MODULE 13 | DEVELOPMENT BUDGETS AND BUILDING NEW SERVICES

Feasibility Studies and PC-I Project Proposals

53

LECTURE

Practical hospital governance in Punjab, Pakistan

Test the service before committing to the building.
Turn evidence into a clear, costed proposal.

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Edition 1.0 | 5 October 2026

SELF-STUDY PDF

What this lecture will help you do

A good proposal explains why a service is needed, whether it can work and what public resources it requires.

- Test the need and compare realistic service options.
- Distinguish a feasibility study from a PC-I proposal.
- Check capital costs and continuing service costs.
- Prepare a complete case with clear unresolved risks.

OFFICIAL SOURCE

A principle tied to a named law, standard or official guidance.

WORKING METHOD

A practical control or teaching format to adapt to the authorised system.

TEACHING CASE

An invented hospital example, used to practise applying the correct process.

Study output

An options comparison, a checked cost model and a brief for a project decision.

Module 13 | Presentation 2 of 4. Allow 45-60 minutes with exercises. All explanations are on the pages; check the cited sources before live use.

Use the correct form and the correct authority

PC means Planning Commission. PC-I and PC-II have different purposes.

The source used in this lecture

- The Planning Commission publishes revised 2024 forms. They provide an official reference for the content of a development proposal and a feasibility-study proposal.
- Punjab has its own Annual Development Programme (ADP) instructions and approval arrangements. Record the form, version and directions required by the relevant Punjab authorities.

Before submitting a live case

- Confirm the sponsoring department, funding route and receiving forum. Obtain the current form and checklist from the authorised planning channel.
- Do not copy federal declarations, financial powers or funding conditions into a provincial case without checking their applicability. Keep a dated source record.

This lecture explains the preparation method; Lecture 52 covers the development-budget and approval route.

Sources: **P1**: form and instructions | **P4**: applicable annual directions

WORKING METHOD

Define who will own each responsibility

Several bodies may contribute, but each deliverable needs a named owner.

Role	Question to resolve	Evidence to retain
Sponsor	Who puts forward and owns the service proposal?	Approved proposal and authorised correspondence.
Executing agency	Who will manage delivery and the assigned contracts?	Written scope, powers and delivery responsibilities.
Operator	Who will provide the clinical service after handover?	Operating plan, staffing and recurrent funding case.
Technical specialists	Who verifies designs, quantities, safety and estimates?	Dated assessments and professional sign-off within each discipline.

The MS integrates the case; a clinical qualification does not replace engineering or specialist appraisal.

WORKING METHOD | Illustrative material is identified in the text.

WORKING METHOD

Begin with a service problem

The request should start with patient need and a measurable gap.

1	**Describe the gap**	Identify the patients, location, service and consequence of the current shortage or delay.
2	**Measure the starting position**	Use dated activity, waiting-time, referral, capacity and quality data. State missing information.
3	**Explain the cause**	Test whether the limit is space, staff, process, equipment, supplies or supporting services.
4	**State the intended change**	Describe what should improve, by when, for whom and how the result will be measured.

A request for a building is a proposed solution. The need must be explained separately.

WORKING METHOD | Illustrative material is identified in the text.

WORKING METHOD

Make the baseline traceable

A baseline is the measured starting position against which the result will be compared.

Measure	Useful record	Check before use
Service demand	Dated referrals, appointments or admissions.	Remove duplicates and distinguish visits from people.
Current capacity	Sessions, staffed beds, usable rooms and working equipment.	Separate installed capacity from available service hours.
Access and delay	Waiting-time measures, travel barriers and missed care.	Define the population and the method of measurement.
Quality and safety	Cancellations, incidents, treatment completion or relevant outcomes.	Check definitions, reporting gaps and confidentiality.

Keep the source, period, owner and limitations alongside every important figure.

WORKING METHOD

Compare options before choosing construction

Use the same patient need, time horizon and safety requirements for each option.

