



HM Treasury

Proportionality

Guidance for business cases

October 2026

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ISBN 978-1-918417-97-5

PU 3686

Contents

Chapter 1	Introduction	6
Chapter 2	Guidelines on proportionality	8
Chapter 3	Proportionality across the Five Case Model	13

Chapter 1

Introduction

What is proportionality?

1.1 Business cases form the basis of UK public spending decisions. They underpin the allocation and approval of billions of pounds of public expenditure. A high-quality business case, developed in line with the Five Case Model, helps practitioners identify how best to achieve their objectives and secure value for money, while testing whether a proposal is affordable, commercially viable and deliverable.

1.2 The [guidance on developing business cases](#) makes clear that a business case should be 'proportionate': it should contain enough detail to support sound decision making but take no more time and resource than necessary. The effort involved should reflect the proposal's:

- **Scale:** The breadth and significance of the proposal and its impact. For example, the proposal's impacts may be local, regional or national, and it may have wider impacts on public services or other public bodies.
- **Cost:** The proposal's whole life cost relative to the organisation's finances.
- **Complexity:** How difficult the proposal is to develop and deliver. For example, the proposal may be novel, contentious or repercussive, or involve multiple organisations.
- **Risk:** The likelihood of things going wrong and the consequences if they do.

What is the purpose of this guidance?

1.3 This document provides guidance on applying a proportionate approach to the development of business cases for projects and programmes. In summary:

- **Chapter 2** sets out ten guidelines to support the development of proportionate business cases.
- **Chapter 3** sets out practical advice on applying proportionality to each dimension of the Five Case Model.

1.4 This guidance is intended to support anyone involved in developing, reviewing or approving business cases that use public money. It should be read alongside the [guidance on developing business cases](#) and any relevant organisation-specific guidance.

1.5 Proportionality will vary across proposals and organisations. Public bodies will therefore need to apply this guidance intelligently, taking account of factors such as organisational capacity and expertise.

1.6 Organisations should use this guidance to examine their own templates, processes and approval routes to ensure they are designed to support proportionate effort.

1.7 This guidance uses the term 'proposals' to mean both projects and programmes, and 'practitioners' to mean anyone involved in developing spending proposals.

Chapter 2

Guidelines on proportionality

2.1 This chapter describes ten guidelines for developing a proportionate business case, summarised in Box 2.A.

Box 2.A Guidelines on proportionality

- 1.** Business cases should be no longer or more detailed than necessary
- 2.** Engage decision makers and experts early
- 3.** Plan upfront to avoid unnecessary work
- 4.** Use the right type of business case for the proposal
- 5.** Scale the effort involved with each business case action to the proposal
- 6.** Say it once, in the right place
- 7.** Good proportionality requires good capability and capacity
- 8.** Use consultants only by exception
- 9.** Use technology to save time and effort, but do so with care
- 10.** Keep proportionality under review

1. Business cases should be no longer or more detailed than necessary

2.2 A proportionate business case contains the analysis and information needed to support a robust decision – and no more. Practitioners can always undertake further analysis to refine estimates of costs, benefits and risks, but the additional insight may not justify the time and resources involved. Practitioners should focus effort where it is most likely to affect the decision.

2.3 At the same time, proportionality does not mean leaving out information needed to understand or assure a proposal. Insufficient

information can delay approval just as much as excessive detail if it leaves important questions unanswered or creates uncertainty about a proposal.

2.4 Decision makers should apply the same test. They should request further work or detail where the information provided is insufficient to support a robust decision, but not where further work is unlikely to materially affect that decision.

2.5 Business cases should be clear and concise. They should present the key information, judgements and uncertainties, and include supporting detail only where it adds value. Appendices and annexes should support decision making or assurance, not act as repositories for unnecessary material.

2.6 HM Treasury encourages organisations to set ambitious page limits for business cases, reflecting the types of proposals they consider. For example, [Lord Willetts's independent review](#) for the Department for Science, Innovation and Technology recommended capping business cases at 12 pages, and the [Welsh transport appraisal guidance](#) caps business cases at 20 pages of text.

