

**NHS ENGLAND BUSINESS CASE
APPROVALS PROCESS**

**Capital Investment,
Property, Equipment & ICT**

14th August 2013



NHS England INFORMATION READER BOX**Directorate**

Medical	Operations	Patients and Information
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(if applicable) N/A**Action Required** Guidance to be disseminated to all officers of NHS England engaged in the development, assurance and approval of Business Cases for Capital Investment, Property and Equipment Transactions, and Information & Communications Technology**Timing / Deadlines**
(if applicable) **NA****Contact Details for further information** Questions in relation to this process should be directed to the Senior Finance Manager/s for the relevant Region in the NHS England Project Appraisal Unit. These personnel and their contact details are listed in paragraph 2.1.13, Table 1 of the attached document.**Document Status**

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NHS England Business Case Approvals Process

Capital Investment, Property, Equipment and ICT

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Foreword

“The NHS is committed to providing best value for taxpayers’ money and the most effective, fair and sustainable use of finite resources.”

This is one of the seven key principles set out in the NHS Constitution to guide the NHS (and thus NHS England) in all that it does.

Our aim is to provide better access to a greater range of services out of the hospital environment and closer to patients’ homes, while also exploiting the potential of information and technology to transform care for patients. This will continue to place increasing pressure on already stretched and finite resources for investment. Proportionate but rigorous capital prioritisation and scrutiny are therefore vital to ensure that the most critical schemes secure the support they need to progress through formal approval to delivery on the ground as quickly and efficiently as possible.

For many years the NHS business case process has subjected investment propositions to tiers of consecutive (and increasingly detached) assurance and approval. Our vision, within NHS England, is for a re-engineered business case promotion and development process, with Area and Regional Teams accessing support as they need it from the national support team’s Project Appraisal Unit, ensuring that investment propositions will be “right first time” and thus avoiding unnecessary delays in formal approval.

Our Business Case Approvals Guidance sets our clear and proportionate processes to enable NHS England and its partner organisations to ensure that investment propositions are rigorously prioritised, have strong local ownership and receive the support of the appropriate regional and national teams.

Paul Baumann

Chief Financial Officer, NHS England

1. Purpose

1.1 This paper takes as its foundation the approved NHS England Standing Financial Instructions (SFIs) and Scheme of Delegation, and is intended to provide a user friendly guide to navigate staff through the guiding principles, rules of delegation and underpinning processes upon which all officers of NHS England should base their approach to the development, assurance and approvals process for proposals to commit NHS England to:

- the expenditure of capital, or to investment in property, infrastructure or information and communications technology; or
- the revenue consequences for commissioners of a third party making any such investment

For convenience these proposals are collectively referred to as 'Business Cases'.

1.2 For this purpose, NHS England includes Commissioning Support Units (CSUs) and all other organisations hosted by NHS England.

1.3 As capital resources will be finite, there is an expectation that proposals will have been prioritised for capital support and agreed as part of the capital investment and business case 'pipeline' before they are worked up into Business Cases for approval in accordance with this guidance.

1.4 For clarity, this paper is concerned with the rules and processes by which, through a Business Case:

1.4.1 approval will be sought to permit capital expenditure by NHS England;

1.4.2 approval will be sought to enter into any leasing arrangements by NHS England for land, buildings and/or equipment (including managed services, e.g. for information and communications technology solutions), in which case a whole life cost approach will be taken to ascertain the approval level;

1.4.3 authority will be sought for NHS England to enter into commissioning commitments which underpin the revenue implications of a third party, such as NHS Property Services Ltd (NHSPS), Community Health Partnerships Ltd (CHP) or NHS provider Trusts investing capital, or entering into lease commitments. Examples of commissioner commitments include support to an investment by NHS PS of discretionary capital, a LIFT or PFI scheme, or a public funded development whether or not driven by wider service change or reconfiguration¹.

¹As regards service change and reconfiguration, as the case for change is established and proposals for service reconfiguration are defined and appraised, the NHS England Project Appraisal Unit will need to work closely with NHS commissioners and other stakeholders from project initiation to ensure that the rigour and disciplines applied in the early stages of planning for service change will confidently sustain the investment business cases that affected NHS organisations will need to bring forward later on to secure approval for the infrastructure changes inherent in giving effect to the preferred option for service change.

- 1.5 The following are examples of the types of Business Case commitment that this paper covers. This is not an exhaustive list, and is provided for illustrative purposes only:
- 1.5.1 new and replacement healthcare facilities, e.g. health centres, walk in centres, diagnostic and treatment facilities, hospitals, and refurbishment of existing healthcare facilities;
 - 1.5.2 new and replacement clinical equipment, e.g. radiology and ultrasound equipment;
 - 1.5.3 new and replacement administrative facilities, e.g. offices and headquarters;
 - 1.5.4 new and replacement non-clinical equipment, e.g. office equipment (where capitalisable), heating and lighting equipment;
 - 1.5.5 new and replacement clinical information systems and managed services arrangements, e.g. Electronic Patient Record, Picture Archiving & Communications systems, Radiology Information Systems, Community & Child Health systems, Electronic Prescribing systems;
 - 1.5.6 new and replacement non-clinical information systems and managed services arrangements, e.g. Finance systems, Performance Management reporting systems, Office Administration systems.
- 1.6 GP rent reimbursement is subject to a very different scheme of delegation (related to clinical services contracts) under the NHS England SFIs, where Area Teams have a substantial delegated approval limit. However, any Business Case for investment in property or equipment by or on behalf of NHS England (e.g. facilities developed in response to NHS England direct commissioning requirements) will be within the ambit of the NHS England scheme of delegation for capital investment approval, and will require assurance and approval by NHS England via a Business Case as described in this paper. The fact that the development may result in the occupying GPs pursuing rent reimbursement does not alter the fundamental capital investment character of the Business Case for approval purposes.

2. Guiding Principles

- 2.1 The NHS England approach to Business Case development, and the subsequent assurance and approval process is underpinned by a number of guiding principles that must be taken into account by all those involved:
- 2.1.1 available resources are finite, and so all Business Cases must be consistent with nationally established priorities for resources available for commitment by NHS England or by NHS Property Services Ltd for discretionary investments. The term 'discretionary' refers to new proposals for investment of strategic funds as opposed to non discretionary investment to maintain the functional condition and safety of existing buildings and equipment (e.g. statutory compliance and lifecycle investment), and to complete works on facilities for which contracts were let prior to the abolition of Primary Care Trusts and Strategic Health Authorities;
 - 2.1.2 proposals will have been prioritised for capital support and agreed as part of the capital investment and business case 'pipeline' before they are worked up into Business Cases for approval in accordance with this guidance;

