<Insert name of project>

Options analysis template

***Guidance: Options Analysis template (to be deleted)***

This template is designed to guide the user through a more detailed analysis of the project options being considered as part of Stage 2 (Pre-feasibility) of the Project Decision Framework.

The Options Analysis should provide sufficient detail to enable Council’s Project Decision Making Group to determine whether the proposed project should:

* proceed to Stage 3 (Feasibility) of the Framework
* proceed directly to Stage 4 (Planning), or
* be abandoned.

The issues to be considered as part of this Stage are:

* What is the detailed alignment with Council’s strategic objectives?
* Explanation of the benefits to the community.
* What are the risks of deferral or doing nothing?
* An outline of all options which are considered to meet the stated service need.
* The risks and mitigation activities associated with each option.
* The whole-of-life costs for each option.

***Guidance: How to use this template (to be deleted)***

Guidance boxes like these are designed to help the user understand what content should be included in each section. Guidance boxes are intended to be removed from the final Options Analysis document. To remove a guidance box, simply select the rows of text in the guidance box and press delete.

The key questions of each criterion are *italicised* in the respective guidance box. It is intended that the user describe how each option meets the criterion, including scoring the option in specific grading categories.

The user is intended to enter text or information where form fields (such as this one) are placed. To insert text, simply select the form field and begin typing.

Document control

Table : Document control

| Prepared by: | Name |
| --- | --- |
| Role: | Job title |
| Team | Team name |
| Local Government Authority | Council name |
| Version number | 0.1 |
| Version date | DD/MM/YYYY |
| Status | Initial Draft / Consultation Draft / Approved Document / Minor Revision / Major Revision |
| File / document number: | File number / document number |

Document authorisation

Table : document authorisation

| Name | Signature | Date |
| --- | --- | --- |
| Requested by: Name (eg, Author) |  | Date |
| Reviewed by: Name (eg, Manager) |  | Date |
| Endorsed by: Name (eg, General Manager) |  | Date |
| Approved by: Name (eg, Chief Executive Officer) |  | Date |

Version history

Table : version history

| Version number | Date | Changed by | Nature of amendment |
| --- | --- | --- | --- |
| 0.1 | Date | Name | Initial draft |
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# Project objective

***Guidance: to be deleted***

This section should not focus on proposed solutions, works or assets – but rather on defining the problem that needs addressing.

Where appropriate, this section should expand upon, rather than simply repeat, the findings of the Concept Approval. The more clearly the project objective is defined, the easier it will be to evaluate project options against the project objective. Ideally, the project objective should follow the SMART methodology – it should be specific, measurable, achievable, realistic and time-specific. For example, rather than stating the objective as ‘increase library services’, a more accurate objective might be ‘increase library services to improve membership by 20 per cent and provide access to an additional 150,000 publications by 30 June 2016.’

It is best to keep the project objective sufficiently broad at this stage so as not to restrict the range of possible solutions.

The objective(s) of this project is to:

1. Enter first objective here, and
2. Enter second objective here.

## Community need or business outcome

***Guidance: to be deleted***

*What genuine community need or business outcome will this project address?*

Identify the genuine community or business outcome this project must address.

Enter text here

# Alignment with strategic objectives and policy framework

***Guidance: to be deleted***

*Why should Council meet this need?*

Outline how achieving this outcome fits within Council’s broader organisational context, strategic business objectives, service level commitments or policy framework. Where are the strategic objectives previously articulated (eg, Corporate Plan, approved Asset Management Plan, Community Plan etc)? When was that plan approved?

Enter text here

## Project drivers

***Guidance: to be deleted***

*What are the key project drivers?*

Identify key project drivers. Project drivers should indicate why this project has been initiated (eg, legislative compliance, contractual compliance, health and safety requirements, demand/population growth, efficiency gain, service improvements, renewals, etc.). The project drivers should form the basis of specific objectives and outcomes for the project that must be achieved, and should be clear and measurable. The information provided in this section should be evidence-based.

For example, if population growth is driving increased water consumption, a chart showing the demand forecast versus existing capacity may be useful.

Enter text here

# Background

***Guidance: to be deleted***

*How was this community need or business outcome identified?*

Describe any important background information to this project being initiated. This may include any studies, trials, earlier works, earlier investigations, similar issues at other sites, or a general history of the business project objective. Where applicable, explain why previous attempts to solve this issue have failed.

Enter text here

## Current situation

***Guidance: to be deleted***

*How does the Council currently meet the desired community need or business outcome (if at all)? What is the status quo?*

Describe how the Council currently meets the project objective (if at all) including current processes and/or the location and condition of existing assets. This is the project base case against which all potential project options will be evaluated, unless it is determined that continuing with the current situation is unfeasible (eg, to comply with regulatory changes).