2. Engage decision makers and experts early

2.7 Practitioners should identify and engage decision makers early to understand what decisions are likely to be needed, when those decision points will be, and the level of information and analysis required to support them.

2.8 Practitioners should also identify and engage relevant subject matter experts and other important stakeholders early in the process. Their input can help focus the business case on the most important issues and determine the level of analysis likely to be required. However, practitioners should guard against 'stakeholder creep', which can unnecessarily expand the scope and content of the business case.

2.9 Appropriate assurance from professionals can reduce the need to present detailed technical analysis for senior approval. Where technical work has been reviewed by suitably qualified professionals, practitioners can summarise that assurance and focus on presenting the key information needed for the decision at hand. Assurance should support effective scrutiny, clearly setting out the basis for sign-off, rather than replacing or obscuring analysis.

2.10 Workshops, as described in the [guidance on developing business cases](#), can provide an efficient means of engaging experts and decision makers.

3. Plan upfront to avoid unnecessary work

2.11 Upfront planning can make the process of developing, assuring and approving a business case more efficient. Practitioners should identify the important activities and key requirements at the outset,

and consider the time, resources and expertise needed to complete them.

2.12 This should include relevant legal, policy and organisational requirements. Depending on the proposal, this might include planning permission, environmental assessments, emissions assessments, equalities assessments, the Social Value Model, procurement spend targets and Government Buying Standards, among others.

4. Use the right type of business case for the proposal

2.13 Choosing the right type of business case can save significant time and reduce unnecessary work. The [guidance on developing business cases](#) sets out the two main types of business case: project business cases and programme business cases. The three stages of developing a project business case are the Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC).

2.14 Not every project needs to go through all three stages separately. Practitioners should agree the most appropriate approach with the relevant decision maker, based on the nature and needs of the proposal. For example:

- **Small, straightforward proposals may only need a single-stage Business Justification Case (BJC).** This covers all five cases in a single document and can be considered at one approval point.
- **Practitioners may be able to combine the SOC and OBC for a project that sits within a wider programme or portfolio.** This may occur where a project's strategic case is already well defined through an overarching programme or portfolio business case, such as a place-based business case.

2.15 HM Treasury provides various templates for business cases, including BJCs, on [GOV.UK](#). Many public bodies have also developed their own templates relevant to their specific needs and approval processes.

5. Scale the effort involved with each business case action to the proposal

2.16 The [guidance on developing business cases](#) sets out the actions practitioners should follow when developing spending proposals. These actions provide a useful framework for developing a high-quality business case. Practitioners should adjust the depth of analysis and effort devoted to each action to reflect the scale, cost, complexity and risk of the proposal, rather than omitting actions altogether.

2.17 For example, all business cases should establish clear objectives and consider alternative options for achieving those objectives. These fundamental actions should not be omitted to save time and resource.

However, the amount of work required to establish those objectives and options may vary by proposal.

2.18 Practitioners should agree the appropriate time and resource with their approving authority. Chapter 3 provides further guidance on how practitioners may scale effort within each case.

6. Say it once, in the right place

2.19 Business cases should avoid repeating the same information or analysis across different dimensions of the business case or across different levels of business cases (for example, between a programme business case and an underlying project business case). Where material is relevant to more than one dimension, practitioners should present it in the most appropriate place and cross-reference it elsewhere.

2.20 Duplication can often arise when practitioners develop different parts of the business case in isolation from one another. Practitioners should work collaboratively to ensure the business case fits together as a coherent whole.

7. Good proportionality requires good capability and capacity

2.21 Developing proportionate business cases requires skill and experience. Experienced practitioners are better able to identify the issues that matter most to a decision and avoid providing excessive detail. Public bodies should ensure they have sufficient capability to develop proportionate business cases. Practitioners should undertake appropriate training and accreditation through the [Better Business Cases](#) programme to develop and maintain these skills.