- 2.1.3 all proposed commitments must be supported by Business Cases which are compliant with the relevant Department of Health (DH), HM Treasury and NHS England guidance (the 'Guidance')² and which demonstrate best value for money, affordable and deliverable proposals which have demonstrable health economy support;
- 2.1.4 the aim at all times should be to work to the principles of a 'right first time' and 'once only' process of development, assurance and approval for all Business Cases;
- 2.1.5 an integrated process of Business Case assurance (described later in this paper) will operate across Area, Regional and National Team levels of the organisation, and with Commissioning Support Units (CSUs), to support the 'right first time' and 'once only' principles;
- 2.1.6 Business case options appraisal must take as a starting point that there should be no preconceived ideas as to the preferred option. This should be selected strictly on the basis of a robustly conducted process to determine the best value for money, affordable and deliverable solution. Following the Guidance will ensure that decision making is objective and soundly based, and that the Business Case demonstrates this accordingly. This will ensure the most appropriate stewardship of NHS financial resources and safeguard tax payers' interests;
- 2.1.7 Primary responsibility for Business Case development and piloting through assurance processes to approval should be conducted by appropriate officers on behalf of the relevant business case sponsor, e.g. within the Area Team, the Regional Team, the CSU or the National Team. This will require those officers to ensure compliance with the five case model investment principles (strategic, economic, financial, commercial and management cases);
- 2.1.8 Business cases submitted for NHS England approval must have the confirmed support / approval of the relevant sponsor in writing.
- 2.1.9 Where the project sponsor sits within the Area or Regional Team, the Business Case submission for approval via the NHS England Project Appraisal Unit must be accompanied by assurance and recommendation from the Regional Director of Finance which confirms that he/she is satisfied the investment proposals are soundly based, that the case for change is robust, and consistent with locally recognised commissioning plans and an aligned estates strategy, that the proposals are value for money, affordable to commissioners, and deliverable, and are supported by an appropriately detailed Business Case that meets all relevant requirements. Where the project is sponsored by the National Team, assurance and recommendation should be made by the sponsoring Executive Director, and will need to meet the requirements set out above. The references section at the end of this paper contains links to guidance to support this process.

² for example, Capital Investment Manual (DH, 1994), NHS Estatecode (DH, 2007) and HM Treasury Five Case Model (HM Treasury, 2007). See references for relevant hyperlinks.

2.1.10 Where the project sponsor sits within a CSU, and the proposition is for capital investment beyond its delegated limits for approval, the Business Case submission for approval must be accompanied by assurance and recommendation from the Director of Finance and Assurance at the NHS England Commissioning Support Unit Transition Team (CSU TT).

2.1.11 The NHS England Project Appraisal Unit is a small team comprising experienced capital investment and estates professionals who will be available to provide support on an 'as needed' consultancy basis to officers of NHS England at Area Team, Regional Team, Commissioning Support Unit and, exceptionally, National Team levels as they:

- develop 'right first time' Business Case submissions;
- pilot these through a 'once only' assurance process to an approval decision.

2.1.12 The NHS England Project Appraisal Unit will accordingly focus its efforts, primarily on providing 'as needed' advisory support to project sponsors and their delivery partners as they develop commitment propositions and the associated Business Cases, so that finalised Business Cases at the point of submission will already have pre-empted all material assurance / approval critical issues.

2.1.13 The NHS England Project Appraisal Unit can be accessed via the Senior Finance Managers within the team, as set out in *Table 1* below:

Table 1

North	Sue Stockley	07876 851 896 sue.stockley@nhs.net
	John Jenkins	07825 379366 John.Jenkins2@nhs.net
Midlands & the East	John Loftus	07824 529450 john.loftus3@nhs.net
	Michael Gemson	07876 851844 Michael.gemson@nhs.net
London	Tony Wordley	07950 676735 t.wordley@nhs.net
South	Robert Gregory	07876 851883 robert.gregory5@nhs.net
	Glen Mackie	07768 487701 glenmackie@nhs.net

2.1.14 The four Senior Estates Managers within the team will be available to support the Senior Finance Manager leads above, as they agree to be necessary on a scheme by scheme basis.

2.1.15 Proposals for commitments that support and enable service reconfiguration must demonstrate compliance with the four key tests for service reconfiguration:

- strong public and patient engagement;
- support from clinical commissioner;
- a robust clinical evidence base;
- support for patient choice

2.1.16 Where it is deemed appropriate for major capital investment proposals to be tested for privately financed funding, and where a privately financed option is selected over options utilising public sector financing, there must be a robust demonstration that this delivers value for money to the NHS, and genuinely transfers significant risk to the private sector. For further information regarding private finance testing please refer to the relevant Senior Finance Manager set out in Table 1, above.

3 Delegated Limits

3.1 Subject to the definitions at paragraph 3.3, below, the delegated limits for authorising NHS England approval of any Business Cases for capital investment are set out in Table 2 below. The delegated limits are specifically varied for certain types of CSU investment (see paragraphs 3.4 and 3.5 below), and additional restrictions apply to certain categories of Information and Communications Technology investment (see paragraph 3.7 below). The process for approval is described in graphical terms in the flowchart at Appendix 1:

Table 2

Financial Value of the Capital Investment or Property Transaction	Approval Authority
Commitments up to £3 million	NHS England Chair or Chief Executive or Chief Financial Officer*
Commitments of £3 - £10 million	NHS England Finance and Investment Committee*
Commitments of £10 – 35 million	NHS England Board*
Commitments over £35 million – 50 million	NHS England Board (subject to consultation with HM Treasury via Department of Health)*
Commitments over £50 million	NHS England Board, Department of Health, and then HM Treasury*

* It should be noted that in addition to the levels of delegation at Table 2, above, if a Business Case proposition relates to administrative facilities, where a superior legal interest is not already vested in the wider public sector, all new leases, renewals of existing leases, the non-exercise of lease-break options, any new property acquisitions, new build developments, sale and leaseback and any freehold sales as part of national property controls (e.g. Government Property Unit requirements), regardless of cost, will require Department of Health Property Asset Management Board approval. If the whole life cost is over £100k then Cabinet Office Efficiency & Reform Group approval is also required. The NHS England Project Appraisal Unit will provide guidance and support to officers of NHS England in navigating Business Cases through these additional layers of approval.

