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Addendum to Planning, assuring and delivering service change for patients (March 2018)

May 2022

Contents

1. Introduction and purpose

The Department of Health and Social Care (DHSC) published a White Paper, Integration and Innovation: working together to improve health and social care for all (February 2021), which may affect some aspects of service change. When the impact of these legislative changes is known, the Planning, assuring and delivering service change for patients (March 2018) guidance will be updated to reflect this.

In the interim this addendum to the March 2018 document updates guidance to improve the alignment of service reconfiguration and capital business cases, and evaluation criteria where appropriate, and reflects NHS England and NHS Improvement's more integrated assurance processes. This is for programme managers and directors leading service reconfiguration teams within local systems.

The addendum largely adds to the March 2018 guidance but, in some areas, updates and supersedes it, as shown below.

It should also be noted that due to the passage of the Health and Care Act 2022, Clinical Commissioning Groups will be superseded by Integrated Care Boards from 1 July 2022. This guidance was written and published prior to this change; future editions will reflect the new arrangements and responsibilities.

Section in this addendum	New content or update to a section in the Planning, assuring, and delivering service change for patients (March 2018) guidance
2. Capital business case alignment	New content
Annex 1: Fundamental criteria for pre-consultation business case (PCBC) and strategic outline case (SOC)	New content
Annex 2: Best practice checks	Supersedes March 2018 guidance Annex 9: Best practice checks
Annex 3: Useful resources	Adds to March 2018 guidance Annex 13: Key resources

2. Capital business case alignment

This section provides guidance on achieving better alignment between business cases required for service change and capital business cases, allowing systems to save time and resource on the preparation of multiple business cases. It considers the approach that should be taken when developing service reconfiguration options and the associated evaluation criteria.

2a. Alignment of service change and capital business cases

Not all substantial service changes require capital funding; however, for schemes that do, there must be clear and early confidence that any proposal is affordable in capital and revenue terms ahead of public consultation. Where option(s) require capital funding in excess of £15 million, consultation cannot be launched without confirmation that the capital required is affordable within integrated care system (ICS) capital envelopes, or the availability of capital funding and CDEL cover has been agreed in principle.

Those developing service change schemes can save time during the subsequent capital approval process by aligning the service change pre-consultation business case (PCBC) and capital strategic outline case (SOC). Both the PCBC and SOC are technical documents, designed to enable decision-maker(s) to determine a preferred way forward. The PCBC provides the information that enables the decision-maker[1] to decide whether the programme can go to public consultation. The SOC is the first step in the capital approval process, which may require NHS England and NHS Improvement

[1] Currently this is usually clinical commissioning groups (CCGs) and NHS England Specialised Commissioning (Spec Comm), but with the commencement of the Health and Care Act 2022 currently anticipated to be on 1 July 2022, where functions have been delegated, this could be an integrated care board (ICB) or NHS England depending on the service and any delegation arrangements in place.

and DHSC approval and, by exception, also involve Her Majesty's Treasury (HMT) approval.

Although for different purposes and audiences, similar evidence is needed in both business cases. If your service change scheme requires capital, you must use your PCBC as the basis of the SOC and therefore apply relevant SOC guidance to the construction of the PCBC. More guidance on how to do this effectively can be found at Annex 1. Although you should align the documents wherever possible, the requirements of their different audiences should be considered carefully.

It is important to bear in mind that a PCBC cannot pre-empt the outcome of public consultation. It is the decision-making business case (DMBC) that explains the rationale for final decision(s) to the decision-making body, following consultation. Much of the PCBC content can be used to complete the DMBC, which also needs to reflect the responses from consultation and updated information on the proposals. It is also important to note that consultation processes should be completed before any formal submission of a SOC to NHS England and NHS Improvement and DHSC for approval, as the capital investment process also cannot be seen to pre-empt the outcome of public consultation.

If your scheme requires capital investment, but you do not intend to undertake substantial service change, you should follow our Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts, and the HMT Green Book: appraisal and evaluation in central government and its supplementary guidance:

- HMT Guide to developing the project business case
- HMT Guide to developing the programme business case

NHS England and NHS Improvement and DHSC have together developed a set of fundamental criteria to help assess whether the business case is sufficiently complete to progress through to their detailed review and assurance process. Your NHS England and NHS Improvement regional team will be able to provide you with the latest version of the fundamental criteria checklist covering SOCs, outline business cases (OBCs) and full business cases (FBCs). That covering the PCBC and SOC can be found in Annex 1.

2b. What documents are required at each stage of the process?

Three main documents are required for the assurance of your service change:

- **Case for change:** This should set your scheme in the wider considerations of the health and wellbeing needs of the population and reflect existing commissioning plans.

- **Pre-consultation business case (PCBC):** This is the technical document that enables the decision-maker to decide whether to publicly consult and if so, what option(s) to consult on. Its language should be appropriate to the decision-maker's needs, although it will be in the public domain. The PCBC should cover all necessary issues including options development and assessment criteria, as well as an assessment of how your proposals meet the four tests of service change, the additional 'bed test', and NHS England and NHS Improvement's best practice checks including equalities impacts. The consultation document translates the PCBC into public-facing language. Schemes should also consider developing consultation materials (eg consultation document and consultation survey) alongside the PCBC.

- **Decision-making business case (DMBC):** Following consultation and analysis of all responses, a DMBC should show how views captured by consultation have informed the final proposal(s). It should also update the information that informed the PCBC. The DMBC should also demonstrate how the proposed change is sustainable in service, economic and financial terms and can be delivered within the planned capital total, appropriately aligning with SOC requirements.

Aligning the PCBC and DMBC with SOC requirements (see Annex 1) will ensure schemes have the necessary approval in principle for capital pre-consultation, and allow swift development of a SOC if the post-consultation decision is the original proposal. The aim of the SOC, is to recommend a preferred way forward for the scheme to progress to the OBC stage.

