, personnel and responsibilities; - On the client's side, identified internal relationships and interfaces describing 'who does what' with the supplier; - On the supplier's side, reciprocal arrangements including senior management roles where appropriate); - Where applicable, partnering arrangements defined; - If a single supplier, how they will manage their supply chain; - If multiple suppliers, how the client organization will manage the interfaces; - Evidence that the client and supply team will work together as an integrated Project Team; - If the project traverses organizational boundaries on the client side, there are clear governance arrangements to ensure sustainable alignment with the business objectives of all organizations involved.	



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Areas to probe	Evidence Expected	Evidence Supplied
1.9 Are there resources available for the business to fulfil its obligations within the contract/agreement?	- Plan for implementing the new contract, identifying the quantity, type and quality of resources required; - Formal management acceptance of resource requirements agreed, with key roles and personnel identified and in place; - Adequate plans and procedures for contract management, including availability of requisite skills and experience.	
1.10 Have the technical implications been assessed, such as 'buildability', health and safety and sustainability issues for construction projects, and for IT-enabled projects information assurance and security, the impact of e-business and legacy systems?	- Evidence demonstrates that the delivery solution is technically acceptable; - For construction projects, Design Quality Indicators used; project-specific plans for health and safety; sustainable construction practices; - For IT-enabled projects, evidence that information assurance and the impact of e-business etc. considered.	
1.11 Does the project have resources with, where required, the appropriate skills and experience to achieve the intended outcomes of the investment?	- Plans for providing the required 'intelligent customer' capability, with names allocated to the major roles; - Internal and external commitment to provide the resources required; - Job descriptions for key project staff; - Skills appraisal undertaken and plans for addressing any shortfall; - Access to external sources of expertise if required; - Appropriate allocation of key project roles between internal staff and consultants or contractors.	



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2: BUSINESS CASE AND STAKEHOLDERS

Areas to probe	Evidence Expected	Evidence Supplied
2.1 Is the project still required?	• Confirmation that the project still fits with strategic objectives, including government/organizational objectives; • Confirmation that external factors have not affected current priorities.	
2.2 Is the Business Case complete?	• Re-assessment of updated Business Case, including strategic, economic, financial, commercial and project management factors.	
2.3 Does the recommended way forward meet the business need?	• Key objectives revisited against final bid and proposed solution.	
2.4 Has the most appropriate option been selected?	• Cost/benefit/risk analysis against final bid information and results of evaluation, including sensitivity analysis; • For construction projects, whole-life design quality, cost and time optimized as far as possible.	
2.5 Does the commercial arrangement represent value for money, with an appropriate level of quality over the whole life of the project?	• Market assessment, other organizational benchmarks and previous experience; • Results of evaluation (note that clients with existing commercial arrangements must address this area); • Where appropriate, assessment of supplier's funding arrangements.	
2.6 Is the plan realistic about the ability to manage the change?	• Documented understanding of cultural implications, where appropriate; account has been taken of the current organizational culture; • Comparison with others.	
2.7 Does the Full Business Case, when incorporating the delivery solution, still demonstrate affordability?	• Full Business Case incorporating bid information, including: ○ Changes from budgetary figures ; ○ Returns and value re-calculated with new benefits plan costs compared with budget, pre-tender estimates.	



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Areas to probe	Evidence Expected	Evidence Supplied
2.8 Is there an agreed benefits realization plan?	• Benefits management strategy and plans, including: ○ Critical success factors ; ○ Individuals responsible for delivering and achieving benefits identified; ○ Agreed process for measuring and assessing benefit; ○ Data available on measurement baselines for benefits assessment; ○ Post-implementation review plan identifies review points and benefits to be assessed; payment mechanisms linked to benefits realization, where appropriate.	
2.9 Have suitable stakeholders, business and user representatives been involved and have they approved the tender evaluation report and draft contract?	• Involvement of stakeholders and business or user representatives in quality and proposal reviews; • The views of all stakeholders, including users, have been considered.	

