

3 June 2021

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## Investment Business Case

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### Executive summary

As part of the review of financial management and control mechanisms at HCPC, it is proposed to implement a new corporate Business Case template will be used to approve new financial investments.

The business case template has been designed to ensure that the business case owner puts forward a clear economic and financial case to support the approval of any additional financial investment.

It also ensures that the benefits derived from that investment are clearly set out and that these are then monitored and tracked to ensure benefits realisation.

The business case template has been based on the HM Treasury's Five Case model but adapted to ensure that it is fit-for-purpose for use at HCPC and includes the information which approvers need to make a sound financial decision.

A guidance note has also been prepared to assist with the completion of the template and both are now attached for consideration by the Committee.

Decision	People and Resources Committee is asked to discuss and approve the Business Case template
Next steps	N/A
Strategic aims	Strategic priority 3: Ensure the organisation is fit for the future and able to anticipate and adapt to changes in the external environment
Financial and resource implications	No specific financial implications from the outline strategy. The financial resources required to deliver the People Strategy and action plan will be considered in the final version.
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## Business Case template

Document Title	
Version	
Author	
Date	
Executive Director	

	Date
Cleared by Head of Finance	
Approved by Executive Director	
Approved by Team	
Approved by XXXXXX Committee	
Approved by Council	
Review Due	

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## 1. Executive Summary

This section should summarise the Business Case in such a way that the reader, knowing nothing about the project or investment requirements would come away with a high-level grasp of this and how the business case meets the It is best to write this section last once you have developed the rest of the business case..

The Executive Summary should contain a brief introduction stating what the decision-maker is being asked to decide (e.g. formal approval to invest £x in x service), and key points from the remainder of the business case. This section should be no more than 1 page.

## 2. Strategic Case

The Strategic Case demonstrates that how the spending proposal meets strategic objectives and is aligned with the corporate plan. There needs to be a robust and evidenced-based case for change. This section must state:

- What Corporate Plan priority underpins the business case?
- Why is the change required?
- Clearly define the outcomes to be achieved
- Whether the case is aligned with any other organisational strategies?
- Whether the case is for HCPC to do something different or new or whether related to service improvements?

## 3. Risks, constraints and opportunities

This section should include any internal or external risks spell out whether there are any factors outside of the business case proposal which could act as a barrier to successful delivery, whether there are key interdependencies i.e. outcomes depend on something else being achieved/delivered:

- Inherent and specific risks
- Opportunities which could be a by-product from the approval of the business case
- Constraints
- Interdependencies
- This section should explain the potential impact and mitigating actions
- Identifying whether there would be any additional costs arising from implementing mitigating actions

Information can be contained in an appendix if that is more helpful.

#### 4. Economic case (non-financial benefits)

This section of the Business Case assesses the economic costs and benefits of the proposal spans the entire period covered by the proposal. These are not the same as the financial costs to the decision-maker. The economic case looks at pursuing one course of action against another and the opportunity cost or not pursuing the proposal. It considers not just money but also time and other resource implications. The economic case should draw an overall conclusion. Examples to be considered would be:

- Whether there is a customer impact and what the benefit to customers will be
- How service improvements will be linked to an increase in HCPC performance
- What other benefits will materialise e.g. impact on staff well-being, innovation

#### 5. Procurement (if applicable)

This section should include details relating to the planning and management of the procurement:

- What procurement approach would be taken?
- How will competitive procurement be demonstrated?
- What is the likely lead-in time for the procurement?
- By what date would the contract need to be let?
- What is likely to be the contract term?
- What type of contractual arrangements are likely to be in place?

#### 6. Financial Case

This section must set out clearly and as accurately as possible the financial implications if approval is given to the business case. It needs to be clear on any investment (one-off) costs and any ongoing financial obligation that HCPC would be committed to.

If there are any estimates to the figures provided, then this should be made clear.

Financial investment, over and above existing budgets, will normally only be approved where there is a clear efficiency which will be delivered, or the investment is linked to a Corporate Plan objective.

The efficiency can be in the form of tangible improvements in performance or a financial saving which will be generated.

#### Resource requirements

Total funding required: £				
Nature of investment (what is it for?)	When will the cost be incurred?			
	Year 1 £	Year 2 £	Year 3 £	Total £

Business Case title

<b>Total</b>				

### External funding support (if applicable)

<b>Is there any external funding also being provided to support the investment?</b>				
<b>Who is providing the funding?</b>	<b>What is the total funding being provided and when will it be received?</b>			
	<b>Year 1 £</b>	<b>Year 2 £</b>	<b>Year 3 £</b>	<b>Total £</b>
<b>Total</b>				

<b>Total investment costs (HCPC funding plus external funding)</b>				
<b>Total</b>	<b>Year 1 £</b>	<b>Year 2 £</b>	<b>Year 3 £</b>	<b>Total £</b>

