

Revised Capital Investment Business Case Procedure February 2005

A revised process for developing proposals for capital investment in Wales was issued by the Welsh Assembly Government on 2 February 2005 as WHC (2005) 014

Key elements

- **Five Case Model** to be introduced
- New delegated limits
- Accreditation scheme
- Implementation of **Procurement Centre of Excellence** in NHS Wales
- Possible introduction of OGC **Gateway Reviews**
- Advanced training
- Re-write of the capital investment manual (CIM)
- Recruitment of experienced business case practitioners
- National call off contract for external consultants
- Appointment of experienced scrutineer

The Five Cases **The Strategic Case**
The Economic Case
The Commercial Case
The Financial Case
The Project Management Case

Key Elements

Three Stages

Strategic Outline Case (SOC) (WHC 2004 011)
 Outline Business Case (OBC)
 Full Business Case (FBC)

Demonstrates the service need
 Justifies the preferred option
 Subjects investment to rigorous analysis

Delegated Authority Limits

Land and buildings with capital cost over £2m

Caveats and Exclusions

Primary care estate covered by WHC (2004) 55, but LHBs must use this process to access central funds for major projects

IM&T schemes with whole life cost over £2m
 IHC projects over £1m

IHC has set the strategic direction for IM&T investment

Equipment leases with whole life cost over £2m
 Any other one-off capital purchase over £0.5m
 Any novel or contentious developments

Major engineering projects will not normally need an SOC
 Major medical equipment projects will not normally need an SOC

This aide memoire has been produced by Healthcare Alliances and does not necessarily represent the policy of the Welsh Assembly Government. It is designed to be read in conjunction with the substantive document which can be requested from Martin Sollis, Chief Accountant, Resource Directorate, Health & Social Care Department, Welsh Assembly Government, Cathays Park, Cardiff, CF10 3NQ



Revised Capital Investment Business Case Procedure

OBC and FBC Contents

The Outline Business Case

- 1 Executive Summary**
- 2 The Strategic Case**
 - Snapshot of the Organisation
 - Business strategy and drivers
 - Prioritised investment objectives
 - Current strengths, gaps, needs
 - Ranked stakeholder benefits
 - Risk mitigation and management
 - Constraints and dependencies
- 3 The Economic Case**
 - CSFs and benefits criteria
 - Long-list of options with SWOT analysis
 - Short-listed options:
 - detailed description and review
 - economic appraisal: cost, benefit, risk
 - appraisal of non-financial benefits
 - risk assessment: financial/operational
 - sensitivity analysis
 - Preferred option
- 4 The Commercial Case**
 - Possible deal in outline, the potential:
 - scope and services / charging mechanisms / key contractual arrangements / personnel implications / implementation time-scales / accountancy treatment
- 5 The Financial Case**
 - Possible deal in outline, the potential:
 - capital requirement / net effect on income and expenditure / impact on balance sheet / overall affordability
- 6 Project Management Arrangements**
 - Intended procurement strategy
 - Project methodology and structure
 - Proposed project plan
 - Proposed use of advisers

The Full Business Case

- 1 Executive Summary**
- 2 The Strategic Case**
 - Update on the OBC for each key area cross-referring to OBC as appropriate
- 3 The Economic Case**
 - Restate CSFs and update as required
 - Summary of OBC options with update
 - Preferred way forward
 - Economic appraisal: costs, benefits, risks
 - Benefits appraisal: scores and ranking
 - Full assessment of risks
 - Results of sensitivity analysis
 - Recommended option
- 4 The Commercial Case**
 - For recommended deal:
 - scope and services / charging mechanisms / key contractual arrangements / personnel implications / implementation time-scales accountancy treatment
- 5 The Financial Case**
 - For recommended deal:
 - capital requirement / impact on income and expenditure / impact on the balance sheet / overall affordability with confirmation of specific support from commissioners
- 6 Project Management & Arrangements**
 - Description of the procurement process
 - Communications strategy
 - Arrangements for contract management
 - Agreed benefits realisation plan
 - Risk-management strategy
 - Post-project evaluation arrangements
 - Contingency plan

Healthcare Alliances
Britannia House
11 High Street
Cowbridge
Vale of Glamorgan
CF71 7AD

Tel: 01446 774864
Fax: 01446 774864

e-mail: tdennis@healthcarealliances.co.uk