WRITING A BUSINESS CASE FOR

DERMATOLOGY SERVICES

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British Association of Dermatologists

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Introduction

A business case is the document that supports the proposals for a new service development or capital project[2] such as the transfer of services to the community, a bid to provide new services or to purchase new services.

1.   Why Develop a Business Case?

Within Dermatology, one of the most common reasons for developing a business case is as a response to service redesign as part of moving care into the community, a service reconfiguration, increased department workload or the need to introduce new technology to existing services i.e. the introduction of a Mohs service (see case examples).

A business case provides an opportunity for Dermatology clinicians to ''sell'' their service development improvement ideas or services to decision makers within the context of other local and national policies. The development of a business case simplifies the process of financial justification and assists in identifying potential risks within the proposal. It also provides a means for senior management to review the facts and assumptions within the proposal and evaluate the options for service provision.

2.   What Do I Need to Consider Before Starting?

The root of the problem is not always obvious, especially where current working practices are based on local custom, tradition or simply habit. It is important staff take the time to observe and analyze the service problem over an agreed set period. This activity gives staff an opportunity to reflect on the service that they are working in and delivering to patients.

Questions to consider:

- What areas works well within the service?
- Why do these areas work well?
- What services problems keep you up at night?
- What are the things you would like to put it right?
- What do you think is the problem?
- What has been tried in the past? Did it work? If not, why not?
- What ideas do you have for improvement?

Keep a record or diary of your observations and analysis of the service problem(s). These will be useful in discussions with colleagues and management. Where obvious solutions are apparent you should also use these when presenting a problem.

3.   How Do I Prepare a Business Case?

The next step is an informal discussion with colleagues the Clinical Director and the Business Manager to assess the likelihood of success, and the proposal criteria that will be used by managers in the initial screening of business plans after submission. Other staff to talk to at this stage would include those managers involved at the divisional level in either service/business development or strategic planning, who will be aware of current and new sources of funding.

A team should then be created within your department to help develop the business case using 'in house' resources and Trust templates. This should include all appropriate Dermatology team members and colleagues from other clinical directorates, where multidisciplinary working will be affected. Senior staff from the Trusts Finance, HR, Informatics and Strategy departments are essential.

Overall Objectives

Whatever your objective your chances of success will be increased by keeping the following goals in mind:

- Keep it clear and concise, minimise the jargon and conjecture.
- Communicate all facts as part of the overall story, and support with appropriate data where possible.
- Provide a vision of the end position i.e. the future you seek to achieve.
- Ensure your objectives are Specific, Measurable, Achievable, Realistic and Timely (SMART). They should also be linked to any relevant key performance indicators service frameworks and standards to enable the measurement of performance against activity for reporting purposes.
- Demonstrate that it improves quality through innovation, improving productivity and prevention (QIPP).
- Produce a list of about five key objectives which can then be ranked in order of importance. Good objectives use words such as improve, reduce, and maintain, along with specified outcomes.
- The proposal can be referenced to the specific strategic objectives of the Trust.
- Risk Analysis: The risks have been clearly outlined and a risk mitigation strategy is in place.

4.   Key Areas Covered in a Business Case

a) Executive Summary

This should be the first section of the business case but the last section written. It is a short summary of the entire   business case; it should be succinct and convey vital information about the proposal/project.

b) Background Information

This should give a clear introduction to the business case. It should state who prepared it and detail external advisors where they been used. It should include a brief overview of your service, what it does and where it sits within the organisation.

c) Current Position

This section should provide a description of existing services and any deficiencies which are relevant to the business case i.e. shortage of staff or equipment. Demographic profiles and patient activity including unmet need are essential. SWOT analysis (Strengths, Opportunities, Weaknesses and Threats) will also demonstrate your understanding of the environment you are working in and should be used as an integral part of the process (see separate BAD SWOT Analysis guidance http://www.bad.org.uk/healthcare-professionals/clinical-services/writing-a-business-case).

d) Proposed Service Development

This section outlines the drivers for change and sets out the vision for the service proposal. This should include local and national strategies in order to promote the proposed service development such as National service frameworks, National Institute for Clinical Excellence (NICE), NHS Quality Improvement Scotland (NHSQIS), and The Regulation and Quality Improvement Authority (RQIA) and guidelines produced by the British Association of Dermatologists (BAD). This should also include a statement identifying where the service will be provided, who it is being provided for, how and what staffing will be required.

