

Business case fundamentals

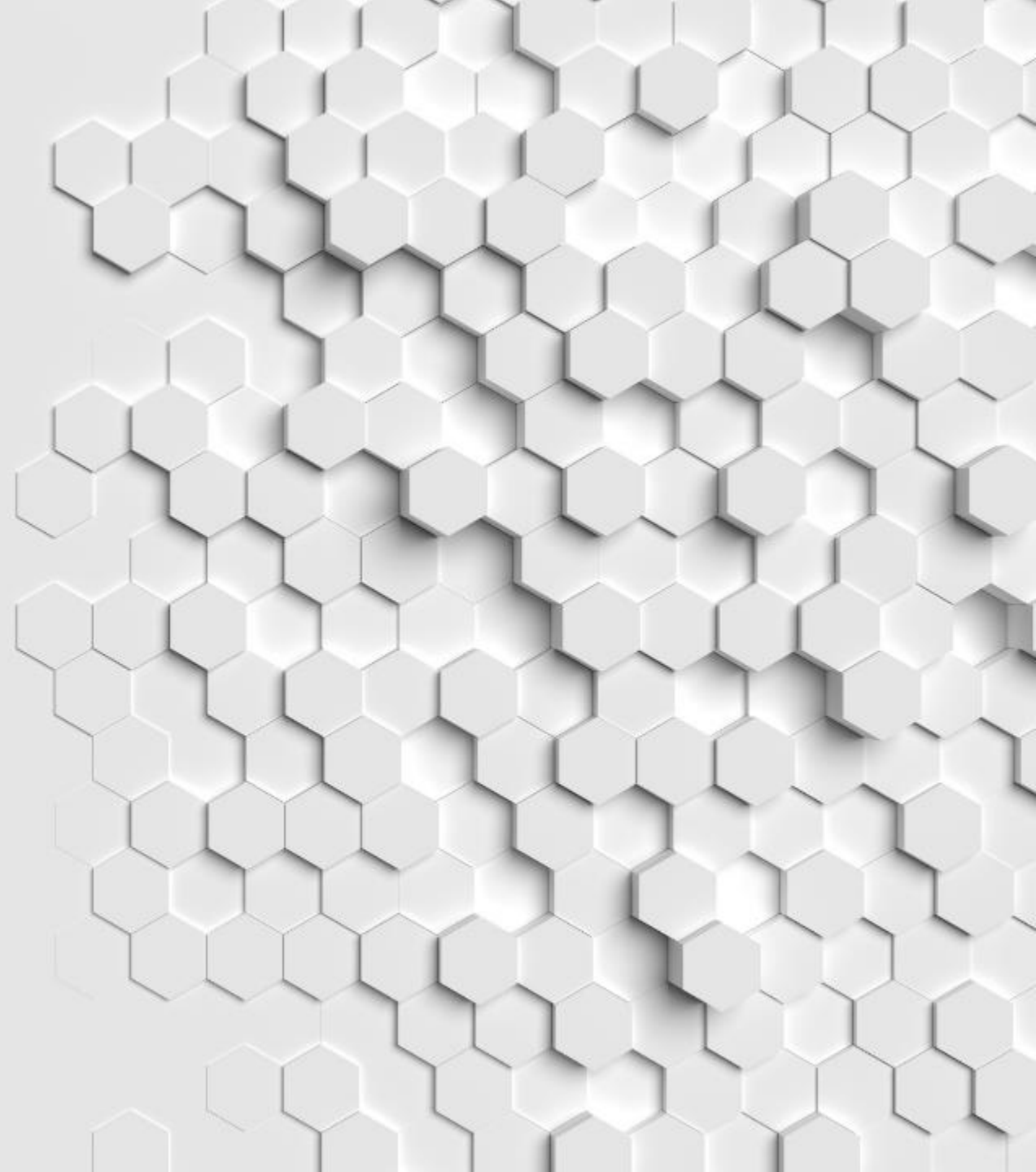


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Pathology Network

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The Business Case: why have them?

