SCOTTISH CAPITAL

INVESTMENT MANUAL

Full Business Case



# Introduction to the Full Business Case

The purpose of the Full Business Case is to confirm that the procured offer represents the best value commercial solution for delivering the project requirements within the project’s affordability limits; and to demonstrate that appropriate contractual, commercial and management arrangements are in place to successfully deliver the project. It will do this by responding, as appropriate, to the following questions:



# Strategic Case

The main purpose of the Strategic Case at FBC stage is to confirm or update the case for investment outlined within the OBC.

## Has the Strategic Case for investment altered?

It is possible that the case for investment may have changed since OBC submission due to evolving business needs, service changes, or alterations to project scope. This section should therefore be used to describe any material changes that have taken place and also identify any that may have an impact on previous investment decisions.

If no changes have taken place then this should be stated, including a short summary of the Strategic Case confirmed at OBC.

The following questions may help to clarify whether any material changes to the case for investment have taken place:

* Have any stakeholders, or their needs / expectations, altered?
* Have any policies, procedures or other factors external to the project changed which have had (or are likely to have) a material impact on the project?
* Have previous assumptions on current / existing asset or service arrangements changed e.g. activity levels, performance standards, etc.
* Is the need for change, or associated investment objectives, different from those confirmed within the OBC?
* Has the scope of the project changed; such as service change proposals, design objectives, engineering or other technical matters?
* Have the expected benefits of the investment, risks or costs to the project materially changed?

Any such material changes will need to be recorded, including their impact on the current project proposals.

If the impact of any material change is such that it has the potential to alter previous decisions made about the project then this should be discussed with Scottish Government before proceeding further with the Full Business Case. A strategy will need to be agreed for resolving the impact this may have on the validity of the current project and its business case approval.

# Economic Case

The purpose of the Economic Case at Full Business Case stage is to demonstrate that the preferred option identified at OBC stage remains valid. It will do this by responding to the following question:

## Does the OBC’s preferred option remain valid?

Even if the strategic case for investment has not changed sufficiently to make alterations to the preferred option necessary, the FBC must still demonstrate that the conclusions of the economic appraisal in the OBC remains valid.

Since approval of the OBC new information affecting the ranking of the options may have become available. This may include procured costs exceeding the OBC’s Economic Appraisal sensitivity thresholds. Where any such information is available then an update of the preferred option is needed which takes account of this new information whilst also demonstrating how it continues to:

* Offer better value for money than the ‘Do Nothing’ or ‘Do Minimum’ options, so that the case for change and procurement remains robust.
* Offer better value for money than the other available options.

If no changes have taken place then this should be stated, explaining how reasonable consideration of this matter has taken place and that the OBC’s preferred option remains valid.

If new information suggests that the an alternative option might be recommended then a full economic appraisal will be needed and its implications discussed with Scottish Government to agree the best way forward for the project.

# Commercial Case

The main purpose of the Commercial Case at FBC stage is to confirm that the recommended procured offer(s) / supplier(s) represent the best value commercial solution(s) for delivering the project requirements, and to demonstrate that appropriate commercial and contractual arrangements are in place to successfully deliver the project.

Where a project consists of a series of procured offers for different aspects of the project then each one should be addressed here. For example, there may be different procured offers covering the main project, early preparation works, equipment arrangements, appointment of external consultants, etc.

## How was the preferred commercial offer(s) / supplier(s) selected?

This section will summarise the selection process for the recommended commercial offer(s) / supplier(s). It will follow the approach and evaluation criteria described within the procurement plan included within the OBC, whilst also addressing the following typical issues:

* The procurement approach taken
* The evaluation panel.
* The service providers / contractors who expressed interest.
* The selection process followed.
* The evaluation criteria used.
* A summary of the scoring process.
* Details of reasons for rejection of any offers at any stage in the process.
* A summary of how the final recommended selection was made.

Boards should consider using the Whole Life Appraisal Tool dashboard to more clearly present the results of the evaluation of the commercial offer(s) / supplier(s).

Where the above has been included within a separate evaluation report then this can be attached to the FBC and only a brief summary provided in this section.

## What are the Commercial Arrangements of the recommended offer?

The purpose of this section is to confirm that the scope and content of works and services included within the recommended procured offer(s) meets the project requirements set out in the OBC, and that they are sufficient and capable of delivering a successful outcome for the project.

This section will therefore need to demonstrate that the procured offer(s) will deliver the required scope and content of services and works described within the OBC.

Only a summary overview needs to be described within the FBC but reference will be needed to any more detailed information on the source information or its assessment.

For building related projects reference should be made to the NHSScotland Design Assessment Process (NDAP), with a summary provided in the FBC of the assessment observations and the Board’s compliance/response to the advisory & essential recommendations. The NDAP guidance document and SCIM process diagrams provide further information on required building & engineering design standards and the information expectations to accompany any FBC submission. All information should comply, where appropriate, with the Building Information Modelling requirements for this stage of project development.