Option	What it may solve	What still needs testing
Improve current services	Flow problems, idle sessions or repairable capacity.	Staffing, support services and the achievable extra activity.
Adapt existing space	A limited gap without a separate building.	Structural suitability, disruption and safe service design.
Use an external service lawfully	A defined need through referral or an authorised contract.	Capacity, access, quality, continuity and full cost.
Build or expand	A sustained need that existing arrangements cannot meet.	Land, time, approvals, capital cost and long-term operation.

Include the consequences of continuing the current arrangement; do not assume it is safe or cost-free.

WORKING METHOD | Illustrative material is identified in the text.

A feasibility study tests whether the option can work

It should expose reasons to change, delay or reject an option as well as reasons to proceed.

Test the whole service

- Assess demand, the site, technical design, staffing, supporting services, delivery capacity, costs and funding. Examine environmental and social effects.
- Compare alternatives using current evidence. Identify assumptions that could change the result and test them through sensitivity analysis.

Keep conclusions independent

- Do not instruct the study team to justify a predetermined purchase. Ask for evidence, alternatives, limitations and a reasoned recommendation.
- Obtain the required specialist input and applicable approvals for the study. A supplier quotation or attractive drawing is not a complete feasibility assessment.

Follow the applicable requirement for a formal study; no universal Punjab cost threshold is asserted here.

Sources: **P3**: project preparation and appraisal

PC-II proposes the study; PC-I proposes the project

Keep the study approval, completed study and project proposal as separate records.

Document	Purpose	Key question
PC-II	Defines a proposed survey or feasibility study, its work, cost and arrangements.	What evidence will the study produce, at what cost and by when?
Study report	Presents the investigation, alternatives, calculations and findings.	Is the proposed service technically and financially credible?
PC-I	Sets out the development project for appraisal and approval.	What exactly should be approved and on what evidence?
Decision and conditions	Records the competent forum's actual decision.	What was approved, what remains conditional and who must act?

Approval to study an option is not approval to build or purchase the proposed service.

Sources: **P2**: purpose and content | **P3**: project cycle

WORKING METHOD

Write useful terms of reference for the study

Terms of reference define the assignment, expected outputs and checks.

01 Question

State the service gap and the decisions the study must support.

02 Options

Require credible alternatives and a clear comparison method.

03 Evidence

Specify surveys, data quality checks and technical investigations.

04 Outputs

Require the report, calculations, assumptions, drawings and cost basis.

05 People

Identify required disciplines, conflicts and review responsibilities.

06 Acceptance

Set milestones and criteria for accepting each deliverable.

Paying for a report does not establish that its findings are sound. Review the underlying evidence.

WORKING METHOD | Illustrative material is identified in the text.

Understand the main parts of the proposal

Use the applicable form; the federal 2024 form is the reference here.

Part	What it should explain
Identity and purpose	Location, responsible bodies, need, objectives and relationship to sector priorities.
Scope and resources	Technical description, quantities, capital costs, running costs and staffing.
Viability and finance	Demand, benefits, financing, risks and financial or economic analysis as required.
Delivery and results	Timetable, management, measurable results and other decisions needed for operation.

The sections must agree: the proposed activity, staff, equipment, timetable and costs describe one project.

Sources: **P1**: PC-I structure

TEACHING CASE

Separate what is built from what improves

Invented example: a hospital proposes an additional diagnostic service.

Level	Example	How to check it
Input	Funds, space, staff time and equipment.	Approved resources and verified availability.
Output	A commissioned room and 4,000 completed tests per year.	Handover record and defined activity count.
Outcome	Median referral-to-test waiting time falls from 30 to 14 days.	Same waiting-time definition and patient group before and after.
Wider effect	Earlier access to appropriate care.	A suitable evaluation; do not attribute every later change to the project.

These targets are invented for teaching. They are not clinical standards or a forecast for a named hospital.

TEACHING CASE | Illustrative material is identified in the text.

WORKING METHOD

Resolve site and land questions early

A site can appear available while still being unsuitable or legally unresolved.