3: REVIEW OF CURRENT PHASE

Areas to probe	Evidence Expected	Evidence Supplied
3.1 Is the project under control?	• Project running to schedule and cost within budget; • Recommendations from last Gateway Review actioned.	
3.2 What caused any deviation such as over and under-runs?	• Reconciliations set against budget and time plan.	
3.3 What actions are necessary to prevent deviations recurring in other phases?	• Analysis and plans documented in project documentation that is continually updated and reviewed.	
3.4 Have all the assumptions from earlier Gateway Reviews been validated?	• Validation of all assumptions. Any that cannot be validated are being examined; appear in the risk register/issue management log; are assessed and discussed with potential suppliers and partners; • Documentation of any new assumptions.	



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Areas to probe	Evidence Expected	Evidence Supplied
3.5 Have all the required organizational procurement and technical checks been carried out?	• Bid management review and approval processes • Compliance with statutory rules • The evaluation strategy, underpinning models and criteria have been followed • Demonstration of compliance with statutory requirements, (e.g. planning, building regulations).	
3.6 Did the Project Team follow the planned steps in the delivery strategy?	• Documented information confirms that the activities and processes in the delivery strategy and plan have been followed.	
3.7 Were the documents subject to quality review?	• Quality review documentation.	

4: READINESS FOR NEXT PHASE: READINESS FOR SERVICE

Areas to probe	Evidence Expected	Evidence Supplied
4.1 Is the working relationship likely to succeed?	• Realistic assessment of management style/behaviours on both sides • Reporting arrangements identified at appropriate levels on both sides • Suitable procedures and responsibilities for contract management are defined and agreed • For construction projects, plans for integrating the Project Team • Where applicable, plans for partnering workshops in place • Continuity of key personnel from the contract award phase into the implementation phase.	
4.2 Are all resources and internal funds (the 'client-side budget') in place?	• Budget provision • Manpower provision agreed • Subsequent years' expenditure included in programme or project budgets • Authorization/approval process for payments to suppliers • Process for expenditure reporting and reconciliation • Insurances established by supplier where required.	



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Areas to probe	Evidence Expected	Evidence Supplied
4.3 Are the supplier's project, risk and management plans adequate and realistic?	- Confirmation that the supplier's or partner's project plan meets timescales for achieving the outcome of the investment; - Realistic suppliers or partner's implementation plan and plans for managing risk.	
4.4 Does the client-side plan reflect the supplier's plans, and vice versa?	- Updated project management plan reflecting tender proposals; - Defined organization, personnel and responsibilities on the client's side; - Supplier personnel cleared to meet project requirements; - Process for resolving issues agreed with supplier/partner; - Evidence that all plans have been reviewed, agreed and included in the contract.	
4.5 Are the long-term contract administration plan and benefit measurement process complete?	- Long-term plan with contract management strategy and a detailed service delivery plan; - Resources, with identified sources; - Key measures of benefit agreed with supplier/partner (if supplier payments related to benefits delivery); - Analysis of project plan showing that resource requirements are identified, planned, budgeted for and available when required; - Defined roles and responsibilities.	
4.6 Are all the mechanisms and processes in place for the next phase?	- Project Plan confirms arrangements for management, monitoring, transition and implementation; - If external consultants are used, they are accountable and committed to help ensure successful and timely delivery.	
4.7 Are the service management plan, administration and service level arrangements complete?	- Documented service management strategy and plan; - Defined and agreed service level management, service levels, service quality and measurement; - Responsibilities defined for each party; - Defined and agreed standards for services; - Defined and agreed monitoring, reporting and review mechanisms.	



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Areas to probe	Evidence Expected	Evidence Supplied
4.8 Is the management process for service change complete?	• Change control procedures (both technical and business) defined, agreed and included in contract • Defined and agreed management process and responsibilities.	
4.9 Is there an acceptance strategy or commissioning strategy, as applicable?	• Acceptance/commissioning strategy and plan, with fully documented and timetabled decision paths (e.g. for preferred supplier choices) • Decision makers clearly identified and informed about their role and what information they will be given to make their judgement • Acceptance criteria agreed with supplier • Validated acceptance testing plan, including technical and business components.	
4.10 Is there an implementation strategy?	• Implementation strategy and plan • Users, stakeholders and client business management involved in developing strategy • Where applicable, plans for transition to new ways of working • Clearly defined roles on client and supplier sides for monitoring and controlling handover.	