2.22 Proportionality also requires sufficient capacity. Rushed or under-resourced business cases can result in unfocused, unclear work, particularly where practitioners do not have sufficient time to engage with assurance functions and establish what analysis is required.

8. Use consultants only by exception

2.23 External consultants can sometimes provide valuable expertise or additional capacity to support the development of a business case. However, over-reliance on consultants is costly and limits opportunities to build and retain the knowledge and expertise needed to develop future business cases.

2.24 Before commissioning consultants, organisations should consider whether the work can be undertaken in-house. Where organisations do engage consultants, they should use them only to provide specific expertise or, as a last resort, additional capacity. The consultants' role should be clearly defined, and their involvement should be transparent.

2.25 Organisations should not commission consultants to develop a business case in its entirety. Responsibility for the overall business case

should remain with the public body. This is particularly important for the strategic case, which should reflect the objectives of the responsible public body and its leadership. It therefore needs to be owned and led by the organisation, rather than developed externally.

2.26 The [Consultancy Playbook](#) provides further guidance on securing value for money from consultants.

9. Use technology to save time and effort, but do so with care

2.27 Technology can help practitioners develop and review business cases more efficiently. Artificial intelligence (AI) assistants can help practitioners draft or summarise material once the underlying thinking and analysis have been completed. AI can also help reviewers interrogate a business case and identify areas for further consideration.

2.28 However, AI should support rather than replace the thinking and judgement that underpin a high-quality business case. Its outputs can also be inaccurate, incomplete or generic. Practitioners remain accountable for understanding and assuring the material they produce and should check AI outputs thoroughly before relying on them.

2.29 Organisations should also ensure reliance on AI does not inhibit less experienced practitioners from developing the skills and capability needed to produce high-quality business cases themselves.

2.30 The [AI Playbook](#) offers guidance on using AI safely, effectively and securely across government.

10. Keep proportionality under review

2.31 Proportionality is not a one-off judgement. The appropriate level of analysis may change as a proposal develops and more becomes known about its scale, cost, complexity and risk.

2.32 Practitioners should therefore keep their approach under review and adjust it where circumstances change. For example, a proposal that becomes significantly more costly or risky may require additional analysis or assurance. Equally, requirements should be scaled back where further work is no longer necessary to support the decision.

2.33 Practitioners may consider adding a short 'proportionality statement' to the business case, explaining the rationale for the approach taken and any key assumptions. This can help practitioners identify when changes to the proposal mean the approach should be reviewed.

Chapter 3

Proportionality across the Five Case Model

3.1 This chapter sets out considerations for applying proportionality across each dimension of the Five Case Model.

Strategic case

3.2 The strategic case is particularly important for proportionality. A clear strategic case establishes the proposal's purpose and can help focus the options and analysis considered in the economic case, reducing unnecessary work.

3.3 The strategic case should be formed around a compelling case for change, supported by SMART objectives and a theory of change. Together, these should explain why intervention is needed, what the proposal is seeking to achieve, how it is expected to achieve it, and what success looks like.

3.4 Practitioners should include broader strategic context only where it helps explain why the proposal is needed and how it supports wider public sector objectives. Lengthy descriptions of the policy area, organisational history or relevant policy documents can obscure the case for change.

3.5 Practitioners may consider scaling the strategic case in areas such as:

- **The strategic assessment:** For smaller or more routine proposals, practitioners may dispense with additional exercises, such as feasibility studies, where they are unlikely to add value.
- **The theory of change:** A simple theory of change may be sufficient for routine proposals where the links between an intervention and its intended outcomes are already well understood.

Economic case

3.6 The economic case can be particularly prone to disproportionate detail. Practitioners should undertake additional analysis only where it could materially inform the choice between options.

3.7 When generating and assessing the longlist, practitioners may consider scaling their approach in areas such as:

- **The breadth of options:** Options generation is vital for identifying the option that offers the best value for money and should not be

bypassed. However, where a proposal is strongly constrained, for example by political commitments, it may be appropriate for the differences between the options to be narrower, ensuring that they remain viable alternative ways of delivering the proposal's objectives.

