

Business case guidance chart											Prepared by NHS England PAU (V6 29 th May 2018)			
BC Stage	PID/SOC			Approval	OBC		Approval	FBC	Approval	Delivery	PPE			
Prime purpose	Establishing and writing a robust case for change that supports approval to proceed to later business case (BC) stages and associated costs.			Decision Point	Options appraisal - determining an affordable, viable and value for money preferred option.		Decision Point	Confirm affordable and VFM scheme is ready to proceed.	Decision Point	Scheme proceeds	Learning from experience – what went well, what could have been done better?			
Phase Guide	Strategic planning	Concept/birth of the scheme based on need/opportunity	Formalising scheme via a PID or SOC	Approval to proceed to Outline Business Case	Consider Procurement route	Prepare OBC	Approval to proceed to FBC	Prepare FBC	Approval to proceed with scheme	Scheme proceeds into delivery and operational phase	Lessons learned to inform future investment planning			
Headings above explained	Service strategies based on local and national need, and/or local policy, opportunities and service change drivers.	Based on the strategies formed out of the strategic planning stage, Commissioners and partners consider and determine what, and generally where, there is a need for a facility, service or equipment, etc. A lead health-based partner takes responsibility for leading the process, seeking approvals and delivery of the proposed scheme.	Strategic requirements are articulated in a PID or SOC for approval to be considered. A PID may be sufficient for smaller, less complex schemes, whereas a SOC may be required to explain a larger >£20m, or possibly a more complex set of strategic needs <£20m.	PID or SOC approval signifies that the scheme is recognised by the approving body as a scheme compliant with strategy and worthy of progression to the following stage. Approval requirements are generally based on SFI's, SO's, HM Treasury and NHS/National policy.	A project or scheme can be procured through a tender, framework, partnership, etc. Whilst the SOC or PID considered these in general principle, the OBC stage must include more detail to enable proposals to be developed and costs made more robust.	OBC and supporting documents should explain the planned solution to match service requirements and constraints. OBC, must provide the latest evidence / information that fully justifies the decision to seek OBC approval.	OBC approval signifies that the Approver or Approving Body are content that the scheme is appropriate and justified and this allows the BC to proceed to the FBC stage.	FBC and supporting documents should explain a detail planned solution to match service requirements and constraints. FBC must provide the latest evidence/information that fully justifies the decision to seek FBC approval.	FBC approval signifies that the Approver or Approving Body are content that the scheme is appropriate and justified and that funds can be released to allow it to proceed.	The final BC has been produced and approved. The scheme can now proceed with the necessary authorisation and funding in place. See Note 5	BC's are potentially complex documents which go through several iterations before being reviewed. During the process, lessons and approaches will have been learned. PPE is intended to pick up on those items and document them for future reference and/or inform possible beneficial changes for future use to approach, design, or use, etc. of the project as delivered.			
Why we do this	As described above.	Brainstorming where general options/opportunities are considered and how they align with strategies and needs of all concerned. A lead organisation is appointed to coordinate process and maintain momentum. This and the PID/SOC are there to 'weed-out' schemes that may be a 'nice to have' but not essential or where a scheme is not deliverable or driven for the wrong reasons.	Without these internal and external approvals, the responsible or approving bodies will not be able to consider the scheme any further. A new, revised application may be presented for approval as and where appropriate if the Sponsors believe that the scheme is essential.	To ensure schemes and public funds are used for purposes which comply with the above and avoid unnecessary cost and resource being expended on schemes/projects that will not be supported if developed further without approval. Assesses whether the BC is approvable and, where possible and/or appropriate, provide suggestions for its improvement.	An options appraisal within a BC must take as a starting point that there are no preconceived ideas as to preferred option. It should demonstrate free thinking and an unbiased appraisal to suit the needs of the service and that the BC has not been reverse engineered towards a 'favoured' outcome.	Provides approver with adequate evidence / assurance that his or her decision to approve the OBC is based on sound fact, robust planning and comprehensive information. The more robust and justifiable, the more chance of approval.	Clear decision has been made to allow some expenditure or change to proceed to next stage. Confirms that the various formal controls in place for this stage have been complied with.	To provide the approver with adequate evidence and assurance that his or her decision to approve the FBC is based on sound fact, robust planning and comprehensive information.	Clear decision for audit has been made to allow change to proceed to the delivery stage. Confirms that the various formal controls in place for this stage have been complied with.	Delivery of the scheme. See Note 5	Organisations do not produce BC's on a regular basis. A previously used BC may well be used as a template for the new one being prepared. PPE is for those preparing the new BC to have access to an analysis of the previous effort which established what went well and what could have been done better in order to inform and guide a successful outcome for the new BC.			
Business Case	PID / SOC (Project Initiation Document / Strategic Outline Case)				OBC (Outline Business Case)			FBC (Full Business Case)		DELIVERY, OPERATIONAL and PPE				
