The Transport Business Cases
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Introduction

1 This document is part of the Department for Transport’s commitment to being open and transparent. It provides a description of the approach followed by the Department and its ministers when making major investment decisions. It is intended to inform those with a general interest, as well as those who are involved in developing proposals for investment and who wish to understand better the underlying decision making process. It also provides the best practice model for small scale investments.

2 Business cases for different modes of transport or funding streams have their own particular set of circumstances and demands for detail which can make the underlying process of decision making opaque. To ensure ministers receive the right information on which to draw their conclusions, all investment decisions are required to follow the same high-level process. This allows for objective comparisons of proposals for investment within and between projects and modes.

Purpose of this document

3 This document provides a clear explanation of the:
   - staged approach to major investment decisions, (in line with Treasury’s recommended five case model – see below);
   - evidence developed by the Department and its partners for consideration by ministers to enable them to make informed and balanced decisions; and
   - tools, templates and sources of further guidance available.
1. The Transport Business Case

1.1 Ministers take decisions on investment in support of their objectives for transport and are informed by evidence set out in a business case. Business cases are developed in line with Treasury’s advice on evidence-based decision making set out in the Green Book and use its best practice five case model approach.

1.2 This approach shows whether schemes:
   - are supported by a robust case for change that fits with wider public policy objectives – the ‘strategic case’;
   - demonstrate value for money – the ‘economic case’;
   - are commercially viable – the ‘commercial case’;
   - are financially affordable – the ‘financial case’; and
   - are achievable – the ‘management case’.

1.3 Ministers take into account the evidence in all five cases when making a decision. Guidance that sets out the detailed questions asked in each case is set out later in this document.

1.4 The degree of detail contained within the business case may vary depending on the level of investment or risk proposed to ensure that the appraisal process is proportionate.

The evidence framework

1.5 The Department provides tools and guidance to produce the evidence required for each of the five cases. These tools and guidance ensure that the evidence produced is robust and consistent.

1.6 WebTAG is the Department’s website for guidance on the conduct of transport studies. The guidance includes or provides links to advice on how to:
   - set objectives and identify problems;
   - develop potential solutions;
   - create a transport model for the appraisal of the alternative solutions; and
- conduct an appraisal which meets the Department’s requirements.

1.7 Other tools and guidance or links to them can be found on the Department’s website (www.gov.uk/dft)

1.8 Figure 1.1 illustrates how the sources of evidence can feed into the business case. The shaded areas with ticks indicate where it is likely that a source of evidence will be able to contribute to each part of the business case. For example, outputs from the Appraisal Summary Table will be able to inform the strategic, economic, financial and commercial cases, and the management case is likely to be informed by a number of sources, such as the Gateway Review process, or the Highways Agency’s Project Control Framework.

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**Figure 1.1 - Tools and guidance** produce evidence that can be used to answer questions posed by each case.

<table>
<thead>
<tr>
<th>Analyses &amp; Study outputs</th>
<th>Development of evidence for business case</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategic case</td>
</tr>
<tr>
<td>Stage 1: Option development</td>
<td>Outputs from EAST</td>
</tr>
<tr>
<td></td>
<td>Options Assessment Report</td>
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<td>Appraisal Specification Report</td>
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<tr>
<td>Stage 2: Further Appraisal</td>
<td>Appraisal Summary Table</td>
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<td></td>
<td>Transport Economic Efficiency table</td>
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<td></td>
<td>Public Accounts</td>
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<td></td>
<td>Analysis of Monetised Costs and Benefits</td>
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<td></td>
<td>Greenhouse gas worksheet</td>
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<td></td>
<td>Noise worksheet</td>
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<td></td>
<td>Air quality worksheet</td>
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<tr>
<td></td>
<td>Social and Distributinal Impact matrix worksheet</td>
</tr>
<tr>
<td>Social Research evidence, guidance and tools (to understand and assess the needs, attitudes and behaviours of the target and/or affected population)</td>
<td>✓</td>
</tr>
<tr>
<td>Carbon Tool for Local Authorities</td>
<td>✓</td>
</tr>
<tr>
<td>Value for Money guidance</td>
<td>✓</td>
</tr>
<tr>
<td>Advice on Public Private Partnership (PPP) and Private Finance Initiative (PFI)</td>
<td>✓</td>
</tr>
<tr>
<td>DfT’s Evaluation guidance including evaluation plans and benefits realisation</td>
<td>✓</td>
</tr>
<tr>
<td>Efficiency &amp; Reform Group Gateway Review Guidance</td>
<td>✓</td>
</tr>
<tr>
<td>Network Rail’s management &amp; control process for enhancements (GRIP)</td>
<td>✓</td>
</tr>
<tr>
<td>Highway Agency’s project control framework (PCF)</td>
<td>✓</td>
</tr>
</tbody>
</table>

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1 This diagram is for illustrative purpose only. Not all of these tools and guidance will be relevant for all proposals, which will vary by mode and investment framework.

