

THE STRATEGIC OUTLINE CASE

The purpose of the Strategic Outline Case (SOC) is to provide the necessary information in a format that will enable the authority and any public sector partners to assess the scope of the project and any investments in service improvement. In a multi-authority scheme a combined SOC should be considered but in doing so the outline case must be cognisant of the project's overall impact and also the impact and implications for the individual authorities. In particular, the SOC will need to ensure that it explains the project's linkage with the service strategy.

A number of areas should be specifically addressed in the preparation of a SOC. These are:

- the strategic context
- the service need
- the formulation of options
- affordability
- timetable and deliverability

Strategic context

The local authority/authorities should set out their strategy for service provision and demonstrate how the proposed scheme is consistent with this. It is important that the SOC considers not only the services to be dealt with in the project but also the wider impact of the project upon the authority and other stakeholders, for example, employees. Proposals should have been discussed in outline with wider stakeholders.

Service need

The service need for the proposed scheme should be demonstrated by detailing the service issues that the scheme is intended to address.

Formulation of options

A shortlist of options which satisfy service need, are within the strategic context, and are affordable, should be developed. If the analysis establishes a clear preference for a particular option, this should be identified.

Affordability

The affordability ceiling for a scheme should be defined and accepted by the local authority/authorities. Local authorities should take account of any changes in costs elsewhere in the local health economy resulting from the scheme.

Timetable and deliverability

The proposed project timetable for achieving contract signature should be set out. Key milestones that must be reached before a scheme can be formally advertised in the Official Journal of the European Union (OJEU) include the completion of any necessary formal public consultation, and – where possible and appropriate – outline planning permission for any site likely to be developed.

HOW DOES THE SOC RELATE TO THE OUTLINE BUSINESS CASE (OBC)?

The SOC is the first stage in the business case development process. It precedes the OBC.

The general purpose of OBC and the criteria for judging their quality are well established and are set out in the HM Treasury's "*Green Book Appraisal and Evaluation in Central Government* (2002).

The OBC builds on the SOC. Its primary purposes are to:

- identify and validate the preferred option for meeting the project objectives,
- demonstrate that this preferred option is likely to represent value for money, be affordable and is achievable,
- inform the procurement process.

It would be a mistake to see the SOC as an extra stage to the business case development process. Much of the work done at the SOC stage would still need to be performed as part of the process of constructing a successful business case. All properly conceived projects should be set in a clear and well-established strategic context and should be guided by an awareness of all the critical success factors, including strategies for managing risk.

WHY ARE SOCS NEEDED?

The experience of those developing projects shows that the use of SOC can help to improve the planning and execution of projects. SOC are particularly useful in situations where there are:

- a large number of disparate stakeholders involved in a project;
- showing how a project relates to the needs of each participating public sector partner;
- the project is novel, risky and complex;
- the parameters of the project are ill defined (particularly the objectives and scope).
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They are a useful vehicle for allowing key stakeholders an early opportunity to influence the direction of projects, avoiding abortive effort and securing better value for money from the considerable sums of money which are sometimes spent on ill specified projects. If the SOC is properly implemented it will lead to better decision-making and quicker decisions.

WHAT IS A STRATEGIC OUTLINE CASE?

It is important to understand what a Strategic Outline Case is. Regardless of the nature of the project, the main purpose of a SOC is to establish the business need for the proposed project and any resulting investment in resources. It should clearly explain the service drivers for the project and how it satisfies the authorities and other governmental policy priorities. When the project is recommended to be continued, the SOC provides direction to the project sponsors on how best to develop and implement it.

The SOC gives the stakeholders an overview of key issues that will be addressed in more detail in an Outline Business Case (OBC). It makes it possible to:

- clarify the scope and objectives of the project
- identify options for satisfying the objectives
- decide how best to proceed based on a high-level assessment such as a qualitative assessment of the strengths and weaknesses of each option.

The possible outcomes after the SOC has been produced are to:

- abandon the project, perhaps on grounds of affordability, unacceptability to stakeholders or inability to manage the risks successfully
- redefine the project to make it more manageable and improve the likelihood of a successful outcome
- undertake a pilot or prototype exercise and use the results to inform how best to proceed with the project

- proceed with the project as originally conceived with a set of broad recommendations on how to proceed, including a short-list of options for more rigorous assessment at the OBC stage –this will not include identification of a preferred option since the analysis undertaken as part of the SOC will not be sufficiently robust to support an unequivocal conclusion.

CONTENT AND DETAIL

A SOC will generally address the same issues as an OBC but at a higher level and in far less detail. The main focus is on strategic issues and the identification of options for detailed assessment at the next stage. Too much detailed assessment at the SOC stage may serve to cloud judgements about the merits and demerits of the available options for delivering the project objectives.

The length of the SOC should be driven by its fundamental purpose, rather than by any ideal length. Much will depend on how novel or inherently risky the project is and the number of stakeholders who are involved. The availability of information, personnel and other resources will also influence the length of the document. A pragmatic approach should be adopted: if the information is available, it should be used subject to any time constraints on the decision-making process. In most cases a ten-page report covering the relevant issues is likely to suffice.

The SOC should be viewed as a scoping and planning document, designed to:

- establish the strategic context and need for the project
- identify key dependencies between the project and other developments
- identify the view of main stakeholders and gatekeepers and the position of potential public sector partners and other potential partners
- identify a wide range of viable options for meeting the service objectives
- appraise the relative efficacy of the options and their affordability and, where feasible, identify a short-list for more rigorous assessment at the OBC stage
- identify the critical success factors for de eloping and implementing the project with emphasis on risk management and benefit realisation
- identify what further work needs to be undertaken to inform the development of the OBC and the procurement process.

A SOC should contain the five components that characterise all soundly developed business cases, but in less detail than would be found in an Outline Business Case (OBC) or Full Business Case (FBC). The screening that is done at this stage is often based on qualitative approaches. More rigorous assessments are done at the OBC and FBC stages.

The five components of the Strategic Outline Case

1. The Strategic case

- the strategic context
- fit with service strategy and related projects, government policy imperatives, existing arrangements
- what is wrong with the status quo?
- drivers for change
- Prospects for joint working
- key stakeholders
- desired service outcomes
- business need
- investment objectives
- scope

2. The Economic case

- Options for meeting the Project objectives (including doing nothing)
- assessment criteria
- long-listing and short-listing of options
- high-level options appraisal or value-for-money analysis
- high-level risk analysis
- recommended short-list of options for more detailed assessment at a later stage (where feasible)

3. The Project Management case

- achievability and critical success factors
- project management arrangements
- risk management
- benefit realisation
- change management
- training strategy
- evaluation
- timetable
- key milestones
- nature of any further work required to inform development of the project and the resulting procurement
- resource requirements

4. The Commercial case

- assessment of the likely attractiveness of the project to suppliers
- assessment of whether the project is suitable for government funding.
- assessment of potential for gain sharing
- nature of further work required to sound out the market and inform the procurement process

5. The Financial case

- high-level affordability analysis
- ability and willingness of budget holders to meet the resource implications of the project statement of support from key stakeholders

The key focus of a SOC is the strategic case, economic case and project management case. Details about the commercial case generally do not become available until after the project has been advertised and tenders have been submitted, ie, after the OBC.

A SOC should be judged in terms of whether it addresses the issues outlined above. It should contain the relevant information in order to allow decision-makers to form a view of whether to proceed with or reject a project.