Enter text here

## Deferral / do nothing impacts

***Guidance: to be deleted***

*What are the consequences of deferring this project or not doing it at all?*

Identify the consequences of delaying addressing the current situation (as described above) to a future year or not proceeding with this project at all. Highlight the importance of this project and any critical timeframes (if applicable).

Deferring the project may be necessary if Council budget constraints limit the number of projects that can be approved in a given year. The consequences of delaying capital expenditure, however, may increase the risk of asset failure or limit the capacity of community services to keep pace with demand growth.

Enter text here

# Project options

***Guidance: to be deleted***

*What alternative options can be used to deliver the project objective?*

Brainstorm a list of potential delivery methods that may achieve the project objective identified above (eg, possible delivery methods of increasing library services could be constructing a new library building, designing an online library, or providing a shuttle bus to drive remote residents to an existing library). If the project involves increasing supply of a service (such as water treatment services) demand management should be considered as an option, along with upgrading the existing plant and building a new facility. The key is to consider *all* alternative delivery methods and *all* should be considered on their own merits.

The first option should be the current situation (ie, base case) as defined in the section by the same name above, unless this is deemed not to be feasible.

Possible alternatives to delivery may include:

* minimal effort options
* non-asset solutions (eg, demand management, changes in operating practices)
* increased maintenance
* asset augmentation or replacement
* staging expenditure, or
* a combination of the above.

It is important to ensure the list of alternatives includes the widest range of solutions. No option should be excluded from consideration at this stage (as long as they are reasonable). The most appropriate options should become clear upon completing this document.

It may be useful to identify whether similar projects have been successfully executed in other jurisdictions (domestically and overseas).

Different ways of procuring the option should not be considered as different options.

Alternative project options are listed below.

Table 4: List of project options

| Option name | Brief description |
| --- | --- |
| Option A name  | Description of how this option will achieve the project objective (if at all) |
| Option B name | Description of how this option will achieve the project objective |
| Option C name | Description of how this option will achieve the project objective |

# Options analysis

***Guidance: to be deleted***

Using the structure below as a guide, perform a high-level analysis of the options against each of the criteria outlined below (if applicable).

## Impact on service levels

***Guidance: to be deleted***

*How will each option affect current service levels (positive or negative)?*

Identify whether this project will affect existing Council service levels and if the impact will be an improvement or reduction in service levels.

Enter text here

Table 5: impact on service levels

| Reference | Service level impact  |
| --- | --- |
| Option A: name  | No change / improved service levels / reduced service levels |
| Option B: name | No change / improved service levels / reduced service levels |
| Option C: name | No change / improved service levels / reduced service levels |

## Legislative and / or Council policy constraints

***Guidance: to be deleted***

*What legislative constraints, Council policy constraints or other constraints may affect whether each option can deliver on the project objective?*

Identify relevant legislative constraints, Council policy constraints or other constraints that may affect whether these options can deliver on the project objective. Some constraints may apply to all project options, while other constraints may only apply to specific project options.

Legislative constraints may include environmental issues, planning issues, cultural heritage issues or native title issues, or other issues. For example, removal or modification of a heritage-listed building would be governed by a number of State and Commonwealth government laws.

Consider whether there are any other issues that could affect whether each option will be able to deliver on the project objective.

While it is not practical to resolve every issue during this stage, the purpose of this section is to identify material issues that are likely to arise.

*NOTE: When completing this section, consultation with Council’s legal advisor is recommended.*

Enter text here

Table 6: Summary of legislative issues and other policy issues

| Option name | Legislative constraint | Other constraints or issues |
| --- | --- | --- |
| Option A: name  | Name of issue | Name of issue |
| Option B: name | Name of issue | Name of issue |
| Option C: name | Name of issue | Name of issue |

## Stakeholder consultation

***Guidance: to be deleted***

*Can the support of key stakeholders be achieved?*

Outline the options which are dependent upon stakeholder support and assess whether their support/approval can be obtained. Key stakeholders could include the general community, government agencies or relevant government departments.

Enter text here

Table7: Summary of stakeholder considerations required and dependancies

| Reference | Aspect of option requiring stakeholder approval | Stakeholder | Can support from this stakeholder be gained? |
| --- | --- | --- | --- |
| Option A: name  | List details | Name stakeholder | Yes or No |
| Option B: name | List details | Name stakeholder | Yes or No |
| Option C: name | List details | Name stakeholder | Yes or No |

## Risk analysis

***Guidance: to be deleted***

*What are the risks associated with each option?*

Identify and assess the key risks of each option using an appropriate risk management methodology. As part of this Framework, QTC has provided the ***Project Risk Assessment tool*** which will assist in capturing potential risks, assigning mitigation treatments and identifying residual risk once the mitigation has been applied. The overall project risk should then be provided here. The risk analysis at this stage should be conducted at a high level only.