2 The assessments produced in the supporting worksheets in stage 2: further appraisal are summarised in the Appraisal Summary Table. Although these assessments are used mainly in the economic case, they may also be used to support the other cases e.g. information on revenue impact in the transport economic efficiency table can be used in the commercial case.
The decision making process

1.9 The decision making process takes place in three phases (smaller or straightforward investments may require fewer phases) as shown in Figure 1.2.

Figure 1.2 – The three phases of the decision making process.

1.10 Each business case builds upon the last: evidence is reviewed to ensure that it remains up to date, accurate and relevant. Throughout the process the Department’s centres of expertise (e.g. finance, procurement, economists) provide advice and scrutiny.

1.11 The process is flexible to ensure that the time and resources invested in making a decision are proportionate to the size of the investment or intervention. The approach should be tailored to suit the individual project, reflecting the particular investment approach or modal area e.g. roads, rail, etc. The minimum process required for investments is presented here. It underlies (rather than supersedes) any additional appraisal and approval processes.

1.12 The level of investment and risk involved with the proposal also determines the governance arrangements. Investment committees within the Department will scrutinise proposals, where spending is below the delegated limits set by Treasury, before making recommendations to ministers. Spending outside those limits will also require Treasury approval and may be subject to assurance by the Major Projects Authority. This may include scrutiny by the Major Projects Review Group, depending on the level of risk and Treasury concern. Other projects may also be subject to gateway reviews, a peer review process which provides an external challenge to the robustness of the plans and processes.
Identification of the problem and the potential for intervention

1.13 Prior to the development of specific proposals, the Department (and/or its partners) will first identify what problem needs to be solved and establish whether there is a need for investment (or intervention). A range of options will then be developed and an initial assessment will be carried out. The Early Assessment and Sifting Tool (EAST) can aid this process. EAST and guidance on using it can be found on the Department’s website (www.gov.uk/dft).

1.14 If the investment or intervention involves the commissioning of a service, consideration of the economic, environmental and social benefits of the possible approaches to procurement must be given. Consideration should also be given on the need for consultation on these issues.

1.15 For major initiatives, consideration should be given to whether a Starting Gate review is required. This is an independent peer review which takes place at the policy formulation phase, before a major project is initiated.

Phase One – preparing the Strategic Outline Business Case

1.16 Once the need for intervention has been established and a range of options developed, proposals enter Phase One, which culminates in the Strategic Outline Case. This sets out the need for intervention (the case for change) and how this will further ministers’ aims and objectives (the strategic fit). It provides suggested or preferred ways forward and presents the evidence for decision. An investment committee will make recommendations to ministers who will then decide whether to provide the initial agreement to proceed with the scheme.
1.17 The purpose of the Strategic Outline Case is to:

- define the scope of the project/programme and its outputs and benefits;
- make the case for change;
- confirm the strategic fit with the Departmental business plan and wider Government objectives;
- state the assumptions made;
- set out how achievements will be measured;
- outline options, including innovative options, to tackle the problem and carry out initial sift of options;
- consider and confirm that a robust project governance structure is in place and that the project is affordable;
- outline the sequence in which the project and benefits will be delivered;
- identify and analyse its stakeholders; and
- confirm the assurance arrangements.

Phase Two – preparing the Outline Business Case

1.18 Phase One establishes the strategic case and secures initial approval to proceed. Phase Two reconfirms these conclusions but concentrates on detailed assessment of the options to find the best solution. Full economic and financial appraisals take place during this phase (building up the economic and financial cases), a preferred option is selected and, where relevant, preparations are made for the potential contract through the development of the commercial case. The arrangements required to
ensure successful delivery are set out in the management case. These details are presented in the Outline Business Case. An investment committee will make recommendations to ministers who will then decide whether the project will move onto the next phase.

