SCOTTISH CAPITAL

INVESTMENT MANUAL

Introduction



# Introduction

The Scottish Capital Investment Manual (SCIM) provides guidance in a NHS context on the processes and techniques to be applied in the development of all infrastructure and investment programmes and projects within NHSScotland.

It provides guidance on the cyclical process of project development from inception at the service planning stage, to post project evaluation of service benefits realised once a new building is occupied. The guidance not only covers issues around investment appraisal, financial (capital and revenue) affordability and procurement, but also the project management and governance arrangements required to support the development of such programmes and projects.

The principles set out in SCIM are applicable to the development of all infrastructure and investment schemes regardless of their size or complexity; and shall be applied by all NHSScotland Bodies (including Integration Joint Boards, and similar, requiring NHS investment support). It will thus provide an audit trial and assurances that appropriate steps have been followed in the investment decision making process. These principles are also recommended as good practice for service planning purposes when investment may not be the intended outcome.

The SCIM has been revised to update the practices and processes associated with the development and approval of capital and revenue funded projects within NHSScotland. These changes mainly result from the development of improved approaches and techniques which support the development of investment schemes across NHSScotland.

In developing the revised SCIM recognition has been made of the guidance that currently exists on a Scottish, UK and international basis (particularly from Australia and New Zealand), with a view to drawing together best practice that can be applied within an NHSScotland context.

# Links to the Strategic Planning Process

The business case process forms the link between formative service planning stages, and investment decision making towards implementation of a project. The strategic context and purpose of these pre-business case planning processes is described below:

**Business Case Process**

* NHSScotland LDP Guidance
* Strategic Property & Asset Management Guidance for NHSScotland (PAMS)

**Asset Management Strategy**

* Sets out the Board’s asset investment strategy for improving the state of its assets and supporting its service strategy needs.

**Service Planning Stage**

**Local Delivery Plan**

* Provides the link to a Board’s strategic plan / clinical strategy.
* Confirms the need for service change.
* Engages with appropriate stakeholders as part of the early decision making process.
* Engages with Scottish Health Council re impact of service change on patient care.
* Sets out the Board’s plan / contract for delivering on NHSScotland’s Improvement Priorities and LDP Standards.
* Develops a 3-5 year financial plan and a 5 year capital plan.
* Outlines a workforce implementation plan and the approach towards collaborative community planning.

Scottish Government:

* Informing, Engaging & Consulting People in Developing Health & Community Care Services – CEL (4) 2010

Scottish Health Council

* Identifying major service change.
* Involving Patients, Carers and the Public in Option Appraisal for Major Health Service Changes.

**Purpose**

**Key Reference Documents**

**Strategic & Investment Planning Process**

* **Pre-Business Case Stages**

# Overview of the Business Case Process

A quality business case process brings together the necessary evidence in support of the need for investment and provides assurance, (to stakeholders, the public and Scottish Ministers), that the best value solution has been identified for delivering the project’s objectives, benefits and declared outcomes. There are four main stages, the purpose of which is described in the following diagram:

**Strategic & Investment Planning Process**

* **Business Case Stages**

**Initial Agreement**

* Strategic Assessment guide

(ref. New SCIM website)

* Describes the scope of a new proposal.
* Informs Scottish Government of the project.
* Gains consensus & support from stakeholders.
* Highlights service need & benefits.
* Demonstrates priority over competing projects.

**Strategic Assessment**

**Key Reference Documents**

**Purpose**

* Sets out current arrangements from which change will take place.
* Provides the evidence base supporting the need for change & benefits to be realised.
* Sets out the initial benefits realisation plan
* Reviews alternative strategic / service solutions against investment objectives
* Identifies a preferred strategic / service solution(s).
* Initial Agreement guide

(ref. New SCIM website)

* Confirms status of the Strategic Case
* Economic appraisal of alternative options for implementing the preferred strategic / service solution(s)
* Identifies a preferred & affordable option.
* Sets out the arrangements for delivering the preferred option and realising benefits
* Confirms a readiness to proceed to procurement.