Summarise the overall risk (post mitigation treatment) of each option in the Table below and attach the risk assessment for each option in the Appendix.

Enter text here

Table 8: Summary of Overall Residual risk for each option

| Option name | What is the overall residual risk of each option? |
| --- | --- |
| Option A: name  | insignificant risk, low risk, moderate risk, high risk or extreme risk |
| Option B: name | insignificant risk, low risk, moderate risk, high risk or extreme risk |
| Option C: name | insignificant risk, low risk, moderate risk, high risk or extreme risk |

## Whole-of-life costs

***Guidance: to be deleted***

*What is the expected upfront capital investment required and ongoing costs for each option?*

It is important to not only identify the estimated upfront capital costs, but also the cashflows of each option in nominal dollar terms over the whole economic life of the option (eg, operating, maintenance, renewals, wages, finance costs etc.).

As part of this Framework, QTC has provided a ***Whole-of-Life Costing tool*** which can provide a useful estimate of the cost of an asset over its entire economic life.

Enter text here

Table 9: Whole-Of-life financial cost

| Option | Capital expenditure (nominal) $m | Whole-of-life cost$m | Capex multiple $m |
| --- | --- | --- | --- |
| Option A: name  | $m | $m | 0.0X |
| Option B: name | $m | $m | 0.0X |
| Option C: name | $m | $m | 0.0X |

## Net present financial value/net present financial cost

***Guidance: to be deleted***

*What financial costs or benefits will each option provide to the Council in present dollar terms?*

Calculate the net present financial value (for options that *will* generate revenue) or net present financial cost (for options that *will not* generate revenue). This involves specifying what cashflows the Council will incur in each year of the economic life of the option and discounting these back to present value. For consistency, use the cashflow profiles identified in the Whole-of-life cost section above.

This analysis is useful for comparing the cashflow profiles of different options. For example, one option may involve a larger initial outlay but lower ongoing costs, while another may cost less to build but more to maintain and operate.

QTC’s ***Whole-of-Life Costing tool*** can provide a useful estimate of the discounted cost of an asset over its entire economic life.

QTC may assist with selecting an appropriate discount rate. As a rule of thumb:

* for net present cost options, use Council’s borrowing costs as the discount rate and capture the risk of each option by adjusting the cash flows to reflect their risk, and
* for net present value options, the discount rate should reflect the riskiness of the option (higher risk option, higher discount rate and vice versa). Council’s commercial business units would commonly use the business’ weighted-average cost of capital.

Enter text here

Table 10: net present financial value/cost

| Option | Discount rate in NPV analysis% | NPV/NPC $m |
| --- | --- | --- |
| Option A: name  | 0.00% | $m |
| Option B: name | 0.00% | $m |
| Option C: name | 0.00% | $m |

## Estimated timeframe

***Guidance: to be deleted***

*How long will it take to implement this option?*

Identify the indicative timeframe required to implement each option (eg, to the nearest six months). Also provide an indication as to how the timeframe was established. For example, is it an internal estimate based on previous experience, a quantity surveyor estimate, private contractor estimate? This is needed to help establish the level of confidence in the proposed timeframes.

Enter text here

Table 11: Indicative timeframes

| Option name | Estimated timeframe | Source of information |
| --- | --- | --- |
| Option A: name  | Timeframe (eg. 12 months, 3 years etc) | Internal estimate / contractor estimate |
| Option B: name | Timeframe (eg. 12 months, 3 years etc) | Internal estimate / contractor estimate |
| Option C: name | Timeframe (eg. 12 months, 3 years etc) | Internal estimate / contractor estimate |

# Other issues

***Guidance: to be deleted***

Describe any other important issues that may not have been captured by the above sections.

Enter text here

# Summary of project options

***Guidance: to be deleted***

After analysing each option using the high-level criteria above, input the result for each criteria into the table below to provide a comparative view of the options.

The summary of options should give decision makers a ‘dashboard’ style view of the options.