Extracts from HM Treasury Green Book (See note 2).	<i>Strategic Outline Case (SOC), in support of an investment (project, procurement or scheme) which has been identified within a strategy and/or its supporting programme. At an early stage, the main purpose of the SOC is to establish the need for investment; to appraise the main options for service delivery; and to provide management with a recommended – or preferred – way forward for further analysis.</i>				<i>The main purpose of the OBC is to: revisit the case for change and the preferred way forward identified in the SOC; establish the option which optimises value for money; outline the deal and assess affordability; and demonstrate that the proposed scheme is deliverable.</i>			<i>Prior to contract signature, ... FBC is to evidence that the most economically advantageous offer is being procured & is affordable. In addition, FBC explains the fundamentals of the negotiated deal and demonstrates that the required outputs can be successfully achieved.</i>		<i>So that evaluations can be completed ... later on, it is important that during implementation, performance is tracked ..., and data captured for later analysis.</i>	<i>Retrospective analysis of a project, ... to assess how successful or otherwise it has been, and what lessons can be learnt for the future. The terms '...' and 'post-project evaluation' are often used to describe evaluation in those areas.</i>			
Led by	Initially internally within CCG and Partner organisations, then jointly to form an area/service strategy. Establishing the lead organisation that will lead and coordinate the process.				The lead organisation/sponsor that will lead and coordinate the process.			The lead organisation.		The lead organisation.	Scheme personnel so that direct knowledge and experience is used.			
Activities	Workshops, data collection, establishing strategies and partners.	Matching the data, options and needs across the patch to the strategies and opportunities.	Articulating the strategic requirements in a form that matches service requirements and justifies the decision to seek approval to proceed further with the proposal.	PAU review PID/SOC for approver and provide feedback or request Sponsor clarity on unclear or incorrect, items, etc. Final decision by Approver. Some PID approvals are at NHS England Regional level and, so, PAU may not be formally involved. Check with PAU.	Data gathering (health outcomes, location, costs, programme, staffing, etc.), information to support the various analyses carried out to inform the various options that need to be considered. Discussions with external bodies such as Town Planning, potential tenants for build schemes, etc. Good preparation and research should help to reduce risk of failure of the eventual FBC which should generally be confirming and expanding on the OBC in terms of detail and certainty.	PAU review OBC on behalf of approver and request clarity from Sponsor on unclear or incorrect, items, etc. Final decision by Approver.	FBC should generally be confirming and expanding on the OBC in terms of detail and certainty and as noted in the quote from the Green Book above. Liaising with PAU where appropriate and/or necessary.	As for OBC	Construction and or delivery of the scheme, items or service for which necessary authority to proceed was sought.	By considering the need for a PPE at the outset, logging reviewer's comments on the BC during the review process, noting changes made to the BC and or design, collecting feedback from the users and holding a workshop for participants/users to receive and log feedback, etc. will all cut down the work to complete the PPE.				
Resources required	Service planners, commissioners local SEA (Strategic Estates Adviser), finance, etc.			On occasion a presentation may be required to support the submission.	Project Sponsors with SEA support. The Sponsor and SEA's may require specialist external support in terms of service planning, costing, design, Town Planning and other specialist areas. Admin support.		A presentation may be required to support the submission.	As for OBC but the chosen contractor may also be able to provide additional input.	As for OBC	The lead organisation that has been coordinating the process.	As in 'led by' comment above. PAU templates are available to assist this process.			
Inputs from	Partners/stakeholders, DCO, property companies, SEA, Some external input may be required in specialist areas, should be minimal and purely adequate to inform PID SOC basic requirements. NHS England DCO/Regional Managers.			To be explained and confirmed in the submitted documents and any annexes.	As for PID but in more detail and wider service and specialist input.		Stakeholder input essential.	Where applicable, the chosen contractor can provide input.	As for OBC	All concerned including contractors and suppliers.	As in 'led by' comment above plus property companies, tenants and other stakeholders.			
Other approvals	Mutually agreed strategy across the participating organisations.		BC's submitted for NHS England approval must have confirmed support / approval of the relevant Sponsor in writing.	All internal/sub-approvals are to be completed and signed up to prior to formal submission to NHSE approver.	Tenders/mini competitions required to engage specialist support to develop the scheme. P22 is one of those that may be considered.	Organisations have internal approval processes to factor into decisions affecting the OBC.	Approver will require evidence that Stakeholders are signed up to the proposal.	As at OBC (Note: Within P22, the PSCP will need to obtain GMP approval internally)	As for OBC	Note. It is possible that an FBC is conditional in some way. Compliance with those conditions is mandatory.	Evidence that the results of a PPE for a previous BC have been included in the new scheme may become a formal requirement for a new BC submission.			
Cost implication	The intent is that this should be fairly minimal at this stage as the general needs and information should in effect be largely, although not entirely, part of the day to day service planning and delivery for the participating organisations.			None specifically at point of submission although input during the review period will be required and this could incur a cost.	Significant, but unavoidable for well structured, OBC informed, robust and convincing. Good preparation and research at this stage reduce risk of failure and potentially offset the cost of the eventual FBC which should generally be confirming and expanding on the OBC in terms of detail, cost and certainty.		Approver will require evidence that funds to develop the FBC stage are available.	The cost of this work can be significant but could be reduced somewhat if the OBC is well prepared and presented.	Abusive costs from an unapproved FBC will not be reimbursed to the Sponsor.	As identified by the business case. See Note 5.	This should be fairly minimal at this stage as a well-organised team should gather information for future reference during the various phases of the process.			
Cost met by	Met internally by the project Sponsor and partners (the participating organisations).				Met internally by the project Sponsor and partners.			PM costs may potentially be Capitalised.		As identified in BC.	Project Sponsor and partners.			