If capital is required, the capital investment and property transactions business case approval process will also need to be followed. HMT best practice is a three-stage approval process as set out below:

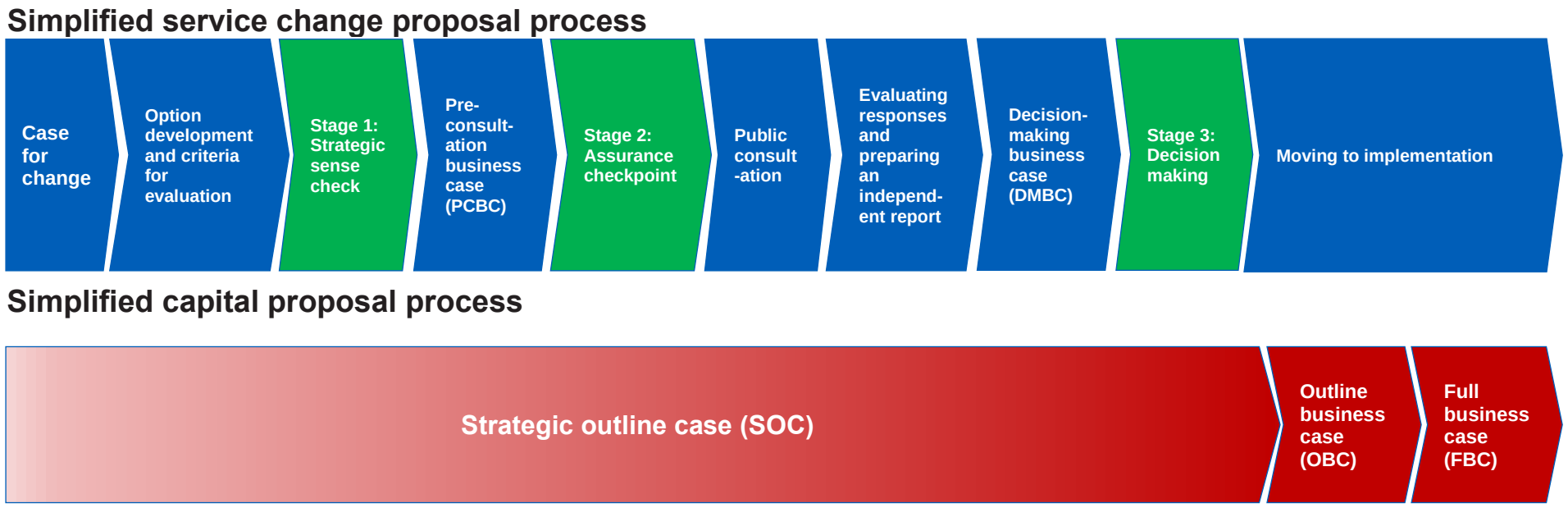
- **Strategic outline case (SOC):** The SOC documents the strategic case for investment, builds on the case for change and further details the preferred way forward and necessary comparator options. The SOC provides the information NHS England and NHS Improvement, DHSC and, where appropriate, HMT need to decide whether they can give approval for the project to move to OBC stage.

- **Outline business case (OBC):** The OBC sets out a more detailed economic and financial appraisal of the options and is aimed at determining one or more preferred options. Approval of the OBC means the project can start procurement and secure a preferred bidder to deliver the capital project.

- **Full business case (FBC):** The FBC sets out the commercial and contractual arrangements for the negotiated deal (confirming the deal is affordable) and the detailed management arrangements for delivery, monitoring and evaluation. Approval of the FBC enables the project to proceed to contract signature and start delivery.

These documents should complement each other, with the case for change feeding into the PCBC, the DMBC and the capital business cases.

Figure 1: Alignment of service change proposal process and capital proposal process



2c. Option development and criteria for evaluation

Effective proposals for service change are those that build on the wider considerations of the health and wellbeing needs of the population and reflect existing commissioning and ICS plans. Best practice is to co-design proposals and assessment criteria with patients, the public and other key stakeholders. Consistency with ICS strategic plans is a pre-requisite.

Proposals should be discussed with NHS England and NHS Improvement at an early stage. This will be particularly important where trusts need to access capital to deliver options that may be consulted on. An open and supportive dialogue from an early stage will avoid time and resources being wasted on unrealistic proposals. An early indication of support for schemes with a capital requirement will ensure only those options that have been assessed as having a sustainable level of capital are consulted on.

For schemes requiring capital we consider it good practice that the PCBC aligns with the SOC requirements set out in the HMT Green Book guidance where all the following conditions are met: the capital is below £15 million, self-funded and the expenditure will not result in a breach of the ICS's operational capital envelope. In all other instances where schemes require capital, it is a requirement that the PCBC is consistent with the SOC requirements set out in the HMT Green Book and supplementary guidance; for example, in the approach to options development and shortlisting. A list of the FBC requirements can be found in Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts.

Commissioners and providers have a statutory duty[2] to involve service users in the development of service change proposals. This involvement should not be a single standalone exercise, but an ongoing dialogue throughout the development of plans. This stage of the service change process gives opportunities to design proposals with an inclusive range of staff, service users, carers, voluntary, community, social enterprise, local government and other partners; and to test emerging options, as well as potential to involve the public in criteria setting and options appraisal. This enables the programme to gauge views and understand emerging concerns such as those about transport and accessibility, the impact on the wider system such as community-based services, and the impact of change on different population groups. Pre-consultation staff engagement is a critical but sometimes neglected part of engagement programmes.

[2] Sections 13Q and 14Z2 of the NHS Act 2006 as amended by the Health and Social Care Act 2012.

