# Indicative business case - strategic case review and scoping

[AUTHOR]

[DATE]

VERSION

**[PROPOSAL NAME]**

**Strategic assessment and funding application to proceed to indicative business case development**



[Insert partner logos/image]



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This document is available from the NZ Transport Agency on request.

This document provides a template for revisiting the strategic case (SC) and programme business case to reconfirm the need for an activity and formulate the indicative business case (IBC) funding application to developing an investment (project, programme or activity).

The primary purpose of the indicative business case is to provide decision-makers with an early indication of the preferred investment.

The indicative business case is where individual activities or programmes within the preferred programme are progressed. Each activity will have an indicative business case developed where necessary. A funding application is undertaken prior to the start of this phase, which will reconfirm the assessment profile.

Before beginning to develop the indicative business case, it is important to revisit the strategic case and programme business case to confirm that the initial analysis undertaken is still accurate and the outcomes sought have not significantly changed.

Some time may have passed since the original strategic case and the subsequent programme business case were developed and the proposed timing of activities may therefore be affected.

If it is concluded that the environment and the outcomes have changed, it is recommended to stop and revisit the strategic case to assess whether the proposed activity will give effect to the new outcomes sought.

If the outcomes sought in the strategic case have not changed and the proposed activity is giving effect to those outcomes, then the indicative business case should proceed.

If the programme is well into its implementation phase, and a number of activities have been completed, it is worth revisiting the strategic case and programme business case, particularly if there is just one remaining activity. In this case it is possible that the preceding activities may have already achieved the outcomes sought from the programme, and the remaining activity is no longer needed.

This phase is brief in nature and will result in transport planning work not being undertaken without this ‘thinking’ phase having been clearly demonstrated. In contrast to past transport planning work, this phase is not about undertaking extensive re-strategising or analysis but rather focuses on ensuring there is reasonable evidence to support developing further the programme activity into an indicative business case.

The IBC strategic case review and scoping is made up of three parts:

* Part A: strategic case review
* Part B: programme business case review (where activity has come from a programme)
* Part C: indicative business case funding application
  + Serves two purposes: (a) sets out the requirements for funding to further develop the business case through an indicative business case, assuming that the reviews have demonstrated the case for continuing; and (b) the Initial HNO project plan for the next phase of work.

## Approval

|  |  |  |  |
| --- | --- | --- | --- |
| Prepared by | Reviewed by | Endorsed by | Endorsed by |
|  |  |  |  |
| [Job title] | [Job title] | Proposal sponsor | P&I Case Manager |
| Date: | Date: | Date: | Date: |
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## Revision status\*

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| Revision number | Implementation date | Summary of revision |
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## Template version

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## Executive summary

Someone should read the summary and be able to understand:

* The strategic context and fit of the proposed investment
* The case for change and the need for investment

# PART A – THE STRATEGIC CASE REVIEW

## Introduction

Use this summary box to succinctly explain what is in this chapter sufficient for someone who does not want to read the whole report to obtain a general understanding of the key messages of the chapter.

Describe the investment proposal at the beginning in one to two sentences. State what decision makers are being asked to consider or decide.

This strategic assessment outlines the strategic context for the investment proposal and the case for change. It seeks approval to develop a [programme/indicative] business case to ….

This strategic assessment:

* Outlines the strategic context and fit for the proposed investment
* Identifies the key problem or rationale for investing; and
* Identifies the potential benefits of investing.

### Use up to tier-three subheadings as appropriate

#### Example subheading

To provide clarity use up to tier three format headings throughout the document as appropriate. But do not change the format styles.

## Strategic Assessment - Outlining the Need for Investment

Having outlined the partners to the investment, the next step is to outline a clear rationale for the investment. That is:

What is the problem (or opportunity) that is driving us to consider this investment?

What is the status of the evidence which demonstrates both the cause and effects of the problem?

What are the expected benefits of successfully responding to the problem (or opportunity)?

Is there strong evidence of support from management and other key stakeholders?