Attachment 2 - EPM-S00-TP-000010 - Project Full Business Case Template

1.0 EXECUTIVE SUMMARY

Italic text indicates instructions in the template below. Full guidance is given in the accompanying procedure; this template cannot be completed with reading and acting upon the procedure in full.

1.1 Introduction

This Full Business Case (FBC) seeks approval to invest SAR [add text] in a contract for x years with [add text] for services in [add text].

1.2 Strategic Case

1.2.1 The Strategic Context

Summarize the strategic drivers for this investment, with particular reference to supporting strategies, programs and plans.

1.2.2 The Case for Change

Summarize the business needs for this investment, with particular reference to existing difficulties and the need for service improvement.

1.3 Economic Case

1.3.1 Long List and short List

Summarize the long and short lists of options explored in the Outline Business Case, with results.

1.3.2 The Procurement

Provide a concise overview of the procurement process – from long list to short list and final offers.

The following short list emerged as a result of the tenders in relation to the scheme:

- Option 1 – the reference project or Public Sector Comparator (PSC) (if this is required)
- Option 2 – supplier A
- Option 3 – supplier B

1.3.3 Key Economic Findings

The findings from the economic appraisals are:

	Undiscounted (SAR)	Net Present Cost (SAR)
Option 1 – PSC		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
Less cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
Total		
Option 2. Supplier A		
Option 3. Supplier B		



1.4 Commercial Case

1.4.1 Agreed Products and Services

The following goods and services are being contracted *[add text, referring back to procedure]*

1.4.2 Agreed Risk Allocation and Charging Mechanism

The following risk allocation and supporting charging mechanism have been agreed *[add text, referring back to procedure]*

1.4.3 Key Contractual Arrangements

A copy of the intended contract is attached in the appendices *[add text]*

The key contractual issues are as follows *[add text, referring back to procedure]*

1.4.4 Agreed Implementation Timescales

The key milestones and delivery dates are as follows *[add text, referring back to procedure]*

1.5 Financial case

The financial implications of this procurement are as follows *[add text, referring back to procedure]*

1.5.1 Financial Expenditure

A summary of the financial appraisal is given in the table below.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Capital							
Revenue							
Total							
Existing							
Additional							
Total							

1.5.2 Overall affordability and balance sheet treatment

Summarize the overall affordability of the scheme – both in terms of its capital and revenue consequences – over the lifespan of the investment. Where the scheme requires the support and approval of external parties, indicate that this is forthcoming, a letter of support should be attached as an appendix.

1.6 Management Case

1.6.1 Project Management Arrangements

Summarize the project management arrangements for the scheme, referring back to the procedure, as required.

1.6.2 Benefits Realization and Risk Management

Summarize these arrangements, referring back to the procedure.

1.6.3 Gateway Review Arrangements

Summarize these arrangements, with reference to arrangements for the Gateway Review process, as required.



2.0 THE STRATEGIC CASE

2.1 Introduction

This Full Business Case (FBC) is for the provision of *[add text]*

2.2 Part A: the Strategic Context

2.2.1 Organizational Overview

Provide an updated overview of the Entity, making the case for investment in the scheme.

2.2.2 Business Strategies

Reference the business strategy for the Entity, and any related national or regional strategies, noting any changes since agreement to the Outline Business Case (OBC) for the scheme. In the main, this will include consideration of national policy documents, regional plans and other relevant initiatives.

2.2.3 Other Organizational Strategies

Provide an update on any other related organizational strategies, as appropriate.

2.3 Part B: the Case for Change

2.3.1 Investment Objectives

The investment objectives for this project are as follows:

- Investment objective 1: *[add text]*
- Investment objective 2: *[add text]*
- etc.

Please note any changes from the OBC.

2.3.2 Existing Arrangements

This section describes the existing situation with regard to the scheme and associated investment.

The existing arrangements are as follows *[add text]*

The table below summarizes the costs of the existing arrangements.

Existing costs (SAR)	Service stream A	Service stream B	Service stream [x]	Total
Current				
Capital				
Duration of contract				

2.3.3 Business Needs

This section provides a detailed account of the problems, difficulties and service gaps associated with the existing arrangements in relation to future needs and any changes since submission of the OBC.

2.3.4 Potential Business Scope and key Service Requirements

This section describes the potential scope for the project in relation to the above business needs and any changes since submission of the OBC.