- 3.2 There will be a streamlined process for sanctioning some smaller scale investments of less than £1 million on a batched basis via use of a proforma schedule of key information³. The Project Appraisal Unit can provide further advice and guidance on use of this process and when it may be applied. There is also a short form template for Business Cases in the value range of £1 million - £3 million to enable a faster track process.⁴ See Appendix 5 to this paper. Further guidance regarding use of the £1m - £3 million Business Case template can be provided by members of the NHS England Project Appraisal Unit. It should be noted that use of the streamlined process for sanctioning investments of less than £1 million, and use of the £1 million - £3 million short form template does not remove the requirement for local officers of NHS England to assure themselves that appropriate rigour and analysis underpins the plans for any such investments.
- 3.3 For the purposes of determining capital value as it is applied to the approval thresholds it should be noted that:
- 3.3.1 for direct capital investment, the total capital cost including VAT denotes the capital value⁵;
- 3.3.2 For information and communications technology (ICT) investment funded via managed service or similar arrangements (where a revenue service charge is paid over the term of the contract for the goods and services) the capital value for approval delegation purposes is determined by the whole life costs of the investment. Whole life costs are: the total cost of the project over the life of the contract (typically 7-10 years); including: capital costs, running costs, IM&T staff costs, project management costs and training costs. The whole life cost is not discounted and does not include: capital charges or depreciation, the cash-releasing benefits, the non-cash releasing benefits, the cost of non-IM&T staff that may use the systems (e.g. pathology staff). The cost avoided of the existing IM&T systems should not be included: nor should VAT, whether recoverable or non-recoverable by the NHS body.
- 3.3.3 For equipment leases and property leases the capital value for approval delegation purposes is determined by the whole life cost payable under the contract, excluding any VAT. To clarify, this includes any servicing and materials that must be paid for under the contract, even if these are itemised separately, and any enabling capital expenditure that is required e.g. premises alterations to accommodate the equipment or, in the case of property, to make it suitable for the occupier's use. The relevant term over which to calculate the whole-life cost is the contractual term. In the case of property, any break points that are exercisable only by the occupier should be ignored, as should any statutory right of renewal.

³ This approach will not be available for Business Cases for investment of less than £1 million which involve administrative property transactions, or for any Business Cases requiring approval by the Department of Health and/ or the Cabinet Office, for example non clinical ICT schemes, leasehold schemes and property acquisitions.

⁴ Where a Business Case of less than £1 million involves an administrative property transaction, or requires Department of Health and/or Cabinet Office approval, the Business Case submission may utilise the £1 million - £3 million short form template.

⁵ For schemes delivered by NHS Property Services Ltd (NHSPS), NHS England will need to support the release of discretionary capital from DH to NHSPS. This guidance assumes that the delegated limit for NHS England capital approval purposes is the capital cost, as stated in paragraph 3.3.1, above.

- 3.3.4 For Local Improvement Finance Trust (LIFT) schemes, the capital value for approval purposes is interpreted as ‘the costs of land (whether contributed by the public sector or purchased by the private sector), construction costs, equipment costs, professional fees, rolled-up interest incurred during the construction period, and financing costs such as bank arrangements fees, bank due diligence fees, banks’ lawyers’ fees and third-party equity costs plus irrecoverable VAT’. Any capital costs that will be incurred directly by the NHS in progressing the scheme must also be included.
- 3.3.5 For Private Finance Initiative funded schemes the capital value for approval delegation purposes is determined by assessing the total capital cost to the private sector including the cost of construction, equipment, professional fees, rolled-up interest and financing costs such as bank arrangement fees, bank due diligence fees, banks’ lawyers’ fees, and third party equity costs plus irrecoverable VAT. Any capital costs that will be incurred directly by the NHS in progressing the schemes must also be included. Typical examples include land purchased from outside the NHS, equipment and enabling works.
- 3.4 The scheme of delegation set out at Table 2, above, is subject to a limited exception in respect of certain capital commitments proposed by CSUs. Exceptionally, any proposed CSU capital commitment of less than £1 million that is in respect of a CSU programme that is anticipated and described within its approved budget may be sanctioned by the CSU Managing Director and Chief Financial Officer (acting jointly but not individually) without the need for any further approval.
- 3.5 This exception specifically does not apply where a CSU capital commitment of less than £1 million relates to either:
- 3.5.1 Non clinical (including administrative) ICT investment, in which case the limited exception is reduced to £100,000; or
- 3.5.2 Administrative facilities (where a superior legal interest is **not** already vested in the wider public sector), in which case the exception does not apply at all, and approvals for all such propositions need to be carried out as per the scheme of delegation in Table 2, above.
- 3.6 The NHS England delegated limits for capital investment approvals do not extend to Clinical Commissioning Groups (CCGs) since these are independently constituted organisations which operate within their own Standing Financial Instructions and Scheme of Delegation. It is, however, likely that the majority, if not all, of the CCG requirements for new provision of clinical services or administrative infrastructure (other than property and equipment already owned by NHS provider trusts) are likely to be delivered by NHSPS or CHP. As regards CCG sponsored Business Cases which propose that such schemes are to be delivered by either of these two organisations, it is important to be aware that:
- 3.6.1 In all cases where a Business Case relates to a mix of CCG and NHS England commissioned activity, and is therefore jointly sponsored by a CCG and NHS England as relevant commissioners, the business case will fall within the ambit of the NHS England Business Case Approval Process, and will require to be prioritised and approved by NHS England;

- 3.6.2 Where a Business Case relates solely to CCG commissioned activity and requires no discretionary capital investment by NHS PS (e.g. a leasehold arrangement), it will not fall within the ambit of the NHS England Business Case Approvals Process, and approval is a matter for the relevant CCG Board/s;
- 3.6.3 However, where a CCG sponsored Business Case relating solely to CCG commissioned activity requires investment of NHS PS discretionary capital, in addition to approval by the relevant CCG Board/s, the relevant NHS England Area Team and Regional Director of Finance will need to confirm that the proposed investment is recognised in the NHS England capital investment and business case 'pipeline' as one that is a priority for discretionary capital investment before the scheme may proceed into development.

Additional restrictions for Investment in Information and Communications Technology

- 3.7 As NHS England is an Arm's Length Body, the scheme of delegation set out at Table 2, above, is subject to additional limits and restrictions in respect of business cases relating to ICT. In summary, the additional requirements that apply to ICT Business Cases are:
- 3.7.1 All Business Case propositions involving non clinical ICT related expenditure with a whole life cost of more than £100,000, but below the financial thresholds requiring formal Cabinet Office Efficiency and Reform Group (ERG) approval (see 3.7.2, below) (Reviewable ICT Propositions) will need to be notified to the Department of Health's Estates and Information Services (E & IS) team, who will review the proposed spend and provide advice. All business cases with ICT expenditure with a whole life cost in excess of £100,000 must pass through this route prior to seeking financial approval. This includes change controls or new orders to modify or extend existing ICT or ICT based services. The Project Appraisal Unit Senior Finance Managers listed at Table 1, above, can provide advice as regards accessing and engaging with the E&IS Team.
- 3.7.2 All Reviewable ICT Propositions involving non clinical ICT related expenditure⁶ with a whole life cost over £5 million (non clinical, non administrative) and, specifically, any ICT spend over £1 million on systems that support administration⁷ (non clinical, administrative) will, in addition to approval by NHS England, and review by the Department of Health E&IS team, require the separate approval of the Efficiency and Reform Group (ERG) in the Cabinet Office. This applies to all non clinical contracts and projects where ICT is a key element to deliver the scope and service or outcome. The Department of Health E&IS team will arrange for Director General/Permanent Secretary approval before approval is sought from the Cabinet Office ERG.

⁶ New ICT spend includes any new ICT contracts, contract amendments, contract extensions, feasibility and/or proof of concept studies, pilots, projects and programmes. It also covers using existing framework contracts to purchase ICT. For any proposed investments that are included under the requirement at 3.7, above, no new OJEU notices should be issued to imply that ICT based contracts will be started without the express permission of the ERG.