Use this summary box to succinctly explain what is in this chapter sufficient for someone who does not want to read the whole report to obtain a general understanding of the key messages of the chapter.

This chapter presents the investment story through explaining further the outcomes from the ILM process, in particular, the Investment Logic Map and the Benefits Map.

### Defining the problem

A facilitated investment logic mapping workshop was held on [dd/mm/yyyy] with key stakeholders to gain a better understanding of current issues and business needs. The stakeholder panel identified and agreed the following key problems:

* Problem one:…
* Problem two:…
* Problem three: …

The Investment Logic Map is attached as appendix A.

### The benefits of investment

The potential benefits of successfully investing to address these were identified as part of a second facilitated investment logic mapping held on [dd/mm/yyyy]. The stakeholder panel identified and agreed the following potential benefits for the proposal:

* Benefit one:…
* Benefit two:…
* Benefit three: …

The Benefit Map is attached as appendix B.

### Status of the evidence base

Outline the status of the evidence which supported the analysis. In which areas is there a good evidence base? Where are there gaps in the evidence and what areas were identified for further analysis to support the investment story?

## Changes/Updates to the Strategic Case

This chapter outlines what, if any, changes there have been to the strategic case as a result of geographic, economic, social, policy direction impacts and the approach to exploring these and assessing their impact on the strategic case as presented.

Use this summary box to succinctly explain what is in this chapter sufficient for someone who does not want to read the whole report to obtain a general understanding of the key messages of the chapter.

Describe the process undertaken to review the strategic case and assess the relevance of the strategic case and any changes required as a result of external influences. Has anything changed in the strategic context of partner organisations or wider policies which has an impact on the need for the investment? What are these changes and the impacts?

## Summary

Summarise the strategic case and confirm it is still relevant to the investment.

Where there has been a significant change in the strategic case provide a proposal for how the project should now proceed?

# PART B – STATUS OF PROGRAMME DELIVERY

Use this summary box to succinctly explain what is in this chapter sufficient for someone who does not want to read the whole report to obtain a general understanding of the key messages of the chapter.

## Programme Overview

Provide an overview of the overall supported programme. [This can be taken from the programme business case report] amended to reflect any investment resolutions.

## Programme Outcomes

How was it anticipated that the recommended programme would meet the desired project outcomes? Which programme items were to make the greatest contributions to the outcomes? What was the anticipated distribution of outcomes between stakeholders accountable for delivery of programme outputs? [This can be taken from the programme business case report.]

## Programme Performance and Review

If the programme is well into its implementation phase, and a number of activities have been completed, it is worth revisiting the programme business case to ensure that the programme is on track to deliver the outcomes anticipated. Programmes could be over delivering on outcomes and therefore programme efficiencies could be achieved through the deferral or abeyance of subsequent activities.

How is the programme currently performing in relation to delivery of outcomes? Have the triggers for the proposed activity been met?

## Programme Investment Assessment

What was the investment profile as assessed? From the review above is any change from the supported programme profile anticipated? If so explain.

# PART C – PLANNING THE INDICATIVE BUSINESS CASE

Part C serves two purposes; it should set out the requirements for funding to further develop the indicative business case in sufficient detail to facilitate an investment decision and also be sufficient to be used as the initial HNO project plan for HNO Project Managers.

The chapters and section headings provided are as a guide only and the author can amend this part of the report template to suit the particular circumstances.

It is recommended that a strategic case (activity) be undertaken to understand the direction of the indicative business case and reach a consensus on the key problems and benefits to be achieved in developing the activity further.

What is key is that Part B must be sufficient to:

* demonstrate how the Stakeholders will develop the indicative business case;
* demonstrate how risk will be managed;
* demonstrate the rationale for the level of funding requested;
* provide for an unambiguous hand over between Phase Project Managers/Teams.

## Scope

### Purpose

The primary purpose of the indicative business case is to provide decision-makers with an early indication of the preferred investment.

