

How to prepare a business case

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Contents

- Introduction: why a business case?
- Structure of a Business Case
- Documentation
- Governance
- Who can I seek support from?

Introduction: Purpose

Planning or management tool

To obtain support/resource to implement a course of action in order to meet an identified business need

OR

To get support/resource to address a recognised risk that commits resource of the trust

Why a business case?

- To ensure money, people, time is spent in the right way
- To align with the vision/ strategy of the hospital

Should address some or all of the following:

- Improve quality, patient experience, clinical outcomes or patient safety
- Enable target achievement
- Maintain / achieve accreditation
- Ensure resilience in performance
- Respond to changes in the field/market/area
- Capacity for changes required to meet future demand
- Deliver services more efficiently
- Demonstrate a return on the investment
- Address a risk on the Trust Risk Register

Preparing for a business case

- What is the case for the change and does it provide fit in terms of strategy?
- What is the proposal and can the resources be obtained/procured?
- Can this be delivered?
- Is the business case affordable?
- Does this proposal provide value for the money/resource/time/personnel?

Types

Capital Investment

- Major medical equipment, minor medical equipment, refurbishments, building work, IT services

Revenue Investment

- Service changes that can be made with little or no investment in capital assets
- Usually relates to investment in people and/or consumables in order to develop or change a service

Documentation

Capital & Revenue	Documentation
< £100k capital	SIPLite
< £15m capital	Summary Investment Proposal (SIP)
Revenue	Summary Investment Proposal (SIP)

Summary Investment Proposal – Executive Summary Insert title for case

Background to the case (Problem to be solved):		Summary Resources (Finance £000's) – Capital Impact											
<ul style="list-style-type: none"> • A • B • C • D • E • F • G • H • I • J • K • L • M 		Preferred Option:	Year 1	Year 2	Year 3	Year 4	TOTAL						
		Capital Cost – Building											
		Capital Cost – Equipment											
		Capital Cost – IT											
		TOTAL Capital Cost											
		Funded By:											
		Capital Programme											
		Charitable Contribution											
		Other (please state)											
		TOTAL Capital Funding											
Summary Resources (Finance £000's) – Revenue Impact		Governance, Execution, Delivery, Post Implementation review											
Category	Description	WTE %	FYE £	2018 Total	FYE £	2019 Total	Investment Progression	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Income	N/A						BORG approval						
Expenditure	Pay						ISC approval						
	Non-Pay						Trust Board approval						
Expenditure	Savings - <i>Qtr</i>						KPI Tracking						
	Total						1						
Margin	Total						2						
Overhead	Total						3						
Non-Operating Items	Total						4						
Sun(ded)	Total						5						
							Post Investment Evaluation						

Type	
Outline Business Case (OBC)	Capital or revenue needing NHSI approval
Full Business Case (FBC)	Capital or revenue needing NHSI approval

SIP Template Structure

Executive Summary	<ul style="list-style-type: none">• Background to the case• Summary of resources• Governance and delivery• Objectives and Benefits• Recommended option summary• Benchmarking / Best Practice
Background	<ul style="list-style-type: none">• Drivers for change (why, what, risks, demand, change to the service, commissioning- service review or going out to tender?)
Options Appraisal	<ul style="list-style-type: none">• Details of the investment• Outcomes• Benefits• Is it realistic• Risk impact
Risks & Constraints	<ul style="list-style-type: none">• Risks & mitigating actions• Criteria for success• Enablers
Activity and Finance	<ul style="list-style-type: none">• Activity implications• Workforce implications• Revenue and Capital details
Checklist	<ul style="list-style-type: none">• Have you engaged with all required stakeholders?

Executive Summary

Executive Summary should be a brief outline of the key message

Background

- Outline the problems
- Why is this investment important?
- Quantify

Opportunities / Benefits

- Benefits (Patients, Staff, organisation)
- Improvements, potential efficiencies

Objectives

- To improve A from x to y by when

Benchmarking

- National standards / benchmarking
- Outline how the case will improve

Recommendations

- Brief summary of the preferred option
- Timescale for implementation
- Cost – capital & revenue

Summary Resources

- Capital requirement
- Revenue impact

Governance & Delivery

- Timeline
- Key Performance Indicators

Background

Drivers

- Why the investment is required?
- What issues is the service currently facing?
- What risks need addressing?
- Future demand changes - is activity growing / reducing
- Changes to the market / the way the service needs to be delivered
- New technology that changes the way the service can be delivered / create efficiencies
- Commissioning arrangements - is the service due to be reviewed or go out to tender?