⁷ Includes finance, HR or procurement activities or upgrades and hosting contracts for such systems.

3.7.3 The flowcharts at Appendices 2 and 3 to this paper show how the additional approval requirements for non clinical, administrative and non clinical, other ICT investment respectively, described in paragraph 3.7.2 are overlaid on the core NHS England scheme of delegation as described in Table 2, above.

3.8 The NHS England Project Appraisal Unit will play a key role, as part of the Business Case approvals process, in ensuring that appropriate advice and guidance is provided on a case by case basis to Regional and Area Teams, and to Commissioning Support Units, as regards the additional Department of Health and Cabinet Office requirements for approval of Business Cases involving non clinical, administrative and non clinical, other ICT systems, as discussed above.

General points to note in relation to delegated limits

3.9 Irrespective of the delegated limits set out in this paper, the approving authority for any Business Case may refer any proposal deemed to be novel (strikingly new, unusual or different) or contentious (involving or likely to cause contention; controversial), regardless of cost, to the NHS England Finance & Investment Committee or Board, as the case may be, for a view and/or approval decision. For example, if a smaller scale proposal of, say, less than £3 million was deemed to be novel or contentious, then the Project Appraisal Unit may, by exception, recommend that it follows the process applicable to schemes valued at £3 million or over, so that the proposal would be considered for approval by the NHS England Finance & Investment Committee or Board, as appropriate.

3.10 Where two or more schemes have similar timelines and strategic rationales and it makes sense to batch them together to achieve best value for money due to economies of scale, it is recommended that they are batched together. In these circumstances, the business case approval process should not be circumvented by progressing schemes singly.

3.11 No investment proposition should be artificially fragmented in order to seek approval under a lower level of delegated authority.

4 NHS England Business Case Approval Process

4.1 This section of the paper considers the roles and responsibilities within NHS England for the approval of all Business Cases and related proposals to commit NHS England to the expenditure of capital, or to investment in property, infrastructure or information and communications technology, as discussed in section 1 of this paper, and sets out the necessary levels of scrutiny and appraisal that should be applied in the review process.

4.2 All cases at each key stage (e.g. Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC), as appropriate) are required to adhere to the principles for best practice set out in the HM Treasury Green Book, the Capital Investment Manual (Department of Health, 1994) and NHS Estatecode (Department of Health, 2007). See references section of this paper for relevant hyperlinks, and also the short form template for Business Cases in the value range of £1million to £3 million set out at Appendix 5 to this paper.

- 4.3 Business Cases must be structured so as to enable assessment and appraisal of their content to be carried out in accordance with the Five Case Model (HM Treasury, 2007) for business case development, i.e.:
- 4.3.1 Strategic Case - to demonstrate that the proposals are supported by a robust case for change;
 - 4.3.2 Economic Case – to demonstrate the options appraisal of potential benefits compared to costs, and that value for money has been optimised;
 - 4.3.3 Commercial Case – to demonstrate that the proposals are commercially viable;
 - 4.3.4 Financial Case – to demonstrate that the proposals are financially affordable;
 - 4.3.5 Management Case – to demonstrate that the proposals can be delivered successfully.
- 4.4 In addition to covering the five cases set out above, Business Cases for buildings and equipment must also ensure that the necessary information dataset in relation to building design solutions and the work up of capital costs is provided so that an informed view can be taken on the compliance of design solutions with prevailing NHS, Department of Health and central Government requirements.
- 4.5 Variations on the key stages of business case process exist for Private Finance Initiative (PFI) and NHS Local Improvement Finance Trust (LIFT) schemes, and these should be used as appropriate. The Project Appraisal Unit can provide further advice on use of appropriate business case formats for such variant approaches.
- 4.6 All Business Cases of a value greater than £3 million submitted for NHS England approval will need to be accompanied by appropriately completed Business Case Checklists. A Five Case Model Consolidated Business Case Checklist is available, which can be used to assist Business Case promoters in ensuring that the substance needed to satisfy Business Case approval requirements is clearly specified, thus supporting the 'right first time' guiding principle that NHS England is committed to. Requests for copies of the Consolidated Five Case Model Business Case Checklist, and any other queries on the mandatory content of Business Cases to ensure compliance with the best practice principles discussed in paragraphs 4.3 - 4.5, above, can be addressed to the Senior Finance Managers in the Project Appraisal Unit, set out at Table 1, above.
- 4.7 It is good practice for NHS organisations to produce a Strategic Outline Case (SOC) for significant business cases, for their own governance and assurance purposes, and to ensure that significant, costly work is not carried out at OBC level without ensuring that the strategic case of need has been formally approved by the necessary decision maker/s.

- 4.8 For the purposes of NHS England approval of capital investment schemes, a formal SOC submission is not necessary for business cases with a financial value of under £10 million – but it is expected that all investment propositions should at minimum secure the strategic support of the relevant NHS England Area and Regional Directors via agreement of a Project Initiation Document (PID) which articulates the strategic case for change/investment and validation of an appropriate affordability envelope sufficient in both cases for its relative priority to be agreed and for it to be included in the capital investment and business case ‘pipeline’ of agreed investment priorities for each Area Team and Region. The PID must be agreed before business case development is allowed to commence.
- 4.9 Further advice and guidance regarding use of SOC and PID documents can be obtained from the NHS England Project Appraisal Unit. A PID template can also be provided on request.
- 4.10 It should be noted that current Department of Health guidelines regarding the need for Gateway Reviews remain in place. Gateway Reviews are mandatory for all high risk, and for some medium risk projects and programmes. A risk potential assessment (RPA) should be undertaken for all appropriate projects and programmes, and where one is assessed as high or medium risk, the NHS organisation concerned should submit the RPA to the Department of Health Gateway Review team. See references and hyperlinks to the necessary information.
- 4.11 Flowing through the process of Business Case development, assurance and approval is the concept of ‘integrated assurance’. The appropriate Business Case development resources of Area, Regional and National Teams, and Commissioning Support Units will be supported and enabled in their work by strategic input where appropriate from the NHS England Project Appraisal Unit during the course of development and assurance, and prior to the formal Business Case submission to the National Team. This approach is designed to support the ‘right first time’ and ‘once only’ guiding principles. and is graphically demonstrated in the flowchart at Appendix 4, as discussed below:

Locally Promoted

- 4.11.1 Business Cases will be locally promoted by the Area Teams, driven by commissioning plans and clinical strategies that are supported by aligned estate strategies and an objective assessment of area priorities. This will involve:
- 4.11.1.1 Establishing through a PID the case for change; consistency with clinical commissioning plans and aligned estates strategy; relative priority; likely approval value; and affordability envelope;
 - 4.11.1.2 Working with all relevant delivery partners (e.g. NHS PS; CHP; CCGs; CSUs; NHS England’s Project Appraisal Unit) to establish an approvable Business Case; and
 - 4.11.1.3 Supporting the Regional Director of Finance in taking formal ownership of the Business case and championing it through NHS England’s formal approval process.

