

Business Case Policy

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Services	Applicable
Trust wide	X
Mental Health and LD	
Community Health Services	

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1 INTRODUCTION

- 1.1 This policy outlines the process for the preparation and approval of business cases. A business case is a proposal seeking authorisation associated with a change to the business for example:
- To bid to provide new, extended services or reprocurments.
 - To buy or rent new/replacement services, goods, plant or real estate that have an increase in cost above the agreed budget.
 - To apply for national Public Dividend Capital from NHS England for the above
 - To dispose of an asset or terminate services
- 1.2 The business case should capture all relevant factors and tell people about the what, when, where, how and why of the proposed development. In addition, the case should capture enough information to allow the reader to appraise the facts provided, understand the assumptions and be able to reach a conclusion on whether the case should proceed or not.
- 1.3 As such the case will provide a high-level view of the entire development and articulate the impact on all Directorates, services and teams that may be affected by it.
- 1.4 The business case is an internally facing document that is a vehicle to allow the Trust to make appropriate decisions and be transparent in how and why public funds are being spent and on what. It does not replace externally facing documents, such as tender bids that may be required to seek funding from Commissioners, these will need to be completed alongside the internal business case.

2 WHEN IS A BUSINESS CASE REQUIRED?

- 2.1 Business cases are required for: -
- All capital investments or disposals over £750k
 - Revenue service developments/purchases above the agreed budget over £50k per annum
 - Income contract changes above the minimum threshold of £50k per annum
- Costs stated above should include VAT if this is not recoverable.
- 2.2 Where service developments or changes have **total** costs below the £50k minimum threshold, the Directorate Management Team or equivalent Corporate Services Management Team must document the changes via a formal proposal. These proposals will not usually need to be developed into a full business case, however, the request to exceed agreed budget limits must be highlighted to the Finance Business Partner and Associate Director of Finance. A business case can be requested when the costs are below £50k where particular risk factors have been identified, e.g. reputational risk.
- 2.3 If the funding is capital in nature and below the £750k minimum threshold, the initial request must first be made to the Capital Programme Steering Group for approval to ensure that the scheme is included within the capital programme managed by this group. The process is described in full in the Capital Investment Policy.

- 2.4 Business cases are not required for normal budgetary changes within existing approved resources; these will fall within existing budget virement controls, e.g. replacement of staff and renewal of contracts.
- 2.5.1 Cost/demand pressures of over £50k identified during business planning (pay and non-pay) will need to be accompanied by a business case. No business case will be required for cost pressures relating to inflation or price uplifts within an existing contract, however, these must be highlighted during budget setting. Cost/demand Pressures that fall under £50k would be expected to be managed within existing budget allocations.

3 BUSINESS CASE GUIDING PRINCIPLES

- 3.1 The development and approval of business cases is guided by a number of principles. These include, but are not limited to:
- Alignment to Trust strategic objectives.
 - Financial viability must be viewed in the context of the Trust needing not only to cover all costs, but to generate positive returns on its investments to maintain financial sustainability in a climate of expanding services and challenging efficiency targets. Business cases proposing new service developments will be expected to deliver an appropriate contribution to Trust overheads.
 - All business cases proposing new clinical activity or changes to activity will need to demonstrate commissioner support in terms of the impact on the Trust's service level agreements (SLAs) and income contracts.
- 3.2 Where business cases are approved, the Chief Finance Officer will ensure the necessary budgetary adjustments, both part year and full year, to reflect agreed resource allocations.

4 TECHNICAL SUPPORT

- 4.1 It is important business cases for spend are developed and owned by the Directorate Management Teams. Support service functions will provide pro-active technical support during the development stages. The table below sets out the type of support available:

Estates	Capital costs, planning requirements, building space
Digital	Capital costs, digital requirements
Finance	Financial content, appraisal requirements, investment criteria
Commercial Development	Contract implications, competition on tenders, appropriate routes to market, commerciality
Procurement	Competition on tenders, appropriate routes to market, compliant contracting
People and Culture	Workforce planning, recruitment timescales
Performance	Demand and capacity modelling
Information Governance	Governance arrangements, data sharing

- 4.2 On commencement of a business case, the author will be assigned a senior business case sponsor to help navigate the support services identified above and ensure an integrated approach.