It should establish what the proposal will be capable of delivering e.g. transfer of activity to community services, provision of a new or extended service.

e) Market Assessment

The business case needs to demonstrate a thorough understanding of the market place environment and the services position within it. It must state how the business case impacts upon that environment.

All analytical data including needs assessments, market analysis and performance targets must be included. Any targets that have to be presented as estimates should be stated and presented in the form of 'worst case'; 'best case'; and 'most likely' estimates.

This section should describe how the proposed service development will address any short-comings in the existing services and take into account any local, national or Commissioner intentions which are known at the time.

f) Option Appraisal

Draw up a 'long list' of options that cover all possibilities, this should then be reduced to a 'short list' by eliminating unrealistic options. The reason for the creation of a 'long list' is to

articulate and document each option, including rejections, to demonstrate that all options have been considered.

The 'short list' should contain between three and five options including a 'do nothing' or 'do minimum', as this is the benchmark against which other options will be judged.

These options should be described in some detail, with any costs, staffing or building information available. If there is a requirement to increase staffing, there may be several ways of achieving this objective e.g. a change in skill mix in the existing staffing may produce options that had not previously been considered.

Each of your chosen listed options should be described in sufficient detail for the benefits and costs to be understood and assessed in both the financial and risk analysis. Therefore, each option should include the factors identified below:

- Intended outcomes
- Expected workload throughput
- Staffing consequences
- Changes to site facilities
- Impact on performance indicators
- Impact on financial performances
- Impact on hospital IT system e.g. interface requirements

g) Benefits Appraisal

A benefits appraisal is the process with which each option is analysed to identify the one that most meets the proposal objectives. It should be a fully transparent exercise. Stakeholders should be included at this stage to give them a degree of ownership which paves the way for future consultations. Wherever possible, service users/carers should take part.

The business case team should draw up a list of benefits that the proposal is intended to deliver. This should be well established by work already completed. This can be an exhaustive list grouped under a group of headings. For example:

- Quality (including privacy and dignity, improved environments etc)
- Operational (good functional relationships between departments, access control, good observations etc)
- Accessibility (public transport links, separate access points etc)
- Flexibility (management of case mix, recognition of specialist needs, adaptable for other uses etc)
- Acceptability (to patients, staff, public, planners etc)
- Strategic intentions (able to deliver strategic objectives of the Trust)

To assist in identifying the relative importance of each of the benefits the team should rank and assign weights to each criterion.

Each option is scored against the benefits criteria and the weighted score is calculated. By this process a preferred option will emerge. It remains only the preferred (as opposed to the selected) option until the financial appraisal has been complete.

h) Performance and Activity

This section must demonstrate a clear understanding of how the service will be monitored in terms of performance against targets as part of the expected service level activity.

This should quantify the following:
- Demographics of the population being served
- The demand for the service
- The capacity required to meet demand
- The milestones required to ensure the realisation of measurable benefits at operational service and corporate levels.

Any changes to service provision require consultation with Commissioners. The local Health and Overview Scrutiny Board should also be informed.

i) Financial Analysis

The financial appraisal can be highly technical and should always be completed in conjunction with the Finance department and other relevant departments where appropriate. This advice should be documented.

The reasons for a financial appraisal:

- Demonstrate that all the financial consequences of a proposal have been identified and accurately reflected.
- Allow for a comparison of costs and procurement scenarios between various options.
- Assess both the costs and income implications of the performance targets contained within the proposal.
- Indicate cash flow (i.e. the spread of the cost and income over the proposed time period).
- Ensure the affordability and value for money of the proposal.
- Consider reference cost position or any costs relative to tariffs.

j) Critical Assumptions and Risk Assessment

Most business improvement projects will make assumptions in order to develop the solution. It is critical that the business case document these assumptions.

The statement of assumption should be followed by an impartial discussion of the strengths, weaknesses, opportunities and threats (SWOT) that are associated with the recommended solution.

