

Development stage

# **Budget impact model guide**

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From your market research you can create a budget impact model. This tells both buyers and sellers what finance or other resources will be needed to bridge the gap between current and future steady-state, and what the impact of using the innovation will be on the services and an organisation's budget.

You will need to think carefully about how you present your cost. If you have an expensive machine that lowers the cost of a common procedure, try to quote an estimated cost per patient, or per use. For example, saying that your machine, which costs £30,000, is less expensive than a £2 test could put off NHS buyers, as it looks like there are upfront capital costs.

Consider these points when developing your budget impact model:

- service costs, by department or area and by year separating pay and nonpay
- link current costs to future steady-state cost
- hidden cost such as ongoing training, licenses, maintenance needed to maintain future steady state
- transition costs to the service (the initial implementation may need to manage an existing higher or lower demand before achieving steady-state)
- the cost of driving the transition (the resources required to deliver the change, clinical leadership, training and education costs, data collection and analysis)
- releasable savings that will result from using the innovation taking into account current costs and the above expenditures (some apparent financial savings may not be releasable, such as savings made in a different organisation from the organisation buying and using the innovation)
- NHS payment system and national tariff
- NHS pay scales
- Pay and conditions circulars for medical and dental staff

Up-to-date research will be needed to understand the funding arrangements for current services.

# Prototyping and product development

Developing an innovation requires going through a number of iterations. During this process you will create, test and refine multiple versions before arriving at a solution that is ready to progress to market.

During this step, it is critical to maintain the focus on the needs of all users to deliver a successful end product. This can include clinicians, carers and commissioners, as well as the 'end users'. To understand more on this and being user-centered in your design and development, [visit the Design Council](#).

Collaborating with different users builds value into the product and ensures that it can be manufactured in a cost-effective manner. This provides evidence to support the product's value proposition.

The Innovate UK Knowledge Transfer Network is a network of innovators and has further detail on [navigating the design to manufacture journey](#).

If you are based in Wales, you can optimise your plans and route to market with help from Health Technology Wales (HTW). You can access support from HTW through the NHS Innovation Service. The [Scientific Advice Service](#) is an expert consultancy that supports developers and innovators in Wales to generate evidence and demonstrate value that meets the needs of care commissioners, care providers, patients and service users. Companies based in Wales may also benefit from support in this area delivered by the [Accelerate Wales](#) programme.