

Capital regime, investment and property business case approval guidance for NHS trusts and foundation trusts

Annex 3: Guidance for producing the strategic outline case

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- 1.1 This guidance is for foundation trusts in financial distress and all NHS trusts that are developing proposals for major capital investments. A major capital investment is defined as one with an expected capital cost of £30 million or more (or any investment scheme above £15 million requiring access to Department of Health (DH) finance. The guidance explains:
- why a strategic outline case (SOC) is necessary
 - what it should contain
 - what happens to the SOC after it is submitted.
- 1.2 All proposals for major capital investment must demonstrate that they are service-led, centred on patients' needs and have a clear vision across the health and social care system. They must show that local people and staff have been involved from the outset in developing the vision, exploring the opportunities and constraints, developing options and deciding the solutions.

Why the SOC is necessary

- 1.3 The purpose of the SOC is to provide the information needed to enable NHS Improvement, DH and Her Majesty's Treasury (HMT) to approve the business case for progression to outline business case (OBC).
- 1.4 Under the DH/HMT scheme of delegation, foundation trusts in financial distress and all NHS trusts will be required to provide a SOC for all schemes with a capital investment value over £30 million (and for any schemes above £15 million that require access to DH finance). Schemes with a capital investment value over £50 million will require NHS Improvement, DH and HMT approval at SOC, OBC and full business case (FBC) stages.
- 1.5 Trusts are asked to note that a SOC does not replace the OBC. Approved schemes will subsequently require OBC approval before they can begin procurement by advertising in the *Official Journal of the European Union (OJEU)*.

Content of the SOC

- 1.6 The SOC should cover:
- strategic context
 - health service need
 - formulation of options
 - affordability in capital and revenue terms
 - timetable and deliverability.

- 1.7 While most major capital investments will be made by NHS trusts or foundation trusts (collectively referred to as trusts), explicit support for the scheme will need to be secured from the trust's main commissioners. The SOC will be expected to be 'owned' by the whole health community and written support for it will be required from the trust's main commissioners.
- 1.8 Where service change or reconfigurations are being considered by providers and commissioners as part of local health system proposals, NHS England's guidance, *Planning, assuring and delivering service change for patients*, published in November 2015, should be consulted. The guidance sets out how NHS England tests new service changes or reconfiguration proposals through independent review and assurance. By following the process set out in the NHS England guidance, organisations may avoid any potential challenge to the proposals. Provided they contain sufficiently mature analysis, the pre-consultation business case (PCBC) and decision-making business case (DMBC), as required under the NHS England guidance, can be used to inform the SOC as required under the NHS Improvement guidance.

SOC process

- 1.9 Foundation trusts in financial distress and all NHS trusts will be required to secure approval from their trust board before the SOC is submitted to NHS Improvement. Trusts will be asked to provide a trust board minute demonstrating full sign-off for the SOC. The NHS Improvement regional managing director and regional finance teams will review the SOC proposal and recommend whether or not the SOC should be approved by NHS Improvement. Where a scheme has a capital investment value over £50 million, the proposal will require approval from the NHS Improvement Resources Committee, NHS Improvement Board, DH and HMT before it can progress. When NHS Improvement has approved schemes with a value over £50 million, it will submit the SOC to DH for review and approval by ministers.
- 1.10 To progress, schemes must demonstrate compelling evidence of health service need and deliverability. NHS Improvement will assess the health service need and how proposals align with a trust's strategic plans. For schemes over £50 million, NHS Improvement is responsible for reviewing all aspects of the business case. DH will also review all aspects of the case. Trusts are asked to note that close attention will be given to the factors that influence the delivery of the scheme, including the strength of stakeholder support, the quality of project management arrangements and technical considerations.
- 1.11 Foundation trusts in financial distress and all NHS trusts are asked to note that it is a requirement that all approved SOC for schemes over

£50 million are made publicly available by trusts. The same requirement applies to OBC and FBC.

Other considerations in producing the strategic outline case document

- 1.12 Investment proposals should demonstrate a ‘whole systems’ approach and be clearly linked to locally agreed health services strategies. Schemes should also demonstrate that estates, IM&T and workforce strategies are an integral part, and that any relevant national service targets that apply to the scheme planning period are covered.
- 1.13 To demonstrate that the new capital investment and associated configuration are compliant and sustainable, the SOC must identify the associated service and clinical practice changes, as well as parallel capital and revenue investment across the trusts and, where relevant, the local health system.
- 1.14 For service change and reconfiguration proposals that are subject to the NHS England process outlined in paragraph 1.8, there must be clear and early confidence that a proposal satisfies the government’s four tests of service reconfiguration. Further detail is included in NHS England’s guidance *Planning, assuring and delivering service change for patients*. The four tests are:
- strong public and patient engagement
 - consistency with current and prospective need for patient choice
 - clear, clinical evidence base
 - support for proposals from commissioners.
- 1.15 The SOC should generally be consistent with the guidance in the *NHS Capital investment manual* (CIM). Trusts should also consult the guidance on preparations for a scheme to be advertised in *OJEU*. However, *OJEU* guidance supersedes some of the content of CIM and should take precedence.
- 1.16 The SOC should be prepared to a level of detail that meets the information requirements in this guidance; however, it is not anticipated that the SOC document will exceed 40 pages **plus** the technical schedules. To facilitate assessment, the SOC should closely follow the requested format.
- 1.17 SOC’s that don’t meet the requirements of this guidance are unlikely to be approved and should not be submitted.
- 1.18 The principles of the SOC should be maintained and further developed through the production of the OBC and FBC.