### Defining the problem

This section presents the investment story through explaining further the outcomes from the ILM process, in particular, the Investment Logic Map and the Benefits Map.

A facilitated investment logic mapping workshop was held on [dd/mm/yyyy] with key stakeholders to gain a better understanding of current issues and business needs associated with the activity. The stakeholder panel identified and agreed the following key problems:

* Problem one:…
* Problem two:…
* Problem three: …

The Investment Logic Map is attached as appendix A.

### The benefits of investment

The potential benefits of successfully investing in the activity were identified as part of a second facilitated investment logic mapping held on [dd/mm/yyyy]. The stakeholder panel identified and agreed the following potential benefits for the proposal:

* Benefit one:…
* Benefit two:…
* Benefit three: …

The Benefit Map is attached as appendix B.

### Geographic boundary

[Insert paragraphs/bullets/map]. If a corridor, state the SH, start route point, finish route point and length of the corridor which is in scope.

### Scope

Outline the scope of the work required to develop the programme/indicative business case. This should cover (but is not limited to):

* the proposed approach to developing further the strategic context, where necessary;
* Development of the investment objectives, business needs;
* Closing the gaps in the evidence base - what is the significance of these and how will these gaps be filled?
* The scope of data collection/modelling/analysis to better inform the problems and outcomes;
* What work will be undertaken to better define the benefits, constraints and dependencies of the programme;
* the scope for identifying and assessing the main alternatives and options for delivering the required outcomes;
* Briefly explain who are the key stakeholders and how will they be engaged. What public engagement is proposed to understand further the key opportunities and constraints and wider objectives of the community to inform the next phase of the business case?
* the scope of effort for completing the next phase of the business case.

### Constraints and assumptions

Outline any constraints on the scope. Outline any significant assumptions made in developing the scope of relevance to the successful delivery of the next phase of the business case to the programme and budget proposed.

### Interfaces

Outline any related activities/projects/programmes that are either being incorporated into the scope of this next phase or will have a significant impact on this phase.

## Anticipated Strategic Fit and Effectiveness

Outline the strategic fit and effectiveness of investing in the problem/opportunity in accordance with the requirements of the [Investment Assessment Framework](https://www.pikb.co.nz/assessment-framework/).

Meaningfully, explain in summary the rationale for the profile proposed with reference to the IAF criteria. Generic statements such as ‘it meets the criteria of high’ are not acceptable.

Use tables and diagrams where relevant to portray the information succinctly.

Example text

An assessment of the anticipated strategic fit and effectiveness has been undertaken in accordance with the Transport Agency Investment Assessment Framework. The stakeholder partners to this strategic case have determined that the anticipated profile would be X/X/-.

### Strategic fit

Explain how you’ve reached your rating using information from the IAF link above.

More information on [strategic fit for road improvements](https://www.pikb.co.nz/assessment-framework/strategic-fit-3/strategic-fit-for-road-improvements/) is available.

### Effectiveness

The assessment considers all criteria. The overall effectiveness assessment is reported as the lowest rating for any criterion, ie an overall M rating will be given when all criteria and parts have either an M or H rating. An overall L rating will be given if any criterion is rated L.

#### Criteria for effectiveness

All [six criteria set out in the Knowledge Base](https://www.pikb.co.nz/assessment-framework/effectiveness-2/) for the assessment framework for the 2015-18 NLTP, are to be assessed for any programme or activity proposed for NLTP inclusion or funding approval.

The criteria for effectiveness explanations are most appropriate when applied to road improvement activities. Variations of these are appropriate when assessing activities other than road improvements. The explanations are a guide to assessment, highlighting aspects that need to be considered. **If any of these aspects is not applicable to the activity then it should not form part of the assessment.** Amend the information in the table to suit what you need, don’t just use what’s there. Include your own explanation as it relates to your project.