**Outline Business Case**

* Outline Business Case guide

(ref. New SCIM website)

**Full Business Case**

* Confirms that management, commercial, funding and financial arrangements are in place to deliver the project
* Sets out the contractual details of the project which the Board is being asked to sign-off
* Full Business Case guide

(ref. New SCIM website)

## The Business Case Stages

Further details of the main focus of the four business case stages are described below:

The overarching purpose of the **Strategic Assessment** stage is to briefly outline the need for service change and describe early thoughts on the potential benefits to be gained from such an investment. It will become an integral component of a Board’s Property & Asset Management Strategy (PAMS), used to identify its own priorities for investment. It will also present an outline of the proposal to Scottish Government who will consider it against other competing investment needs before giving its support for a project to proceed to Initial Agreement stage.

The **Initial Agreement** stage will provide the evidence behind the need for investment and demonstrate that the proposal is a good thing to do. It will identify the preferred strategic / service solution(s) for realising the project’s investment objectives and expected benefits. It shall only be developed once a proposal’s Strategic Assessment has been incorporated into the Board’s PAMS and demonstrated to be an investment priority over other competing investment needs.

The **Outline Business Case** stage will identify the preferred option for implementing the strategic / service solution confirmed at Initial Agreement stage.
It will demonstrate that the preferred option will deliver the necessary service change, optimise value for money, and be affordable. It will also set out the supporting commercial and management arrangements to be put in place to successfully implement that option.

The **Full Business Case** stage will set out the agreed commercial arrangements for the project whilst also confirming that it remains value for money, is affordable, and that the organisation is ready to proceed towards implementation of that option. It will be developed within the final procurement phase of the project and record the detailed assessment and/or negotiations with potential service providers / suppliers prior to the formal signing of contracts.

## Scalability and Delegated Authority

The business case process is intended to be scalable and flexible to ensure that the analytical effort is fit for purpose and matches the scale and type of decision required. The level of detail required will be dependent upon the scale, risk and nature of the investment proposal. It should, however, meet the expectations and information needs of Scottish Government’s Capital Investment Group who can be consulted for further advice on these expectations.

The following sets out the current delegated limits with regards to business case submission and subsequent approval process for all NHSScotland bodies. It is supported by CEL 32 (2010) Annex C:

|  |  |  |
| --- | --- | --- |
| **NHS Board** | **Delegated Limit (£m)** | **Approval Process** |
| **Capital Value <£1m** | **Capital Value £1-5m** | **Capital Value >£5m** |
| Borders | 1.0 | FBC approved locally | SA, IA & FBC to CIG | SA, IA, OBC & FBC to CIG |
| Dumfries & Galloway | 1.0 |
| Orkney | 1.0 |
| Shetland | 1.0 |
| Western Isles | 1.0 |
| Special Boards and NSS | 1.0 |
| Ayrshire & Arran | 1.5 | SA, IA & FBC to CIG above D.L. |
| Fife | 1.5 |
| Forth Valley | 1.5 |
| Highland | 1.5 |
| Grampian | 3.0 |
| Lanarkshire | 3.0 |
| Tayside | 3.0 |
| Greater Glasgow | 5.0 |
| Lothian | 5.0 |

All hub & NPD projects will require a Strategic Assessment, Initial Agreement, Outline Business Case, & Full Business Case (all requiring Scottish Government approval).

Further details, including the approval process for IM&T projects, and delegated authority for approvals is available on the Scottish Government’s SCIM website.

## Responsibility for Producing the Business Case

The ‘ownership’ and responsibility for the investment planning process rests with the NHSScotland body developing or leading the development of the programme/ project in question.