Regionally Owned and Championed

- 4.11.2 Business Cases will ultimately be owned and championed by the Regional Teams. This will involve Regional Teams in:
- 4.11.2.1 Agreeing capital priorities to populate a locally informed, regionally valid capital investment and business case 'pipeline';
 - 4.11.2.2 Supporting and endorsing PIDs and the consequent engagement with NHS PS (and possibly CHP) to start working up the necessary Business Cases;
 - 4.11.2.3 Maintaining periodic strategic oversight of the locally led business case development process for regionally recognised priority schemes; and
 - 4.11.2.4 Making formal recommendations for approval decisions through the relevant NHS England governance arrangements.

Nationally Supported

- 4.11.3 The development of Business Cases will be nationally supported through a process of regular collaborative support, advice, guidance, review, validation and approval. This will involve:
- 4.11.3.1 The NHS England Project Appraisal Unit being available to Business Case development and delivery partners, as needed, to ensure that approval critical issues are identified and pre-empted in Business Cases whilst in the course of preparation;
 - 4.11.3.2 Regular (initially monthly) meetings⁸ with Area and Regional teams to review schemes in procurement, timelines, forward looking pipeline and resource planning;
 - 4.11.3.3 Provision of a Project Appraisal Unit summary report to complement the Regional Director of Finance's formal approval submission; and
 - 4.11.3.4 Provision of informed advice to the relevant NHS England Board members responsible for confirming final NHS England approval.

Commissioning Support Units

- 4.12 For the purposes of CSU Business Cases, this approach is modified to Business Cases being locally promoted by the CSU, owned and championed by the Commissioning Support Unit Transition Team, and then recommended for NHS England approval via the Project Appraisal Unit.
- 4.13 Where not approving CSU own account Business Cases for capital investment under their delegated limit of up to £1 million for schemes within their agreed budgets, CSUs will need to agree strategic prioritisation and subsequent business cases for capital investment with the NHS England Commissioning Support Unit Transition Team.

⁸ It is acknowledged that the frequency of such meetings will be set dependent upon the volume of Business Cases to be processed and the specific requirements of Regional and Area Teams. Monthly meetings are proposed as a starting point.

- 4.14 The NHS England Project Appraisal Unit will work to support CSUs and the Commissioning Support Unit Transition Team in this process. It is of course assumed that, where a CSU Business Case is in response to direct commissioning requirements of NHS England, the Area and Regional Teams will, as appropriate, be involved in having input to and confirming support to the Business Case.

Planning for a timely Business Case Approval process

- 4.15 All Business Case propositions seeking NHS England approval will, as a prerequisite, need to be recognised in the NHS England capital investment and business case 'pipeline' of schemes in development.
- 4.16 This capital investment and business case 'pipeline' will be maintained by Area Teams and the Project Appraisal Unit, to inform and secure Regional Team recognition of the portfolio of Business Cases in development, and their relative priorities.
- 4.17 The integrated assurance process and regular engagement with the Project Appraisal Unit should ensure that realistic and appropriate timelines are understood and reflected in project plans.
- 4.18 The level of formal assurance and scrutiny that the Project Appraisal Unit will carry out to inform the final approval decision on any Business Case, and the time that this will take to complete, will very much depend upon the quality of the Business Case and of the level of engagement pre submission that has taken place with the Project Appraisal Unit.
- 4.19 The time taken to secure a formal approval decision will also be influenced by the delegated approval limit as it applies to individual Business Cases. Where Finance & Investment Committee and NHS England Board approvals are required there will be a requirement to align the submission of the formal approval papers with the cycle of Board and Committee meetings.
- 4.20 For projects and programmes requiring external approval (that is, above and beyond NHS England Board approval), it should be noted that additional time will be required for the necessary submissions to be made and considered, and then for the relevant approval decisions to be determined.

**APPENDIX 1: PROCESS FLOWCHART FOR ALL BUSINESS CASES
(ALL £ VALUES ARE CAPITAL VALUES)**

DEVELOPMENT AND ASSURANCE OF ALL BUSINESS CASES UNDERTAKEN BY OFFICERS OF SPONSORING TEAM WITHIN NHS ENGLAND, E.G. AREA, REGIONAL, NATIONAL, COMMISSIONING SUPPORT UNIT, SUPPORTED BY NHS ENGLAND PROJECT APPRAISAL UNIT

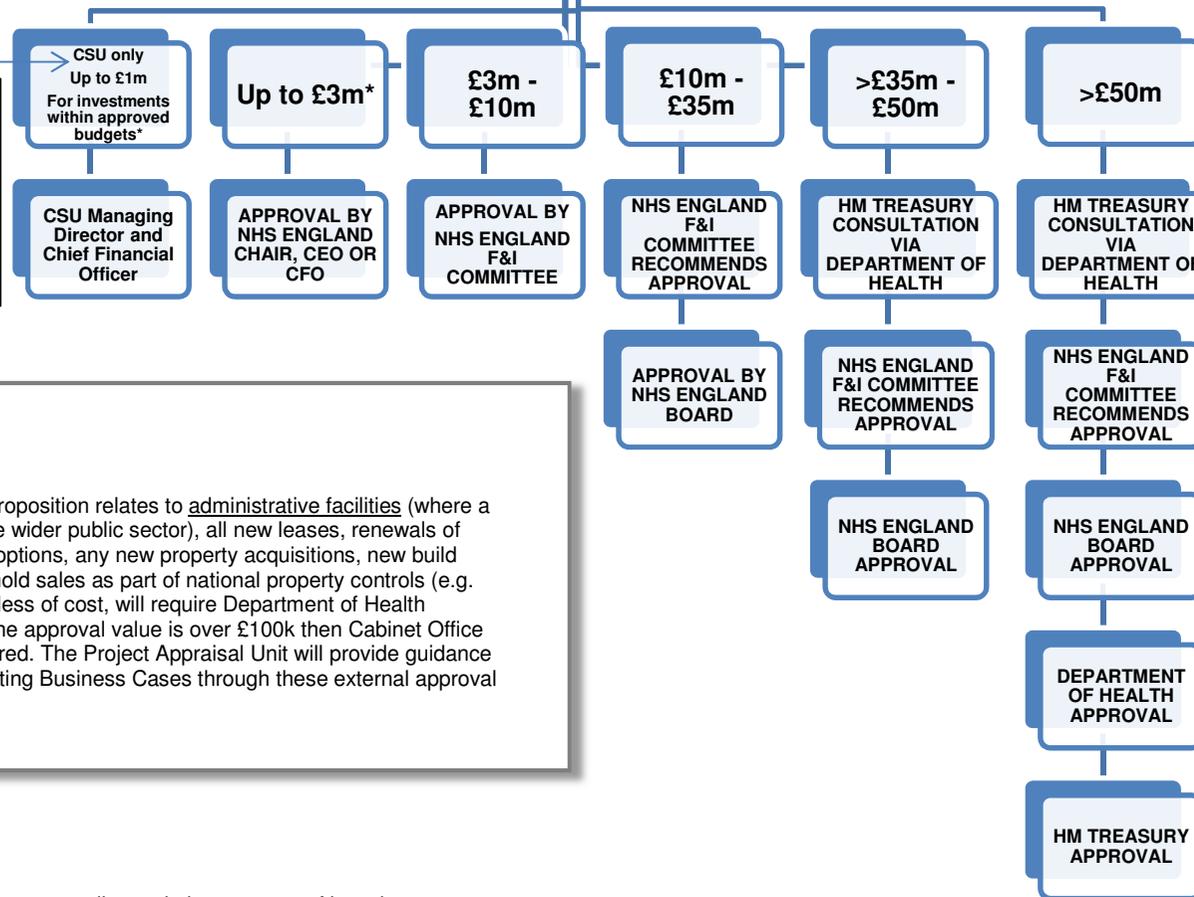
**SUBMISSION OF ASSURANCE / RECOMMENDATION REPORT BY SPONSORING DIRECTOR
IN REGIONAL TEAM OR NATIONAL TEAM AS APPROPRIATE
ACCOMPANIED BY PROJECT APPRAISAL UNIT REPORT ON BUSINESS CASE DEVELOPMENT AND ASSURANCE PROCESS**