- **The number of options:** The [Green Book](#) recommends taking around five options forward for detailed shortlist appraisal, but fewer may be appropriate for smaller proposals where there is a clear rationale. Options should always include the 'business as usual' (BAU), a 'preferred way forward' and a 'do minimum' where the preferred way forward is not the do minimum.
- **The options framework filter:** For smaller or more constrained proposals, formal use of the options framework filter may be disproportionate. Options could instead be generated using other techniques such as strengths, weaknesses, opportunities, and threats (SWOT) analysis.

3.8 When appraising the shortlist, practitioners may consider scaling their approach in areas such as:

- **Costs and benefits:** Practitioners should focus on the most significant costs and benefits, particularly those that differ between options, rather than seeking to monetise every impact.
- **The choice of appraisal technique:** The appraisal technique should be appropriate for the proposal and evidence available. For example, trying to monetise the benefits of research and development (R&D) or defence proposals is often disproportionate. In these situations, social cost-effectiveness analysis may be more appropriate.
- **Uncertainty:** Practitioners should dedicate time and effort to identifying and measuring uncertainty. However, they may tolerate broader ranges in their cost-benefit analysis for smaller proposals to avoid disproportionate analytical effort.
- **Research:** For smaller proposals, practitioners may only need to use existing evidence. For larger proposals, practitioners should consider commissioning new research where it could materially improve the analysis.

3.9 Practitioners should present appraisal results using appraisal summary tables. These can help decision makers understand the key differences between options quickly, thereby speeding up approvals.

Commercial case

3.10 Practitioners should work with relevant commercial teams to determine the appropriate level of analysis needed for the commercial case, ensuring proposals comply with legal and policy requirements. The [Sourcing Playbook](#) provides guidance and tools that can support a proportionate approach.

3.11 Practitioners can use the Government Commercial Function's [contract tiering tool](#) to classify contracts as 'gold', 'silver' or 'bronze' based on their value, complexity and risk, and determine the appropriate level of contract management.

Financial case

3.12 The financial case should give decision makers a clear view of the financial implications of the proposal, how it will be funded and whether it is affordable. Practitioners should set out the cost of the preferred option, with appropriate breakdowns by financial year and source of funding. They should describe the key risks and uncertainties underpinning these figures.

3.13 Practitioners should present financial information clearly and transparently. Decision makers should not have to perform calculations, or piece together information from different parts of the business case, to understand the exact cost of the proposal.

Management case

3.14 Unlike the other dimensions of the Five Case Model, the management case often suffers from too little detail, rather than too much. However, a strong management case is essential for the successful delivery of the proposal.

3.15 Practitioners should provide relevant detail on the delivery plan, including governance and management arrangements, risk and benefits management plans, and monitoring and evaluation plans. This information should be sufficient to give decision makers confidence that the proposal can be delivered.

3.16 Practitioners should develop elements of the management case when they become relevant. Some elements, such as governance and risk management, need to be considered from the outset, while others should be developed as the proposal becomes more defined. For example, developing complex delivery plans before selecting the preferred option can result in wasted effort. The [guidance on developing business cases](#) sets out when individual elements of the management case should be developed. Chapter 16 of the [Teal Book](#) provides guidance on progressive planning.

3.17 Practitioners may find it useful to draw on existing governance and management frameworks, as defined in the [Teal Book](#), when developing the management case, but they should focus on the specific information needed to show the proposed work can be governed and managed effectively.

3.18 Practitioners may consider scaling the management case in areas such as:

- **The delivery plan:** Practitioners should adapt their approach to project delivery to ensure it is proportionate and appropriate to the

context. Chapter 8 of the [Teal Book](#) sets out guidance on tailoring delivery plans.

- **Evaluation arrangements:** Evaluation plans should scale with the proposal. Section 1.9 of the [Magenta Book](#) provides guidance on proportionate evaluation.

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This document can be downloaded from www.gov.uk

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