- Every project delivers a change, e.g.:
 - New IT system or equipment
 - New buildings or refurbishment
 - New team structure
- The change will enable benefits, e.g.:
 - Greater work throughput / faster turnaround
 - More reliable, safer or higher quality service
 - Improved staff satisfaction and morale
- Delivering change could need money to 'pump prime':
 - Options to deliver the change
 - Options analysis (cost, benefits, risks, deliverability, Return On Investment (ROI))

Quality is usually cheaper



The Business Case Standard Components

Business Cases often consider the following 5 aspects or cases:

Strategic Case: Sets out reason change is needed.

Economic Case: Demonstrates that investment meets the need and optimises value for money (VFM).

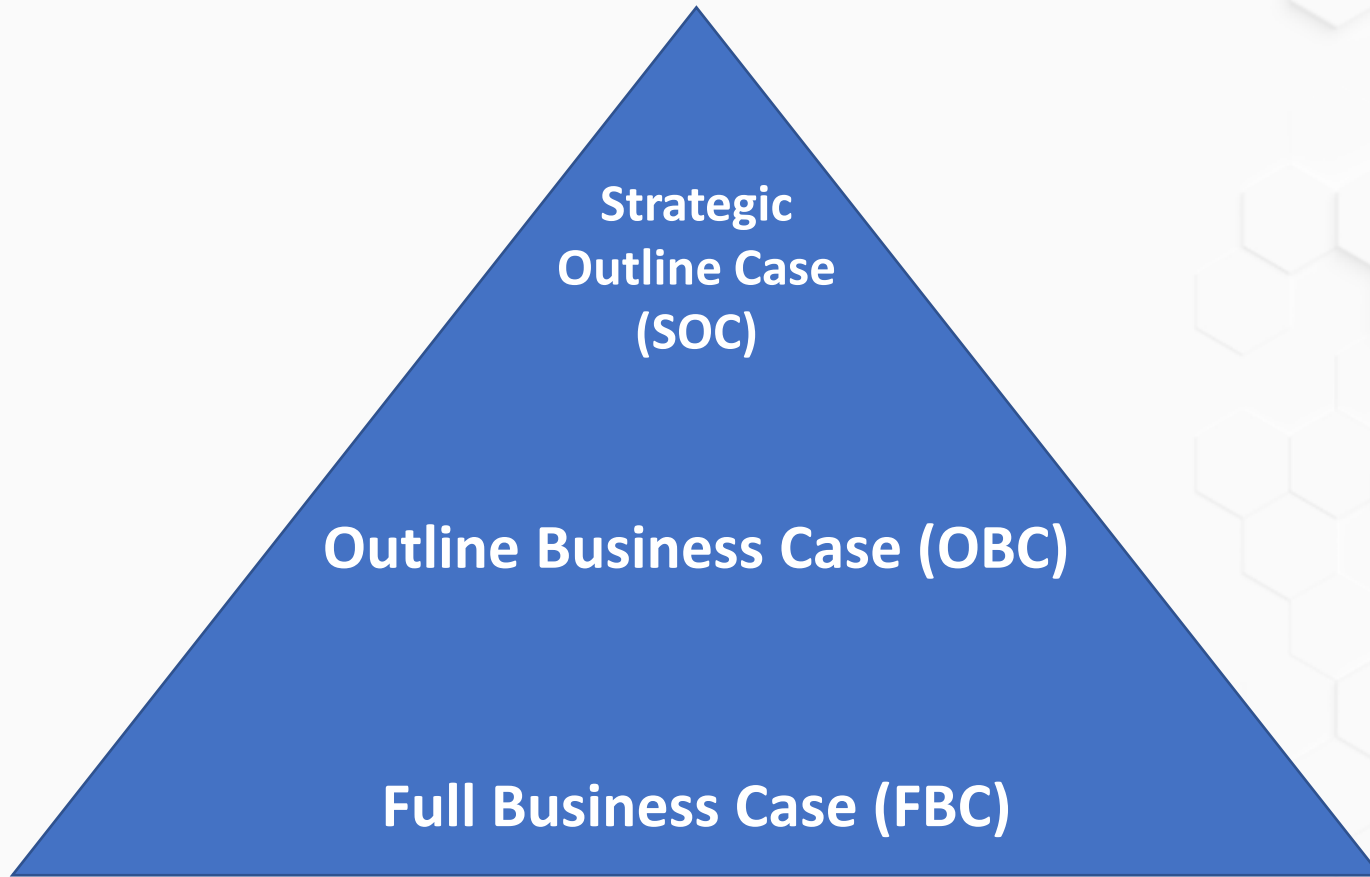
Commercial Case: Content and structure of the way something will be purchased and any contractual terms.

