

**National Health Service in Scotland
Management Executive**St. Andrew's House
Edinburgh EH1 3DG

Dear Colleague

**APPROVAL OF INVESTMENTS IN INFORMATION
MANAGEMENT AND TECHNOLOGY (IM&T)****Summary**

1. This letter introduces a new approval procedure for large IM&T projects and explains the criteria which will be applied to such approvals.

Action

2. All addressees are asked to ensure that, for any Information Management and Technology (IM&T) project estimated at £1 million or more (total cost) formal approval is sought and obtained from Director of Information Services. The criteria for approval will be as detailed in Annex A to this Circular. The "total cost" means works cost, professional fees, equipment and, where applicable, allowances for fluctuations and VAT. Estimates of capital expenditure should be in cash terms rather than on an income/expenditure basis. (This definition is taken from Annex A to MEL(1993)17 "Capital Plans, Allocations and Related Monitoring".) The term IM&T project will be taken to include telecommunications projects.

3. This letter should be copied to Unit General Managers for action as required.

Background

4. At present where information systems are available from contracts negotiated nationally or are DIS approved or recommended then NHS bodies are free to proceed with such procurements provided they are in line with their approved Information Strategy. In the past DIS approval has not been required in such cases regardless of systems costs. However systems which do not fall into such categories and cost £25,000 or more must be approved by the Director of Information Services.

5. The Management Executive has now decided that in any cases where a Board, an NHS Trust or the CSA plans to invest £1 million or more there should be a formal and more specific approval procedure. In the future all such approvals submitted to the Director of Information Services supported by a full investment appraisal.

30 July 1993

Addressees

For action:
General Managers,
Health Boards

General Manager,
State Hospital

Chief Executives,
NHS Trusts

General Manager,
Common Services Agency

For information:
General Manager,
Health Education Board
for Scotland

To be copied to Unit
General Managers

Enquiries to:

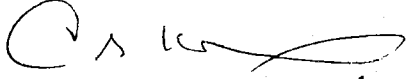
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NHS:
MEL(1993)92

6. Guidance on how to tackle investment appraisal is currently being prepared and a MEL will be issued later this year. Additional guidance covering benefits realisation and post implementation reviews is also being prepared.

Yours sincerely



C B KNOX
Director of Information Services

CRITERIA FOR APPROVING SUBSTANTIAL IM&T INVESTMENTS

The Criteria for approving substantial IM&T investments are :-

1. That the investment is part of an overall Information Strategy based on the organisation's business plan, local Health Strategy and Health Plans.
2. The benefits (cash releasing and non-cash releasing) have been properly and realistically identified and assessed with a commitment from the affected parties to their realisation.
3. That there is a properly structured business case based on good investment appraisal and realistic scheduling, with staged review points.
4. That account has been taken of achieving the same benefits from better use of existing investments with and without enhancements.
5. That there is a clear understanding of the procurement process and option appraisal.
6. That the investment as a project is to be handled in a structured manner (PRINCE being the NHS in Scotland mandatory standard).
7. That there is an unequivocal commitment from the General Manager or Chief Executive (as appropriate) and clear understanding of his/her continuing role and of the senior staff in the procurement, implementation and benefits realisation processes.
8. That there is a clear plan for benefits realisation, including a commitment to assign responsibility for realising benefits to an individual with sufficient authority and resources to deliver.
9. That there is a resourced and structured training programme.
10. That there is a sufficient and adequately skilled IM&T resource available to manage successfully the specification, procurement and implementation of the system.
11. That there is commitment to post implementation evaluation, the results of which will be made available to DIS.