2.3.5 Main Benefits Criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs.

Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits. By investment objectives these are shown in the tables below, with examples included:

Investment Objectives	Main benefits criteria by stakeholder group
<i>Investment objective 1</i>	Stakeholder: Users Cash releasing (SARs) For example, avoided travel costs Non cash releasing (SARs) For example, travel time saved (x hours) Qualitative Satisfaction
<i>Investment objective 2</i>	Stakeholder: Staff Cash releasing (SARs) For example, avoided recruitment costs Non cash releasing (SARs) For example, staff time saved (x hours) Qualitative For example, staff morale
<i>[add text]</i>	

2.3.6 Dis-Benefits

The main 'dis-benefits' are as follows *[add text]*

2.3.7 Main Risks

The business and service risks (design, build and operational over the lifespan of the scheme) associated with the scope for this project are given in the project risk register, together with their counter measures, which will have been complied with reference to Mashroat White Book Volume 13.

2.3.8 Constraints

The project is subject to following constraints *[add text]*

2.3.9 Dependencies

The project is subject to following dependencies that will require monitoring through the project *[add text]*

3.0 THE ECONOMIC CASE

3.1 Introduction

This section of the FBC documents the procurement process and provides evidence to show that we have selected the most economically advantageous offer, which best meets our service needs and optimizes value for money.

3.2 Critical Success Factors

The critical success factors (CSFs) shown within the Outline Business Case (OBC) were as follows:
[add text]



3.3 The long-listed Options

The long list was as follows: *[add text, indicating why unsuccessful long-list items were excluded]*

The Preferred Way Forward was as follows: *[add text, showing preferred choices]*

3.4 Short-listed Options

The short listed options analyzed within the OBC were as follows:

- Option 1 – the do nothing, do minimum or status quo
- Option 2 – the reference project or outline Public Sector Comparator (PSC)
- Option 3 – the more ambitious option
- Option 4 – the less ambitious option
- Option 5 – a possible privately funding option for comparison to the PSC

Preferred Option

The preferred and agreed option at the end of the OBC stage was as follows: *[add text]*

3.5 The Procurement Process

The following procurement route was used, consistent with Mashroat Projects White Book 'Volume 4 – Contracts and Tendering' and 'Volume 5 – Procurement'.

The response was as follows: *[add text]*

3.5.1 Long List Criteria

The long list criteria during pre-qualification was as follows: *[add text]*

3.5.2 Long List

As a result of applying these criteria, the qualified list was as follows: *[add text]*

3.5.3 Short List Criteria

The short list criteria used during tendering were as follows: *[add text]*

3.5.4 Short List

As a result of applying these criteria in the tendering process, the evaluation list was as follows: *[add text]*

Note: the short list generally comprises the successful suppliers following the tender process. Where a 'preferred bidder' is appointed, the short list should be made up of the selected service provider; the second choice, or standby service provider, (if applicable); and the public sector comparator (PSC).

The PSC is predicated upon the 'in-house', or some alternative method, of service provision. It should not be a hypothetical solution; but rather an alternative method of service provision which is capable of implementation, if required.



3.6 Economic Appraisal

3.6.1 Introduction

This section provides a detailed overview of the costs and benefits associated with each of the selected service providers.

More detailed information is shown for each cost and benefit line within the economic appraisals for each option is provided in Appendix *[add text]*

3.6.2 Estimating Benefits

Provide an update of any changes since the OBC particularly in relation to tasks associated with the preparation of the benefits register and benefits realization plan for the scheme.

The benefits identified fell into the following **main** categories. In each case, the sources and assumptions underlying their use is explained. A more detailed explanation for each benefit line is attached to the economic appraisals in Appendix *[add text]*. A summary is provided in the table below, using the classification in the procedure linked to this template.

Type	Direct to Organization(s)	Indirect to Organization(s)
Quantitative (or quantifiable)	Measurable – for example, SARs or numbers of transactions etc.	As shown left
Cash releasing	These are financial benefits – for example, avoided spend, reduced cost etc.	As shown left
	<i>The above are accounted for in the financial case appraisals</i>	<i>The above are not accounted for in the financial case appraisals</i>
Non-cash releasing	These are economic benefits – for example, opportunity cost of staff time etc.	As shown left
	<i>All of the above are accounted for in the economic case appraisals</i>	<i>All of the above are accounted for in the economic case appraisals</i>
Qualitative (or non-quantifiable)	Non-measurable – for example, quality improvements such as patient well-being, improved morale etc.	As shown left
	<i>Subject to weighting and scoring – see below</i>	<i>Subject to weighting and scoring – see below</i>

3.6.3 Estimating Costs

Update since the preparation of the OBC, as required.

