**Mid Wales Commercial Property Investment Fund**

**Project Business Case**

|  |
| --- |
| **Project Name:**  **Company Name:** |

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| This is a template **Business Justification Case** (or BJC) to be submitted as part of an applicant’s ‘Developed Proposal.’ It is a single-stage business case (produced in one step). The BJC approach is to be used for the purpose of evaluating schemes proposed for Mid Wales Commercial Property Investment Fund where they are considered non-contentious, not novel and have a **works costs** value of less than £4m (see footnote 2).  This template aims to support enterprises applying for funding in their thinking, writing and stakeholder engagement activity when scoping and writing the document, and to ensure decision making is clearly evidence-based. The suggested approach is to: Think, Evidence, and Document a case for investment in a clear concise way, avoiding unnecessary repetition. |

Document Control

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| Approved by: |  |  |  |

# Executive Summary

### Table 1: Summary of Proposal

|  |  |
| --- | --- |
| **Proposing Business:** | *Company Name* |
| **Accountable Person** | *Senior Responsible Owner or other company / company board representative who owns the project.* |
| **Project Manager** | *Person responsible for the day-to-day running of the project.* |
| **Contact Details** | *Provide the Project Manager’s telephone and email contact details.* |
| **Total Dev’t Cost see footnote [[1]](#footnote-1)** | *Insert Capital Value (CAPEX excluding VAT and OPEX).* |
| **Total Works Cost see footnote [[2]](#footnote-2)** | *Insert Capital Value (CAPEX excluding VAT and OPEX).* |
| **Principal Funding Streams** | *Identify how the total development cost is to be financed, either from working or venture capital or finance.* |
| **Mid Wales Commercial Property Investment Fund Ask** | *Identify the value of funding you estimate may be needed to secure project viability considering all other funding streams available to you already.* |

## Our Business

*Provide a high-level overview of the nature and work of your business.*

## Project Aims and Objectives

*Clearly state the purpose of the project, its aims, and objectives.*

## Overview of the Business Case

*Provide a single page overview of sections 2-7 of your Business Case.*

# Strategic Case

## Context

*Describe how the proposed investment supports your business’ growth objectives, and any links to other programmes or projects.*

## 2.2 The Case for Change

### 2.2.1 Investment Objectives

*Specify the key objectives for undertaking your project, expressed in terms of what you are seeking to achieve by way of targeted outcomes. Be guided by the generic drivers for intervention and spend:*

* ***Compliance*** *- meeting legal, regulatory or operational requirements and best-practice*
* ***Efficiency*** *- improving the delivery of services through better use of inputs and outputs*
* ***Effectiveness*** *- improving the quality of services by delivering better outcomes, e.g., to meet new operational targets*
* ***Productivity*** *- improving the performance of services by increasing output rates/quantum*
* ***Value for Money or VfM*** *- reducing the costs of services and demonstrating the benefits of the intended change (see 2.2.5 below)*

*Make your objectives SMART (specific, measurable, achievable, realistic and time-bound).*

### 2.2.2 Existing Arrangements

*Describe any arrangements currently in place (business as usual): how services are presently organised and provided to users; including associated throughput, costs, current asset availability, utilisation and condition.*

### 2.2.3 Business Needs

*Describe the problems and difficulties with the existing arrangements and what needs to be done to promote effective change, i.e., the difference between where you are now and where you want to be in terms of your business objectives.*

### 2.2.4 Potential Scope and Services

*Describe the potential scope for service improvement, prioritised into three groupings:*

* *“core” - the “essential” requirements without which the project will not be judged a success*
* *“desirable” - the “additional” requirements where extra spend could be justified on a value for money basis; and*
* *“optional” - the “possible” requirements where extra spend could be justified on a marginal low cost and affordability basis.*

### 2.2.5 Main Benefits

*Specify the beneficiaries and the benefits that will accrue from your project, considering direct benefits (to originating business), indirect benefits (to other businesses) and wider benefits to society (households, individuals and businesses). If you can, undertake a Cost Benefit Analysis and establish a recognised VfM indicator, typically a Benefit-Cost Ratio.*

### 2.2.6 Job Creation, Regional Gross Value Added[[3]](#footnote-3) Uplift and Value for Money/BCR[[4]](#footnote-4)

*Set out how your objectives will contribute to the Growth Deal’s Investment Objectives for the Mid Wales Region of job creation (measured gross), Regional GVA Uplift (improved economic outputs) and private-sector investment/leverage. Declare the VfM indicator/BCR here also.*

### 2.2.7 Main Risks and/or Issues

*Set down the risks associated with your project. Focus on the business risks (those that are retained by the business) and the service risks (those that may be shared with the supply side). Your Project Risk Register[[5]](#footnote-5) should evaluate these before and after proposed mitigation.*

*For novel, contentious proposals ensure you consider the project’s risk profile appropriately and how risks will be identified, quantified, managed and mitigated during the Delivery Stage.*

### 2.2.8 Constraints[[6]](#footnote-6)

*Specify any constraints that have been placed on your project, including any external conditions and agreed parameters within which it must be delivered.*