01 Title and control

Verify ownership, possession and lawful authority to use the land.

02 Permitted use

Check relevant planning, building and land-use requirements.

03 Physical condition

Obtain appropriate survey, structural and ground information.

04 Access

Check ambulance, patient, disability, supply and emergency routes.

05 Connections

Confirm actual power, water, drainage, network and gas capacity.

06 Site risks

Assess flooding, heat, nearby hazards and disruption to existing care.

Record unresolved restrictions. Do not treat a proposed transfer or connection as already complete.

WORKING METHOD | Illustrative material is identified in the text.

WORKING METHOD

Design the patient pathway before the rooms

Clinical, nursing, engineering and infection prevention staff should review the same service plan.

Follow the patient

- Map arrival, assessment, procedure, recovery, discharge and emergency transfer. Include privacy, disability access and observation needs.
- Check the support required at each stage: diagnostics, medicines, sterilisation, blood, cleaning, waste, records and after-hours cover.

Test the proposed layout

- Review clean and used-item movement, ventilation needs, safe storage, staff support and emergency routes. Obtain competent technical advice.
- Check the effect of construction on current services. Identify temporary locations, barriers and agreed restrictions before finalising the work.

A room count or equipment list does not by itself describe a safe clinical service.

WORKING METHOD | Illustrative material is identified in the text.

Cost the supporting services as part of the option

Check capacity at the actual site instead of assuming the existing hospital can absorb the load.

01 Power

Main supply, supported circuits, backup and safe distribution.

02 Water

Required quantity, appropriate quality, storage and distribution.

03 Air and gases

Ventilation, cooling, oxygen, suction and specialist testing.

04 Digital systems

Connectivity, records, access controls and downtime arrangements.

05 Waste and logistics

Cleaning, transport, storage and lawful waste treatment routes.

06 Maintenance

Staff skills, contracts, spares, service access and replacement needs.

WHO facility guidance supports the technical review. Local approvals and qualified design remain essential.

Sources: **P6**: essential services and resilience

WORKING METHOD

Build the operating team into the proposal

A service cannot safely start merely because posts appear in a draft plan.

Question	Evidence needed
Who is needed?	Roles and competencies by shift, with leave and absence cover.
Who can approve the posts?	Applicable authority, establishment requirements and sanctioned status.
Who will be available?	A realistic recruitment, redeployment and training plan; record dependencies.
Who pays after completion?	A documented recurrent funding route and the receiving operating budget.

Project employment and continuing hospital posts may follow different approvals. Do not assume automatic absorption.

WORKING METHOD | Illustrative material is identified in the text.

Build safeguards into the design and budget

Check the actual site, activity and law; project approval is not every regulatory permission.

Local requirements

- Identify the applicable environmental review route with Punjab EPA. Record the required assessment, approval conditions and timing before the relevant work begins.
- Check PHC requirements and any additional building, fire, radiation or activity-specific permission. Budget for required protection and monitoring.

Technical resilience

- Assess heat, flooding and service interruption. Include reliable utilities, safe drainage, waste handling and plans for continued care.
- Consider energy and water use over the life of the service. Document the assumptions behind any claimed saving or resilience benefit.

Use specialists to determine the applicable requirements; a generic checklist is not regulatory clearance.

Sources: **P7**: applicable environmental framework | **P5**: facility and service requirements | **P6**: technical guidance

WORKING METHOD

Make the cost estimate reproducible

Someone who did not prepare the estimate should be able to follow it.

01 Defined scope

List the work, equipment and services included and excluded.

02 Quantity basis

Link quantities to measured work, drawings or service requirements.

03 Rate basis

State the source, date, currency, assumptions and validity of each rate.

04 Full delivery cost

Check freight, taxes, installation, testing, training and site work.

05 Uncertainty

Show permitted contingencies and price assumptions separately.

06 No duplication

Check that shared services and allowances are counted only once.

A contingency is an identified allowance within the authorised estimate; it is not permission to expand scope.