The costs associated with the PSC for the scheme were estimated as follows: *[add text]*

The method for estimating the indirect and attributable costs incurred by the Entity, general public sector and private is summarized as follows: *[add text]*

It is confirmed the costs are appropriately accounted for within each of the economic appraisals for each option.

All other costs for each option were provided by the successful service provider at tender stage.



Project Full Business Case Procedure

3.6.4 Net Present Cost Findings

The detailed economic appraisals for each option are attached at Appendix *[add text]* together with detailed descriptions for costs and benefits, and their sources and assumptions.

The short-listed options have been risk-adjusted to account for the cost of risk retained (in SARs) by the public sector under each option. The following table summarizes the key results of the economic appraisals for each option – please consider whether sums for the cost of risk retained need to be shown separately.

	Undiscounted (SAR)	Net Present Cost (Value) (SAR)
Option 1 – PSC		
Capital		
Revenue		
Risk retained (if comparing with PPP)		
Optimism bias (if applicable)		
Total costs		
Less cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
Total		
	Undiscounted (SAR)	Net Present Cost (Value) (SAR)
Option 2 – supplier A		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
Less cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
Total		
	Undiscounted (SAR)	Net Present Cost (Value) (SAR)
Option 3 – supplier B		
Capital		
Revenue		
Risk retained		
Optimism bias (if applicable)		
Total costs		
Less cash releasing benefits		
Costs net cash savings		
Non-cash releasing benefits		
Total		
	Undiscounted (SAR)	Net Present Cost (Value) (SAR)
Option x etc.		



Project Full Business Case Procedure

3.6.5 Option Ranking

The results are summarized and in the following table:

Option	Description	Ranking				
		NPC (SARs)	Cash benefit	Non cash benefit	Cost net cash savings	Costs net all savings
1	PSC					
2	Supplier A					
3	Supplier B					
4	Etc.					

3.6.6 Option Appraisal Conclusions

The key findings are as follows: *[add text]*

- Option 1 – PSC. This option ranks *[add text]*. It provides *[add text]*
- Option 2 – supplier A. This option ranks *[add text]*. It provides *[add text]*
- Option 3 – supplier B. This option ranks *[add text]*. It provides *[add text]*

3.7 Qualitative Benefits Appraisal

3.7.1 Methodology

The qualitative benefits associated with each of the short-listed options have been appraised as follows *[add text]*

This was undertaken by:

- Identifying the benefits criteria relating to each of investment objectives;
- Weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective;
- Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9, and
- Deriving a weighted benefits score for each option.

3.7.2 Qualitative Benefits Criteria

The benefits criteria were weighted as shown in the table below for each investment objective:

Investment Objectives	Qualitative Benefits	Weight
Investment objective 1	For example, business continuity through the provision of <i>[add text]</i> For example, business flexibility through the provision of <i>[add text]</i>	30%
Investment objective 2		25%
Investment objective 3		25%
Investment objective 4		10%
Investment objective 5		10%



3.7.3 Analysis of key Results

The results of the benefits appraisal are shown in the table below.

Benefit Criteria and Weight	Option – PSC		Option 2 – Supplier A		Option 3 – Supplier B	
Raw (R) weighted (W) scores	R	W	R	W	R	W
Investment objective 1						
Investment objective 2						
Investment objective 3						
Investment objective 4						
Investment objective 5						
Total						
Rank						

The key considerations that influenced the scores achieved by the various options were as follows:
[add text]

3.8 Risk Appraisal – Unquantifiable

The risk assessment of the alternative suppliers has followed the Mashroat risk management procedure and is summarized as follows: [add text].