### Additional I&E costs

<b>Please list any additional I&amp;E expenditure arising from the investment proposal</b>				
<b>Expenditure category</b>	<b>Recurrent £</b>	<b>One-off £</b>	<b>Team Budget</b>	<b>Budget Code</b>
<b>Total</b>				

### Financial Benefits

<b>Please list any permanent costs savings which will be derived/additional income generated if the investment is approved</b>				
<b>Description of benefit (e.g. salary saving)</b>	<b>Recurrent</b>	<b>One-off</b>	<b>Team Budget</b>	<b>Budget Code</b>

Business Case title

	£	£		
<b>Total</b>				
<b>Pay-back period (years)</b>				

### Risks to financial benefits realisation

This section must set out any risks to the delivery of the financial benefits outlined above.

## 7. Management case

The management case demonstrates that the project is capable of being delivered successfully, in accordance with recognised best practice.

This section requires the project to demonstrate that there are robust arrangements in place for:

- project management plans
- change management arrangements
- contract management
- the delivery of benefits and how these will be monitored
- the management and mitigation of risk
- exit strategy

## 8. Equalities Impact Assessment

This section should cover whether an EQIA has been carried out and the outcomes of that assessment. If an EQIA has not been carried out, this section should clearly set out the reasons why an EQIA is not required.

## 9. Conclusions and any other matters for consideration

Please provide a short summary of the business case and include any other relevant matters not covered by other sections above.

## 10. Appendices

Please attach any information which you think would support the business case making sure that information included is relevant and presented in a succinct and easy to read format.

# **Investment Business Case Guidance for Completion**

## 1. What is the business case for?

The investment business case needs to be completed where the author is proposing that HCPC makes a financial investment into a new initiative or an investment in an asset.

This will generally apply where additional financial resources are required (either revenue or capital) and the proposed expenditure cannot be accommodated within BAU (business-as-usual) budgets.

The financial investment may be needed to deliver new initiatives within the Corporate Plan, invest in something which will deliver service improvements and/or a financial saving (improving overall value-for-money).

HCPC needs to ensure that any additional financial investment delivers tangible benefits and then track and monitor those benefits to make sure they are achieved or understand what has changed.

## 2. Completing the business case template

The business case template sets out what needs to be included in each section and it is important to ensure that the author completes the template as comprehensively as possible to ensure that an appropriate decision can be made on whether to approve the proposed financial investment.

If further support is required, then guidance should be sought from the Head of Financial Planning & Analysis or the Head of Finance.

The Head of Finance must clear all business cases prior to submission for approval to ensure that the financial implications have been properly considered and captured including the impact on the medium-term financial strategy.

## 3. Approval of the business case

There are two stages to the approvals process which address the following (a) Does the business case have merit and is something we want to invest in and (b) how will it be funded?

Depending on the value of the proposed investment, approvals for the first stage should be sought in line with the financial Scheme of Delegation limits applicable at the time. Approval will usually need to be sought from one of the following:

- The Council
- Executive Team
- CEO or relevant Executive Director
- Head of Service
- Manager

These limits do change from time-to-time and it is the business case owner's responsibility to ensure that approvals are in line with the prevailing Scheme of Delegation. The decision on whether it can be funded will be addressed in the following way:

- Delegated authority limits (as above) – will depend on the value and who is permitted to take the decision.
- Whether the investment can be contained within existing Directorate budgets (Executive Director decision)?
- If not, whether the investment be contained within the overall HCPC approved budget (SMT decision).
- If not, is it within the Chief Executive's overall delegated limit to vary the budget by approved percentage?
- If not, council approval will need to be obtained.

Once the outline business case has been recommended for approval then the business case proposer is responsible for notifying the Head of Finance that approval has been given for the necessary budgets changes to be made and include in the management accounts report for approval and/or ratification by Council.

#### **4. Monitoring of business case outcomes**

It is the responsibility of the owner of the business case to provide an exception report to the authorising individual/body where the business case proposals outlined are likely to substantially change after approval has been given. This should be done at the earliest possible opportunity and after consultation with the Head of Finance who will review the potential changes to the financial implications.

The Head of Finance will also be responsible for monitoring the financial impacts after approval has been given both in terms of ensuring that only the approved financial investment is made and/or track any financial benefits to be delivered.

Should the financial elements of the business case change after approval such that additional financial investment is required which is more than 5% of the original business case investment total then an updated business case will need to be submitted for re-approval.

For any additional expenditure <5%, then an exception report needs to be submitted to the original approving individual/body setting out the reasons for the increase in investment requirements and the impact of not agreeing the additional expenditure. This needs to be done well in advance of the additional expenditure being incurred to ensure that there is sufficient time to consider the matter.

If the approver agrees that the additional expenditure (within the 5% limit) is required, then approvals for funding will need to be made in line with the original business case (see above).

Expenditure should not be incurred until this approval is given and therefore it is important that financial implications post approval are closely monitored.