### 2.2.9 Dependencies[[7]](#footnote-7)

*Specify any dependencies outside the scope of your project upon which successful delivery is dependent.*

### 2.2.10 Case for Change Summary and Logic Model[[8]](#footnote-8)

*Hold a workshop to consolidate and agree the Case for Change (See* ***Appendix 1****, “Making the Case for Change” for details).* *Consider drafting and agreeing a ‘Logic Model’ for your proposal at the workshop which captures the Case for Change in a graphic format.*

# 3. Options Analysis

## 3.1 Critical Success Factors

*Specify the critical success factors for your project, i.e., the attributes essential for successful delivery, against which the options will be appraised, together with the agreed spending objectives. Consider the following and tailor as required:*

* *Strategic fit*
* *Business needs*
* *Optimisation of cost and benefits*
* *Supply side capacity and capability*
* *Affordability*
* *Achievability*

## 3.2 Project Options

*Hold an Options Appraisal Workshop for “Identifying and Assessing the Options” (see* ***Appendix 2*** *for details). Your options must include:*

* *Business as usual (the baseline from which improvement will be measured)*
* *The “do minimum” (a realistic option that meets core requirements)*
* *Any additional options considered*

*Complete Table 2 below for each option, referencing the benefits and risks (advantages and disadvantages) from Sections 2.2.5 and 2.2.6, and the costs detailed Section 5.*

### Table 2: Summary of Options Appraisals

|  |  |
| --- | --- |
| **OPTION 1** | **BUSINESS AS USUAL (BAU)** |
| **Description** | *Potential scope, solution, delivery, implementation, and funding stream.* |
| **Net Costs** | *From the Financial Appraisal* |
| **Advantages** | *From the Financial Appraisal* |
| **Disadvantages** | *From the Financial Appraisal* |
| **Conclusion** | *How well it meets the agreed spending objectives and critical success factors (CSFs) for the project. Quote the BCR Value as a measure of VfM.* |
| **OPTION 2** | **DO MINIMUM:** |
| **Description** |  |
| **Net Costs** |  |
| **Advantages** |  |
| **Disadvantages** |  |
| **Conclusion** |  |
| **OPTION 3** | ***Insert Description*** |
| **Description** |  |
| **Net Costs** |  |
| **Advantages** |  |
| **Disadvantages** |  |
| **Conclusion** |  |

## 3.3 Preferred Option

*Confirm and justify your Preferred Option (taken forward for further analysis in Sections 4 & 5).*

# 4. Commercial Proposals

*Describe the procurement route and how it complies with procurement rules and regulations and any other relevant policy.*

*Describe the outputs - goods, services and works - that will be procured in relation to the recommended option, and how they will be paid for.*

*Describe how the goods, works or service will be paid for, and risks tied down in the payment mechanism - e.g. pay against milestones, delivery of services, performance, availability, usage.*

*Describe how the procurement will be contracted and whether a standard or bespoke contract will be required.*

*Explain any legal or personnel implications of the Preferred Option, if applicable, and how they will be managed.*

# 5. Funding and Affordability

## Capital and Revenue Costs

*Complete the Financial Appraisal Form and Cashflow Proposal template[[9]](#footnote-9) and replicate the details in summary here. Ensure any affordability gaps are highlighted and explain how you intend to overcome these both here and within your ‘Developed Proposal Form’.*

### Table 3: Cost and Funding for the Recommended Option

| **Lifespan** | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Total** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Capital Expenditure** | |  |  |  |  |  |  |
|  | Total Capital costs (CAPEX) |  |  |  |  |  |  |
| **Operating Expenditure** | |  |  |  |  |  |  |
|  | Total Operating costs (OPEX) |  |  |  |  |  |  |
| **Total Expenditure** | |  |  |  |  |  |  |
|  | Total Costs (CAPEX + OPEX) |  |  |  |  |  |  |
| **Revenue** | |  |  |  |  |  |  |
|  | Total Funding |  |  |  |  |  |  |
| **Affordability Assessment** | | | | | | | |
|  | Net Cost |  |  |  |  |  |  |

*You will need to provide evidence of all match-funding sources[[10]](#footnote-10) already identified that could close the affordability gap. This could include:*

* *formal grant offer letters*
* *evidence of asset ownership where the value is being offered as part match funding*
* *a finance offer letter from your finance company or Director for loans etc.*
* *bank information confirming available operating capital*
* *other written confirmation from third party funders*

## Balance Sheet Treatment[[11]](#footnote-11)

*Explain any impacts on the balance sheet of your Business and how these will be dealt with.*

# 6. Delivery Arrangements

*Describe what arrangements have been put in place to ensure the successful delivery of the project, including:*

* *Project management arrangements - governance arrangements, roles and responsibilities*
* *Project Delivery Plans.[[12]](#footnote-12)*
* *Project assurance - independent and impartial reviews at different stages of the project lifespan.*
* *Change management arrangements.*
* *Benefits mapping and realisation plans.*
* *Risk management arrangements, including a Risk Register[[13]](#footnote-13).*
* *Contract management arrangements and plans.*
* *Post-project evaluation arrangements and plans.*
* *Contingency Plan (if applicable).*

# 7. Confirming the Preferred Option

*Write a short recommendation which summarises why the Preferred Option should be taken forward for investment.*

# Appendix 1: Workshop – The Case for Change

At least one workshop is recommended for making the case for change, so that the key stakeholders are engaged earlier on, can challenge and assist to shape the direction of the project. This may comprise more than one actual workshop depending on need.