Risks to the business case must be:

- Identified
- Qualified i.e. major, minor, high possibility, low possibility etc.
- Manageable

The risks should link back to the option appraisal and highlight risks even if no action is taken.

k) Implementation Timeline

The business case team will need to demonstrate that it has considered all major issues of the implementation in detail. A number of the major elements are important to successful implementation and this section should address each area:

- Implementation components
- Implementation timeline
- Major milestones
- Major dependencies
- Procurement arrangements need to be considered as they are likely to affect the timeline.

l) Leadership and Workforce

The model of the Six Steps to workforce planning should be used in this section.

- Step 1: Defining the plan – include the structure for the service and how it links into the existing staff structures.
- Step 2: Force for change – what forces act on the service and how the service is affected. What can and cannot be controlled e.g. recruitment, TUPE issues, maternity leave.
- Step 3: Assessing demand – how will the changing service provision affect the current and future demand of the service? What will be the future staffing needs; succession planning.
- Step 4: Assessing supply – how many staff are needed now and how many will be needed in the future; recruitment and training issues.
- Step 5: Develop an action plan – Look at the current and future requirements of the workforce and map out how the gap will be bridged.
- Step 6: Implementation and Review – identify how the success of the workforce will be ensured and the factors that may influence this plan in the future.

m) Exit Strategy

If the current service is to be re-tendered at the end of its current contract, the business case should include an 'exit' strategy. This will ensure you have a plan in place should your services not be required which includes contingencies for staff, premises, lease agreements and other assets. This should also include the management of the transfer of staff under TUPE arrangements.

n) Conclusions

A summary of the proposal is vital and should be brief while including all you have highlighted in your proposal i.e. current situation, where the service wants to be and how it is going to get there.

The team may be asked to present the business case to Commissioners or the Trust board. This is an opportunity to demonstrate the knowledge and skills around the content of the bid as well as highlighting the vital elements of the case.

o) References

Any documents that have been referenced should be included for clarification and further reading.

5.   What Happens Next?

The Trust's Executive team will either agree to proceed with the business case, agree in principle but request further work and resubmission, agree to proceed conditional on funding from the Commissioners, or turn down the proposal completely and recommend it should proceed no further.

Many business cases will receive a high priority but will not be funded in the year they are submitted. This is not necessarily the end of the process. Many will then go forward in the next financial year for review and may well have moved up the priority list. In addition, there is often funding made available part way through the financial year, and high priority business cases not initially funded, may well still attract funding. However, if there has been a delay in approving a business case the costs may have to be reviewed.

In the current environment, the scope for developing business cases outside of local or national policies is limited. However, that should not stop business cases that do not appear to be immediately part of a local or national priority from being developed. Appropriate discussion with managers in either service development or planning may identify a way of targeting a business case to an appropriate source of funding.

In conclusion, business planning and the development of a successful business case in Dermatology present a challenge to all those working in that service. Time needs to be taken to prepare well, collect accurate information, and gain support from colleagues for any plan to be successful.

6.   References

1.   NHS Management Executive. NHS Trusts: A Working Guide. London: HMSO, 1990
2.   NHS Executive. Capital Investment Manual: Business Case Guide, London: HMSO, 1994

NHS TRUST NAME

Completing your Business Case Template

Title of Business Case

NHS Foundation Trust

Version 1

Date

Contents

1. Executive Summary

The Executive summary should provide a succinct overview and convey vital information about the proposal/project.

Information to include:
- Organisational scope (discuss services areas affected by the proposal/project)
- The proposition (provide a brief overview of the required investment)
- Why is it needed?
- Costs for the proposal (current and over the longer term investment)
- Benefits (immediate and longer term benefits)
- How it will be made affordable
- Major risks (include for the Department, Patients and Trust)
- Conclusions for the business case and next steps

Checklist:
- Create a summary for each section of the business case as it is developed. Compile the executive summary after you have completed the main business case and make sure it is no more than 1/10 the length of the main report.
- List the main points the summary will cover in the same order they appear in the main report.
- Write a simple declarative sentence for each of the main points.
- Add supporting or explanatory sentences as needed, avoiding unnecessary technical material and jargon.
- Read the summary slowly and critically, making sure it conveys your purpose, message and key recommendations. You want readers to be able to skim the summary without missing the point of the main report.
- Check for errors of style, spelling, grammar and punctuation. Ask a colleague to proof-read and edit the document.
- Ask a non-technical person - for example, a colleague in another specialty - to read the document. If it confuses or bores them, the summary probably will have the same effect on other non-technical readers!