For non-building related elements / services, a similarly appropriate level of project information, review and assessment will need to be provided. This will typically need to describe the following:

* How the assessment of the suitability of the procured offer(s) was carried out.
* Reference to the source information which adequately outlines the content of the procured offer(s).
* Any observations or recommendations related to the appropriateness of the services or works being offered.

## What are the Contractual Arrangements of the recommended offer?

The purpose of this section is to confirm the main contractual arrangements for the recommended procured offer(s). Draft arrangements will have been described in the OBC therefore this section will provide an update of those details covering the following items:

* Confirmation of the standard form of contract being used.
* Key contractual issues, covering similar items included within the OBC.
* Any contractually based personnel implications associated with the project.
* Details of how any payment structure will function.
* An update of the project risk allocation table.

This information should be sufficient to enable decision makers to confirm their commitment to entering into a contract for the implementation of this project. Some of the background information may however be provided as a separate annex / attachment with only a brief summary provided within the FBC.

# Financial Case

The purpose of the Financial Case at FBC stage is to explain in detail the financial implications to the organisation of the recommended procured offer or service, and to confirm its affordability.

## Is the project affordable?

This section should provide a final, detailed update of the Financial Case initially outlined within the OBC and thus follow similar headings to explain:

* The capital and revenue implications of the resultant deal, including any financial costs falling to the organisation. Such costs should fully consider IFRS implications.
* The net effect on the organisation’s charges (prices) – if any.
* The impact on the organisation’s income and expenditure account and balance sheet – duly confirmed by an external auditor.
* The overall affordability and funding arrangements for the project, including any specific implications for other affected organisations or stakeholders.
* Any contingency arrangements remaining for over-spends, uncertainty and risk.

## Stakeholder(s) support & sign-off

Written confirmation of stakeholders’ ‘in principle’ support for the project will have been obtained at the end of the OBC. At FBC stage, final confirmation is required of each stakeholder’s specific and explicit commitment to the project. This needs to consist of a signed statement that they have been satisfactorily engaged and/or consulted on the project’s development; that they have a clear understanding of the financial implications of the proposed commercial arrangements, associated spend, and contractual obligations; and that they are committed to supporting the project with the appropriate resources. Each signed statement can be included in an annex to the main FBC document.

# Management Case

The main purpose of the Management Case at FBC stage is to confirm that the organisation is ready and capable of proceeding to contract award and project implementation. It will do so by providing more detail of the initial proposals made at OBC stage and will thus follow similar headings to confirm that:

* Project management arrangements are in place to ensure its successful implementation.
* All necessary change management arrangements are in place to ensure the smooth transition of services into a new facility; and that the organisation’s existing activities (including health, care & facilities services), processes and people are not unnecessarily affected by the project.
* A comprehensive benefits realisation plan is available; including baseline data and details of how each benefit will be monitored and evaluated.
* A comprehensive and up to date project risk register is available; including details of appropriate control measures and individual risk owners.
* A Commissioning Master Plan is available which sets out how the planning and commissioning process will be managed and carried out.
* A Full Project Monitoring and Service Benefits Evaluation plan is available, which sets out how project progress will be monitored, and how its successful outcome will be identified and evaluated.
* A Project Monitoring Report has been completed covering the development of the technical aspects of the project from Initial Agreement through to FBC.

The effort and detail required for the above will be dependent upon the size and complexity of the project.

A further summary of what is required is described in the following sub-sections. Reference should also be made to the OBC guide for more information.

## Confirm Project Management arrangements

This section will provide an update of the project management arrangements shown in the OBC with the focus now shifting from the procurement phase to the detailed arrangements in support of the design, build, implementation, and commissioning phases.

This will include an update, and further details where not originally provided, of:

* The project organisational structure diagram.
* Named persons for each key role identified in the OBC, and confirmation of their experience and suitability for the role.
* Any outstanding recruitment needs and plans to resolve them.
* The latest version of the project plan with key milestones identified. Evidence will be needed of service user sign-off of milestones involving their transition to any newly completed facility.

## Confirm any change management arrangements

This section will provide an update of any operational, service or facilities change management arrangements included within the OBC, or subsequently deemed necessary. Details plans should now be available, developed through engagement with those stakeholders affected by the project.

This update will include further details of:

* The reporting structure and governance arrangements for such change.
* The person leading on this aspect of the project, and their suitability.
* The further resources and training/development needs necessary to successfully implement these arrangements.
* A final operational change plan signed off by stakeholders of the affected services and an indication of appropriate patient / end-user involvement.
* An updated stakeholder engagement and communication plan.

## Finalise the benefits realisation plan

At FBC stage there is a final opportunity to review the project’s Benefits Register and Realisation Plan and to confirm that each individually identified benefit is still appropriate and viable. It should also incorporate benefits and monitoring procedures associated with how (where relevant to the project) the building contractor will deliver the project’s objective for community and public benefits.