- 4.3 For all business cases relating to income contracts, either for changes to existing contracts or proposals to take on a new income service contracts, the Commercial Development Directorate will continue to provide central oversight and management of all opportunities. All opportunities will have an allocated lead from within the Business Development team, and they will retain responsibility for all external submissions to Commissioners/funders. No income business cases should be progressed without involvement of the Commercial Development Directorate, who will in turn ensure involvement of all other relevant support services.

5 BUSINESS CASE PROCESS

- 5.1 **Stage 1 - Idea:** To prevent time being spent unnecessarily on developing full business cases, all expenditure business case proposals must be initially submitted via the Stage 1 Business Case Idea form (see Appendix A). This form is designed to provide a high-level position statement of the proposal being considered and outline the rationale behind the initiative. The Ideas form must be signed off by the Directorate Management Team before being submitted. Income opportunities will be identified and highlighted by the Business Development team through existing horizon scanning processes and tender briefings when required.
- 5.2 Stage 1 forms will be reviewed by an independent business case panel who will decide whether or not the proposal should proceed to Stage 2.
- 5.3 **Stage 2 - Full Business Case [FBC]:** Following support to proceed from the panel the case itself must be fully developed, costed by finance and signed off.
- 5.4 The business case proposal will be registered on the centrally held Business Case Tracker and the business case owner will be provided with the Business Case template for population.
- 5.5 To initiate the costing process a Costing Request Form (Appendix B) needs to be submitted to the relevant Finance Business Partner. Draft costings will then be provided for review. These have not yet been approved so should not be used or shared outside of the business case process. These draft costings will then be used by the lead accountant supporting the business case and to provide the details of the financials to be included in the case.
- 5.6 Key components of a business case are: -
- Strategic Case
 - Is it needed?
 - Why do we need change?
 - Risks and benefits?
 - Economic Case
 - Is it good value for money?
 - What options have been considered?
 - Which option has been chosen and why?
 - Commercial Case
 - Contract issues
 - Procurement requirements
 - Financial Case
 - How will the costs be funded?
 - What savings will be generated?
 - Management Case
 - How is it going to be delivered?
 - What is the impact?
- 5.7 To reflect the above the business case template (Appendix C) includes sections for:
- Case for Change
 - Options
 - Financial analysis

- Impact on activity and or SLA implications
- A delivery plan encompassing procurement requirements
- Risks of going ahead
- Expected benefits
- Environmental impact

5.8 The business case owner is responsible for completing the Business Case and gaining the approval of the Directorate Management Team or Corporate Services equivalent. All business cases submitted for approval must be completed in full and be signed off, otherwise they will be rejected and not considered. All income cases must be approved by the Commercial Development team. A final financial assurance check will be undertaken by the Associate Director of Finance (or nominated deputy) before submission to the Business Case Review Group.

5.9 As the key point of progress and assurance testing for the Executive Team the Business Case Review Group will ensure: -

- All business cases support and enable the delivery of the Trust's strategic objectives;
- Business cases are benefits driven and are delivered within the principles of recognised programme / project management frameworks;
- There is ongoing monitoring arrangements for benefits realisation, with programme / project plans changed appropriately if projected benefits are not being realised;
- There is a structured approach to identifying and managing risks and issues;
- Clearly defined communications and engagement plans are developed and delivered across all programmes;
- Post implementation reviews are undertaken, success is celebrated and lessons learnt from experience are shared.

5.10 **Stage 3 – Approvals:** Sections 6 and 7 sets out the approving committees and the delegated approval limits. All business cases must be reviewed and approved by the Business Case Review Group before submission to the relevant body for formal approval.

6 APPROVAL FOR BIDS TO PROVIDE NEW SERVICES/SERVICE DEVELOPMENTS/TERMINATIONS AND REVENUE EXPENDITURE

6.1 The approving body for business cases will be based upon the value of the case, this reflects the financial limits set out in the Standing Financial Instructions.

All cases will initially be reviewed by the Business Case Review Group, subsequent to this: -

- The Chief Financial Officer can approve business cases where the value is greater than £50k but less than £200k per annum.
- The Executive Management Team can approve business cases where the value is greater than £200k but less than £750k per annum.
- The Finance, Business and Investment Committee can approve business cases where the value is greater than £750k but less than £2m per annum.

6.2 Business cases with a value of £2m or more will be reviewed by Finance, Business and Investment Committee, following their recommendation the case will be submitted to the Trust Board for approval.