WORKING METHOD | Illustrative material is identified in the text.

TEACHING CASE

Check a simple capital-cost build-up

All values are invented. PKR million means millions of Pakistani rupees.

Civil and utility work	Civil works: PKR 60 million. Utility upgrades: PKR 12 million.
Equipment and installation	Equipment: PKR 40 million. Installation, testing and training: PKR 5 million.
Professional services	Design and supervision: PKR 3 million. Base estimate = 60 + 12 + 40 + 5 + 3 = PKR 120 million.
Stated allowance	Assume an illustrative allowance of 5% of that base: 120 x 0.05 = PKR 6 million.
Total for this example	120 + 6 = PKR 126 million. The example assumes taxes and other specified delivery costs are already included; verify them in a real estimate.

The 5% is an invented teaching assumption, not a Punjab contingency rule or approved rate.

TEACHING CASE | Illustrative material is identified in the text.

TEACHING CASE

Estimate continuing costs separately

Invented annual running-cost estimate after the service reaches its planned activity.

Item	PKR million per year	Check needed
Staff	24	Pay basis, posts, shifts and cover.
Supplies	10	Activity, use per case and price basis.
Utilities and maintenance	6	Additional demand and service arrangements.
Total	24 + 10 + 6 = 40	Funding route, timing and responsibility after handover.

Capital approval of PKR 126 million does not by itself provide the annual PKR 40 million to run the service.

TEACHING CASE | Illustrative material is identified in the text.

TEACHING CASE

Show the wider funding commitment

Continue the invented project. Assume constant annual running costs solely to show the method.

Capital requirement	Initial capital cost = PKR 126 million.
Five years of operation	PKR 40 million per year x 5 years = PKR 200 million.
Undiscounted total	126 + 200 = PKR 326 million over this simplified period.
Important exclusions	This example omits inflation, major replacement, residual value, financing costs and timing within each year.
Decision use	Show both the construction cost and the continuing obligation. A live lifecycle estimate must add all relevant items and an appropriate time horizon.

This is a simplified spending total. It is not net present value, economic value or a funding approval.

TEACHING CASE | Illustrative material is identified in the text.

WORKING METHOD

Check whether the proposed activity is achievable

Separate demand, technical capacity and the activity that the whole system can actually deliver.

Demand and usable capacity

- Estimate the eligible patients likely to use the service. Record referral assumptions, access barriers, alternatives and expected growth.
- Calculate capacity using staffed sessions, realistic throughput, equipment readiness and supporting services. Allow for start-up and interruptions.

A useful challenge

- If the service expects 4,000 tests a year but staff and equipment support only 3,000, revise the scope or resources before approval.
- If projected demand is much lower than capacity, compare a smaller or phased option. Do not invent activity to make unit costs appear attractive.

Use low, central and high assumptions where uncertainty matters; a single precise number can conceal weak evidence.

WORKING METHOD | Illustrative material is identified in the text.

Financial and economic questions are different

Both assessments need clear assumptions, but they examine different effects.

Assessment	Main question	Hospital interpretation
Financial	What cash and funding does the project need, receive and spend?	Can the operator fund staff, supplies, maintenance and other obligations?
Economic	What resources and benefits arise for society?	Consider health and access benefits using a suitable appraisal method.
Cost-effectiveness	What does each option cost for a defined health result?	Compare comparable outcomes; cheaper per visit need not mean better care.
Budget impact	What changes in the payer's spending over the stated period?	A worthwhile service can still exceed the available budget.

A public hospital service need not earn a profit to have public value. It still needs an affordable funding plan.

Sources: **P3**: appraisal and analysis

TEACHING CASE

Understand the time value of money

A later cash amount is not directly comparable with the same amount today.