Evidence

- additional supporting information
- Benchmarking
- Operational standards

Objectives

- Develop SMART objectives

Specific

Measurable

Achievable

Realistic

Time bound

To *improve throughput of service* from x to y within
x years

*To increase capacity by 5
additional beds to meet
demand until 2023/24*

*To improve compliance
with targets in stroke by
2019/20*

*To increase overall
bed capacity by a
minimum of 90 beds
by 2020/21*

Risks and Constraints

Risks

- Outline description of the risks that are to be addressed by the case
- Risk Score (e.g. Datix reference number)
- Mitigating actions needed

Criteria for Success / Enablers

- Are there any things that **MUST** be in place for your scheme to be a success?
- Is the case linked to any others?

Constraints

- Areas for consideration
 - Location
 - Clinical adjacencies
 - Cost
 - Timeframe

Options Appraisal

Development of Options

- Review and identify a wide range of possible solutions

The long list of options should include as a minimum:

- Business as usual
- Do minimum
- 2 other viable options



Stakeholder sessions help develop different ideas - make sure you involve the right people

Options Appraisal – review your options using the following questions:

- Will this solution meet your investment objectives (Strategic Fit)
- Does the option address the issues and risks identified (Drivers)
- Will this solution provide all of the benefits identified?
- Is there a market place / does the technology exist / are the staff available?
- Is it realistic and achievable?
- Is it affordable?

Benefits

- What are the benefits?
- Who is the main beneficiary?
 - Hospital/Trust
 - Patients
 - Commissioners
 - Staff
 - Wider Society?
- How will it be measured?
 - Is it cash releasing
 - Is it quantifiable
 - Is it qualitative

*Reduce cancellations
due to non-availability
of critical care bed*

*Reduce spend on
external reporting by
£50k*

*Better theatre utilisation
From 75%
To 85%*

*Reduce average LOS for
all supported patients
from 11 to 9 days*

Activity and Finance

Activity implications

- Outline the activity increases or decreases
- Do commissioners support these changes?
- Evidence for changes

Workforce implications

Outline the workforce changes / requirements and consider

- Staffing Model
- Alternative staffing options
- Are these all additional posts
- Existing vacancies that could be used
- Implications on other services

How available are the staff?
How easy is it to recruit?

Activity Implications of the preferred option

The following additional activity has been added to the 2021/22 activity plan to be agreed by commissioners:

POD	Tariff Price / Average Tariff Price (incl MFF & CQUIN)	2021/22				2022/23			
		Oct-Dec		Jan-Mar		Total			
		£	Units	£	Units	£	Units		
Outpatients									
OPFA/PCCL	8456	1	570	1	570	3	1,139	5	2,278
OPFUSPL	2351	195	45,031	195	45,031	390	89,063	780	180,125
OPFASPL	8423	67	568,436	67	568,436	135	1,136,872	269	2,273,742
OPFUVPL	2158	11	23,907	11	23,907	23	50,813	45	111,626
Total Outpatients		275	478,345	275	478,345	550	1,253,889	1,089	2,585,771

Workforce implications (WTE) of the preferred option

Role	Band	Current (wte)	Proposed (wte)	Funding uplift (wte)
Paediatric Neurology Consultant		3	3.6	0.6
Clinical fellow		0	1	1
Paediatric Pharmacist	Band 8	0	0.8	0.8
Specialist Physiotherapist	Band 7	0	1	1
Specialist Neurology Nurse	Band 7	0	0.75	0
Administrative Assistant (Speciality PA)	Band 4	0.2	1.8	1
TOTAL		3.2	8.55	4.40wte

The establishment change is based on the booking rules to deliver the above activity as well as addressing some of the challenges outlined above. As mentioned above the cost of this additional investment will be paid for from the income to be generated from the proposed activity plan provided the commissioners agreed to fund the increased activity plan to match

Activity and Finance

- Revenue implications
 - Staffing
 - Maintenance
 - Leasing equipment
- Capital implications
 - Estates (building/infrastructure) costs
 - Medical equipment costs
 - Other equipment costs
 - ICT equipment / licensing costs

Directorate of Estates & Facilities Management
Form GDFM (Version 2.1 - April 2017)