1.19 In summary, the Outline Business Case:

- is used continually to align the progress of the project towards achieving ministers’ objectives;
- confirms the strategic fit and the case for change;
- sets out a detailed assessment of the options to find the preferred solution;
- refines the investment/intervention proposal; and
- provides details of the project's overall balance of benefits and costs against objectives.

Phase Three – preparing the Full Business Case

1.20 The culmination of the final phase is the Full Business Case. An investment committee will consider the Full Business Case then make a recommendation to ministers. Ministers will decide whether a proposal should proceed to implementation.

1.21 The Full Business Case should:

- provides details of the project’s overall balance of benefits and costs against objectives and set out plans for monitoring and evaluating these benefits when required;
- confirm the strategic fit and the case for change;
• provide the business and financial rationale for the project;
• detail the proposed contract management resourcing, processes and benefit realisation plans;
• show how the return would justify the overall investment of time and money; and
• continue to be used to align the progress of the project towards achieving business objectives.

Further information

1.22 Detailed guidance for each of the five cases that make up the business case is included in this document. Additional tools and guidance are available on the Department’s website (www.gov.uk/dft).

1.23 For staff in the Department, further guidance is available on the Department’s intranet, including contact information for colleagues who can guide you through the process of producing a business case and discuss your specific requirements.
2. The Strategic Case

2.1 The strategic case determines whether or not an investment is needed, either now or in the future. It should demonstrate the case for change – that is, a clear rationale for making the investment; and strategic fit, how an investment will further the aims and objectives of the organisation. The strategic case provides the greatest emphasis for going ahead with a project at an early stage, and should provide a shortlist of options at the strategic outline business case stage.

2.2 More specifically, the strategic case should specify the business need for a project. What need will be met by the project and why it is needed now? This should be put into context by examining existing arrangements and be used to draw up a series of investment aims. The investment aims then need to be assessed against what the organisation (and wider Government) wants to achieve as a whole. Determining the case for change and strategic fit should be an iterative process as a business case develops, and always supported by robust evidence, such as identifying key risks and constraints. Consulting main stakeholder groups is an important step in identifying aims.

What questions will be asked?

2.3 The strategic case will contribute towards the overall business case presented for consideration by ministers. Prior to this more detailed evidence will be scrutinised by the relevant investment committee alongside the wider business case.

2.4 Consideration of the strategic case by an investment committee is likely to include a comparison with other similar interventions that address the same problems to those identified in the business case. The strategic case should aim to identify the relative merits and drawbacks of a scheme. The questions likely to be asked by an investment committee include:

- What is/are the identified problem(s), with timescales and the key drivers? What would happen if the scheme didn’t go ahead?
- Who are the target and/or affected population(s) and what is known about their needs, current behaviours and attitudes?
• What are the existing arrangements for the provision of services? Can they be better utilised, or are more fundamental changes required? What are the constraints?

• Why is the scheme needed now?

• What are the aims of the proposed scheme, and how do they address all the problems identified?

• How does the proposed scheme draw on evidence about what has worked in the past and/or understanding of existing and potential barriers to behaviour change?

• What are the attitudes of key groups (e.g. the general public, residents, businesses and wider stakeholders) to the proposed scheme and how have those attitudes informed the strategic plan?

• Are there any internal or external business drivers that support the scheme, or pressures that make it necessary to act?

• What was the process for generating and shortlisting options?

• What is the scope of the project?

• What are the constraints and dependencies, in light of other programmes and projects which are underway?

• What are the high-level strategic and operational benefits envisaged? How do they link to the objectives of the scheme?

• What are the main risks to the business in taking the project forward?

• What are the organisation’s main aims, and how does the project fit within this?

• How does the scheme contribute to key objectives, including wider transport and government objectives?

• Are there any other objectives, such as local, regional or network objectives that the scheme might contribute to?

• What is the overall level of impact in combination with other connected schemes?

• What will constitute success for the project, and how will it be measured? Is there a clear logic model for how the outcomes will be achieved? What wider impacts will the project have?

• Was a Starting Gate review undertaken before the decision was taken to proceed with the project or programme? A Starting Gate review is good practice for all emerging major initiatives and is mandatory for all projects requiring Treasury financial approval.
If this is a major project or programme, is there an integrated assurance plan in place as required by the Major Projects Authority?

Contents of the strategic case

2.5 The following elements make up the minimum requirement for the strategic case. These should be easily identifiable in the business case in order to demonstrate that they have been covered.