Teaching assumption	Assume a cost of PKR 11 million paid one year from now and an illustrative annual discount rate of 10%.
Present value	Present value = future amount / (1 + rate). Here: 11 / 1.10 = PKR 10 million.
For several years	Discount each relevant future amount for its timing. Add the present values; subtract present-value costs from benefits to calculate net present value.
Keep the basis consistent	Use a discount rate appropriate to the required appraisal. Match the treatment of inflation in the cash flows and rate.
MS responsibility	Ask the analyst to explain the rate, time horizon, cost scope and benefits. Do not accept an unexplained spreadsheet result.

The 10% rate is invented for arithmetic teaching. It is not an official Pakistan or Punjab appraisal rate.

TEACHING CASE | Illustrative material is identified in the text.

TEACHING CASE

Test equipment-price sensitivity

Use the invented estimate from the earlier pages. Hold all other base costs constant.

Original estimate	Base cost = PKR 120 million, including PKR 40 million of equipment.
Price change	Assume equipment prices rise 20%. Increase = 40 x 0.20 = PKR 8 million.
Revised base	120 + 8 = PKR 128 million.
Illustrative allowance	Apply the same invented 5% allowance to the revised base: 128 x 0.05 = PKR 6.4 million.
Revised teaching total	128 + 6.4 = PKR 134.4 million. Compared with 126 million, the increase is 8.4 million.

Sensitivity analysis shows exposure. It does not approve a revision, extra spending or a change in scope.

TEACHING CASE | Illustrative material is identified in the text.

TEACHING CASE

Test the effect of lower activity

Continue the invented example. Hold the annual running-cost estimate at PKR 40 million to isolate the effect of activity.

Original activity	40,000,000 / 4,000 completed tests = PKR 10,000 per test.
Lower activity	40,000,000 / 3,000 completed tests = about PKR 13,333 per test.
Interpretation	Lower activity raises the average cost in this simplified calculation because the same total is spread across fewer tests.
Limitations	These unit figures exclude capital costs. In practice, some running costs also change with activity and must be recalculated.
Decision use	Check demand, service capacity and cost behaviour. Compare a smaller or phased option where appropriate.

Do not change the patient forecast just to obtain a preferred unit cost.

WORKING METHOD

Build the timetable around dependencies

The completion date must cover the service becoming ready, not just the last civil-work bill.

1	**Preconditions**	Resolve land, applicable approvals, design, funding and procurement preparation.
2	**Delivery sequence**	Coordinate civil works, utilities, equipment delivery, installation and specialist testing.
3	**Operating readiness**	Plan posts, staff availability, training, supplies, maintenance and required permissions.
4	**Safe opening**	Schedule acceptance checks and a documented readiness decision; retain time for correcting defects.

Show which activities depend on others and who owns each milestone. Lecture 54 covers control during delivery.

WORKING METHOD | Illustrative material is identified in the text.

WORKING METHOD

Turn major risks into decisions

A risk entry needs an owner and a response, not just a colour.

Risk	Evidence or response	Decision needed
Land remains unresolved	Written status, restrictions and expected resolution route.	Change site, delay or resolve before the next commitment.
Specialist staff unavailable	Recruitment evidence and a realistic service model.	Phase, redesign or arrange a lawful alternative.
Utility connection delayed	Verified capacity, connection plan and temporary safe options.	Re-sequence delivery or change the opening date.
Running funds uncertain	Written funding position and amount of the gap.	Secure a viable funding route before committing to the full service.

A proposal can recommend further preparation. It need not force an immediate construction decision.

WORKING METHOD | Illustrative material is identified in the text.

WORKING METHOD

Reconcile the proposal before it leaves the hospital

Use clinical, technical, finance and planning reviewers to challenge the same final version.

01 One scope

The narrative, drawings, equipment list and cost sheets agree.

02 One total

Component totals, annual phasing and funding totals reconcile.

03 Real operation

Staff, supplies, maintenance and recurrent funding are addressed.

04 Visible uncertainty

Assumptions, missing approvals and material risks are explicit.

05 Traceable evidence

Sources, calculations, specialist checks and versions are retained.

06 Clear request

State the exact decision sought and the conditions still outstanding.