Issues of governance are dealt with in the Management Case of each business case stage. Most projects are likely to need a Senior Responsible Officer, Project Director and Senior Project Manager; however, smaller or less complex projects may not need separate individuals for these roles. The suitability and capability of individuals for these roles is discussed in the Management Case of the Outline Business Case.

Under no circumstances should responsibility for the direction and lead production of the business case be ‘outsourced’ to external consultants. However, external consultants could be considered to support the project where the necessary skills and resources are not available in house.

Similarly, the production of the business case should not be regarded as an adjunct to the project manager’s role, and a hurdle to jump for approval purposes. Instead, it must be viewed as a fundamental part of the overall investment planning process, which requires advice and guidance from business managers, clinicians, users and technicians involved in the scheme.

## Stakeholder Engagement and Communication

The Scottish Health Council rightly advocates the importance of involving patients, carers and the public in the planning process leading to changes in local health services, and guidance is available on their website on how this should be managed at service planning stage. There is also a requirement across the Scottish public sector to optimise collaboration and co-production between public bodies and this should be demonstrated at all stages of investment planning.

Experience shows that a combination of workshops and meetings are a useful way of engaging stakeholders in a project’s planning and decision making processes. Opportunities for such events should be determined locally, which may include some or all of the following:

1. Strategic Assessment (SA) stage: reviewing the needs and scope of the proposal in order to complete the SA template.
2. Initial Agreement (IA) stage: developing the service model; confirming the need for change; identifying the investment objectives, benefits to be realised and risks to be managed; reviewing alternative solutions; and confirming the preferred strategic solution.
3. Outline Business Case (OBC) stage: carrying out an option appraisal exercise to confirm the preferred option; developing proposals for service change arrangements, benefits realisation, risk management, etc.
4. Full Business Case (OBC) stage: reviewing submitted commercial offers / tenders to agree on the preferred contractor / commercial partner.
5. Design Assessment process: agreeing the design statement and assessing the developing design at OBC & FBC stages.
6. Service Benefits Evaluation: covering a review of benefits realised, user feedback on the new facility, and the impact of any service change.

Any such event should be planned ahead and carefully managed to ensure that outcomes are optimised and continued support for the project is maintained.

## Project Assurance

In respect of Scottish Government funded projects and programmes, the two main models of independent project assurance are Gateway Reviews and Key Stage Reviews.

Gateway reviews are managed by Scottish Government’s Programme and Project Management Centre of Expertise (PPM-CoE) and all Key Stage Reviews are managed by Scottish Futures Trust (SFT). Further details of the Gateway Review process are available on the Programme and Project Management Centre of Expertise website.

It is mandatory for PPM-CoE to be able to consider all programmes and projects for Gateway Review with a total budget of £5m+ inclusive of fees and VAT. All NPD (and similar) and hub projects will undergo a Key Stage Review.

The Scottish Government also reserves the right to instigate an early stage review on any major change initiatives

A diagram is available on the new SCIM website which describes how the business case process aligns with both the project assurance and the design development stages - the ‘SCIM process and outcomes’ diagram.

# Links to Design Process

The assessment of design quality is an integral part of the business case approval process which aims to ensure that the outcomes of design development projects meet the Government’s strategic objectives and expectations for public investment.

The requirement to refer projects to the NHSScotland Design Assessment Process applies to all projects that are to be considered by the Capital Investment Group (CIG). It is expected however that Boards will develop ‘design statements’ and utilise the self assessment methodologies on all development projects.

The Design Statement, which is to be produced by the Boards for each project prior to the submission of the Initial Agreement (IA), is central to the consideration of design matters within the business case approvals process as it is this document that establishes the design criteria against which the project will be assessed. The benchmarks set by the Board will also be assessed to ensure that they are in line with the expectations established in national policy.

The following flow diagram shows the key NDAP activities and information flow at each Business Case stage. Early engagement and dialogue with Project Teams in NDAP is key to reducing surprises / risks at the Formal Report stage.