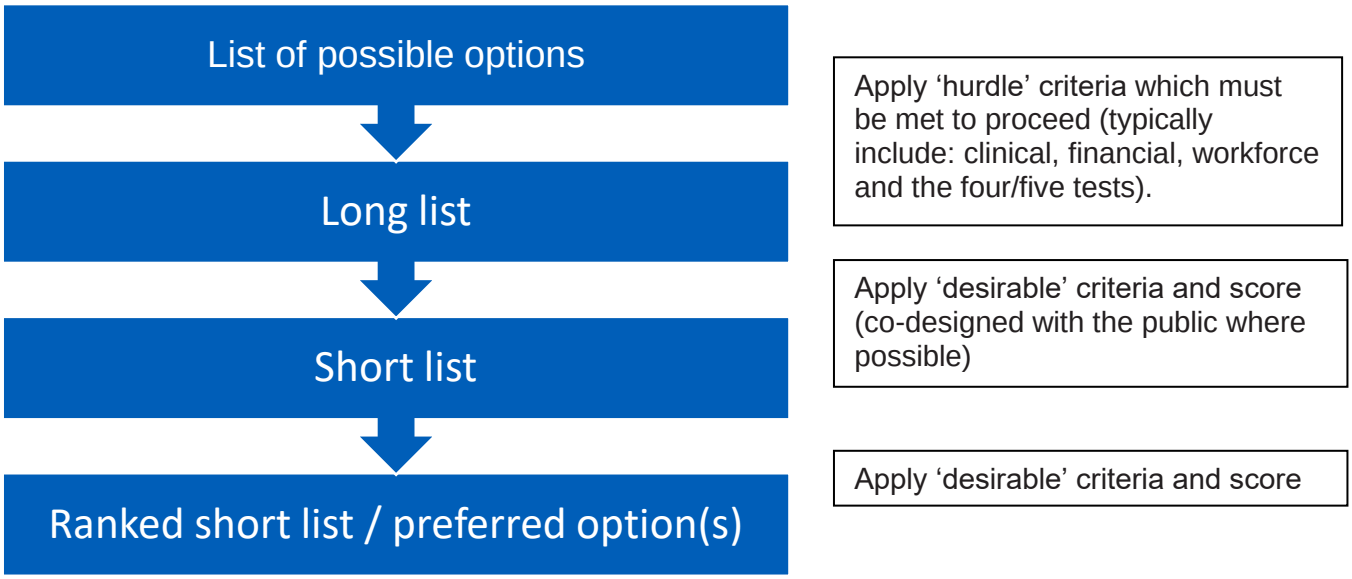
2d. Selection of preferred way(s) forward for consultation

This section is about developing the preferred way(s) forward that address the issues from the case for change.

The development of evaluation criteria and the way proposals are assessed against these criteria must be consistent with the HMT Green Book approach and should where possible be co-designed with stakeholders.

If the commissioner is content the options are viable, it should then assess them against the government's four tests, the test for proposed bed closures (where appropriate) and best practice checks (see Annex 2).

The process of narrowing down options into a short list of proposals that can be consulted on is likely to be closely scrutinised, including who has been involved and what evidence has been used. It is important to clarify and agree the approach through programme governance and to involve a range of stakeholders, including public representatives with diverse perspectives, in the assessment process. Once you have developed your options and criteria, you will need to choose the options that will be consulted on. These options will then be set out in the PCBC and, if a public consultation is required, consulted on formally.



Long list – A wide range of possible options for achieving project objectives and critical success factors. This must include business as usual (BAU) and a realistic

do minimum. These options should be generated through facilitated workshops with stakeholders.

Short list – The options framework in the HMT Green Book provides a structured approach to identifying and filtering a broad range of options. The preferred way(s) forward is identified at SOC stage.

Criteria to consider when choosing your preferred way(s) forward are likely to include: clinical evidence, financial modelling, the whole system impact, accessibility and travel impacts, the implementability of the options and the impact of the scheme on inequalities.

2d.i) Financial modelling

Before each preferred option is consulted on, the financial proposal should be assessed, in conjunction with NHS England and NHS Improvement, in terms of both capital and revenue and its sustainability. It is essential that only those options that are implementable and sustainable in service, economic and financial terms are offered publicly for consultation.

If your scheme requires capital, you will need to demonstrate capital affordability, including the approval in principle of the availability of capital funding. To test value for money (VFM) we recommend the use of the comprehensive investment appraisal (CIA) model, developed by DHSC for a high-level VFM analysis. Doing so at PCBC stage will save you time later. If you decide to show a high-level VFM analysis in the PCBC, the incremental benefit of the proposal should be shown versus a BAU scenario.

ICSs should carry out sensitivity analysis around key assumptions if these could have a material impact on the outcome. No service change option should be exposed to public engagement/consultation unless, before launch, there is a high degree of confidence that it can be delivered as proposed, and that it does not imply an unrealistic level of capital expenditure and/or projected spend profiles that cannot be reconciled to available resources and will not be affordable in revenue terms. All options must be affordable within commissioner revenue allocations and provider revenue financial targets.

We strongly recommend that the financial and economic models used at the PCBC stage continue to be used and further developed/refined at the SOC, OBC and FBC

stages. This will help ensure a consistent economic and financial thread runs through all the business cases.

NHS England and NHS Improvement will assure all options requiring capital before consultation and, where appropriate, we will engage with DHSC, to ensure each option is sustainable in service, revenue and capital affordability terms, that the scheme size is proportionate and that it is capable of meeting applicable VFM and return on investment criteria.

Service change schemes that require capital funding will require an explicit confirmation of support in writing from NHS England and NHS Improvement as part of the capital affordability test and, where appropriate, we will discuss availability of capital funding with DHSC, before public consultation starts on options requiring capital.

Schemes that require larger amounts of capital (over £15 million) will be required to provide more detail and be subject to higher levels of scrutiny before going out to consultation.

At this early stage, before the PCBC, if service change options will require capital, it is helpful to take account of the requirements that individual providers' capital investment business cases will need to satisfy if they are to support the formal proposals. These are set out in Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts.

Therefore, in preparing the PCBC, advice/input should be sought from NHS England and NHS Improvement (and through us, DHSC and HMT if appropriate) so that we can as far as possible underpin subsequent provider business case processes and provide assurance of them.

2e. Pre-consultation business case

The PCBC is the document that will be assured in stage 2 of the service change process and sets out the options that will be publicly consulted on. The document should be prepared by the lead commissioner with involvement from the other NHS, social care and public health organisations involved in the reconfiguration. The PCBC informs assessment of proposals against the government's four tests for service change, and NHS England and NHS Improvement's test for proposed bed closures and best practice checks.

While the below list is not exhaustive the PCBC seeks to:

- build alignment between NHS commissioners and local authorities and other stakeholders
- build on the case for change
- demonstrate that all options, benefits and impact on service users have been considered
- demonstrate that the planned consultation will seek the views of service users and members of the public who may potentially be impacted by the proposals.

When preparing the PCBC, schemes should seek advice from NHS England and NHS Improvement regional teams on how to take an appropriate and proportionate approach to PCBC development in relation to capital solutions that may have been identified as part of the options appraisal.

2e.i) PCBC and SOC alignment

For service changes that require capital investment, the PCBC should be considered a starting point for the SOC. Where schemes require capital funding below £15 million or are self-funded and the expenditure will not result in a breach of the ICS's CDEL, we consider it good practice, but not a requirement, that the PCBC meets the SOC requirements set out in the HMT Green Book and supplementary guidance. In all other instances where schemes require capital funding, it is a requirement that the PCBC meets these SOC requirements. It is important to bear in mind that a PCBC cannot pre-empt the outcome of public consultation so the SOC takes place after it but builds on a lot of the same information required for the PCBC.