Nottingham University Hospitals

Cost Plan		Stage 4 - Construction Stage - Tenders received and cost known. Low risk 9% Cost variance					
SEE NOTE 1000							
Scheme Name	Relocation of Brachytherapy to Simulation Room						
Finance Code	Finance Code to go here						
Expense Code	Expense Code to go here						
Scheme Number	C15100108-10						
Estates & Facilities Management Lead	Bob Ford						
Date	14.03.19 (adding fees as confirmed)						
Quantity	Unit	Consultant	% Fees	Cost £	VAT £	Total £	Comment
001				241,774.35	49,354.87	290,129.22	
				454,700.00	90,952.00	545,712.00	
Sub Total 1				696,534.35	130,306.87	826,841.22	
		XBS 999 XDV 515	-20.00%			27,861.37	Revised as K Langmark email - Assume 20% VAT recovery pending confirmation via Finance/EC
Recoverable VAT						27,861.37	
Consultancy Team							
001		James Toby Partnership	2.00%	6,821.66	-	6,821.66	as framework for Arch/Lead/CA
001		D W Equine	0.00%	5,300.00	-	5,300.00	stage 3-4 only on HBC as DAB
001		(no in JTP as lead consultant)	0.00%	-	-	-	stage 3-4 only on HBC as DAB
001		Muller Ltd	0.00%	6,250.00	-	6,250.00	£470 HBC works - £1000 Capital admin
001		BWV	0.00%	3,500.00	-	3,500.00	stage 3-4 only on HBC as DAB
001		Principal Designer	0.00%	3,000.00	-	3,000.00	£200 for PD via JTP
001		James Toby Partnership	2.04%	4,932.20	-	4,932.20	At present there is 100% VAT recovery
001		Hil Lawrence?	0.00%	-	-	-	in all Consultancies
001		Project supervisor (building fabric)	-	-	-	-	Code for 100% VAT Recovery
001		Project supervisor (building services)	-	-	-	-	in 95000 XDV 016
001		Water Installation Advisor	-	2,500.00	-	2,500.00	Code for 100% VAT Recovery
001		B Faver Database Update	-	-	-	-	
001		Energy Conservation	0.00%	-	-	-	
001		Access Survey	0.00%	1,600.00	-	1,600.00	would need to obtain quote
001		ICT Consultant	0.00%	-	-	-	
001		Other (Stage 1 O&M via ICL)	0.00%	46,700.00	-	46,700.00	
Sub Total 2				62,533.86		62,533.86	0.65%
Equipment							
005		Medical Equipment	-	33,283.00	6,656.60	39,939.60	Revised as K Langmark email
003		IT & Telephone Cabling (Part of Main Contract)	-	-	-	-	Contact Lee Winton (IT) insert date
005		Other Equipment	-	-	-	-	Information Required (insert date)
007		Group 2 items (eg. Fire extinguishers)	-	-	-	-	Contact Trust Fire Officer (insert date)
007		Group 3 and 4 items (e.g. Furniture)	-	-	-	-	Information Required (insert date)
008		Transport	-	-	-	-	to be confirmed by Client (RM insert date)
008		Other (please specify)	-	-	-	-	Information Required (insert date)
Sub Total 3				33,283.00	6,656.60	39,939.60	