Note 1: CSU only

- For investments in administrative property where a superior legal interest is **not** already vested in the wider public sector, this CSU delegation does not apply, and approval will be by the NHS England Chair, CEO or CFO, as per investments of up to £3m.

Note 2:

It should be noted that where a Business Case proposition relates to administrative facilities (where a superior legal interest is **not** already vested in the wider public sector), all new leases, renewals of existing leases, the non-exercise of lease-break options, any new property acquisitions, new build developments, sale and leaseback and any freehold sales as part of national property controls (e.g. Government Property Unit requirements), regardless of cost, will require Department of Health Property Asset Management Board approval. If the approval value is over £100k then Cabinet Office Efficiency & Reform Group approval is also required. The Project Appraisal Unit will provide guidance and support to officers of NHS England in navigating Business Cases through these external approval processes.

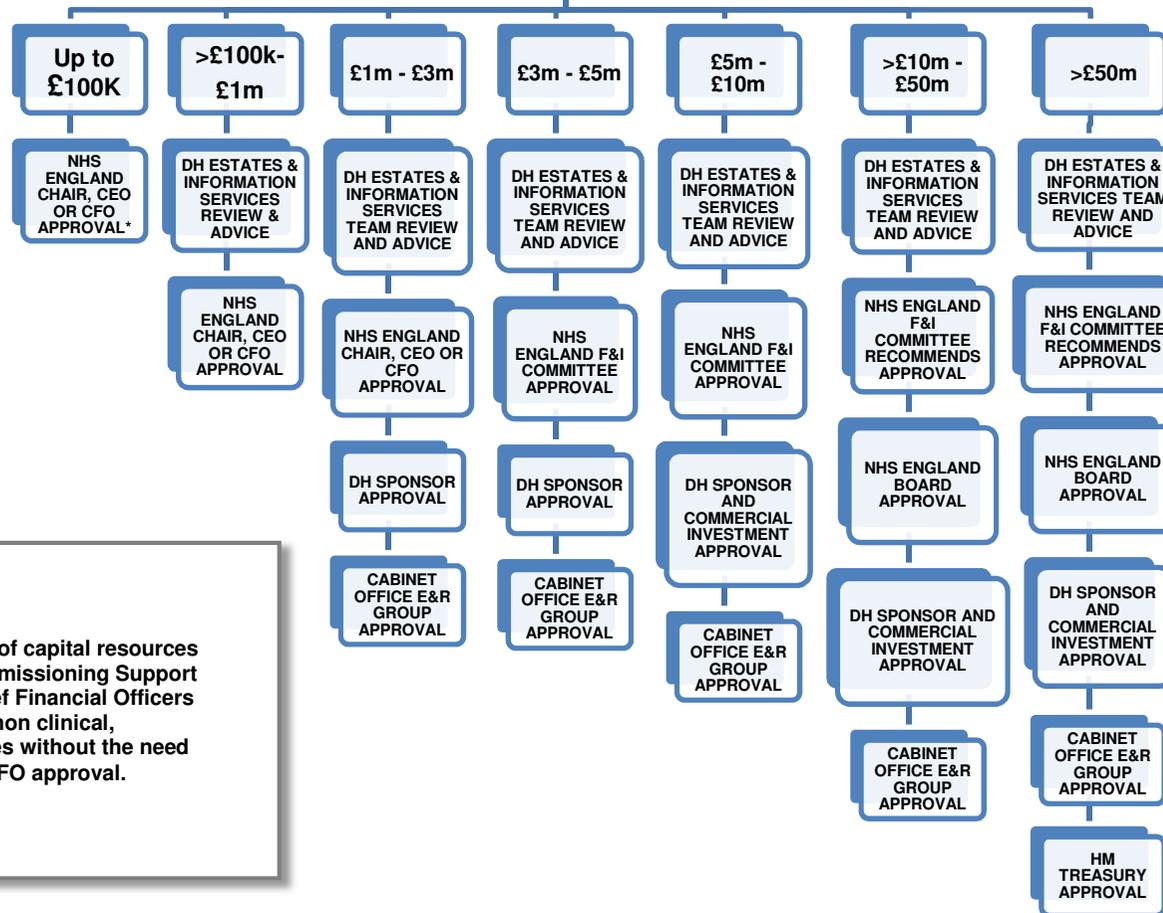


* There will be a streamlined process for sanctioning some smaller scale investments of less than £1 million on a batched basis via use of a proforma schedule of key information. The Project Appraisal Unit can provide further guidance on the use of this. There is also a short form template for Business Cases in the value of £1 million - £3 million to enable a faster track process. See Appendix 5.

**APPENDIX 2: ADDITIONAL PROCESS FLOWCHART FOR NON CLINICAL, ADMINISTRATIVE ICT INVESTMENT
(ALL £ VALUES ARE CAPITAL VALUES)**

