

# Restoring Your Railway (Beeching) Ideas Fund

## Strategic Outline Business Case

### Guidance

#### Business Case Development

The Strategic Outline Business Case (SOBC) is the first of three stages in business case development. It is where the transport problem and/or opportunity that the intervention is focussed on is defined and where options are set out. The focus is on the strategic case and the economic case.

The key decision being sought at the SOBC is approval of the scheme merits and funding to undertake more detailed development of options to identify the best one. This results in the second business case stage - an Outline Business Case (OBC) that is used to decide if funding can be justified to develop detailed scheme design of the preferred option. This then results in a Full Business Case (FBC), from which a decision is taken whether to fund and deliver the project.

SOBCs need not be lengthy documents or costly to produce, and a proportionate approach is recommended. Detailed and costly modelling is not needed at this stage, particularly as this would often pre-judge a preferred option which should be the subject of options development for the OBC stage.

For Restoring Your Railway (Beeching) Ideas Fund proposals this proportionate and focussed SOBC is required, and explained in this guidance as a minimum SOBC. Where promoters already have at this stage more detailed and developed cost, revenue and benefits information this should be used. This guidance can therefore be seen as a baseline minimum.

Set out below are further details on the key contents of this minimum SOBC. There are five cases or chapters to make a specific case: strategic, economic, financial, commercial and management. Each case/chapter does not need to be more than 2 or 3 pages and a total SOBC of between 10 and 15 pages is capable of providing decision makers with all the information they require. In order to evidence the strength of the proposal the most important cases/chapters at this stage, and where most effort should therefore be directed, are the strategic and economic cases. More detailed and fuller guidance is set out in <https://www.gov.uk/government/publications/transport-business-case>.

#### Strategic Case/Chapter

The strategic case is the overview of the issue. At the SOBC stage the strategic case/chapter focusses particularly on the transport issue, potential options and wider issues that make the case for intervention. The key areas to cover are:

- 1) What is the transport issue under consideration and case for intervention?

- 2) What is the scope of this intervention and/or constraints on the approach?
- 3) What are the options? Why is rail the preferred mode?
- 4) How does each option perform in delivering benefits?
- 5) Other strategic considerations – regional/local socio-economic evidence/data, levelling up, re-balancing etc

### **Economic Case/Chapter**

The economic case is to demonstrate the value for money of the scheme, covering costs and benefits. At the SOBC stage the economic case/chapter sets out evidence on the potential value for money of the intervention. This can draw on available industry data, and can include some analysis using existing models such as MOIRA (assesses passenger demand and revenue impacts). Development of new and costly models is not needed at this stage, and this would be disproportionate. The economic, environmental, social and distributional impacts should be considered, using qualitative, quantitative or monetised information as appropriate at this stage. Key areas to cover are:

- 1) What are the costs incurred – track/station/signals etc? What are the current best cost estimates, by option? What are the potential capital costs and the on-going operational costs? What are the sources for these cost estimates (for example generic per km track cost estimates or similar existing schemes)?
- 2) What are the benefit categories – journey time improvement, new journey opportunities, reduced crowding? What estimates of these are available – what is the source. How large would these benefits have to be to equal/surpass costs and how plausible is this?
- 3) Are there any disbenefits, for example impacts on current operations such as slowing down existing trains? Are there impacts on competition, such as existing bus services suffering losses?
- 4) At this stage can benefits be quantified or monetised and how strong a value for money case might there be? Cost effectiveness analysis or multi-criteria analysis provide a suitable approach where monetisation is not possible.

### **Financial Case/Chapter**

At the SOBC stage the financial case sets out finance/funding considerations, drawing on best available estimates of the cost of the bid proposal. These will include:

- 1) What is the likely budget profile over time? Is this capital or resource?
- 2) Cost risks and uncertainties, such as land requirements, complex works, third party agreements required
- 3) Proposed funding sources and whether the intervention creates pressures that might affect other policies/projects?

### **Commercial Case/Chapter**

At the SOBC stage the commercial case/chapter details the current planned commercial engagement and procurement strategy. It also provides evidence of the key timescales relating to the project's commercial activity. At this stage this will include:

- 1) Who are the delivery partners and what are the planned contractual relationships?
- 2) What are the planned contractual relationships at various stages, ie capital/build stage compared to operational stage

### **Management Case/Chapter**

The management case is about how any part of the work will be seen through to delivery on time, to budget. At the SOBC stage the management case/chapter sets out the proposed delivery plan for the proposal. This will include:

- 1) Key delivery issues and key delivery bodies/partners, who is responsible for what?
- 2) What are the key dependencies, issues and risks relevant to delivering the intended outcomes on time?
- 3) What is the plan for delivering the intervention? How will costs and milestones be managed and met?