3.9 The Preferred Option – Selected Supplier

The results of investment appraisal are as follows:

Evaluation Results	Option 1 PSC	Option 2 supplier A	Option 3 supplier B	Option 4 supplier C
Economic appraisals				
Benefits appraisal				
Risk appraisal				
Overall Ranking				

The preferred option is justified as follows [add text]

3.10 Sensitivity Analysis

The methods used was scenario planning/ analysis ('what if ') by altering the values of the 'uncertain' costs and benefits to observe the effect on the overall ranking of options.

The major findings are: [add text]

3.11 Preferred Option

The preferred option, supplier [add text], after the economic and sensitivity analysis has been found to be [add text]



4.0 THE COMMERCIAL CASE

4.1 Introduction

This section of the FBC sets out the negotiated arrangements.

This is for the provision of [add text] under the following contract [add text]

4.2 Required Services

The products and services under contract are as follows: [add text]

4.3 Agreed Risk Transfer

The general principle is that risk is passed to 'the party best able to manage them', subject to value for money. The major risks transferred and retained are [add text]

4.4 Agreed Charging Mechanisms

The payment mechanism agreed with the service provider with respect to the proposed products and services is as follows: [add text]

4.5 Agreed Contract Length

The contract length is [add text] years for the following reasons [add text]

4.6 Key Contractual Clauses

Following the procedures in the Mashroat Projects White Book 'Volume 4 – Contracts and Tendering', these are as follows: [add text]

4.7 Procurement Route and Implementation Timescales

Following the procedures in the Mashroat Projects White Book 'Volume 4 – Contracts and Tendering' and 'Volume 5 – Procurement', the solution was procured using [add text]

The implementation milestones agreed for the scheme with the service provider are as follows: [add text]

5.0 THE FINANCIAL CASE

5.1 Introduction

The purpose of this section is to set out firm financial implications of the contracted solution.

5.2 Impact on the Organization's Income and Expenditure Account

The payment stream for the scheme over the intended lifespan of the project is shown in the table below

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Preferred choice:							
Capital							
Revenue							
Total							
Funded by:							
Existing							
Additional							
Total							



5.3 Overall Affordability

The phased cost of the project is shown in Appendix *[add text]*

The sources of fiancé are as follows *[add text]*

6.0 THE MANAGEMENT CASE

6.1 Introduction

This section of the FBC addresses in detail how the scheme will be delivered successfully. The arrangements below follow the procedures supporting the Mashroat Dashboard and the procedures in Mashroat Projects White Book 'Volume 7 – Project Controls and Reporting'.

6.2 Project Management Arrangements

6.2.1 Project Reporting Structure

The reporting organization and the reporting structure for the project is shown in the diagram below:

6.2.2 Project Roles and Responsibilities

The main roles and responsibilities are shown below *[add text]*.

6.2.3 Project Plan

A Gantt chart is shown below *[add text]*

6.3 Use of Special Advisers

Special advisers were used as shown in the table below:

Specialist Area	Adviser
Financial	
Technical	
Procurement and legal	
Business assurance	
Other	

6.4 Arrangements for Change Management

The strategy, framework and plan for dealing with change management are as follows follows *[add text referring to the procedures in Mashroat Projects White Book Volume 7 – Project Controls and Reporting]*

6.5 Arrangements for Benefits Realization

The strategy, framework and plan for dealing with the management and delivery of benefits are as follows *[add text referring to Mashroat Dashboard]*.

A copy of the project benefits register is attached at Appendix *[add text]*.

6.6 Arrangements for Risk Management

The strategy, framework and plan for dealing with the management of risk are shown in the risk register, prepared according to the Mashroat risk management procedures defined in Mashroat Projects White Book 'Volume 13 – Risk Management'. The main issues are *[add text]*.



6.7 Arrangements for Contract Management

The strategy, framework and plan for contract management are as follows *[add text referring to the procedures in Mashroat Projects White Book Volume 7 – Project Controls and Reporting]*

6.8 Arrangements for Post Project Evaluation

The arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with best practice and are as follows:

6.8.1 Post Implementation Review (PIR)

This review ascertains whether the anticipated benefits have been delivered. The review is timed to take place *[add text]*.

6.8.2 Project Evaluation Review (PER)

This review appraises how well the project was managed and whether or not it delivered to expectations. It is timed to take place *[add text]*

6.9 Gateway Review Arrangements

A Gateway Review has been undertaken on the project, based on the submission of the draft FBC. The consequent actions have been addressed as follows *[add text]*