The criteria set out in Annex 1 have been developed with this in mind. The degree to which you should adhere to these criteria will in part depend on the size (and capital requirements) of your scheme. Your regional NHS England and NHS Improvement colleagues will be able to advise.

Some things for you to consider when aligning the PCBC and SOC are:

- The PCBC should take a system view, whereas the SOC has historically more often been provider/trust focused. Going forward, expectation is that the SOC, OBC and FBC will also take more of a system view.
- You can only consult on viable options, which must be reflected in the PCBC. In the SOC, the requirements for the options are slightly different. This means the

options you present in the two documents might be slightly different. For example, the ‘business as usual’, ‘do minimum’ and two other options required for an HMT-compliant SOC and OBC, while being good comparators, may not be viable options to be consulted on. Nonetheless we recommend that the ‘business as usual’ and ‘do minimum’ financial scenarios are developed at the PCBC stage even though they could potentially not be consulted on. The ‘business as usual’ option should be used as the baseline for any VFM analysis.

- While drafting the PCBC, you should bear in mind that it is a public document.

2e. ii) PCBC criteria

Fundamental criteria for both the PCBC and the SOC can be found in Annex 1, to help you align the two documents. They have been organised into the five case models required by the HMT Green Book guidance. These criteria are not a checklist, but rather a guideline for what to consider/include. Your NHS England and NHS Improvement regional reconfiguration leads will be able to advise on ensuring your PCBC is proportionate to your scheme.

Annex 1: Fundamental criteria for pre-consultation business case and strategic outline case

The PCBC fundamental criteria, developed by NHS England and NHS Improvement, have been aligned with the SOC criteria. The PCBC and SOC fulfil different purposes. The PCBC relates to service change and the SOC relates to capital investment, but there are many similarities between the two. The alignment has been done to reduce duplication between the PCBC and SOC. The intention is that if the PCBC criteria are met, then the PCBC can be used as the foundation for the SOC.

NHS England and NHS Improvement and DHSC developed the SOC fundamental criteria to help assess whether the business case is sufficiently robust before the detailed review process is started. The SOC needs to comply with the HMT Green Book.

Table 1: Green Book: Five case model

Business case dimensions	SOC requirements[3]
Strategic case	Demonstrates that the proposal is strategically aligned and supported by a compelling case for change.
Economic case	Ensures that a wide range of investment options has been evaluated and that the preferred way forward optimises value for money.
Financial case	Demonstrates that the preferred way forward is affordable and can be funded.
Management case	Provides assurance that processes and capabilities are in place to ensure that the preferred way forward can be successfully delivered.
Commercial case	Ensures that any proposed procurement is commercially attractive and viable.

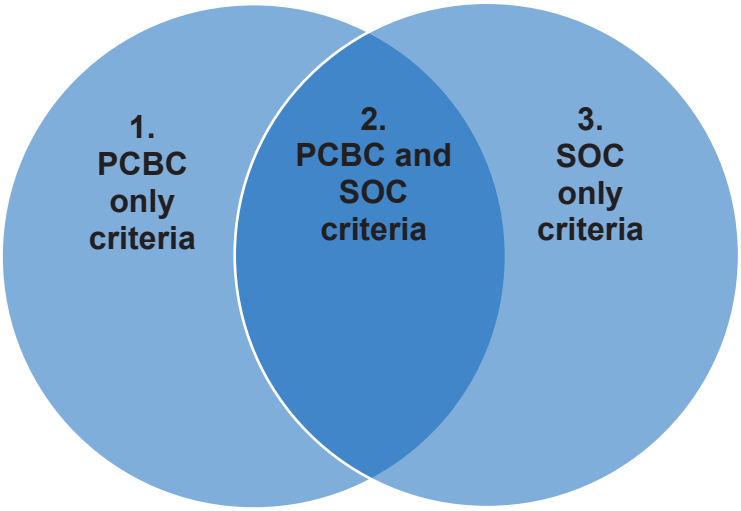
[3] HMT Green Book – Central Government Guidance on Appraisal and Evaluation and the supplementary guidance

What criteria should you focus on?

For schemes that do not require capital investment your PCBC should meet the criteria in the first two table columns below (ie '1. PCBC only criteria' and '2. PCBC and SOC criteria').

If your service change scheme will also require capital investment, you may need to complete both a PCBC and a SOC. Hence you should be mindful of the overlap between what is needed in both the PCBC and SOC (column 2 of the table below) so that you can optimise the work to be completed by reducing duplication/rework.

If the change is capital only with no service change component, then please refer to Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts.



Schemes requiring service change	Schemes requiring capital investment

You will need to consider how and when in your process you will do the work for all three columns. Column '2. PCBC and SOC criteria' shows where there is likely to be most overlap between the content needed for the PCBC and for the SOC, which may save you time and effort/reduce duplication. The categories within the table have been taken from the HMT Green Book: Five case model. PCBC criteria have been allocated to these sections to support you in reducing duplication.

Where to find out more information on the capital business case processes?

The SOC criteria have been included for your reference. For the development of the SOC please refer to Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts.

The latest version of the fundamental criteria checklist for the capital business cases, covering SOCs, OBCs and FBCs, can be obtained from your local NHS England and NHS Improvement regional team.

