**Preliminary Business Case**

[ Project Title ]

[ Project Code ]

[ Investment Stream *Please choose one from Heavy Rail Safety and Development, Light Rail, Bus Programme, Ticketing & Technology / Integration and Support, Accessibility, Park & Ride, Active Travel* ]

Prepared for [ Sponsoring Agency ]

Prepared by [ Preparer/Consultant ]

Date:

Quality Assurance

|  |  |  |  |
| --- | --- | --- | --- |
| Prepared by | Checked by | Verified by | Approved by |
| *[Insert Name]* | *[Insert Name]* | *[Insert Name]* | *[Insert Name]* |

Revision History

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Revision | Revision Date | Description | Name | Approved by |
| *V.0* | *[dd-mm-yyyy]* | *[Describe changes]* | *[Insert name]* | *[Insert name]* |
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|  |  |  |  |  |

References

Public Spending Code: A Guide to Evaluating, Planning and Managing Public Investment (available at <https://www.gov.ie/en/publication/public-spending-code/>)

Common Appraisal Framework (available at <https://www.gov.ie/en/organisation-information/800ea3-common-appraisal-framework/>)

NTA Project Approval Guidelines (available at <https://www.nationaltransport.ie/publications/project-approval-guidelines/>)

NTA Cost Management Guidelines (available at <https://www.nationaltransport.ie/publications/nta-cost-management-guidelines-updated-2023/>)

Requirements for Economic and Financial Appraisal by Project Band

It is expected that all projects must prepare economic and financial appraisal for the Preliminary Business Case. Considering the principle of proportionality, projects in Band 1 may display simple appraisals while projects in greater Bands are expected to have greater details of information.

|  |  |  |
| --- | --- | --- |
|  | Economic Appraisal Requirements(CAF Page. 11) | Financial Appraisal Requirements(CAF Pages. 25 and 28-31 / PSC Pages 31-33) |
| Band 1(€0 - €0.5M) | Simple appraisal incorporating elements of a preliminary and detailed appraisal | Discounted cashflow analysis with standard KPIs including FIRR and FNPV |
| Band 2(€0.5M - €10M) | Simple appraisal incorporating elements of a preliminary and detailed appraisal | Discounted cashflow analysis with standard KPIs including FIRR and FNPV |
| Band 3(€10M - €20M) | Detailed appraisal with a Multi-Criteria Analysis (MCA) | Discounted cashflow analysis with standard KPIs including FIRR and FNPV |
| Band 3( > €20M) | Quantitative analysis (Cost Benefit Analysis (CBA) or Cost-Effective Analysis (CEA)) | Discounted cashflow analysis with standard KPIs including FIRR and FNPV and Exchequer cashflow analysis |

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***Please add content for Figures and Tables here.***

# Confirmation of the Strategic Relevance of the Proposal

CAF Reference 2.1 / PSC Reference 4.4

Please replace the below with the information about your own project

* *Does this project still align and consistent with national polices and strategic plans which are considered in the Strategic Assessment Report (SAR)?*
* *Are there any changes made in the policy area since the approved SAR?*

# Detailed Specification of the Objective of the Proposal

CAF Reference 2.2 / PSC Reference 4.4

Please replace the below with the information about your own project

* *This project tries to solve a problem. is the problem still present?*
* *Does this project specify objectives clearly?*
* *Are objectives identified in the Strategic Assessment Report described in SMART fashion– Specific, Measurable, Attributable, Realist and Time-bound?*
* *Do the objectives have clear purpose with a logic linking objectives to both outputs and outcomes?*
* *Is relevant data identified and available to measure objectives?*

# Description of the Short-list of Potential Options

CAF Reference 2.4 / PSC Reference 4.6

Please replace the below with the information about your own project

* *How is the short-list of options constructed? What appraisal framework, for instance, multi-criteria analysis, balanced scorecards, or SWOT, has been used for this?*
* *What is the base case scenario/option (often referred to as Do-Minimum or Do-Nothing)? What are Do-Something Cases? Do-minimum scenarios require considerations to optimise the current situation without significant investment. For instance, to comply with regulations, such as health and safety, which could be currently not addressed. This analysis will help you to build the counterfactual scenarios.*
* *Does this project have a minimum of three Do-Something options? Preferably 5.*
* *Are affordability (e.g. availability of funding), scope (e.g. list of work to be done for completion) and deliverability (e.g. timeframe, risk) considered in the short-listing process?*

# Detailed Demand Analysis and Description of Underlying Assumptions

CAF Reference 2.1 / PSC Reference 4.5

Please replace the below with the information about your own project

* *Is the detailed demand analysis built upon the preliminary demand analysis conducted as part of the SAR?*
* *Does the detailed demand analysis set out current demand as well as forecast future demand? How?*
* *What data or evidence are used to analyse demand?*
* *What are the assumptions (e.g., analysis period, economic & population growth, Electoral Division areas (Eds)) in the demand analysis?*
* *Is demand analysed separately for distinct user groups (e.g., leisure, commuter)?*
* *What methodology is used for demand analysis (e.g., multiple regression models, extrapolation methods, consultation with experts)?*