Financial Case: Funding arrangements, affordability and impact on budgets.

Management Case: That the change is achievable, that it can delivered to cost, scope/quality and time proposed, and that governance arrangements are in place.



The Business Case Stages



The business case is produced in 3 stages:

- SOC – which seeks approval for the strategic case and agrees options to progress.
- OBC – this is the detailed case detailing the various options and recommending a preferred option. It includes detail in all 5 aspects.
- FBC – this is the final case which provides a firm cost and approach to deliver following the outcome of the tender of the preferred option.



The Approval Process – K&M system

The business case is reviewed and approved at each stage:- SOC, OBC and FBC.

The process for approval is usually as follows:-

- Supported and recommended for approval by the Project Steering Group
- Supported and recommended for approval by the Pathology Network Clinical & Operations Committee (PNCOC)
- Approved by the Pathology Transformation Board

The case then needs to follow the governance of the approving Trust/Integrated Care Board (ICB):-

- Approved by Executive team
- Approved by Performance and Investment Committee
- Approved by Trust Board

For System-wide business cases this will result in approval being required from each Trust involved in the case and if new investment is required, the CCG/ICB too. For big service changes the case may need to be approved by the CCG/ICB Quality Committee.

On average a business case will take four months to obtain final approval



The Approval Process – National (NHSEI/DH)

In some instances business cases also need to be approved by NHSEI and if of sufficient complexity or value by the National DH team.

If a business case does need to be approved by NHSEI then early drafts are shared so that any errors/omission/requirements are spotted early. Both NHSEI and DH have detailed checklists that need to be completed as part of the submission and approval process.

The instances that require national approval are;-

- Where there is a case for a finance lease (MES and LIMS are likely due to IFRS16) over £15m Whole life cost (i.e. total contract cost)
- All capital schemes that require central funding
- All capital schemes over £15m that don't require central funding but are for a Trust in performance review status SOF4.

On average this process also requires four months to obtain final approval, two months if only NHSEI regional approval required.

Key:

IFRS16 is an accountancy term which is about agreements for equipment where the purchaser uses all the asset and controls its use.

SOF4 is a performance term where Trusts are rated from 1- Good and 4 – needs help. The assessment is on quality, performance and finances.