7 APPROVAL FOR BIDS FOR CAPITAL EXPENDITURE OR DISPOSAL OF CAPITAL ASSETS

- 7.1 The approving body for business cases will be based upon the value of the case, this reflects the financial limits set out in the Standing Financial Instructions.
- 7.2 The Capital Programme Steering Group can agree a business case to be submitted to the Business Case Review Group, BCRG will then review the case and make recommendations to the Finance, Business and Investment Committee to approve cases where the value is greater than £750k but less than £2m.
- 7.3 Business cases with a value of £2m or more will be reviewed by Finance, Business and Investment Committee, following their recommendation the case will be submitted to the Trust Board for approval.
- 7.4 Capital investments in excess of £25m will require a business case to be submitted and approved by NHS England.

8 VARIATION TO APPROVED FINANCIALS

- 8.1 During implementation of a project if any additional funding is required above what has already been approved by the relevant committee(s) then a 'variation to approved business case financials' (Appendix D) will need to be completed and submitted to the Chief Finance Officer for consideration. Changes over £50k will need to be considered by the Business Case Review Group and will then be directed in accordance with the above approval limits. This is to ensure that any financial changes to a business case are identified, recorded and approved properly.

9 EMERGENCY PURCHASES/BIDS

- 9.1 By exception business cases can bypass the Business Case Review Group if there is an urgent need for funding/submission of a bid but this must be agreed by the Chief Financial Officer. An "emergency" purchase may be necessary for key clinical continuity that precludes the usual timing for business case appraisal. The Business Case Template should be completed with as much detail as practical in the time available. A full business case will need to be completed retrospectively and submitted to the next BCRG.

10 POST PROJECT EVALUATION

- 10.1 All business cases will be expected to include measurable benefits - key performance indicators (KPIs) and quality indicators, with baseline figures and clearly defined milestones to ensure future performance can be reviewed.
- 10.2 All business cases with a value greater than £1m (or as specifically requested by the approving committee) will have a Post Project Evaluation by the Business Case Review Group a year after approval to monitor achievements against KPIs, key milestones and stated benefits.

APPENDIX A

BUSINESS CASE IDEA

Stage 1

Business cases are required for all capital investments over £750k, service developments and income contract changes above the minimum threshold of £50k. This applies to the annual value or total quantum of change whichever is higher.

Requestor Details

Name:

Job Title:

Directorate/Support Service:

E-Mail:

Telephone:

1. Summary of Idea, main objective and main intended benefits:

Enter Text - No more than 5-7 sentences

2. Checklist:

Please select the items that will need to be considered as part of your idea:

Staffing

- More Staff/New Roles ☐
- Restructure/Regrade ☐
- Redundancy ☐

Digital

- Hardware – Laptops/Desktops/iPad ☐
- Mobile Phone ☐
- System ☐

Estates

- Relocation ☐
- Additional space ☐
- Additional equipment (desks etc.) ☐
- Car Parking ☐

Information Governance

- Processing data in anyway ☐

Information/Performance

- Reporting ☐

Patients

- More Activity ☐
- Quality Improvements ☐

Finance & Procurement

- Tender/Market/Proposed Supplier ☐
- Contractual Requirement ☐
- One off ☐
- Long term commitment ☐
- Cost ☐
- Income ☐
- Savings ☐

Timescale for implementation

- 1-3 months ☐
- 3-6 months ☐
- 6-12 months ☐

3. Expected scale of expenditure with what is likely to be the preferred option

Please tick one of the following: -

- £0 - £50k ☐
- £51- £500k ☐
- £501k - £1m ☐
- £1m - £5m ☐
- Over £5m ☐

Prioritisation

- | | | | |
|---|------------------------------|-----------------------------------|-----------------------------------|
| Level of safety/ security concern? | Low <input type="checkbox"/> | Moderate <input type="checkbox"/> | High <input type="checkbox"/> |
| Is the issue on the Trust Risk Register? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Red risk <input type="checkbox"/> |
| Is there a statutory/regulatory requirement? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Maybe <input type="checkbox"/> |
| Contribution to clinical effectiveness | Low <input type="checkbox"/> | Moderate <input type="checkbox"/> | High <input type="checkbox"/> |
| Contribution to operational efficiency | Low <input type="checkbox"/> | Moderate <input type="checkbox"/> | High <input type="checkbox"/> |
| Impact on improving health inequalities | Low <input type="checkbox"/> | Moderate <input type="checkbox"/> | High <input type="checkbox"/> |
| Contribution to staff recruitment and retention | Low <input type="checkbox"/> | Moderate <input type="checkbox"/> | High <input type="checkbox"/> |
| Are we incurring unbudgeted recurrent costs? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Maybe <input type="checkbox"/> |
| Must be done within 12 months | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Maybe <input type="checkbox"/> |