2.6 The table below sets out how and when these minimum requirements should be outlined (initial findings), completed (a full assessment) and updated (past information is verified and new information incorporated) for each iteration of the business case. Blank/no colour indicates ‘optional’ where evidence should be provided if relevant.

<table>
<thead>
<tr>
<th>issue description</th>
<th>Strategic Outline</th>
<th>Outline</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business strategy</td>
<td>Provide the context for the business case by describing the strategic aims and responsibilities of the organisation responsible for the proposal e.g. the Department, Highways Agency, Local Authority, Network Rail, etc.</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Problem identified</td>
<td>Describe the problem identified. What is the evidence base underpinning this? Is there justification for Government intervention?</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Impact of not changing</td>
<td>What is the impact of not changing?</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Internal drivers for change</td>
<td>What is driving the need to change e.g. improved technology, new business/service development as result of policy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External drivers for change</td>
<td>What is driving the need to change e.g. legislation, pressure from public/other government departments?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>issue</td>
<td>description</td>
<td>Strategic Outline</td>
<td>Outline</td>
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<tr>
<td>------------------------</td>
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</tr>
<tr>
<td>Objectives</td>
<td>Establish specific, measurable, achievable, realistic and time-bound objectives that will solve the problem identified. Ensure that they align with the organisation’s strategic aims.</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Measures for success</td>
<td>Set out what constitutes successful delivery of the objectives.</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Scope</td>
<td>Explain what the project will deliver and also what is out of scope.</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Constraints</td>
<td>High level internal/external constraints e.g. technological environment, is there capability to deliver in-house, major contracts with provider, etc.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Interdependencies</td>
<td>Internal/external factors upon which the successful delivery of project are dependent.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Outline the main stakeholder groups and their contribution to the project. Note any potential conflicts between different stakeholder groups and their demands.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Options</td>
<td>Set out all the options identified (including do nothing) and evaluate their impact on the proposal’s objectives and wider public policy objectives. Risks associated with each option should be identified as should any risks common to all options.</td>
<td>O</td>
<td>C</td>
</tr>
</tbody>
</table>

2.7 The degree of detail contained within the business case may vary depending on the level of investment and/or risk proposed to ensure that the appraisal process is proportionate. Similarly, different investment routes or capital projects for different modes may require additional details to be provided and considered as part of the decision making and project development.
Tools and Guidance

2.8 Sources of further guidance can be found on the Department’s website (www.gov.uk/dft):

- **Treasury’s Green Book**

- **Government Social Research Unit’s Magenta Book** – guidance notes on policy evaluation and analysis to help ‘intelligent customers’ and ‘intelligent providers’ determine what constitutes high quality work in the field on policy evaluation and analysis.

- **WebTAG** – the Department’s website for guidance on the conduct of transport studies.

- **The Early Assessment & Sifting Tool (EAST)** – a decision support tool that has been developed to quickly summarise and present evidence on options in a clear and consistent format.

- **The Hints and Tips Guide to Logic Mapping** provides in-depth advice on developing logic maps to inform the planning, design and evaluation of transport interventions.

- **Enabling Behaviour Change** provides guidance on the issues to consider in developing initiatives which seek to enable changes in people’s travel behaviour and offers practical tips when considering options for addressing barriers to sustainable behaviours.

- **Carbon tool for local authorities** – The Department’s tool to assist local authorities’ assessment of the potential effects of transport interventions on carbon emissions in their area.
3. The economic case

3.1 The economic case assesses options to identify all their impacts, and the resulting value for money, to fulfil Treasury’s requirements for appraisal and demonstrating value for money in the use of taxpayers’ money.

3.2 In line with Treasury’s appraisal requirements, the impacts considered are not limited to those directly impacting on the measured economy, nor to those which can be monetised. The economic, environmental, social and distributional impacts of a proposal are all examined, using qualitative, quantitative and monetised information. In assessing value for money, all of these are consolidated to determine the extent to which a proposal’s benefits outweigh its costs.

What questions will be asked?

3.3 The economic case will contribute towards the overall business case presented for consideration by ministers. Prior to this, more detailed evidence will be scrutinised by the relevant investment committee alongside the wider business case.

3.4 The committee will ask what economic, environmental, social and distributional impacts a proposal is expected to have, and whether these have been estimated in line with the Department’s appraisal guidance. It will also ask how strong the resulting value for money is expected to be.