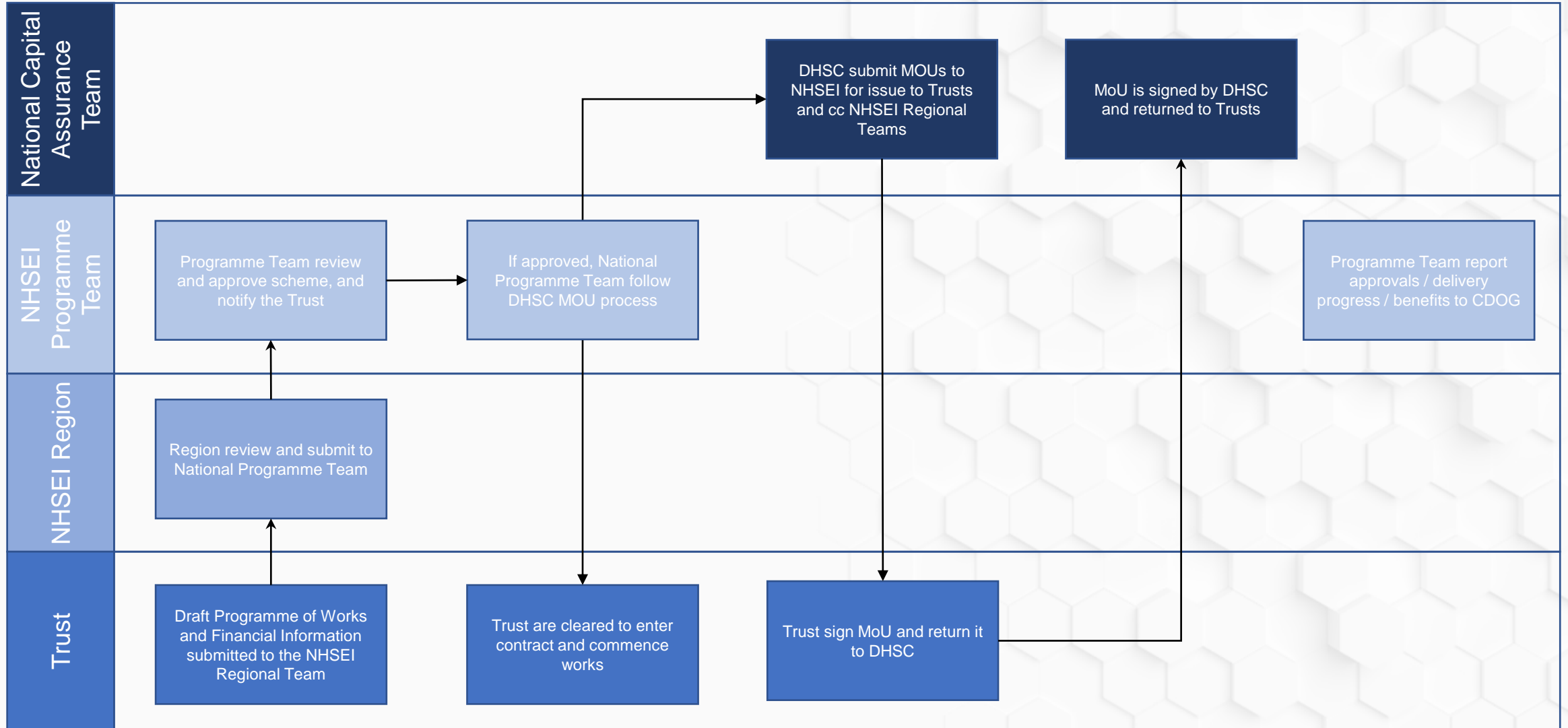


Example: Summary of the Assurance and Approvals Process (Community Diagnostic Centre (CDC) programme)