The purpose, objectives, key participants and outputs of this workshop are as follows:

|  |  |
| --- | --- |
| **Workshop** | **Making the Case for Change** |
| Objectives | * To identify and agree spending objectives, existing arrangements, business needs, and potential scope for the project * To identify the key service requirements for the project, related benefits and risks, constraints and dependencies |
| Key participants | * Sponsor/Senior Responsible Owner * Project Director * Project Manager and team members * External stakeholders and commissioners * Customer and/or user representatives * Technical adviser(s) * Financial adviser(s) * Facilitator |
| Outputs | * SMART investment objectives * Business needs and potential scope for the project * Key benefits and risks, constraints and dependencies |

### Workshop Outcomes and Output

*Consider expanding this Appendix to summarise the principal outcomes of the Workshop, rather than bulking the content of the Business Case unnecessarily.*

# Appendix 2: Workshop – Options Appraisal

At least one workshop is recommended to identify and assess the options, to ensure that the key stakeholders are engaged earlier on, can challenge and assist to shape the direction of the project.

The purpose, objectives, key participants and outputs of this workshop stage are as follows:

|  |  |
| --- | --- |
| **Workshop** | **Identifying and Assessing the Options** |
| Objectives | * To identify the Critical Success Factors * To identify and appraise the options * To identify and provide initial appraisal of the shortlisted options * To identify the potential costs, benefits and risks associated with the short-listed options |
| Key participants | * External stakeholders or commissioners * Director of Finance * Economic adviser * Customer and/or user representatives * Project manager * Facilitator |
| Outputs | * Appraisal of the Long list * Short-listed options with preliminary assessment * Information and data for economic appraisal of the Preferred Option |

### Multi Criteria Decision Analysis (MCDA)

A form of multi criteria decision analysis, making use of a professionally trained facilitator to guide a team of expert representatives and stakeholders, can be useful for considering certain options at the long list stage. This kind of objective, consultative weighting and scoring should only be undertaken by experts and will require several long meetings.

### Workshop Outcomes and Output

*Consider expanding this Appendix to summarise the principal outcomes of the Workshop, rather than bulking the content of the Business Case unnecessarily.*

1. Measured in accordance with RICS NRM1: Order of cost estimating and cost planning for capital building work. The total project cost, i.e., the total of the works cost (footnote 2), the project and design team fees, other development and project costs, risk values, tender inflation, and construction inflation. [↑](#footnote-ref-1)
2. Measured in accordance with RICS NRM1: Order of cost estimating and cost planning for capital building work. The combined total cost of the building works, main contractor’s preliminaries, their overheads, and profit, based on prices current at the time the estimate is prepared (or updated). It should exclude allowances for project and design team fees, other development and project costs, risk values, tender inflation, and construction inflation. [↑](#footnote-ref-2)
3. Gross Value Added (GVA) is a measure of the income received from your goods / services when offered to the market (Outputs) less the cost of any goods / services you have used to create them (Intermediate Consumption). The difference is the value added, **but it must relate specifically to your project**. [↑](#footnote-ref-3)
4. Cost Benefit Analysis (CBA) is as process of analysing as many of the costs and benefits of a projects as is feasible, monetising non-market factors wherever possible. The BCR is defined a measure of the net benefits divided by the net costs. [↑](#footnote-ref-4)
5. Please attach as a separate file to the ‘Developed Proposal Form’ referenced: 2.4 Project Risk Register. [↑](#footnote-ref-5)
6. Constraints - the fixed limitations of your project which typically involve costs/funding, time, scope, quality, desired benefits, or outcomes and potentially risk tolerance levels. [↑](#footnote-ref-6)
7. Dependencies – tasks which dictate the performance or execution of later activities and may dictate a ‘critical path’ for project delivery, e.g., securing Planning permission. [↑](#footnote-ref-7)
8. A tool to help define the project’s intended goals, inputs, outputs, activity sequence, benefits arising and its ultimate outcomes and impacts. [↑](#footnote-ref-8)
9. Please attach as a separate file to the ‘Developed Proposal Form’ referenced: 3.7.2. Financial Appraisal Form and Cashflow Proposal. [↑](#footnote-ref-9)
10. Please attach as a separate file to the ‘Developed Proposal Form’ referenced: 3.8 Evidence of Match Funding [↑](#footnote-ref-10)
11. The financial statement that reports your company’s assets, liabilities, and shareholder equity, and provides a financial overview of what is owned and owed, and the residual value of the business to its owners. [↑](#footnote-ref-11)
12. Please attach as a separate file to the ‘Developed Proposal Form’ referenced: 2.3 Project Delivery Plan. [↑](#footnote-ref-12)
13. Please attach as a separate file to the ‘Developed Proposal Form’ referenced: 2.4 Project Risk Register. [↑](#footnote-ref-13)