Contents of the economic case

3.5 The expected economic, environmental, social and distributional impacts of a proposal are established through a transport study, following methods set out in the Department’s modelling and appraisal guidance (WebTAG). These are presented in an Appraisal Summary Table, providing a brief and consistent summary of expected qualitative, quantitative and monetised impacts.

3.6 To assess value for money, the monetised impacts are summed to establish an initial benefit-cost ratio, which implies an initial value for money band (poor, low, medium, high, or very high). This band is then adjusted to account for impacts where qualitative or quantitative, but not monetised, information is available. This ensures that the value for
money assessment of a proposal considers all its impacts, not just those which are monetised.

3.7 The following elements make up the minimum requirement for the economic case. These should be easily identifiable in the business case in order to demonstrate that they have been covered.

3.8 Table 3.1 sets out how and when these minimum requirements should be outlined (initial findings), completed (a full assessment) and updated (past information is verified and new information incorporated) for each iteration of the business case. Blank/no colour indicates ‘optional’ where evidence should be provided if relevant.

<table>
<thead>
<tr>
<th>Table 3.1 – Contents of the economic case</th>
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<tbody>
<tr>
<td><strong>issue</strong></td>
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<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>Introduction</td>
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<tr>
<td>Options appraised</td>
</tr>
<tr>
<td>Assumptions</td>
</tr>
<tr>
<td>Sensitivity and Risk Profile</td>
</tr>
<tr>
<td>Appraisal Summary Table</td>
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<tr>
<td>Value for Money Statement</td>
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</tbody>
</table>
Sources of further guidance can be found on the Department’s website (www.gov.uk/dft):

- **Treasury’s Green Book**
- **WebTAG** – the Department’s website for guidance on the conduct of transport studies (including transport modelling, appraisal and conducting a transport study). WebTAG also provides advice on the approach for different modes.
- **Value for Money** guidance
- **Carbon tool for local authorities** – The Department’s tool to assist local authorities’ assessment of the potential effects of transport interventions on carbon emissions in their area.
4. The Financial Case

4.1 The financial case concentrates on the affordability of the proposal, its funding arrangements and technical accounting issues (value for money is scrutinised in the economic case). It presents the financial profile of the different options and the impact of the proposed deal on the Department’s budgets and accounts.

What questions will be asked

4.2 The financial case will contribute towards the overall business case presented for consideration by ministers. Prior to this more detailed evidence will be scrutinised by the relevant investment committee alongside the wider business case. The questions likely to be asked by an investment committee include:

- How much does the project cost each year? Who is paying for it?
- Are the various types of cost (admin, resource and capital) falling to the Department clearly identified? Do they have budget cover in each of the years in which they fall (i.e. are they affordable)?
- How reliable and committed are third party funders to the project?
- If funding for the project involves borrowing (e.g. from the government or wider market), how robust is the arrangement. Are there risks associated with servicing the repayment and interest?
- What are the key financial risks? Have these been quantified? Is there a robust risk management strategy?
- Has any sensitivity analysis been undertaken? What are the results?
- Does the project depend on third party income streams – e.g. from fees or tolls? If so, how robust are the estimates/forecasts? Are any risk sharing arrangements contemplated?
- What are the accounting implications (e.g. is it on/off the public sector balance sheet)?
- Are there any state aid issues to address e.g. which may constrain or limit public sector support?
- Is the funding compliant with ‘Managing Public Money’ and other central government guidance? Is Treasury approval needed?
Business case process

4.3 The following elements make up the minimum requirement for the economic case. These should be easily identifiable in the business case in order to demonstrate that they have been covered.

4.4 Table 4.1 sets out how and when these minimum requirements should be outlined (initial findings), completed (a full assessment) and updated (past information is verified and new information incorporated) for each iteration of the business case. Blank/no colour indicates ‘optional’ where evidence should be provided if relevant.

<table>
<thead>
<tr>
<th>Table 3.1 – Contents of the Economic Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>issue description</td>
</tr>
<tr>
<td>Introduction</td>
</tr>
</tbody>
</table>
| Costs | Provide details of:  
- the expected whole life costs;  
- when they will occur;  
- breakdown and profile of costs by those parties on whom they fall; and  
- any risk allowance that may be needed (in the event of things going wrong). | C | U |
| Budgets / Funding cover | Provide analysis of the budget/funding cover for project. Set out if relevant, details of other funding sources (e.g. third party contributions, fees) | O | C | U |
| Accounting implications | Describe expected impact on organisation’s balance sheet. | |

Tools and Guidance

4.5 Sources of further guidance can be found on the Department’s website (www.gov.uk/dft):  
- Treasury’s Green Book
- *WebTAG* – the Department’s website for guidance on the conduct of transport studies.
5. The Commercial case

5.1 The commercial case provides evidence on the commercial viability of a proposal and the procurement strategy that will be used to engage the market. It should clearly set out the financial implications of the proposed procurement strategy. It presents evidence on risk allocation and transfer, contract timescales and implementation timescale as well as details of the capability and skills of the team delivering the project and any personnel implications arising from the proposal.