Strategic case

Strategic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Strategic context	• Demonstrate how the proposals meet the government's four tests and NHS England and NHS Improvement's test for proposed bed closures (where appropriate). • Include an equality impact assessment, quality impact assessment, integrated impact assessment. • Include an analysis of travelling times and distances (blue light and other). • Explain how the proposed changes impact on local government services and the response of local government. • Consideration of patient choice. • Consideration of other enablers such as digital and workforce planning. • Identify any clinical co-dependency issues, including any	• The context for change should be set out clearly, with local and national drivers for the change identified. The system/trust should show how the proposals align to government and DHSC policy. This case for change should be evidence based and should articulate the proposed clinical model, underpinned by demand and capacity modelling. It should demonstrate: – the links to enabling strategies, eg workforce, patient experience and patient safety – consideration of quality, workforce and financial/efficiency considerations – include plans to appropriately and effectively engage and involve all stakeholders, including with clinical leaders and system staff to assess clinical oversight and involvement in the business case development, in addition to local government, fulfilling commitments under s14Z2 and s13Q of the Health and Social Care Act – alignment with service configuration, commissioning intentions, ICS strategy and patient-centred design and build	

Strategic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
	potential impact on the current or future commissioning or provision of specialised or other services.	– consistency with estate strategies. • Outline the case for change.	
Strategic objectives	• Be clear about the impact in terms of outcomes of the change. • Outline how stakeholders, patients and the public (as well as staff) have been involved, proposed further approaches and how their views have informed options and criteria. • Be explicit about the population affected and the benefits to them. • Outline how the proposed service changes will promote equality, tackle health inequalities and demonstrate how the commissioners have met Public Sector Equality Duty (PSED) requirements. • Demonstrate links to relevant JSNAs and JHWSs, ICS, CCG/ICB and NHS England commissioning plans.	• The PCBC/SOC should identify the SMART objectives associated with the project and set out reasonable spending objectives linked to benefits. These objectives will need to be reinforced with critical success factors.	

Strategic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Support from other organisations	• Documented evidence of ICS support and how the proposal contributes to the ICS five-year plan delivery. • Feedback from early stakeholder engagement demonstrating that key system partners support the proposed options. Further, a commissioner should get confirmation from relevant providers that the changes are implementable.	• The system/trust should provide letters demonstrating support from all major commissioning CCGs and the wider ICS for the proposed service provision/proposal. Letters of support should also be sought from neighbouring areas outside the system, which might be affected by the changes being proposed. Letters of support should meet the requirements of Annex 12 in Planning, assuring and delivering service change for patients (March 2018). The SOC should also be supported by an ICS estates strategy to demonstrate alignment to wider ICS plans.	
Consultation	• Consultation plan to enable reaching all stakeholders, including the hard-to-reach groups. Also being clear on use of in-person and digital options for consultation • Draft consultation document.	• For major reconfigurations requiring capital investment, commissioners and providers will need to confirm their consultation plan. • The business case should reflect the outcomes of pre-engagement work and how that has shaped the business case options appraisal. Particularly, what has changed as a result of this feedback?	

Economic case

Economic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Long list appraisal	• Show that options are affordable, clinically viable and deliverable	• Strategic alignment of proposed options (with policy, guidance and services at local, regional and national level). • Explain what is and is not included within the scope of the proposals. • This long list appraisal should be well detailed in the SOC and PCBC to evidence how a system/trust has developed a workable short list. • Demonstrate evaluation of options against a clear set of criteria. • Options should demonstrate affordability and value for money (VFM) (including projections on income and expenditure and capital costs/receipts for affected bodies) and satisfaction of any applicable benefit cost (BCR) ratio. • Demonstrate proposals are affordable in revenue and capital terms, deliverable on site, and that transitional and recurrent revenue impacts have been robustly identified. • The system/trust should identify their critical success factors (CSFs) for intervention and use the HMT Green Book options framework to develop a long list of options to meet the strategic objectives and CSFs	• The options framework guidance for the SOC can be found here.

Economic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
		set out above. The SOC should demonstrate that the system/trust has identified potential 'scopes' for the coverage of the project, ranging from business as usual (BAU) through to the 'do minimum', 'do maximum' and intermediate options.	
Short list	• Explain the process for moving from a long list to a short list of options, and how feedback from engagement has informed the assessment criteria.	• The PCBC and SOC should describe the short list of options for further appraisal. • The SOC should identify a minimum of four shortlisted options for further appraisal. These should include: – BAU – the benchmark for VFM – 'do minimum' – a realistic way forward that also acts as a further benchmark for VFM in terms of cost justifying further intervention. This option only needs to be used if there is a viable 'do minimum' – in the case where fixing the estate is the desired output as opposed to service reconfiguration, 'do minimum' might well be the same as the 'recommended' option – 'recommended' – the preferred way forward at this stage – one or more other possible options based on realistic 'more ambitious' and 'less ambitious'	• There should be an indicative cost, benefit and risk appraisal performed on the four options, demonstrating a Net Present Social Value (NPSV) to justify the preferred way forward at an early stage, but accepting that further development will be needed at OBC stage.

Economic case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
		choices that were not discounted at the long list stage. • **Note:** It is possible for the PCBC to contain only one proposal that is deemed viable and therefore for only one option to be consulted on. However, you should ensure that a list of options that are not feasible or viable is included to make it clear that they were considered. A 'business as usual' option should always be considered.	
Use of CIA model	• If the PCBC is to include a high-level VFM analysis, it should be a summary of the CIA output so that the PCBC and SOC VFM analysis tell the same story.	• The PCBC and the SOC will need to demonstrate VFM. To test VFM we strongly recommend the use of the comprehensive investment appraisal (CIA) model.	• It is expected that systems will present their short list options using the CIA model at the earliest stage to ensure continuity in the development of the economic case from SOC through OBC to FBC. • If a system has not provided a CIA model for their SOC, the expectation is that there will be a conditional approval requiring the system to use the CIA model for their OBC options appraisal.

Financial case

Financial case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Capital affordability	• The case must demonstrate affordability and value for money (VFM) (including capital costs/funding for affected bodies). • A high-level source and application of capital funds, to demonstrate capital costs and how these are expected to be funded. Note that every effort should be made to generate local capital funding, including asset disposals or internally generated capital, and initial assessments of this should be included.	• Indicative capital costs recorded using OBC cost forms and recognisable benchmarks and which assume compliance with all applicable design, technical, building and space standards and known site constraints, and key adjacencies should be identified.	• Affordability should be demonstrated such as that determined through appropriate capital planning processes. Risk and contingency should be appropriately calculated and inflation assumptions clearly stated. The SOC should also include OBC cost forms.
Revenue affordability	• The PCBC must show that the proposals can be managed within the system's/trust's existing revenue envelope and will not cause or increase revenue deficits for the system.		• The SOC should include an incremental Statement of Comprehensive Income, Statement of Cashflows and Statement of Financial Position and System-wide Statement of Comprehensive Income, including the impact of the proposed investment. Short-term worsening of the I&E position should be explained

Financial case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
	• It should also explain how individual organisations' deficits will be addressed.		and mitigated, and the case should demonstrate how recovery will be delivered over the short term.
Financial sustainability	• Planned savings are realistic and appropriate sensitivity analysis has been carried out. • Financial modelling is consistent with workforce and activity modelling. • Description of measures being taken to ensure benefits realisation. • Confirmation of assumptions made in the financial modelling for both commissioners and providers, eg commissioner growth in allocations, provider inflation, levels of efficiency savings. • A financial risk assessment undertaken with supporting sensitivity analysis and downside scenario modelling and mitigations.	• A robust activity and capacity analysis that translates sustainably to the scale of infrastructure change anticipated. This should be linked to the financial model. • Transitional costs and how they will be funded – capital (demolition, decant) and revenue (double running, implementation).	
ICS system alignment		• Scheme's financial plans should be reconciled to the System financial plan.	

