## Guiding principles for the evaluation of project proposals

The Project Decision Making Group is involved in assessing proposals through the first three stages of the Project Decision Framework (Concept Selection, Pre-feasibility and Feasibility). To assist the members of Council’s Project Decision Making Group in their evaluation of proposals, the following guidance is provided in terms of the specific information that should be considered at each stage.

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| **Stage** | **Purpose of Stage** | **Key information to be considered** | **Output required** |
| ***Stage 1*** – Concept Selection | This is the Project Decision Making Group’s introduction to the project being proposed. A high level overview of the project concept and the business/service need that it seeks to address should be provided to the Project Decision Making Group by way of a completed *Concept Approval form*. | * What is the service need that the concept is seeking to address? * Has the concept been signed off by the Head of the proposing Business Unit? * Is the concept clearly outlined? * Does the underlying rationale for the concept link with the community or organisational need? * What would the nature and type of project be if it were to be progressed? * Is there a high level estimate of costs? * Given the rationale for the concept, as well as the high level cost and risk estimates, does it warrant further consideration?   ***Note:*** *The key issue to be considered by the Project Decision Making Group in this Stage is alignment with Council’s strategic objectives.* | Documented decision to:   * request more information from project proponent * defer or abandon the project, or * proceed to Stage 2 (Pre-feasibility). |
| ***Stage 2*** – Pre-feasibility | If approved at Stage 1, the Project Decision Making Group now assesses the ‘affordability and priority’ of the proposed project, the high level risks and an overview of alternative options considered. A *Project Brief* is submitted to the Project Decision Making Group at this stage. | * What is the proposed project solution and have others been considered? * Are the alternative options identified in the Project Brief relevant? * Have all relevant options been adequately assessed in sufficient detail against the preferred option? * What is the evidence to support the proposed project solution as being more viable than the alternative options? * What is the up-front capital investment required to implement the project? * What are the high level whole-of-life costs? * Why should this project be given priority over others? What is the need? * Have all stakeholder issues been identified? * Are there any legislative, regulatory or compliance issues associated with the proposed project? If so, does the proposed project adequately address the issues? * If the proposed solution is a lease arrangement, has Queensland Treasury Corporation been consulted to test that the best-cost option is being pursued? * Has a risk assessment and mitigation treatment plan been completed?   ***Note:*** *The key issue to be considered by the Project Decision Making Group in this Stage is quantifiable evidence that alternative options have genuinely been considered before recommending a final solution.* | Documented decision to:   * defer or abandon the project * bypass Stage 3 (Feasibility) and proceed to budget approval by Council, or * proceed to Stage 3 (Feasibility). |
| ***Bypassing Stage 3*** | As part of Stage 2, the Project Decision Making Group may elect to expedite the project by bypassing Stage 3 and recommending the project to Council for funding. | The circumstances in which Stage 3 can be bypassed would typically include one or more of the following reasons:   * The proposed project already forms part of an approved existing business case. * The proposed project is part of a previously approved Asset Management Plan and simply requires funding. * A ‘robust’ case for investment has already been proven but previously deferred. * The proposed project is part of the local government’s business as usual (BAU) and as such, is considered low risk. * The preliminary affordability and viability assessment (ie, Stages 1 and 2) is clear cut and shows strong reason to proceed. * There are mitigating circumstances which can justify the need for expedient delivery (such as unforeseen emergent works).   ***Note:*** *The key issue to be considered by the Project Decision Making Group in this Stage is the level of risk to Council. Projects which bypass Stage 3 generally must present low risk to Council or need to be expedited due to urgency.* | Documented decision to proceed to Council for funding approval (with explanation as to why Stage 3 is being bypassed). |
| ***Stage 3*** - Feasibility | The purpose of this stage is to review a detailed assessment of the proposed project by way of a submitted *Business Case*. The Business Case should ‘make the case’ for choosing one option over another and should define costs, benefits and risks associated with the project. | * Is the alignment of the project to Council’s strategic objectives clearly identified? * What are the viable options available to implement the solution? * Are all options compared against the base case (ie, ‘do nothing’)? * Is a detailed risk assessment included for all options (including the risk of doing nothing)? * Have the risk mitigation strategies been sufficiently explained? * What is the recommended option and on what basis is it the preferred option? * Is the residual risk of the preferred option within Council’s tolerance? * Has stakeholder analysis and consultation been completed? Are there strategies to manage stakeholder expectations? * Are the legal issues sufficiently explained and, where applicable, has legal advice been sought? * Is the timeframe to implement the project realistic? Will this impact on the implementation of other projects? * Have the human resources required for implementation been identified? Does implementation require existing internal resources, new resources or external consultants? * Is there detailed cost-benefit analysis (including consideration of whole-of-life costs, net present value analysis and sensitivity analysis)? * Are there other non-financial costs/benefits (eg, increased employment, social factors)? * Has Queensland Treasury Corporation been consulted about funding options, and if so, what are the options available to Council?   ***Note:*** *The key issue to be considered by the Project Decision Making Group in this Stage is the option which demonstrates the greatest viability after taking into consideration all financial, risk, operational, service level and strategic objective considerations.* | Documented decision to:   * abandon or defer the project (stating the reasons why), or * approve the project to go to Council for approval, allocation of budget and progression to Stage 4. |

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