What questions will be asked

5.2 The commercial case will contribute towards the overall business case presented for consideration by ministers. Prior to this more detailed evidence will be scrutinised by the relevant investment committee alongside the wider business case. The questions likely to be asked by an investment committee include:

- Is there a robust contracting and procurement strategy?
- Is the risk transfer supported by incentives (positive or negative) that prompt the intended outcomes, e.g. will the contractor lose money if there are any cost overruns?
- Who is taking marginal risk, including on planning consent, demand, revenue availability and integration risk?
- How was the proposed procurement approach developed? For major projects, has the Department’s Director of Procurement been consulted on the procurement strategy?
- Is there a developed market for the proposed procurement approach and financing arrangements?
- How confident are we that appropriate contractual/commercial arrangement can be defined to make the structure and risk transfer work in practice?
- Is the proposed risk allocation consistent with the cost estimate?
- How does the mechanism incentivise performance, efficiency and innovation?
Contents of the commercial case

5.3 The following elements make up the minimum requirement for the commercial case. These should be easily identifiable in the business case in order to demonstrate that they have been covered.

5.4 This document provides generic guidance but promoters will need to consult their departmental sponsor for sector specific format and content requirements for the commercial case.

5.5 Table 5.1 sets out how and when these minimum requirements should be outlined (initial findings), completed (a full assessment) and updated (past information is verified and new information incorporated) for each iteration of the business case. Blank/no colour indicates ‘optional’ where evidence should be provided if relevant.

<table>
<thead>
<tr>
<th>Table 5.1 – Contents of the Commercial Case</th>
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</thead>
<tbody>
<tr>
<td><strong>issue</strong></td>
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<tr>
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<tr>
<td>Introduction</td>
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<tr>
<td>Output based specification</td>
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<tr>
<td>Procurement strategy</td>
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<td>Sourcing options</td>
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<tr>
<td>issue</td>
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<td>-------------------------------</td>
</tr>
<tr>
<td>Payment mechanisms</td>
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<tr>
<td>Pricing framework and charging mechanisms</td>
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<tr>
<td>Risk allocation and transfer</td>
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<tr>
<td>Contract length</td>
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<tr>
<td>Human resource issues</td>
</tr>
<tr>
<td>Contract management</td>
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</tbody>
</table>

### Tools and Guidance

#### 5.6 Sources of further guidance can be found on the Department’s website ([www.gov.uk/dft](http://www.gov.uk/dft)):

- Treasury’s *Green Book*
• **WebTAG** – the Department’s website for guidance on the conduct of transport studies.

• **Office for Government Commerce’s Achieving Excellence in Construction** - advice on payment mechanisms for construction projects.
6. The Management Case

6.1 The management case assesses whether a proposal is deliverable. It tests the project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance (e.g. a Gateway Review).

6.2 There should be a clear and agreed understanding of what needs to be done, why, when and how, with measures in place to identify and manage any risks. The management case sets out a plan to ensure that the benefits set out in the economic case are realised and will include measures to assess and evaluate this. All projects and programmes are expected to have a risk management plan, proportionate to their scale.

What questions will be asked?

6.3 The management case will contribute towards the overall business case presented for consideration by ministers. Prior to this more detailed evidence will be scrutinised by an investment committee alongside the wider business case. The committee will examine the feasibility and practicality of delivering the project and will require demonstration that an appropriate project management regime is in place for the project. The questions likely to be asked by an investment committee include:

- Who is the client/sponsor?
- What are the key go/no go decision points? Is it clear what would happen at each stage after a go/no go decision?
- Who is in charge? Is there a project board or similar? Are they following best practice (e.g. by being able to answer these questions satisfactorily)? And are they properly skilled?
- What is the allocation of roles and responsibilities between the Department and delivery partners? Who has the final say on committing fund/accepting risk?
- What is the composition of the project board (e.g. is it people who take decisions, or are they people who simply represent interests)? Do they have the relevant skills and experience?
- What are the metrics: milestones, targets, desired outcomes and wider impacts? Is there a programme for measuring/evaluating
them? Is there a clear logic model for how the outcomes will be achieved?

