This template can be used to develop a business case   
report for climate change adaptation.

**How to use this template:**

A number of different text styles have been used within the template, as follows:

* Text in *italics* font is intended to stay in the final document
* Text in normal font provides general guidelines for the section and should be omitted
* Text enclosed in <angle brackets> and italics is intended to be a guide and to be replaced by your own text.

# General guidelines for developing a business case

1. Carefully select and only include information that is directly relevant to and supports the proposed adaptation action. Be critical in judging what information to omit and what to leave in! Omit all information that would be irrelevant to the decision-maker (even if it is interesting).
2. The business case is supposed to guide decision-makers through steps from recognising climate change as a potential local threat to the preferred adaptation action proposed in the business case document.
3. Consider what decision-makers (councillors) already know about the risks posed by climate change to the region. Illustrate problems using tangible examples and evidence such as visuals (maps, photos, etc.). For example, use flood maps to show areas that will be affected by rising sea levels and urban heat maps to demonstrate the impact high temperatures will have on roads, parks and houses and how different built and natural environmental features (e.g. tree cover, pavement) will be affected.
4. Take care to use information from credible sources. Consider investing in collecting local data and generating local maps. Local information has been shown to illustrate problems much more effectively than borrowing data or maps from another town or city. (Again, make sure this information is relevant to the impacts of climate change that the adaptation project will manage.)
5. Harnessing support for a business case prior to presenting it to decision-makers has been shown to be vital for success. In some councils, it may be common practice to propose an action firstly at a formal workshop that is organised by the team or department proposing the project or action.

# Executive summary

This section should be no more than two pages long and should be completed last.

It should read as a stand-alone document and should not include any new information that does not appear in the business case document.

Consider including the following headings/information:

* *Climate risk assessment*
* *Recommendation of top option*
* *Cost benefit analysis of options*
* *Stakeholder engagement and benefits*
* *Cost of inaction*

# Introduction

This section provides background information, describing the rationale for the project and the business case. It should include select, preferably quantitative data and figures from credible sources to demonstrate the need for the project.

*<The introduction should describe:*

* *the threats that climate change poses to the local community and the council (including threats to its built and natural assets)*
* *what action has been taken to address these threats in the past*
* *the current status of adaptation planning and implementation*
* *the cost of inaction (this can be deduced from a risk assessment)*
* *purpose of the business case.>*

# Objective and scope

*<Include a statement that describes how the adaptation project will assist council to respond to the problems presented by climate change within its jurisdiction. In other words include a ‘statement of need’.>*

*<Align the proposed adaptation project business case with council’s strategic objectives/organizational goals, outlining how the project will help meet them.>*

**The objective of the project/initiative is to ….**

**The project will assist council with meeting the following strategic objectives:**

*<Objective 1, describe how/what component of the project will meet the objective within a timeframe>*

*<Objective 2, describe how/what component of the project will meet the objective within a timeframe>*

*<Objective 3, describe how/what component of the project will meet the objective within a timeframe>*

*<Etc. >*

Following the objectives, state the relationship of the proposed project to other council/state/federal processes, if applicable:

**The adaptation project aligns with the following existing or planned processes:**

*< Insert the name of existing process and describe what part of the adaptation project applies>*

*< Insert the name of existing process and describe what part of the adaptation project applies>*

*<Etc.>*

Scope: Define the scope of the project business case by discussing what the project will entail and also what it will not include. For instance, does the project include planning and approvals, other preparation, capacity building etc.? Is completion of an Adaptation Plan part of the project?

Include a comprehensive list of all the elements of the adaptation proposal. This should include monitoring and evaluation/assessment.

**This project will include the following components and activities:**

<Outline the various project components and activities, including approaches for monitoring and evaluating performance.>

* *<insert component/activity>*
* *<insert component/activity>*
* *<etc.>*
* *<monitoring>*
* *<evaluation>*

# Adaptation options

A vital part of any business case is the demonstration that a number of different adaptation options were considered. Only then can one justify why a particular alternative is the best course of action to take.