Financial case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
		• The impacts of the changes being proposed on individual commissioners and providers is understood • Confirmation of support from all commissioners proposing the scheme and acknowledgement from all providers who will be significantly affected by the scheme that their views on any impact on them have been sought	

Management case

Management case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Project management	• Identify indicative implementation timelines. • Include a high-level implementation plan to test the proposal is implementable, or to compare the feasibility of implementing different options. • Have a clear information governance (IG) plan and consider the need for any privacy impact assessment. • Ongoing evaluation of equality/ inequality issues as proposals develop. • Establish and review processes for engaging and consulting with all stakeholders, including relevant local authorities, the public and the NHS workforce.	• Identify governance and decision-making arrangements. This includes decision-making processes in proceeding to consultation and in reviewing the outcomes from consultation and the DMBC. • Identify high-level evaluation mechanisms/metrics and any co-production plans for mobilisation. • Benefits realisation plan. • Identify the SRO for the project and have identified specific resource to make up a project team. It should also set out the system's project management capability, as well as the budget and resources required to deliver the project. A project management method should also be defined. • Set out a summary of the key milestones and the critical path for the scheme.	

Management case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Resources plan	• Consider need for external support on engagement/consultation and reporting on findings, equality/ inequality analysis, meeting legal obligations, financial analysis on options, case writing and overall project management.		• The trust should develop a project plan of the resources required for activities, and any specific capabilities and competencies required to develop the business case, from SOC through to approved FBC, including: – details of the deliverables or products to be produced – details of the activities required to deliver them and the activities required to validate the quality of the deliverables – a description of the resources and time needed for all activities, and any need for people with specific capabilities and competencies – a resource plan detailing whether these activities can be delivered by existing trust resources or through specialist advisers. • The trust should consider specialist advisers to support the business case, and reference these in the commercial and financial cases at OBC. The requirement for special advisers

Management case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
			usually falls into four key categories in the project plan: financial, legal, technical and programme/project management. Where possible existing framework routes to market (eg NHS SBS framework) should be used.
Plan for change and contract management			• Define a change management plan that describes how resource capability will be developed according to the degree and pace of change required, such as through learning and development or through the appointment of specialist advisers. The change management plan should identify changes required to systems, processes and other governance arrangements, such as the contract management of specialist advisers by the SRO. The aligning of capability to support the project may involve considerable internal change, and the trust should ensure that staff and their representatives are included in a process of dialogue.

Management case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Organisation readiness	• Initial implementation plans for each consultation option should be developed at this stage to test deliverability. • There should be a formal modelling exercise to identify both the benefits and any potential negative impact, and clear evidence of mitigating actions planned or undertaken to ensure effective Emergency Preparedness, Resilience and Response (EPRR) is maintained.		• Outline (alongside the strategic case) the organisational context for the system and make clear whether there is sufficient capability and opportunity to manage a project of this scale to completion.

Commercial case

Commercial case	1. PCBC only criteria	2. PCBC and SOC criteria	3. SOC only criteria
Procurement strategy			• An assessment of the various options for procurement to be explored through OBC development, with an early indication as to the expected procurement route.
Modern methods of construction			• NHS trusts are required at each business case stage to provide details regarding the choice of modern methods of construction (MMC)/SMART construction being considered and chosen for the project, and demonstrate through each business case stage how they have arrived at their preferred method for the 'Preferred (project) way forward' at OBC stage. • In line with the government 2019statement – 'Presumption in favour of MMC', DHSC and NHS England and NHS Improvement assume that all schemes start out as MMC.
Associated disposals			• Outline whether any possible disposals align to the project of investment, with identification of when these disposals may happen and what the expected receipt would be.
Net zero carbon			• Set out intentions to build/refurbish to net zero carbon standards for the life of the building and state which model/standards you intend to use, all projects to be delivered as net zero carbon (or to net zero carbon standards). • At SOC stage estimated residual carbon for offsetting is expected to be shown.

Annex 2: Best practice checks

These are some of the best practice checks that should be undertaken.

<table>
<tr><th colspan="2">Four tests</th></tr>
<tr><th>Key tests</th><th>Example evidence</th></tr>
<tr><td>Strong public and patient engagement.
Consistency with current and prospective need for patient choice.
A clear clinical evidence base.
Support for proposals from clinical commissioners.</td><td>A narrative against the government’s four tests.
See also communications, clinical quality and activity sections below.
Documented evidence of support.</td></tr>
<tr><th colspan="2">Additional test</th></tr>
<tr><td>Proposals including significantly reducing hospital bed numbers will have to meet at least one of the following three conditions:
Demonstrate that sufficient alternative provision, such as increased GP or community services, is being put in place alongside or ahead of bed closures, and that the new workforce will be there to deliver it.
Show that specific new treatments or therapies, such as new anti-coagulation drugs used to treat strokes, will reduce specific categories of admissions.
Where a hospital has been using beds less efficiently than the national average, that it has a credible plan to improve performance without affecting patient care (eg in line with the Getting it Right First Time programme).</td><td>Evidence to meet one of the three conditions, this might include:
analysis of alternative provision and workforce plan
clinically approved analysis of admissions reductions anticipated with new treatments or therapies (clinical senates and regional medicines optimisation committees may be sources of independent advice)
analysis of hospital bed efficiency, a credible plan to improve performance and modelling of its impact.</td></tr>
</table>

Through our review we seek to identify whether any major problems or red flags would risk the proposal not proceeding to a successful conclusion. A non-exhaustive list of red flags is set out within the assurance checks below. Red flags are marked with a red arrow (→). We have identified these red flags in previous service changes as well as by reflecting on the current financial and operational pressures systems face; they may make it harder to set up the service changes for success and thus pose a risk to services for patients.