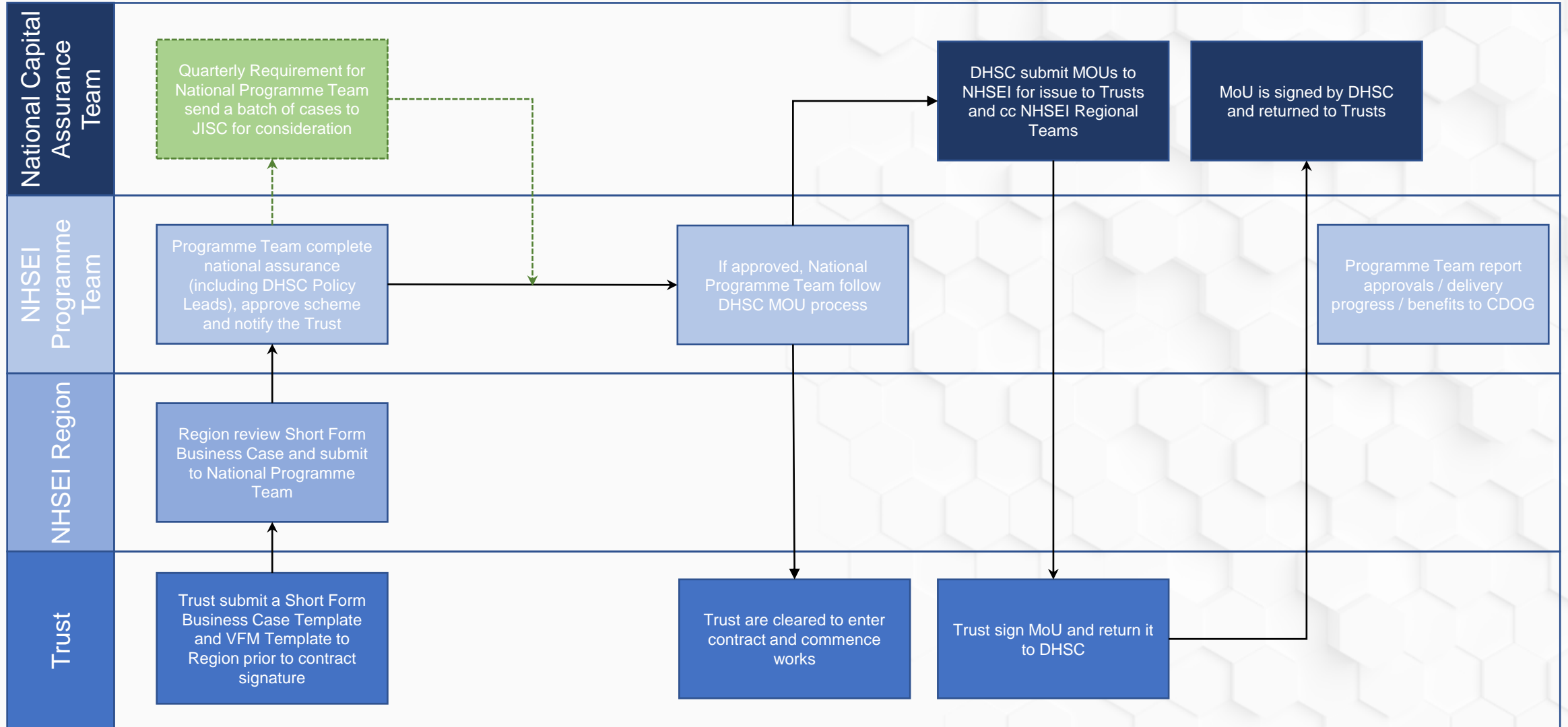


Value of scheme	Business Case Requirements	Who assures the case?	Approver	Governance	Delivery oversight
Less than £5m	Programme of Works Template (single stage approval)	Regional Teams, inc Estates and Programme Leads	Programme Team / SRO	JIC will approve the PBC and / or programme spending objectives and set any overarching conditions. Programme Board to sign off all cases valued at less than £5m.	Approvals, delivery progress and benefits reported to CDOG (Community Diagnostic Oversight group)
£5m + but less than £15m	Short Form Business Case Template (single stage approval)	Regional Teams, National Estates Team (where required), and Programme Leads	Programme Team / SRO JISC to review sample of cases each quarter as quality assurance of programme process	JIC will approve the PBC and / or programme spending objectives and set any overarching conditions. Programme Board to sign off all cases valued less than £15m, with novel and contentious cases referred to JISC as necessary. JISC to approve a sample batch of cases to evidence assurance on a quarterly basis.	Approvals, delivery progress and benefits reported to CDOG
£15m+ but less than £50m	HMT Green Book Compliant OBC and FBC (two stage approval)	Regional Team, National Estates Team, Programme Leads and NHSEI / DHSC National Capital Assurance Team	JISC	JIC will approve the PBC and / or programme spending objectives and set any overarching conditions. Programme Board to clear cases for submission to JISC for approval. All £15m+ schemes require JISC approval and are subject to the National Capital Assurance Team review process.	Approvals, delivery progress and benefits reported to CDOG
£50m+	HMT Green Book Compliant OBC and FBC (two stage approval)	Regional team, National Estates Team, Programme Leads and NHSEI / DHSC National Capital Assurance Team	JIC and HMT	JIC / JISC will approve the PBC and / or programme spending objectives and set any overarching conditions. Programme Board to clear cases for submission to JISC for approval. All £50m+ schemes require JIC & HMT approval and are subject	Approvals, delivery progress and benefits reported to CDOG

