



An Roinn Caiteachais Phoiblí  
Sheachadadh PFN agus Athchóirithe  
Department of Public Expenditure  
NDP Delivery and Reform

# Infrastructure Guidelines: Final Business Case

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Tionscadal Éireann  
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# 1. Post-Tender: Final Business Case

## 1.1 Scope of this Guide

The purpose of the Final Business Case is to reassess the assumptions underpinning the Preliminary Business Case and reconsider the findings emerging. At this stage in the process there will be much greater understanding of a range of critical issues including costs, benefits, risks, delivery and affordability. The Final Business Case reflects this enhanced body of knowledge relating to a proposal and reassess the ongoing validity of continuing with the investment.

As with the Preliminary Business Case, the Final Business Case is both a process and a product. The process encompasses gaining deeper understanding of the proposal that began with the Detailed Business Case and Procurement Strategy and continues with the reconsideration of the economic and financial case and examination of delivery programme and risks. The *product* is the Final Business Case report that sets out the full body of knowledge on the proposal and reflects a range of commercial and delivery issues which have emerged following the tendering process. Together these elements provide a basis on which to decide whether to proceed with a project.

In many cases diligent investment proposal preparation at the earlier phases of the project lifecycle will mean that there will be little change at this point and completion of the Final Business Case Report will be routine.

The Final Business Case is regarded as a live process that will have been continuously refreshed following Approval in Principle. It is not a 'new' document to be completed ab initio post-tendering.

The Final Business Case Report upon completion is to be forwarded to the Approving Authority after the tendering process but before the award of the main construction contracts.

**These recommendations reflect best practice in project development. It is the responsibility of the Accounting Officer of the Department funding the project to ensure that these guidelines are adopted.**

## 1.2 Content of the Final Business Case

The Final Business Case Report is an update and expansion on the Preliminary Business Case Report and includes the following elements:

- Final confirmation of the strategic relevance of the investment proposal and detailed specification of the objectives of the proposal.
- The Detailed Business Case as set out in the Planning and Design Phase and as confirmed by the tendering process.
- Economic and financial appraisal using updated information from the tendering process as necessary.
- Re-examination of affordability within existing resources and with particular reference to the Medium Term Exchequer Capital Envelope for projects funded from Voted expenditure.
- Full risk assessment and consideration of remaining optimism bias.
- Detailed delivery schedule.
- Benefits realisation plan.
- Evaluation plan.

## 1.3 Strategic Relevance and Objectives

The rationale, objectives and strategic relevance were set out in the Strategic Assessment and developed further in the Preliminary Business Case. At this point in the process these elements are updated to take account of all external and internal developments which may impact on the continuing relevance of the proposal. Is it best practice for the update to also re- assess the project objectives and the extent to which they will be delivered based on both the outcomes of the tender process and any wider developments.

This update takes account of all relevant policy developments. For an investment proposal to proceed, it must continue to align with policy.

## 1.4 The Updated Detailed Business Case

The Detailed Business Case is the full and complete statement of the Sponsoring Agency's functional and operational requirements for an investment proposal expressed in output requirements. At this point in the process it is to be updated to reflect the outcomes of the tendering process. Climate, adaptation and other environmental considerations from the PBC can also be updated where relevant. The Detailed Business Case sets out in full in the Final Business Case stage.

## 1.5 Economic and Financial Appraisal

To achieve best practice, the Final Business Case provides an appraisal of the preferred option, or programme of options, based on the up-to-date cost, benefit and delivery information that has emerged during the tendering process.

Where they have been included in the Preliminary Business Case, the appraisal contains updated KPIs including:

- Financial Net Present Value (FNPV)
- Financial Internal Rate of Return (FIRR)
- Economic Net Present Value (ENPV)
- Economic Rate of Return (ERR)
- Economic Payback Period (EPP)
- Economic Benefits Cost Ratio (EBCR)

## 1.6 Detailed Sensitivity and Scenario Analysis

The Final Business Case revisits and builds upon as appropriate the detailed sensitivity and risk analysis conducted. Sensitivity testing shows the variability of potential outcomes based on changes in key assumptions and Switching Values for key parameters. It is recommended to develop scenarios to illustrate the impact of changes in combinations of inputs. In particular, negative swings in combinations of inputs which may arise during project delivery and operations.

## 1.7 Risk Management Strategy

The Final Business Case includes a detailed Risk Management Strategy. This builds on the content of the Preliminary Business Case and Detailed Business Case.

## 1.8 Assessment of Affordability

The Sponsoring Agency at this stage is responsible for reassessing the affordability of the proposal in light of:

- a. New cost information and timing of payments which has emerged during the tendering process
- b. The up-to-date position regarding the Medium-Term Exchequer Capital Ceiling
- c. Wider priorities with which the proposal under consideration must compete for scarce resources
- d. Ability to secure value for money in the context of the wider external environment

## 1.9 Benefits Realisation Plan

The Benefits Realisation Plan introduces a clear plan for delivering the positive change targeted by an investment project – in other words realising the benefits. The Benefits Realisation Plan puts in place the necessary arrangements to monitor the achievement of benefits and to take steps to ensure that all impacts are arising as planned.

The appraisal will have set out the measurable benefits arising from an investment proposal, these may be financial including cost savings or increased revenue; economic such as a move to higher value economic activities; environmental such as emissions reductions or wider socio-economic impacts. The Benefits Realisation Plan provides a detailed activity-based programme for ensuring that these impacts materialise.

## 1.10 Evaluation Plan

The Final Business Case presents the arrangements to be put in place to ensure ongoing monitoring, review and ex-post evaluation upon completion. This includes arrangements to evaluate effectiveness of the investment.

## 1.11 Reviewing the Final Business Case and Approval Gate 3

The Final Business Case is to be sent to the Approving Authority for review. The Accounting Officer and Approving Authority checks the completeness of the Final Business Case in terms of the requirements set out here and the quality of the material in relation to the required elements outlined in this chapter.

Where a programmatic approach is being pursued, at Final Business Case stage, interdependent and related constituent projects may be bundled together into packages for submission, even if the overall nature of the programme means multiple submissions and approvals will be required at each Approval Gate. The bundles of projects consider the nature of the constituent projects, the structure of delivery, and the interdependent nature of projects amongst other relevant information.

Where the structure of a programme requires the submission of a Final Business Case for each constituent project, the project level Final Business Case provides a summary of the updated appraisal of the overall programme to ensure the Accounting Officer and Approving Authority is aware of the most recent projections regarding the programme's potential costs and benefits.

If the Accounting Officer and Approving Authority is satisfied that the Final Business Case meets the required standard, that there is a justification for the proposed project, that it is affordable within funding constraints and that it is a high priority relative to competing proposals, it can approve the project to proceed. This represents Approval Gate 3 in the lifecycle.

Accordingly, the actions available to the approving authority at this point are:

- Abandon the proposal
- Seek refinement, further development or retendering of an amended scope
- Approve the proposal to proceed

#### **Approval Requirements for Major Projects**

The requirements necessary for approval of a major projects proposal at Approval Gate 3 is:

- Government Consent - Government consent must be sought at Approval Gate 3 to approve the investment proposal to proceed.