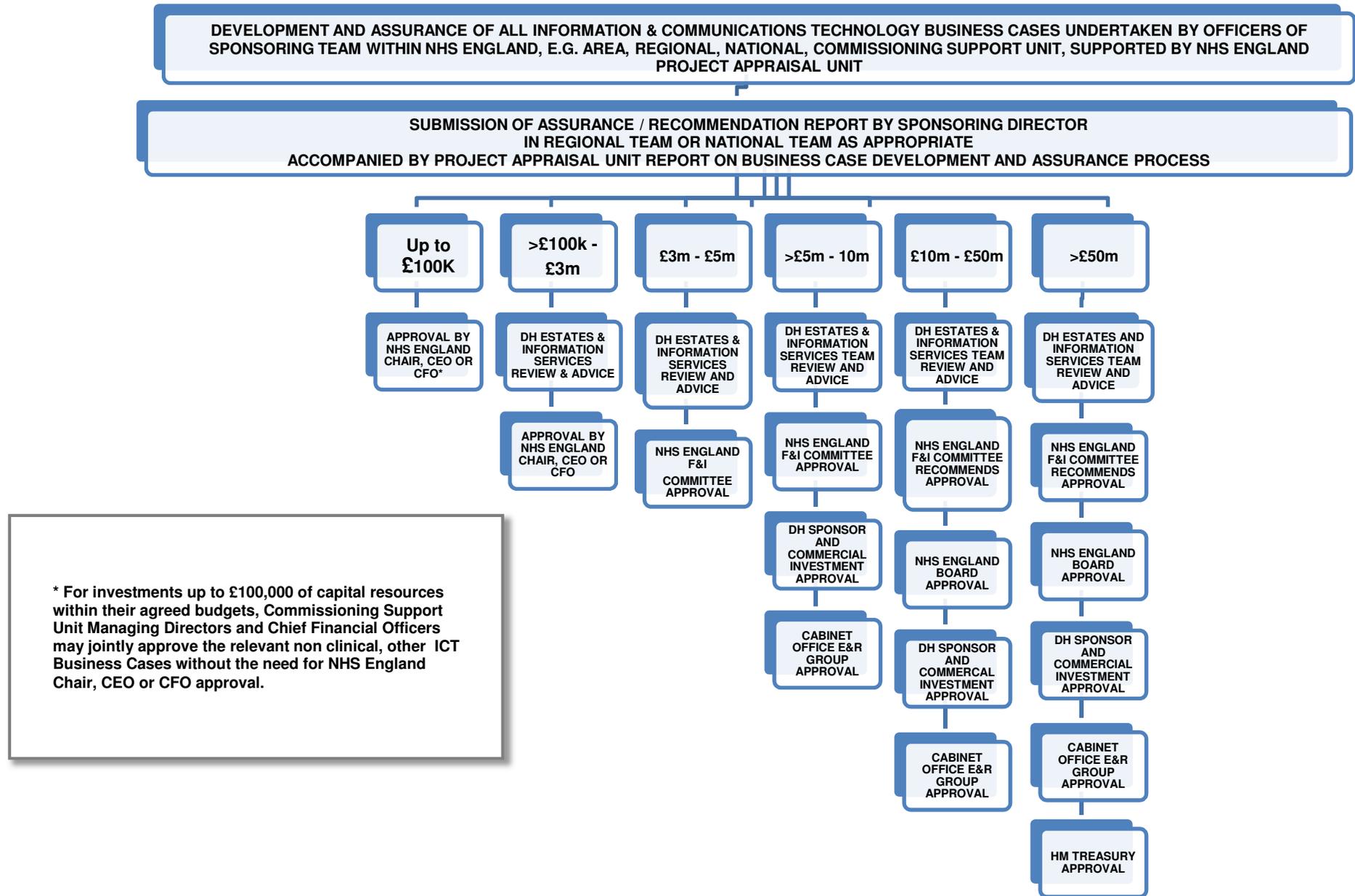
DEVELOPMENT AND ASSURANCE OF ALL INFORMATION & COMMUNICATIONS TECHNOLOGY BUSINESS CASES UNDERTAKEN BY OFFICERS OF SPONSORING TEAM WITHIN NHS ENGLAND, E.G. AREA, REGIONAL, NATIONAL, COMMISSIONING SUPPORT UNIT, SUPPORTED BY NHS ENGLAND PROJECT APPRAISAL UNIT

SUBMISSION OF ASSURANCE / RECOMMENDATION REPORT BY SPONSORING DIRECTOR IN REGIONAL TEAM OR NATIONAL TEAM AS APPROPRIATE ACCOMPANIED BY PROJECT APPRAISAL UNIT REPORT ON BUSINESS CASE DEVELOPMENT AND ASSURANCE PROCESS