- What is the proposed reporting and approval process?
- How are stakeholders involved? Are they being managed?
- Where they employ a programme manager externally, do they have the skills and capacity to manage the programme manager?
- Who is advising the client? Are they credible in the context of the project? What is their track record in the field?
- What risks are left with the client (and the Department where different), what are the cost implications and how will they be managed? What would be the impact on the Department if the risk materialised?
- Who has assessed risk? Are they an expert in the field? Do we need/have an independent view?
- Does the project have independent assurance in place?
- Is this project in the Government’s Major Projects Portfolio? (The Major Projects Portfolio covers central Government projects that require Treasury financial approvals.) If not, should it be?

Contents of the management case

6.4 The following elements make up the minimum requirement for the management case. These should be easily identifiable in the business case in order to demonstrate that they have been covered.

6.5 Table 5.1 sets out how and when these minimum requirements should be outlined (initial findings), completed (a full assessment) and updated (past information is verified and new information incorporated) for each iteration of the business case. Blank/no colour indicates ‘optional’ where evidence should be provided if relevant.
<table>
<thead>
<tr>
<th>issue</th>
<th>description</th>
<th>Strategic Outline</th>
<th>Outline</th>
<th>Full</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Outline the approach taken to assess if the proposal is deliverable.</td>
<td>C</td>
<td>U</td>
<td>U</td>
</tr>
<tr>
<td>Evidence of similar projects</td>
<td>If possible, provide evidence of similar projects that have been successful, to support the recommended project approach. If no similar projects are available for comparison, outline the basis of assumptions for delivery of this project e.g. comparison with industry averages for this kind of work.</td>
<td>C</td>
<td>U</td>
<td>U</td>
</tr>
<tr>
<td>Programme / project dependencies</td>
<td>Set out deliverables and decisions that are provided/received from other projects.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Governance, organisational structure &amp; roles</td>
<td>Describe key roles, lines of accountability and how they are resourced.</td>
<td>C</td>
<td>U</td>
<td>U</td>
</tr>
<tr>
<td>Programme / project plan</td>
<td>Plan with key milestones and progress, including critical path.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Assurance &amp; approvals plan</td>
<td>Plan with key assurance and approval milestones.</td>
<td>C</td>
<td>U</td>
<td>U</td>
</tr>
<tr>
<td>Communication and stakeholder management</td>
<td>Develop communications strategy for the project.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Programme / project reporting</td>
<td>Describe reporting arrangements.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Implementation of work streams</td>
<td>Summary of key work streams for executing the work.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key issues for implementation</td>
<td>Issues likely to affect delivery and implementation.</td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>issue</td>
<td>description</td>
<td>Strategic Outline</td>
<td>Outline</td>
<td>Full</td>
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<tr>
<td>Contract management</td>
<td>Summarise outline arrangements. Confirm arrangements for continuity between those involved in developing the contract and those who will subsequently manage it.</td>
<td></td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Risk management strategy</td>
<td>Arrangements for risk management and its effectiveness so far.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
<tr>
<td>Benefits realisation plan</td>
<td>Set out approach to managing realisation of benefits.</td>
<td>O</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>Summarise outline arrangements for monitoring and evaluating the intervention.</td>
<td>O</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Contingency plan</td>
<td>Summarise outline arrangements for contingency management such as fallback plans if service implementation is delayed.</td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>Options</td>
<td>Summarise overall approach for project management at this stage of project.</td>
<td>O</td>
<td>C</td>
<td>U</td>
</tr>
</tbody>
</table>

**Tools and Guidance**

5.7 Sources of further guidance can be found on the Department's website ([www.gov.uk/dft](http://www.gov.uk/dft)):

- **Treasury’s Green Book**
- **The Magenta Book** – guidance notes on policy evaluation and analysis to help ‘intelligent customers’ and ‘intelligent providers’ determine what constitutes high quality work in the field on policy evaluation and analysis.
- **WebTAG** – the Department’s website for guidance on the conduct of transport studies.
- **Evaluation guidance available on the Department's website**, including guidance on designing evaluations.
- The Efficiency & Reform Group’s (formerly Office of Government Commerce) **Gateway Review guidance**