**Example table**

|  |  |  |
| --- | --- | --- |
| Component | Explanation | Rating |
| Eg. outcomes focussed, integrated, affordable, etc. | * Describe how the activity achieves a L/M/H rating consistent with the PIKB explanation | Use: L/M/ or H |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Overall** | * assessment based on *lowest* rating of all components | L/M/H |

More information and variations about [assessment of activities other than road improvements](https://www.pikb.co.nz/assessment-framework/effectiveness-2/) is available.

## Time-Cost-Quality-Risk

### Timeframes

Summarise the work programme timetable here.

Where is the programme filed/stored?

### Financial

#### Financial management estimated cost and financial plan

Outline the estimated cost of developing the next phase of the business case and the basis for its development. What is the proposed programme and cash flow for the next phase?

Include SAP reference which includes financial forecast.

Include NZTA Managed costs.

Attach your phase estimate using *SM014, Assessment Form G: Project Phase Funding Application I&R* amended as appropriate. [N.B. this is an interim measure until SM014 is updated.]

Outline any cost sharing arrangements with stakeholder partners and attach as appendices.

#### Funding conditions

Outline any proposed funding conditions or likely funding conditions which might be signalled by the Planning and Investment Group and update once a funding decision has been confirmed.

### Quality management

#### Document management

All key electronic documents will be stored within the NZTA’s InfoHub system with both hard and electronic copies stored within the {insert} Regional Office.

#### Quality assurance

The business case phase will be delivered in accordance with HNO quality and approvals processes and delegations.

Where necessary, outline other assurance measures to be applied or where necessary outline proposed deviations from HNO standard quality and approvals processes and delegations.

### Risk/Issues and opportunities

Highlight your top risks, eg organisational, reputational, management, customer, governance, etc and provide the risk score.

Outline your overarching risk management strategy.

Attach your risk register as an appendix.

### Change control

HNO change control processes will be applied during the next business case phase.

If necessary, highlight any potential deviations from standard practice.

## Organisation and Governance

### Programme organisation

#### Resourcing and governance structure (internal/external)

This section sets out how the team is structured, reporting lines and how it is being resourced. Eg in-house, consultants, size, key skill sets, risks.

It identifies the establishment of a ‘one agency’ team; eg project manager, technical assistance such as environment, structures, asset management, safety, procurement, etc from across HNO, the NZ Transport Agency and wider stakeholder group where appropriate. Who is the P&I case manager? How will the project team be resourced: eg in-house, consultants, size, key skill sets, risks. What are the roles and responsibilities of the project team members? What are the anticipated lines of communication between the team and external stakeholders?

#### Governance and organisational charts

Insert governance/organisation charts as necessary.

## Communications

### Identifying key stakeholders

This section demonstrates the approach adopted for identifying, and outlines, the key stakeholders who have an interest in the expected outcomes or can influence the investment proposal.

Different stakeholders can add specialist judgement or bring different perspectives and skills at different stages. It is important to develop a stakeholder plan that maps out the stakeholder groups required to optimise the development of the programme business case.

#### Creating and analysing stakeholder profiles

Outline the key stakeholders and customers of the participating organisations relevant to the development of the business case. Identify commonalities and differences in areas of focus.

Insert or reference the Stakeholder Map and the Influence/Interest Matrix.

#### Stakeholder engagement strategy

This section addresses the key question ‘how will stakeholders be effectively engaged with during the development of the next phase of the business case?’, eg the key messages, who takes on particular roles, how stakeholders will be engaged.

Attach your initial communications plan.

## Procurement Strategy

Attach the procurement strategy and highlight any procurement management issues the programme business case phase may have and where information can be accessed if held elsewhere.

## Health and Safety Management

Health and safety responsibilities are outlined in the NZ Transport Agency’s Health and Safety Policy (December 2013) and Safety in Design. Highlight anything of significance or deviation from the above.

## Other [as appropriate]

Include additional chapters where these assist in either clarifying the funding application or providing unambiguous phase handover.

## Appendix A - Investment Logic Map

INCLUDE THE INVESTMENT LOGIC MAP

## Appendix B – Benefits Map

INCLUDE THE INVESTMENT LOGIC MAP