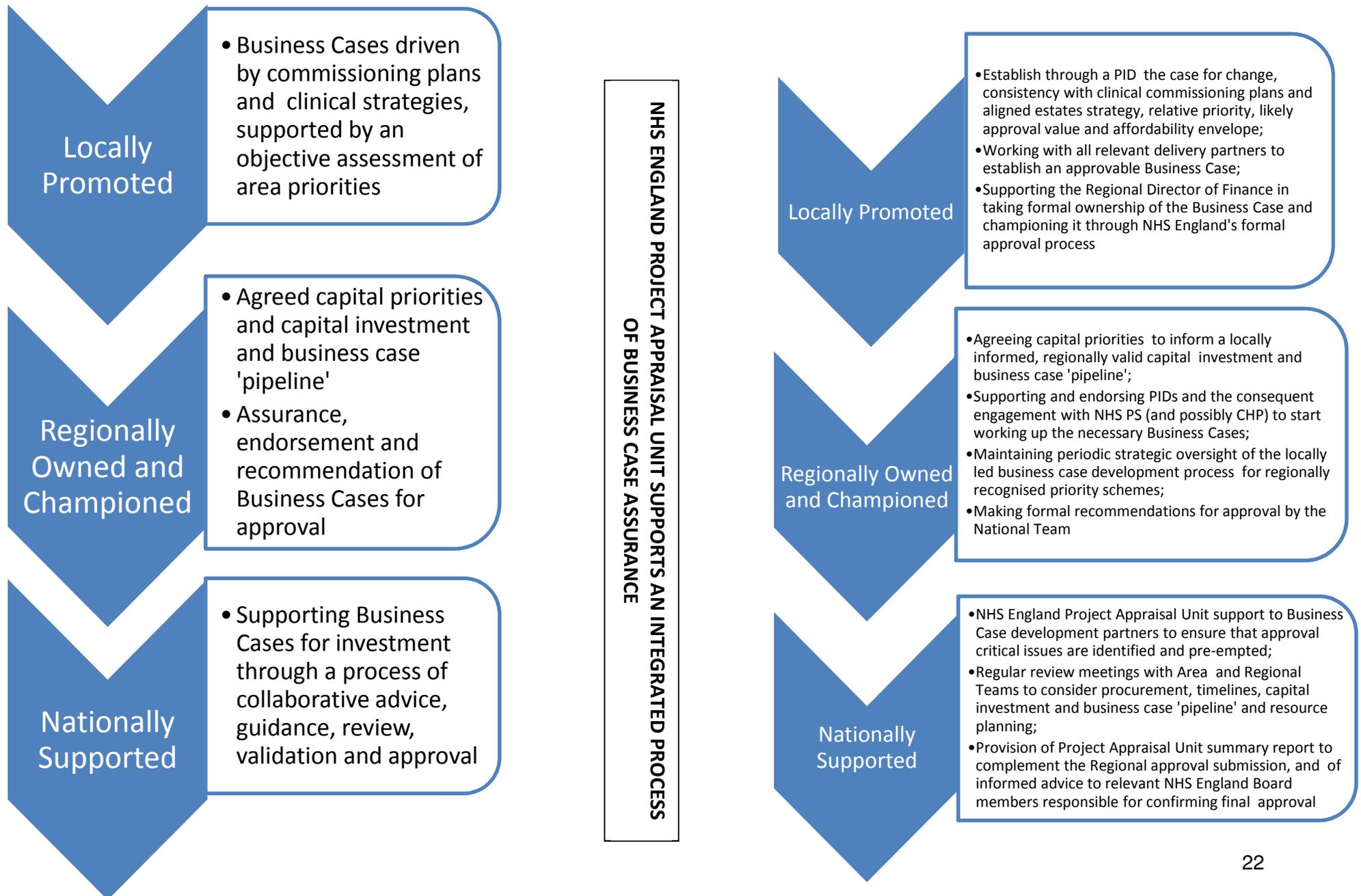


* For investments up to £100,000 of capital resources within their agreed budgets, Commissioning Support Unit Managing Directors and Chief Financial Officers may jointly approve the relevant non clinical, administrative ICT Business Cases without the need for NHS England Chair, CEO or CFO approval.

**APPENDIX 3: ADDITIONAL PROCESS FLOWCHART FOR NON CLINICAL, OTHER ICT INVESTMENT
(ALL £ VALUES ARE CAPITAL VALUES)**



APPENDIX 4: NHS ENGLAND BUSINESS CASE DEVELOPMENT, ASSURANCE & APPROVAL – AN INTEGRATED APPROACH



Appendix 5

NHS England
£1m - £3m Business Case Proforma

SPONSORING NHS ORGANISATION				
SOURCE OF CAPITAL	<ul style="list-style-type: none"> ▪ NHS England ▪ NHS Property Services Ltd ▪ Community Health Partnerships ▪ Other 			
TITLE OF SCHEME				
CAPITAL VALUE (£'000 inclusive VAT)	2013-2014 £'000	2014-2015 £'000	2015-16 £'000	Total £'000
CONTACT DETAILS	<p>■ Provide details of lead officer for the scheme and relevant NHS Director of Finance / Chief Financial Officer in the sponsoring organisation – name/title/ office & mobile phone number and email address.</p>			

SCHEME SUMMARY

- What is/are the principal strategic driver/s triggering the need for this business case (e.g. to enable delivery of relevant commissioning requirements, to comply with NHS policy requirements).
- Summarise the key dimensions of the scheme in terms of both the tangible capital asset to be delivered, and the outputs that will be enabled in service terms as a consequence of the investment.

STRATEGIC CASE

- Provide a summary of the key strategic drivers and service requirements that support the case for investment.
- Provide confirmation of the support of all relevant stakeholders.
- Confirm the extent to which the scheme delivers on high priority NHS capital investment requirements, e.g. improving patient safety and the patient environment, reducing backlog maintenance (% of total); enabling QIPP delivery, etc.
- Confirm the support of key clinicians and the way in which the scheme supports delivery of local commissioning priorities.
- Confirm that any premises subject to the investment will not be disposed of within 5 years of their completion.

ECONOMIC CASE

- Confirm other options considered to achieve the scheme's objectives.

- Confirm the scheme benefits – including financial (cash releasing and non cash releasing) and non financial (quantifiable and non quantifiable) and how the scheme delivers value for money.

- Provide supporting value for money analysis as appropriate (attach tables to show workings).

FINANCIAL CASE

- Confirm the capital costs of the scheme and anticipated dates of capital deployment (and any associated disposals) split between 2013/14, 2014/15 and 2015/16 (as required).

- If a lease is proposed, confirm the whole life cost of the lease

- Confirm the recurrent revenue costs of the scheme. Where these are anything other than revenue neutral or revenue saving, confirm the source of additional revenue.

- Confirm and demonstrate that the recurrent revenue cost of the scheme is affordable.

- Confirm any non recurrent (e.g. transitional costs) of the scheme.

- Confirm the source of non recurrent funds to meet these costs.

- Provide supporting income and expenditure analysis that sets out clearly the recurrent and non recurrent costs of the scheme, the sources of funds to meet these costs, and which demonstrates clearly that the scheme is affordable.

COMMERCIAL CASE

- Confirm the commercial arrangements for delivery of the proposed capital investment, e.g. procurement approach and proposed contract type (If not using NHS Procure21+ for new build or refurbishment projects explain why not)

- Confirm when any necessary full planning consent will be achieved.

- Confirm status of legal documentation and what (if anything) remains to be agreed

- For new build and refurbishment projects confirm: i) compliant with DH guidance (HBN & HTM); ii) compliant with eliminating mixed sex accommodation; iii) compliant with an approved infection control strategy; iv) in alignment with an approved estate strategy, or equivalent; v) intention to undertake BREEAM assessment and target outcome.

- Confirm any contribution to carbon reduction plan (if applicable).

- Where appropriate, attach site plans and design drawings for the preferred option.

MANAGEMENT CASE

- Confirm the arrangements for management and delivery of the capital investment scheme
- Confirm the key risks to delivery and measures to mitigate and manage these risks.
- Provide a simple timeline with key milestones for the procurement and delivery of the scheme.

**LOCAL APPROVAL
PROCESS**

- Confirm that the scheme has received Lead Commissioner support, both strategic and financial.

- Confirm whether the scheme has yet received the relevant local approval decision by the sponsoring organisation.

- Confirm that the scheme has received Regional support, both strategic and financial.

BUSINESS CASE SUPPORTED BY

SPONSORING ORGANISATION DIRECTOR OF FINANCE / CHIEF FINANCIAL OFFICER	Organisation	
	Name	
	Title	
	Signature	
	Date	
LEAD COMMISSIONER (E.G. DIRECTOR OF COMMISSIONING, AREA TEAM, DIRECTOR OF COMMISSIONING, RELEVANT CLINICAL COMMISSIONING GROUP)	Organisation	
	Name	
	Title	
	Signature	
	Date	
NHS ENGLAND REGIONAL DIRECTOR OF FINANCE	Name	
	Region	
	Signature	
	Date	

LETTERS OF APPROVAL / SUPPORT

Organisation	Enclosed		Letter dated	Note
SPONSORING ORGANISATION	Y	N		
LEAD COMMISSIONER	Y	N		

References

NHS Capital Investment Manual, Department of Health (1994) – can be accessed online at:

http://webarchive.nationalarchives.gov.uk/20130107105354/http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4119896

NHS Estatecode, Department of Health (2007) – can be accessed online at:

<https://www.gov.uk/government/publications/guidance-for-nhs-organisations-on-management-of-land-and-property>

HM Treasury Five Case Model – can be accessed online at:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

HM Treasury Green Book – can be accessed online at:

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Department of Health Gateway Review Team

Contact details:

dh_nhsgatewayreviews@dh.gsi.gov.uk

0113 254 6213

Information can be accessed online at:

http://webarchive.nationalarchives.gov.uk/20100503135839/http://dh.gov.uk/en/Procurementandproposals/Projectmanagement/DH_4071754