2. Background Information

This should be a clear introduction to the business case describing the setting, background and context; it should clearly state the purpose of the business case. Explain the objectives, requirements and problems to be addressed by the proposal. Objectives should be clear and measureable where possible.

Information to include:
- Previous concerns raised about the service and/or sites that led to this proposal.
- Impact areas driving this change such as increased demand, the need to reduce costs, generate revenue, improve patient access to care, improve services and improve quality of care.

3. Current Position

This section should describe existing services and their current deficiencies i.e. staff or equipment shortages. Demographic profiles, patient activity and unmet need should be included.

It is critically important to provide evidence on how the current service and proposal is aligned with the Trust's short and long-term strategic plans and objectives for the coming year. If it is inconsistent or a poor fit it may be wise to question whether to proceed. A significant element of the case is to provide an overview of the key pressures driving the case for change. PEST and SWOT analyses are tools widely used to establish a clear understanding of the current service, what may be required in the future and to indicate potential options. SWOT analysis looks at the Strengths, Weaknesses, Opportunities and Threats that your business faces (see separate BAD SWOT Analysis guidance http://www.bad.org.uk/healthcare-professionals/clinical-services/writing-a-business-case).

Using these techniques it will be possible to distil the key drivers for change and highlight the consequences of doing nothing.

4. Development

Future service requirements can be determined through service redesign, activity, performance and capacity modelling. The potential for improvement through service redesign should be examined such as changing working practices, improving patient pathways and consideration given to whether services could be delivered in the outpatient setting.

The first step in activity modelling is to establish an accurate baseline by identifying activity by Healthcare Resource Group (HRG) and attendance by point of delivery (elective, non-elective, day case, outpatient, new or follow-up attendance). Outline the drivers for change and situate your proposal within the context of both local and National strategies in order to promote service development. Use all appropriate guidelines (**see reference in the back of this template**).

Checklist:
- Current performance in terms of average length of stay, day case rates and a description of current facilities should be included.
- The timeframe re-modelling services should be developed. When projecting activity both demand and capacity factors need to be taken into account.
- The extent to which greater clinical efficiency can improve performance should then be factored in. Current performance should be benchmarked.
- Ensure that assumptions regarding performance improvement are consistent with those included in the Trust Business Plan or other short-term strategic plans.
- The capacity required (number of inpatient beds, day case trolleys/chairs, theatre sessions, outpatient sessions etc) to support the future service are derived from the service model, activity modelling and projected performance improvements.

5. Market Assessment

This section needs to show an understanding of the market place environment and the services place within it.

It should include all analytical data including; needs assessments, market analysis and performance targets.

Outline how patients, the public and other community stakeholders have been involved and have informed and influenced the range of options.

6. Option Appraisal

Options appraisal is an objective way of comparing the costs and benefits of different options. There are four main stages; developing options, scoring the non-financial benefits, identifying the capital and revenue implications and finally identifying the preferred option. Additional income should be calculated from the activity forecasts. NHS activity by HRG or attendance is multiplied by the relevant national tariff; where appropriate take account of the estimated contribution to corporate services to give a net income figure.

The final step is to select a preferred option by weighing up the relative benefits and costs of each option. The preferred option is likely to be the option that offers the most benefits for the least cost.

This section will include the long and short lists.

7. Benefits Appraisal

The final decision on which solution or combination of solutions is best for an individual Dermatology unit should be taken by a multidisciplinary group. Input should be sought from strategic management and finance leads in consultation with Commissioners and other specialties that may be affected by the chosen solution or solutions.

The preferred option should include the rationale for this choice. A description of the change, who will be involved, what the new service and team will look like, skill mix, training needs, resources, staff and stakeholder involvement. The potential impact on: the quality of care, other services/teams, other specialties should be described together with any required changes to ways of working and/or the development of new roles. Outline any additional costs related to the preferred option to assess whether it is affordable in the long term. Often the staff costs are only part of the cost of the changes and this requires the unit (and/or trust) to consider where additional costs or savings may occur and whether there are recurring costs or savings.