Table 12: Summary of options

| Criteria | Option A: name  | Option B: name | Option C: name |
| --- | --- | --- | --- |
| Alignment with Council’s strategic objectives? | Yes/No  | Yes/No | Yes/No |
| Is there an approved business case? | Yes/No | Yes/No | Yes/No |
| Will this option affect existing service levels? | No change/reduce/improve | No change/reduce/improve | No change/reduce/improve |
| Are there legislative or policy constraints? | List key constraints | List key constraints | List key constraints |
| Is support from key stakeholders expected? | Yes/No  | Yes/No | Yes/No |
| Overall residual risk | Low/moderate/high/extreme | Low/moderate/high/extreme | Low/moderate/high/extreme |
| Total whole-of-life costs (nominal) & capex multiple | $ million / 0.0X | $ million / 0.0X | $ million / 0.0X |
| NPV / NPC | $ million | $ million | $ million |
| Indicative timeframe to completion | Timeframe (eg, 6 months) | Timeframe (eg, 6 months) | Timeframe (eg, 6 months) |

# Shortlisted project options

***Guidance: to be deleted***

*Which option(s) are better at delivering on the project objective(s)?*

Identify which option(s) will be better able to deliver on the project objective(s), or whether any of the options deliver on the project objective at all. The shortlisted options are only those which have the evidence to warrant further investigation by way of a business case. Create a shortlist of these options (try to limit to no more than four).

Eliminate options that are not feasible due to them being too risky, not a strategic priority, not in the public interest or any other reason.

It is important to justify why each option has been shortlisted. Just because an option is already part of an approved business case, it does not necessarily warrant shortlisting. Justification should be based on all applicable factors: risk, complexity, legislative constraints, financial value, and other social factors, among others. If the best option is supported by an approved business case, however, then it is acceptable to shortlist that one option.

Enter text here

Table13: SHORTLISTING Project options

| Option name | Shortlisted? (Y/N) | Justification |
| --- | --- | --- |
| Option A name  | Y / N | Describe main reason(s) for shortlisting this option (or not) |
| Option B name | Y / N | Describe main reason(s) for shortlisting this option (or not) |
| Option C name | Y / N | Describe main reason(s) for shortlisting this option (or not) |

# Recommendation

***Guidance: to be deleted***

*How should the project be progressed?*

This section provides a recommendation based on the evidence gathered as part of this Project Brief.

Once the most effective project options have been shortlisted, it must be decided whether to:

* proceed to Stage 3 (Feasibility) of the Framework, to fully understand the complexity, risk and value of the best project options, or
* proceed directly to Stage 4 (Planning) of the Framework – this should only be for projects that are extremely urgent (eg, disaster recovery), require minimal governance (simple, inexpensive projects) or for which there is already an approved business case (eg, an asset management plan), or
* abandon the project.

In the case of a recommendation to proceed to the Feasibility stage, the options to be investigated should be specified. Ideally this should be limited to no more than three options and each one of them should be feasible (the status quo must be included unless it is deemed to not be feasible).

On the basis that a Project Brief has been prepared and is outlined above, it is recommended that the Project Decision Making Group (select the most appropriate recommendation):

* **approve** thatthe proposal be considered further by progressing to the Feasibility stage
* **approve** thatthe project progress to the Planning stage, bypassing the Feasibility stage
* **not approve** further progression of the project.

***Guidance: to be deleted***

The section below should only be included if the recommendation is to bypass the Feasibility stage of the Framework, otherwise it should be removed. Outline briefly why this project should be expedited past the Feasibility stage.

It is recommended that this project be advanced to Stage 4 (Planning) of the Framework, bypassing Stage 3 (Feasibility), because it is:

* part of an approved business case (eg, Asset Management Plan) [ ]
* urgent and unforeseen [ ]
* a minimal governance project (simple to manage, not overly complex) [ ]

Enter text here

| SignedProject ManagerName: Enter text hereRole: Enter text here\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date: DD/MM/YYYY | SignedChair, Project Decision Making GroupName: Enter text hereRole: Enter text here\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date: DD/MM/YYYY |
| --- | --- |

It is recommended that the project be advanced to the Feasibility stage with the following project options:

Table 14: Recommended Project options

| Option name | Justification |
| --- | --- |
| Option A name  | Describe main reason(s) for recommending this option |
| Option B name | Describe main reason(s) for recommending this option |

It is also recommended that the following options be excluded from consideration:

Table 15: Options to be excluded from further analysis

| Option name | Justification |
| --- | --- |
| Option C name | Describe main reason(s) for excluding this option |

# Appendices

***Guidance: to be deleted***

Indicate which appendices have been included in this Project Brief. Potential appendices could include assumptions and cost estimates, risk assessment, total project cost calculations, photos, plans or maps.

Enter text here

Table 16: Appendices

| Appendices | Included |
| --- | --- |
| Appendix A | Insert file link if available |
| Appendix B | Insert file link if available |
| Appendix C | Insert file link if available |

# Disclaimer

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