The Benefits Realisation Plan should be updated to confirm how and by whom each of the benefits will be monitored throughout the implementation stage of the project and then evaluated as part of the project evaluation process. It should also confirm how the benefits register and realisation plan will be reviewed regularly and form part of the project monitoring arrangements.

The finalised benefits register and benefits realisation plan should be included, or referenced, in this section of the FBC.

## Confirm the status of the project risk register

The following steps, taken from the SCIM risk management guide, provide a guide to the continued development of a risk management and quantification process appropriate at Full Business Case stage:

* Review the existing risk register developed at OBC stage, update it for any change in assumptions, and record the impact of any control measures.
* Add any further project specific risks to the risk register.
* Update the assessment of each risk as a financial or non-financial risk, or confirm that it remains unquantifiable at this stage. These risks should then be treated as follows:
	+ Financial risks with a high cost certainty shall be transferred from the project contingency into the main project base cost. All other financial risks shall be identified within the business case with an explanation as to why they remain within the project contingency, when they are most likely to occur, and how they are to be managed.
	+ Non-financial risks should be reduced to Low or Medium risk through appropriate control measures; or an explanation provided as to why they remain High or Very High, how they are to be monitored and controlled, and whether they are a threat to the success of the project.
	+ Unquantifiable risks should at this stage be minimal, if not eliminated altogether. Any remaining unquantifiable risks shall be identified within the business case whilst being excluded from the project costs. Risk ownership will transfer to Scottish Government at this stage.
* Confirm that all outstanding project risks have an appropriate control measure and individual risk owner associated with it.
* Review the outturn project cost (inclusive of risk contingency) against suitable benchmark costs to confirm that they are reasonably reported.
* Follow confirmed governance arrangements for independent review (and reporting) of the project risk register and risk quantification by the SRO.

The finalised project risk register should be included, or referenced, in this section of the FBC.

## Confirm the commissioning process arrangements

This section will provide firm details of the project’s Commissioning Master Plan. It will need to include details of the following:

* The reporting structure and governance arrangements for the commissioning process.
* The person leading on this aspect of the project, and their suitability.
* The key stages within the commissioning process and timescales.
* The further resources and training/development needs necessary to successfully implement these arrangements.
* The latest version of the ‘Commissioning Requirements Brief’ (see the Commission guidance document for further details).

## Finalise the Project Monitoring and Service Benefits Evaluation Plan

This section will provide firm details of the Project Monitoring and Service Benefits Evaluation Plan previously outlined at OBC stage, while also expanding on the following information:

* A detailed programme setting out when Project Monitoring events will take place.
* A detailed programme setting out when key Service Benefits Evaluation events will take place, covering information gathering, analysis and reporting stages for each element of the evaluation.
* Identification of all stakeholders who will be involved in both the monitoring and evaluation processes and their expected involvement. Depending on the type and size of project, this may include the following:
* Board management staff.
* Clinicians.
* Nursing staff.
* Healthcare planners.
* Patients.
* General public
* Scottish Government staff.
* Estates professionals.
* Accountants and financial specialists.
* IM&T professionals.
* A communication plan which explains how and when stakeholders will be kept informed of their agreed input to these processes.
* Confirmation of any additional financial or human resources required to carry out either of the monitoring or evaluation processes (including the need to prepare written reports and dissemination activities).

A Project Monitoring Report is also required at FBC stage, which can then be used to further monitor the project throughout the construction and commissioning stages of the project. This document will incorporate the following:

* A Project Cost Monitoring Form.
* A Construction Cost Plan.
* A Programme Monitoring Form.
* A summary of any significant project scope changes and their impact.
* An outline of how health & safety performance will be monitored and reviewed.
* Highlights of the main design, engineering, and specification information and standards agreed for this project, with reference to where further information can be found.
* Details of how construction quality will be monitored throughout project delivery.
* Links to the current and ongoing NDAP design assessment process for the project, and details of how this will be used to assess the overall design and engineering impact upon completion.
* An overview of the current status of the project risk register.
* A community benefit project plan with associated benefits and monitoring procedures.

A separate Project Monitoring Report can be attached to the FBC and only a brief summary provided in this section.

# Completion of the FBC

Once the FBC document has been completed then a Gateway 3 or Key Stage Review will need to be considered for the project, prior to formal submission of the FBC.

The outcome of the FBC should be that all parties are content for the project to proceed to contract signature, providing that the information contained within the document has been completed satisfactorily and the resultant scheme remains affordable.

An FBC addendum will need to be submitted if, for any reason, there are key movements in any material information about the project between FBC approval and contract signature.

The Capital Investment Group (CIG) will review all Full Business Cases above NHS Boards’ delegated limits. Upon successful consideration of an FBC, CIG will make a recommendation for approval to the appropriate official who will then issue a letter of approval to the Board’s Chief Executive. The approving official will typically be the Director General for Health & Social Care or the Director of Health Finance. If, for whatever reason, CIG isn’t in a position to recommend approval of a FBC then CIG members will engage with the project team to provide feedback and agree how to progress the project.