Assurance checks		
Topic	**Checks**	**Example evidence**
Finance	→ Are the proposals financially deliverable, affordable and value for money (VFM)? (applied to all proposals) • Are planned savings reasonable and realistic? → If NHS England and NHS Improvement have concerns about the system's finances (eg one or more NHS trust or foundation trust is in SOF segment 4 for financial reasons or one or more CCGs has been issued with legal directions relating to financial matters, or one or more organisation with a significant underlying deficit and no plan for achieving sustainability), do the proposals consider and seek to address these concerns? • Is it clear how the proposal fits into the ICS long-term financial plan and estates strategy? Is the contribution to achieving financial balance for the health economy clearly stated and robust? • Are the impacts on all providers and commissioners understood? • Has a reasonable level of financial risk assessment been undertaken with supporting sensitivity analysis and downside planning and mitigation?	• Business case including worked through financial models. • Evidence of aligned financial, workforce and activity models (eg ICS-level financial and activity model). • Evidence of how the proposals address NHS England and NHS Improvement's concerns about the system's finances. • Detail on key assumptions used in financial modelling and sensitivity analysis/testing on these assumptions. • Capital investment implications and clear source for all options. Status of any application for capital is explicit in business case and public-facing documents. • Confirmation of capital affordability should include a clearly identified source of capital funding that aligns

Assurance checks		
Topic	**Checks**	**Example evidence**
	→ Are the transitional costs (including revenue and capital) identified and properly accounted for? Is there a clearly identified source of funding for transitional costs (capital and revenue)? → Is there a clearly identified source of capital funding to support the proposal? Have the capital investment implications been considered in terms of the viability, deliverability and sustainability of the proposal and the economic (VFM and benefit cost ratio, as referred to in the HMT Green Book) impact? Have a number of capital funding options been considered? • Is the proposal a strategic capital priority for the ICS? • Is each option for consultation sustainable in service, revenue and capital affordability terms and can each option demonstrate that it is proportionate and capable of meeting applicable VFM and return on investment criteria? • Is there a financial model underpinning the analysis, including costed models to support transformation/service reconfiguration proposals? • Does the financial modelling have a robust starting point (eg alignment to allocation/system envelopes, understanding of underlying position)? • Are demand management and activity growth assumptions reasonable in the context of national benchmarks? Is there evidence to support the expected impact of proposed new models of delivery?	with current NHS capital investment policy and requirements. • Revenue and capital affordability of each consultation option is confirmed with appropriate modelling and comparison to base case. • NHS England and NHS Improvement correspondence indicating a clearly identified source of capital funding – both in terms of scale of investment and timescale.

Assurance checks		
Topic	**Checks**	**Example evidence**
	• Is the financial modelling consistent with the workforce and activity modelling?	
Clinical quality/ strategic fit	→ Is there evidence of system alignment? • Alignment with ICS delivery. → Does the proposal facilitate a population health approach, seek to address population health management and/or health improvement priorities in the service delivery of the change? • A full impact analysis (of the proposals) across CCG and NHS England commissioned services and shared sign up of all parties to the analysis (applied to all proposals). • Clear articulation of quality, experience and outcome benefits, quantified if possible. • Clinical case fits with best practice or emerging national models. • Aligned with delivery of national strategies (eg 7DS, UEC, mental health, cancer, maternity). • All key clinical interdependencies have been fully considered. → Has there been an inclusive, transparent scenario development process (which includes the robust options appraisal) that is coherent with case for change/programme objectives, insight obtained, etc? → Full robust options appraisal undertaken (including network approach, co-operation and collaboration with other sites and/or organisations).	• Documented evidence of ICS support and that the proposal contributes to the ICS five-year plan delivery. • Evidence that the proposal is coherent with clinical network/LMS/provider collaborative, individual provider plans/sustainability, etc. • Feedback from early stakeholder engagement demonstrating that key system partners support the proposed options. • Analysis of impact on CCG/NHS England commissioned services, including potential co-dependencies and unintended consequences, endorsed by relevant parties. • Alignment with ICS delivery. • Modelling demonstrating contribution to the NHS Long Term Plan gaps. • Core narrative/communications materials. • Clinical case for change.

Assurance checks		
Topic	**Checks**	**Example evidence**
	Where the proposal requires capital funding is the options appraisal HMT Green Book compliant? • Macro-impact is properly considered, including on other organisations/systems. • Does the proposal align to the aims of the NHS Long Term Plan? → If one or more of the NHS trusts or foundation trusts within the system has any current formal ICS and/or NHS England and NHS Improvement escalated oversight arrangements, do the proposals consider and seek to address the quality-related issues?	• Reference to evidence base (eg NCD reports, NICE, Royal Colleges, NHS evidence or new models of care) and national strategies. • Independent clinical assurance (eg by clinical senate or appropriate other body). • Narrative demonstrating alignment/ interdependencies. • Options appraisal that demonstrates a long-to-short-listing process, methodology and underpinning criteria, etc. • Where capital is required an options appraisal that is HMT Green Book compliant. • Analysis of macro-impact. • Evidence of how the proposals address NHS England and NHS Improvement's or the CQC's concerns about the system's quality issues.
Activity	→ All relevant patient flows and capacity are properly modelled, assumptions are clear and reasonable. → Modelling of significant activity, workforce and finance impacts on other locations/organisations • What are the changes in bed numbers?	• Outputs of accurate activity modelling with assumptions clearly stated and sensitivity analysis. • Clear explanation of changes to bed numbers and application of the NHS England and NHS Improvement beds test.

Assurance checks		
Topic	**Checks**	**Example evidence**
	• Activity and capacity modelling clearly linked to service change objectives. • Activity links consistently to workforce and finance models.	• Evidence that impacted organisations support the implication of the outputs of the financial, workforce and activity models. • Narrative explaining link between modelling and service change objectives. • Aligned financial, workforce and activity models. • Analysis of key risks and any mitigating actions.
Workforce	→ Do you have a workforce plan integrated with finance and activity plans? • Are you making most effective use of your workforce for service delivery and does this comply with all appropriate guidance? • Consider the implications for the future workforce. • Have staff been properly engaged in developing the proposed change?	• Supply high-level workforce risks and mitigating actions. • Statement of assurance including reference to appropriate standards. • Changes to provider learning development agreements. • Evidence of appropriate staff engagement.
Travel	→ Has the travel impact of proposed change been modelled for all key populations, including analysis of available transport options, public transport schedules and availability/affordability of car parking?	• Travel impact assessment.
Estates/ infrastructure	• Credible activity/throughput analysis and indicative designs that demonstrably reconcile to up-to-date estates strategies at site, provider and ICS levels; indicative capital costs using recognisable benchmarks and based on compliance with all applicable design,	• Outputs of activity analysis clearly linked with estates strategy.