Using a business case requires a Trust to assess costs and benefits using a formal standardised process including contingency plans.

8. Performance Activity

Demonstrate an understanding of how the service will be monitored in terms of performance against targets in relation to the service level activity including:

- Demographics of the population to demonstrate demand.
- Demonstrate the capacity to meet demand and to incorporate unmet need.
- Detail the systems in place to collected and report patient activity. Demonstrating that the case is affordable will be critical to its success. Affordability analysis examines the price impact of the development taking account of the revenue funding available and existing commitments.
- Additional income is compared with additional revenue costs to determine affordability. If there is a mismatch between income and costs it will be necessary to reduce the scope of the case, expand the timeframe or consider whether additional funding can be sought from other sources.

9. Financial Analysis

A crucial part of any business case is, of course, the financial model for the proposed project. This consists of a number of parts, including the expenditure costs at both investment and operational levels. This is often thought to be one of the most difficult parts of business case management - and not just because it demands the use of accounting skills and techniques. The ability to construct a financial model also requires the user to populate the model with accurate data about processes, activities, transactions, staffing levels, current costs, expenditure and income, both for the immediate and longer term if the project goes ahead. Moreover, assumptions need to be made about operational issues and such matters as efficiency savings and staff redeployment - assumptions that will need to be discussed with a range of stakeholders such as your Information, Finance and Contracts Divisions. Consideration should be given to the financial cost of the chosen solution(s) in the business case, as good solutions are rarely cost neutral and will impact on other costs within the division and across the organisation.

Checklist:

- Ensure data on activity is accurate and as up to date as possible (service managers or information teams in the Trust will be able to support you) include activity figures for service – e.g. new and follow up numbers, numbers of surgical patients, cancer patients and any other detailed data on the case mix (see our service review template).
- Ensure any planned savings are realistic and achievable within the specified timetable. Savings do not need to be financial but greater efficiency and increased throughput can impact on meeting targets and increasing income.

This section should clearly identify the cost benefit of the proposal and should include graphs or tables to highlight the case.

- Ensure all financial consequences of the proposal are identified and accurate.
- Demonstrate affordability and value for money.
- Demonstrate costs (savings where appropriate) over a 12 month period.
- Show costs relevant to tariffs outlined in the services specification.
- Define any non-financial benefits if significant.

10. Critical Assumptions and Risk Assessment

A risk management strategy will help to gain an understanding of the uncertainties and unwanted consequences of the proposal. Identifying the main risks and evaluating their impact should the risk occur, and outlining the actions necessary to mitigate against them, will improve the likelihood of the project's success. Document any assumptions made in the proposal which may affect the proposal i.e. dependencies that affect timeline.

Document any risks to the proposal and their likely impact. Risks should be:
- Identified
- Qualified
- Manageable

11. Implementation Timeline

Outline a realistic timeline and implementation plan indicating the main phases and tasks of the project, including completion dates and individuals responsible.

Checklist:
- Refer to the Six Steps for workforce planning in this section – see guidance document for steps.

12. Leadership and Workforce

This should detail all the major implementation issues including major milestones and dependencies. It should also include any procurement or staffing arrangements that may affect the timeline.

13. Exit Strategy

Detail staff, premises and other assets which will be affected if the current service should be decommissioned. This should include the management of staff under TUPE and rental agreements for premise and equipment.

14. Conclusions

Conclude by briefly highlighting the main items that point to the success of your plan and why your organisation is in a position to execute it. This is the best section to transmit your optimism without exaggerating.

15. References

Include all the relevant documents used in the proposal e.g.

- NICE Clinical Management and Quality Outcome Guidance
- BAD Service Standards

- BAD Staffing and Facilities Guidance
- BAD Demand Management Guidance
- RCP Consultants Working with Patients 2013

16. Appendix

Finally, add any appendices that are relevant and will support the plan such as detailed calculations, figures, reference material and other back up data that may only appear in summary in the main body of the business case. In the same way detailed assumptions and risk may also be placed here.