4. Sign off - I can confirm that the above proposal and associated checklist has been reviewed and agreed by the Directorate Management Team (or support service equivalent) ☐

APPENDIX B

COSTING REQUEST FORM

Name	
Job Title	
Business Case	
Email	
Date request completed	

Description of service to be provided	
Commencement Date	

STAFFING REQUIREMENTS

Band	Head Count	WTE	Existing Staff Member?	Contract Type	Shift Patterns (Start, Finish and Break Times)	Base	Leave & Sickness Cover Required?
				<input type="checkbox"/> Bank			
				<input type="checkbox"/> Fixed Term			
				<input type="checkbox"/> Permanent			
				<input type="checkbox"/> Secondment			
				<input type="checkbox"/> Bank			
				<input type="checkbox"/> Fixed Term			
				<input type="checkbox"/> Permanent			
				<input type="checkbox"/> Secondment			
				<input type="checkbox"/> Bank			
				<input type="checkbox"/> Fixed Term			
				<input type="checkbox"/> Permanent			
				<input type="checkbox"/> Secondment			
				<input type="checkbox"/> Bank			
				<input type="checkbox"/> Fixed Term			
				<input type="checkbox"/> Permanent			
				<input type="checkbox"/> Secondment			
				<input type="checkbox"/> Bank			
				<input type="checkbox"/> Fixed Term			
				<input type="checkbox"/> Permanent			
				<input type="checkbox"/> Secondment			

STAFF TRAVEL

Head Count	Miles per week

ESTATE / WORK SPACE

Tick as required	Details
Existing estate	
Other Healthcare Provider	
External	

OTHER REQUIREMENTS

Tick as required	Quantity/Details
Advertising	
Drugs	
Equipment	
Laptops/Mobile phones	
Training	
Other	

Confidential & Commercially Sensitive

Not for Onward Circulation

Business Case Ref & Title

Author:	
Directorate/Support Service:	
Version:	
Date:	

Reviewed By	Name	Signature	Date
Service Lead:			
Directorate Lead:			
BC Sponsor:			
Executive Sponsor:			

Approving Body	Date	Version	Comments
CFO:			
EMT/CPSG:			
FBIC:			
Trust Board:			

Document History

Version	Status (Draft/Final)	Date	Changed by / Issued to

Costing Summary - *To be completed prior to submission by Finance, following sign-off by the Associate Director of Finance*

Year 1 Spend (£'000) - Capital		Funding Source	
Year 1 Spend (£'000) - Revenue		Funding Source	
Total Spend (£'000) - Capital		Funding Source	
Total Spend (£'000) - Revenue		Funding Source	
FBP Sign off			

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- 2. CASE FOR CHANGE**
- 3. OPTIONS**
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- 5. ACTIVITY AND CONTRACT IMPLICATIONS**
- 6. OPERATIONAL IMPLICATIONS**
- 7. DELIVERY TIMETABLE**
- 8. BENEFITS REALISATION**
- 9. ENVIRONMENTAL IMPACT**
- 10. STAKEHOLDERS**

PLEASE READ BEFORE PROCEEDING

This Business Case Template has been developed in line with the Trust Business Case Policy.

ALL business cases must demonstrate involvement of all relevant stakeholders in preparing the case, and only include costings/finance information which has been signed off by an Associate Director of Finance.

Once you have a business case has been finalised and reviewed, it must be submitted to the Business Case Review Group for agreement to then proceed via the necessary approvals route.

Please **DO NOT** embed any documents into your business case as these will not be readable once the document is PDF'd. Please either include the information within the case or refer to an appendix and send as a separate document.

1. EXECUTIVE SUMMARY

[Insert text] Provide a clear introduction to the business case, how it is structured, who prepared it and if and where external advisors have been used. State the need/problem the business case is seeking to address, the funding being requested, outline the solution being proposed and why this will address the need/problem.

2. CASE FOR CHANGE

2.1 Scope / Context

[Insert text] Summarise the background to the proposal and the purpose of the case including any relevance to Directorate aims and objectives.

Define the scope and context of the initiative including all services / functions affected by the initiative and any assumptions underpinning the business case.