Assurance checks		
Topic	**Checks**	**Example evidence**
	technical, building and space standards; and known site constraints and key adjacencies identified and provided for.	• Capital costs clearly identified (see finance assurance checks) and confirmation they comply with the standards described. • Estates impact assessment.
Resilience	→ How will the proposed change impact on the local health economy's ability to plan for, and respond to, a major incident? • Has a business impact analysis been conducted for all impacted organisations and appropriate changes made to business continuity plans? • Local health resilience partnership impact assessment on resilience?	• Statement of assurance. • Evidence the impact of the proposed service change on resilience has been assessed at the local health resilience partnership (LHRP) business impact analysis.
Ambulance services and emergency care	→ Have the implications for emergency care provision been identified, and their impact assessed, and appropriate discussions been held with emergency care providers? • Have the implications for ambulance services (emergency and PTS) been identified and their impact assessed, and appropriate discussions been held with ambulance service providers?	• Impact assessment. • Statement from ambulance service. • Statement from emergency care providers.
Comms and engagement	→ Are there plans to appropriately and effectively engage and involve all stakeholders (to include: staff in affected service, patients, carers, the public, Healthwatch, GPs, media, local authority overview and scrutiny functions, health and wellbeing boards, local authorities, MPs, voluntary and community sector strategic partners, other partners and	• Consultation plan. • Draft consultation document. • A clear and well-reasoned public/stakeholder involvement strategy.

Assurance checks		
Topic	**Checks**	**Example evidence**
	organisations) and fulfil commitments under s14Z2 and s13Q of the NHS Act 2006 as amended by the Health and Social Care Act 2012?	• Communications plan including stakeholder map with timelines, key messages, named clinical spokespersons, sample materials, plans to reach seldom heard groups, and resource identified to deliver the plan. • PCBC should detail engagement will all parties to date, issues identified and responses to issues.
Equality impact	→ Does the proposal seek to address health inequalities that exist within the system in accordance with s14 T and s13G of the NHS Act 2006 as amended by the Health and Social Care Act 2012? • There has been an appropriate assessment of the impact of the proposed service change on relevant diverse groups? • Has engagement taken place with any groups that may be affected? • What action will be taken to mitigate any adverse impacts?	• Completed equality impact assessment and action plan. • Evidence that decision-making arrangements will pay due regard to equalities issues. • Post decision-making action plan.
IT	• Does the proposal support the ICS digital strategy? • Does the proposal make best use of technology? • Assessment of the impact on local informatics strategy and IT deployments. • Are there likely to be any data migration costs or implications for specialist or network technology/equipment contracts associated with the service?	• Evidence of a review of how technology may support the proposed service change. • Detail of any changes to local informatics strategy and deployment plan, including information flows and governance. Key risks are highlighted and mitigating actions identified.

Assurance checks		
Topic	**Checks**	**Example evidence**
Others	→ Are there clear and comprehensive succession plans to mitigate against turnover within the programme team? → Are there clear plans for how each option will be implemented? • Consistent with rules for co-operation and competition. • Consideration given to the most effective use of estates. • Robust programme and risk management arrangements. • Identify and reduce privacy risks.	• Evidence of clear and comprehensive succession plans. • Clear plan for delivery of the options. • Assurance from commissioners. • Gateway review report and response to recommendations. • A privacy impact assessment (PIA)

Annex 3: Useful resources

The below links are additional to those already provided in the existing service change guidance.

- System and Service Reconfiguration FutureNHS workspace (SSR workspace). A peer-to-peer community of practice, based on the FutureNHS platform, where colleagues working across service change and reconfiguration can come together to find case studies and good practice guides, and discuss of system and service reconfiguration with other colleagues.
  - A guide to legal duties for service change. Describes the current legal framework for service change and reconfiguration, and the likely steps required to discharge legal duties in the current regulatory context for making changes to services.
  - Regional contact list. A list of regional colleagues with a responsibility for service change and reconfiguration, in addition to the contact details of each regional clinical senate.
  - Effective service change toolkit: An overview of the support and guidance available to local organisations as they seek to progress service change. Developed to be read alongside Planning, assuring and delivering service change for patients (March 2018) and Addendum to Planning, assuring and delivering service change for patients (March 2018).
- Comprehensive investment appraisal (CIA) model and guidance
- HMT Green Book (2020)
- HMT Guide to the programme business case
- HMT Guide to the project business case
- Independent Reconfiguration Panel: Learning from reviews: these publications bring together lessons from the panel's work.
- Better Business Case™ Training: NHS England and NHS Improvement's Capital Business Case Technical Support and Training Unit provide accredited Better Business Case™ Training. The training is a systematic and objective approach to all stages of the capital business case development process that sits alongside, and compliments, HMT Green Book guidance. This syllabus is

based on the Better business cases international guide to developing the project business case and programme business case. It reflects the foundation and practitioner levels of the examination. Individuals looking to find out more about the course and how to enrol should contact: england.buscasetechsuppunit@nhs.net

Annex 4: Glossary

Acronym	Definition
BAU	Business as usual
CCG	Clinical commissioning group
CDEL	Capital Departmental Expenditure Limit
CFO	Chief financial officer
CIA	Comprehensive investment appraisal
DHSC	Department of Health and Social Care
DMBC	Decision-making business case
FBC	Full business cases
HMT	Her Majesty's Treasury
ICS	Integrated care system
JSNA	Joint strategic needs assessment
JHWS	Joint health and wellbeing strategies
MMC	Modern methods of construction
NPSV	Net present social value
OBC	Outline business case
PCBC	Pre-consultation business case
PDC	Public Dividend Capital
PSED	Public Sector Equality Duty
SMART	Specific, measurable, attainable, relevant, time-based
SOC	Strategic outline case
SOF	System Oversight Framework
SRO	Senior responsible officer
VFM	Value for money

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