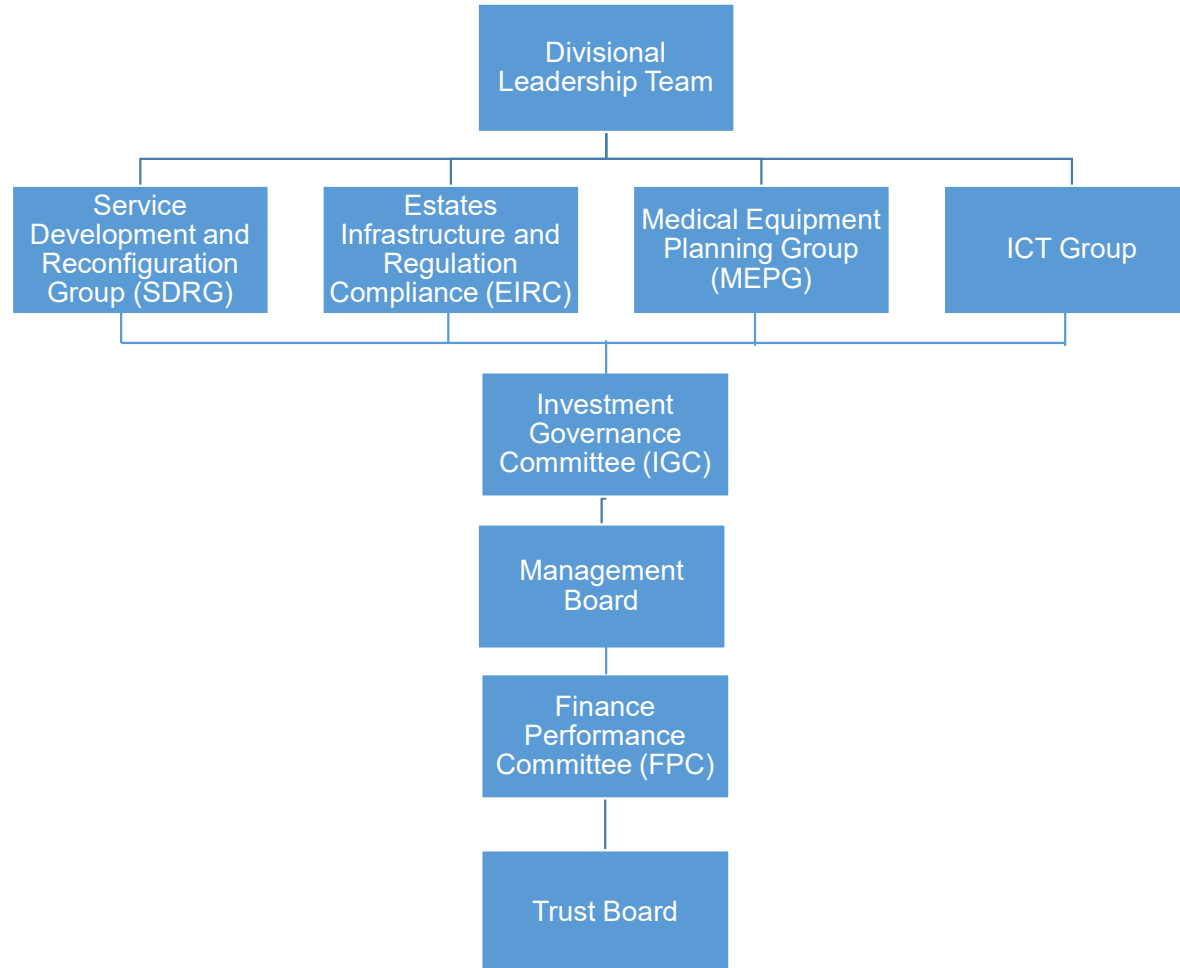
Revenue Impact of the preferred option

Category	Description	W/E +/-	P/YE £	SLR 2019	P/YE £	SLR 2019
Income	N/A					
Expenditure	Pay					
	Non-Pay					
	Savings - Div					
Expenditure	Total					
Margin						
Indirect	Total					
Overhead	Total					
Surf/def	Total					

Capital requirements of the preferred option

	Year 1	Year 2	Year 3	Year 4	TOTAL
Preferred Option:					
Capital Cost - Building					
Capital Cost - Equipment					
Capital Cost - IT					
TOTAL Capital Cost					
Funded By:					
Capital Programme					
Charitable Contribution					
Other (please state)					
TOTAL Capital Funding					

Governance



Governance and Delivery

Governance

- Think about the governance process – plan enough time!
- If your case makes a loss it will need to go to Management Board / Trust Board for approval

Implementation

- **Create a detailed Delivery Plan**
 - Key milestones to be included in the Exec Summary section

Think about the following:

- Recruitment plan
- Procurement / Capital build timelines
- Resources (have you got the right resources to delivery the project)
- Project Implementation Evaluation (PIE)

Governance and Delivery

Benefits Realisation

- Outline how you will monitor implementation
- Key performance indicators
- When will you undertake a project evaluation?

Risk Management

- Outline how you will manage risks through implementation
- Mitigating actions

Risks (including BAF), Criteria for Success and Constraints		
Risks	Risk Rating	Mitigating Actions
Recruitment of staff (specifically consultant)	High	Recruitment strategy to be developed in conjunction with new people director.
10 additional beds not being enough to support acute medicine pathway due to activity growth	High	Trust to identify additional mitigations to increase admitting capacity.

Who do I call for support?

- **Investment Programme Group**
 - Regular meeting, for leads to discuss their schemes and gain advice
- **Investment Case Guidance and all business case templates should be available in your trust**
- **Business development group**
- **Finance**
- **Capital**
- **Other areas:**
- **ICT**
- **Medical equipment**

Thank you

Questions