2.2 Clinical Case

[Insert text] Address why this is the best thing for patients and the benefits this will have on clinical outcomes. This could include delivering the Mental Health Long Term Plan, evidence based research or addressing SI and risks

2.3 Management Case

[Insert text] Address why this is the best thing for the organisation, including how this links to delivering strategic objectives, meeting CQC action points and the wider Integrated Care System.

2.4 Current Provision

This section should only be completed when the business case relates to reprocurement of an existing service and should provide a brief overview of the current provision, finance and performance information and highlight any issues with the current contract.

7 OPTIONS

All cases must include a “Do Nothing/Do minimum” option. The Strengths, Weakness, Opportunities and Threats of all options should be considered.

Option	Description	Reject / Accept	Reason for Rejection / Acceptance
Do Nothing			
Option 1			
Option 2			

Following the above state the preferred option and how this optimises value for money.

8 FINANCIAL ANALYSIS

[Insert text] This section should include full cost details, workforce requirements, funding streams, phasing and any efficiencies.

This must consider revenue and capital implications over the life of the project.

This section requires risk ratings to be included, calculated using the Trust Risk Matrix.

4.1. Resources

This section should outline the proposed resources required and the rationale for including them. Examples have been provided in *red* which can be deleted once completed.

Resourcing Risk Score	(Impact)	(Consequence)	(Score) [RAG]
-----------------------	----------	---------------	------------------

Staffing Resource			
Role	Band	WTE	Rationale
<i>Community Rehabilitation Support Worker</i>	<i>3</i>	<i>1.0</i>	<i>Reduce the need for escalation and clinical input through support patients with non-clinical rehabilitation tasks and risk reduction.</i>

Non-staffing Resource Requirements	
Item	Rationale
<i>Specialist Lifting Aid/ Hoist</i>	<i>Enable Community Rehabilitation Worker to safely lift patients as per NICE guidance</i>

4.2. Cost Implications

The Finance and Commercial Development teams will support in the population of appropriate tales and commentary for this section. Please complete the Costing Request Form (Appendix B in the Business Case Policy).

Finance Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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9 ACTIVITY AND CONTRACT IMPLICATIONS

[Insert text] *Include a clear list of the expected activity changes and completed demand/capacity modelling. Any associated contract implications should be detailed, including subcontractors if required. Include the proposed procurement route and key features of proposed commercial arrangements.*

This section requires risk ratings to be included, calculated using the Trust Risk Matrix.

5.1. Contracts

Contracts Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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5.2. Performance

Performance Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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5.3. Data & Analytics

Data & Analytics Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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10 OPERATIONAL IMPLICATIONS

[Insert text] *Outline the operational implications of implementation, resources required and ongoing corporate services implications. Implications on digital and estates teams must be considered as a minimum, with other teams added if required.*

This section requires risk ratings to be included, calculated using the Trust Risk Matrix.

6.1. Digital

Digital Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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6.2. Estates

Estates Risk Score	(Impact)	(Consequence)	(Score) [RAG]
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11 DELIVERY TIMETABLE

[Insert text] Provide a description of the key deliverables, timescales for realisation and project team structure.

12 BENEFITS REALISATION

This section should describe the expected benefits from proceeding with the case.

Benefit	Desired Outcome	Output	Metric

13 ENVIRONMENTAL IMPACT

This is an optional section depending upon the nature of the case. Where relevant it should provide a description of the environmental impact, both positive and negative, that a new system, service or product will have on the Trust, its staff, persons who use services and suppliers of the proposed initiative. This should consider the impact upon Net Zero, Sustainability, the Trust's Green Plan and Estates Environment Strategy Principles.

The positive impacts can include:

- Reduced energy and material costs for example through reduced travel and reduced printing, reduced electricity consumption.*
- Reduced cost in waste, and consequent waste management for example through reducing the creation of waste.*
- Reduced cost through efficiency of work practices for example through the digitisation of manual processes or stream lining of existing processes.*

14 STAKEHOLDERS

Please identify other individuals, not already listed, who have been involved in preparing this case. Include external stakeholders where appropriate

Role	Name
Finance	
Estates	
Digital	
Procurement	
Information Governance	
Clinical Governance	
Business Development Unit	
Other (specify)	
Other (specify)	

APPENDIX D

VARIATION TO APPROVED BUSINESS CASE FINANCIALS

Business Case Title	
Business Case Owner	
Business Case Approved Budget	
Revised Budget Requested	
Additional Capital Funding Requested	
Additional Revenue Funding Requested	
Comments/Justification for Change	