*<Start by briefly restating the current state and the problem(s) with the status quo.>*

*<As a minimum, discuss the following three options:>*

1. ***Loss acceptance alternative***

*<Describe what ‘loss acceptance’ would entail and the risks involved with taking no action. For example, reflect on regulatory responsibilities (state and federal), community expectations, the implications to reputation, etc.>*

1. ***Desired option***

*<Describe the desired option and provide reasons as to why this option should be implemented. How is this option better than the alternatives?>*

1. ***Other project options***

*<List the possible options that are not desirable and state the reasons. These could include high capital costs, lack of funds to cover operational/maintenance costs, lack of knowledge and experience in the region to implement a new or complex technological solution, etc.>*

# Cost benefit analysis

This section will set out the financial argument for undertaking the recommended adaptation option. All costs and benefits must be captured, and described, and should be quantified if possible. The cost of the project normally appears first and must extend to the costs incurred during all stages of the project, including construction, operation and planning (if applicable). Project planning documents, such as the feasibility study that accurately describes what will be undertaken should provide sufficient information to complete this part.

Cost benefit analyses usually appear in a spreadsheet. It is advisable to contact the accounting or finance services department for advice on what methodology should be used.

**Costs of the adaptation project by stage:**

1. **Planning (if applicable)**

*<List the planning activities that need to be undertaken and the costs associated with each activity. These could include completion of feasibility studies, costs associated with gaining approval, consultant fees, legal fees, etc.>*

1. **Construction/implementation**

*<List construction activities, providing as accurate detail as possible about, for example, length of road, volume of sand, etc. It may be easier to list each item individually, such as new road, new bridge, removal of existing structure, extension of pavement, etc.>*

1. **Operation (including maintenance)**
2. **Monitoring**
3. **Evaluation/assessment**
4. **Other (such as adaptive capacity measures)**
5. **Total costs.**

**Benefits of the adaptation project:**

The savings and/or income generated by the project should be outlined next.

In many cases, it is difficult to envisage that adaptation projects will generate income in the traditional sense and benefits may not be realized for decades. But the benefits of adaptation projects can accrue as cost savings. For example, beach nourishment does not generate revenue per se but it does reduce the cost of damages from storm surge events, which materialises as cost savings for property owners. In other words, the savings and benefits from adaptation projects may not be traditional. It is important to keep this in mind when completing or commissioning the cost benefit analysis. In many cases the cost benefit analysis is completed by an external financial advisor/advisory firm and the consultants should be comfortable with the concept of shared value creation. This concept recognises a wider range of adaptation benefits than traditional approaches.

1. **Savings achieved**

Savings could stem from various activities and may be directly or indirectly related to the adaptation project. It may be appropriate to list benefits by stakeholders, such as savings realized by property owners, council (such as reduced maintenance costs of council assets), the general community, tourists, businesses, etc. Or it may be better to list them by saving type, such as decreased maintenance costs or insurance cost savings.

1. **Income generated**

State any income from the project, if appropriate. This could include income from rates (by all or selected property owners) and levies or charges earmarked for adaptation (such as part of broader ‘environmental levies’). Any proposal for new charges should be described and supported in detail.

1. **Community benefit**

Community benefits should include direct and indirect benefits.

1. **Reputational benefit to the organisation**

Reputational benefit can be a very important factor for decision-makers. Framing adaptation action as a risk management response can create the image of a responsible organisation concerned with long-term as well as short-term planning. It would be a valuable exercise to frame the adaptation project as a responsible action and highlight potential reputational benefits.

1. **Total benefits**

This section should conclude with a statement describing how the benefits outweigh the costs.

# Risk assessment

Risk assessment should be tailored to the needs of the council or organisation. There are many different ways to conduct a risk assessment and the approach used will be case specific.

Some general principles of what to include in a risk assessment:

* Describe the risks the project will help mitigate. Consider risks to the entire organization, relevant departments/units and individuals (if applicable)
* Describe the risks each option poses to the entire council/organisation and demonstrate how the recommended action is the best option to pursue. Consider risks to the entire organisation, relevant departments/units and individuals (if applicable).

# Recommendation

The entire business case should build towards demonstrating that the preferred (recommended) option provides a solution to the adaptation challenge of the council/organisation.

# Implementation plan

Inclusion of a realistic (rather than idealistic) implementation plan will help to gain support from decision-makers. Understanding the attitudes, capacity for action and the social licence of decision makers is vital for pitching the business case.

A plan of implementation should include the following:

* A project timeline that sets out key milestones and time anticipated to reach them
* Costs associated with reaching each milestone (a simple version of the project budget)
* Factors that may inhibit reaching milestones (e.g. delays due to climate/weather, construction of other projects such as roads)
* Key performance indicators that will allow monitoring of implementation. These should be quantifiable indicators.