Business case guidance chart.

Notes

Prepared by NHS England PAU (V4 14th November 2017)

Notes.		
1.	Basis of Process	The fundamental business case (BC) process used within NHS England PAU and the NHS as a whole, is based on the DHSC Capital Investment Manual 1994 (CIM), Green Book and 5 Case Model published by HM Treasury, together with DHSC and NHS national policy together with the various NHS Standing Financial Instructions (SFI's) and Standing Orders (SO's) extant within the participating organisations.
2.	Green Book Extracts	The extracts from the HM Treasury Green Book included in the overview above can be found in full at https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government See PAU Guidance for links to other relevant documents.
3.	PID as a BC	For the avoidance of doubt, as certain Project Initiation Documents (PID's) can lead to approval to proceed with certain low value schemes, a PID must in itself be considered as a mini BC in its own right, therefore a general reference to BC may also relate to a PID.
4.	Post Project Evaluation	The Post Project Evaluation (PPE) principle has been around the NHS for many years. However, in 2016 DHSC, NHS Improvement and NHS England jointly reinforced the need for it to be undertaken on a more regular basis to improve the standard and potential first time success of subsequent Business Cases. The feedback to the central bodies, through receipt of these evaluations, also assists in considering where guidance and training may be best targeted. Time spent on a subsequent BC can often well offset the time spent earlier on a well-structured and considered PPE for a previous scheme. Assurance and evidence that the results of a PPE for a previous BC have been included in the new scheme may become a formal requirement for a new BC submission.
5.	BC approval is <u>not</u> spend approval	After formal approval to proceed is received, certain Contracts and Leases for execution will require an NHS England Executive signature as, in itself, BC approval is NOT actual spend approval. BC Sponsors must ensure that the relevant SFI or SO is fully complied with in this respect.
6.	PAU role and final approval decision	The PAU role is to provide support to the Approving Executive in reviewing submitted business cases. PAU will always endeavour to provide constructive and, where possible, supportive feedback to the Sponsor of any BC both before submission and at the time of the formal submission. However, the final decision, based on a comprehensive review and recommendation from PAU resides <u>solely</u> with the NHS England Chief Financial Officer, Board sub-committee or full Board as dictated by SFI's and SO's. Certain BC's may also require higher approval where DHSC, HM Treasury or Cabinet Office dictates.
7.	Simple summary and PAU support	PAU can provide detailed guidance as approval levels and processes vary depending expenditure type, the organisation submitting the BC and a number of other factors outside the control of PAU. In essence PIDs are required to start a scheme, a £1 to £3m Business Justification Case covers that stated range, whilst OBC and FBC's are required above £3m. A SOC is required above £20m or possibly where a more complex set of strategic needs where anticipated expenditure is below £20m. Always check with PAU before embarking on the process where there is any uncertainty at all as to the process to follow.
8.	Value of Lease	Lease arrangements take into account the rolled up cost of the lease in terms of determining the anticipated equivalent capital value for approval purposes.
9.	LIFT	Where Local Improvement Finance Trust (LIFT) projects are proposed, the OBC and FBC stages are replaced by LIFT Stage 1 and LIFT Stage 2. PAU or Community Health Partnerships (CHP) can advise on these specialist approaches for LIFT schemes.
10.	RHIC (was Phoenix)	RHIC (Regional Health Improvement Company) TBC.
11.	Confidentiality and sensitivity	It should be noted that PIDs and business cases will pass into the public domain in due course and as such the text and presentation must take this into account. Care should be taken with sensitive information and personal and/or identifiable Patient data must not be included within the document.
12.	DHSC and HM Treasury involvement	No attempt has been made in the table to include any indication as to what stage DHSC and HM Treasury involvement commences, however the following basic rules apply: DHSC notification for schemes exceeding £35m (ICT schemes £30m) HM Treasury review all schemes exceeding £50m.