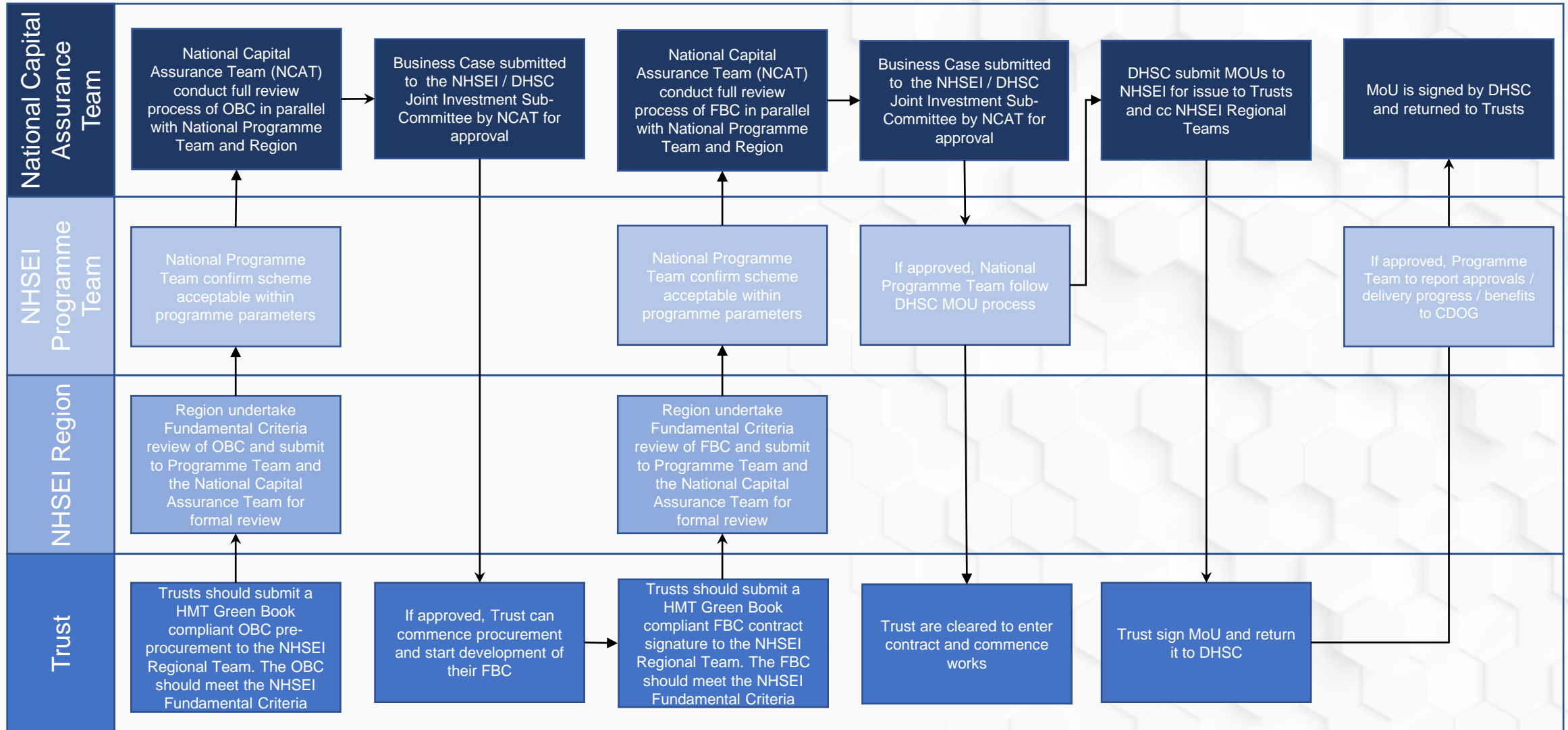
Programme Schemes: Less than £5m



Programme Schemes: £5m and less than £15m



Programme Schemes: £15m and less than £50m



Trust Business Case Templates

Small value cases that only relate to a single Trust are likely to be required to be presented on the Trust business case template.

These templates should still include elements of the 5 aspects.

The same approval process would be required however it is shortened as only one Trust governance process needs to be followed.