# Financial Appraisal

CAF Reference 3.3, 4.1 / PSC Reference 4.7

Please replace the below with the information about your own project

* *What are the costs (total investment costs, total operating costs, future maintenance and renewal costs) and revenues (forecast revenue stream) arising attributed to this project? What are the quantities?*
* *Is there any residual value? Residual value is the value of an asset at the end of its useful life or at a point in time, usually a once off value. The residual value of an asset should usually be the discounted value of net future revenue after the time horizon. It can also be considered as the value of the asset in its best alternative use.*
* *What tools (i.e., external peer review, benchmarking, reference class forecasting) are used to estimate costs?*
* *What are the assumptions of financial appraisal adopted such as appraisal period, base year, discount rate, inflation rate etc.?*
* *What are the financial inflows and outflows (discounted) from the perspective of the Sponsoring Agency? (For projects over €20 million, Exchequer Cash flow analysis should be carried out)*
* *Has the cashflow analysis been done for all options in the short-list?*
* *What are the results of the Financial Internal Rate of Return (FIRR) and Financial Net Present Value (FNPV)?*
* *What is the financial impact on the Sponsoring Agency (and Exchequer for projects over €20 million)?*

# Economic Appraisal

CAF Reference 3.4, 3.5, 4.2, 4.3, 4.5 / PSC Reference 4.8

Please replace the below with the information about your own project

* *Are all benefits clearly identified, quantified and monetised? Is there a plan for the realisation of benefits? (This can be indicative at this stage as the realisation plan should be further developed in the Final Business Case).*
* *What methodology is used for the economic appraisal, such as quantitative (e.g., Cost-Benefit Analysis (CBA), Cost-Effectiveness Analysis (CEA), Multi-Criteria Analysis (MCA)) appraisal, qualitative appraisal (e.g. Project Appraisal Balance Sheet) or combination of quantitative and qualitative appraisal?*
* *If CBA is not used, why and what is the appropriateness of using another form of appraisal?*
* *Is a set of standard Key Performance Indicators (KPIs) for economic appraisal, such as Economic Rate of Return (ERR), Economic Net Present Value (ENPV), Economic Benefit-Cost Ratio (EBCR) and Economic Payback Period (EPP) included?*
* *Does the economic appraisal show that this project has a good value for money for the public and the use of public funds?*
* *Are there any assumptions that should be highlighted to support the validity of the results?*

# Sensitivity Analysis

CAF Reference 3.6, 4.4.1 / PSC Reference 4.9.2

Please replace the below with the information about your own project

* *Sensitivity analysis is when values of the variables affecting the KPIs change to determine its impact.*
* *Are sensitivities to the costing, transport demand, benefit modelling and impact of significant complementary scenarios tested?*
* *What are the scenarios being considered?*
* *What are the sources of uncertainty considered in scenarios?*
* *Is inflation considered in your analysis?*

# Assessment of Affordability within Existing Resources

PSC Reference 4.7.2

Please replace the below with the information about your own project

* *What are the sources of funding? Is funding available for the project during its lifecycle?*
* *What is the envelope (upper or lower bound) of the total investment required?*
* *How will costs relating to ongoing operation and maintenance be managed?*
* *In terms of the timing of costs, when will each cost need to be used during the project?*
* *What is the impact on the general government balance?*

# Risk Assessment, Allowance for Optimism Bias and Full Risk Management Strategy

CAF Reference 4.4 / PSC Reference 4.9.1

Please replace the below with the information about your own project

* *What are the identified risks (e.g. policy risk, risk on delivering the asset, risk on operating the asset, risks on demand and/or revenue or other types of risks) in a risk register?*
* *What are the risks identified from the lessons learned in similar projects?*
* *What are the impacts and likelihood of each risk or combination of risks?*
* *What are the assumptions in the assessment? Are they robust and reliable?*
* *What are the risk management strategy including measures to contain, avoid and mitigate risks?*
* *What are the potential contingencies?*

# Proposed Approach to Procurement

CAF Reference 6.1 / PSC Reference 4.10

Please replace the below with the information about your own project

* *What are the options for procurement?*
* *What are the timescales to implement works and deliver each project stage?*
* *Does the sponsoring agency have the capacity to deliver the project? Does the sponsoring agency have an efficient governance system and staff with the expertise to deliver the project?*
* *Does the current or future construction industry have the capacity to supply the projects?*
* *What are the arrangements for the governance of the project?*
* *What are the arrangements for the commercial management of contracts?*

# Proposed Approaches to Implementation and Operation

CAF Reference 6.1 / PSC Reference 4.10

Please replace the below with the information about your own project

* *What are the key implementation steps after the preliminary business case?*
* *What are the expected delivery timescales for the project?*
* *What is the governance structure of the project?*

# Assessment of Delivery Risk

PSC Reference 4.10

Please replace the below with the information about your own project

* *Are the risks related to delivering the project, such as construction risk and objections, identified and assessed?*

# Plan for Monitoring & Evaluation including Key Performance Indicators

CAF Reference 6.3 / PSC Reference 4.11

Please replace the below with the information about your own project

* *What is the plan for monitoring and evaluation?*
* *What are the key performance indicators by which the impact of the proposal will be measured against the stated objectives?*

# Recommendation to the Approving Authority

CAF Reference 4.2.1.ⅶ / PSC Reference 4.13

Please replace the below with the information about your own project

* *What is the preferred option to recommend to the Approving Authority?*
* *What is the rationale and evidence for the recommendation?*
* *Are the assumptions employed in this analysis solid and robust? It is expected that assumptions used for appraisals are credible and robust.*
* *Is the Monetised Cost and Benefits Table included and does it present and summarise the Present Value of Benefits (PVB), Present Value of Costs (PVC) and, Net Present Value of Costs and Benefits (NPV)?*
* *If the preferred option is not the proposal with the highest economic appraisal indicator such as NPV and BCR, what are the specific reasons for disagreeing with the quantitative analysis?*

# Appendix

Relevant documents from Phase 3 of the NTA Project Approval Guidelines can be attached here.