Retain the submitted version and reply to appraisal observations point by point; explain every material change.

WORKING METHOD | Illustrative material is identified in the text.

TEACHING CASE

A building proposal with no service team

All details in this case are invented.

Proposal	A hospital requests a new diagnostic wing. The civil estimate is complete, but there is no funded staffing plan and the electricity connection is unconfirmed.
Initial conclusion	The building cost is only part of the decision. The proposal has not shown that the service can operate safely.
Questions to resolve	Who approves and funds the required posts? What load is needed? Who will deliver the connection, by when and at what full cost?
Options to compare	Use existing space, phase the service, change the site or complete the missing preparation before seeking the full commitment.
Reviewable recommendation	Present the verified need, options, missing evidence, revised total and responsible officers. Seek the decision that the evidence can support.

Unresolved operating requirements belong in the decision paper, not in a private assumption that someone will solve them later.

TEACHING CASE | Illustrative material is identified in the text.

Three questions before you recommend approval

Write your answer and the reason before turning to the next page.

1 | Study or project?

A consultant has been appointed under an approved PC-II. A manager says this also approves the hospital extension.

Is the manager correct, and what document is missing?

2 | Check the funding need

An invented proposal costs PKR 80 million initially and PKR 12 million annually for five years. Ignore inflation and all other items.

What is the simplified total, and what does that total not prove?

3 | Challenge the forecast

A project claims 6,000 procedures each year. The verified staffing model supports 4,000, and recurrent funds are not confirmed.

What must change before you can recommend the proposal confidently?

Use the distinction between evidence, a proposal, an approval and a funding commitment.

TEACHING CASE | Illustrative material is identified in the text.

Answers and reasons

Use the evidence, the calculation and the cited source.

1 | No

An approved PC-II authorises the defined study under the applicable route. A completed study supports a separate project proposal. The project needs its own competent decision and all other applicable permissions and funding actions.

2 | PKR 140 million

80 + (12 x 5) = 140 million. This is an undiscounted teaching total. It does not prove affordability, provide funding authority or establish economic value.

3 | Reconcile the plan

Review demand, staffing, throughput and supporting services. Either justify and resource the 6,000 figure or revise it. Resolve the funding route and show outstanding conditions openly in the decision paper.

Strong preparation makes uncertainty visible and gives the approving authority a case it can assess.

TEACHING CASE | Illustrative material is identified in the text.

Prepare a project proposal review

Use a non-confidential real case or the invented examples in this lecture.

Options sheet

Define one service gap and compare three credible options using the same criteria.

Checked estimate

Show capital and running costs, assumptions, funding gaps and one sensitivity test.

Decision brief

State your recommendation, required decision, conditions, responsible officers and next actions.

Ask clinical, technical and finance colleagues to check their respective parts. Record disagreements and how they were resolved.

Keep patient information confidential and do not represent a teaching exercise as an approved PC-I.

WORKING METHOD | Illustrative material is identified in the text.

Sources and continued use | 1

Select a source title or its official-source link to open the document.

P1

PC-I Proforma and instructions, revised 2024

Official federal form: health-sector content, costs, operating requirements, analysis and implementation. Confirm the form and instructions applicable to a Punjab project.

Planning Commission, Government of Pakistan | **Official source**

P2

PC-II Proforma and instructions, revised 2024

Official federal form for surveys and feasibility studies, with a technical feasibility template. It proposes the study; it is not the completed study report.

Planning Commission, Government of Pakistan | **Official source**

P3

Manual for Development Projects, 2024

Project identification, preparation and appraisal chapters. Federal procedures and thresholds must be read within their scope; verify applicable Punjab directions separately.

Planning Commission, Government of Pakistan | **Official source**

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Sources and continued use | 2

Select a source title or its official-source link to open the document.

P4

Guidelines for Formulation of ADP 2026-27

Punjab annual programme instructions. Use the applicable financial-year directions and subsequent orders for a live proposal; programme inclusion is not authority for every later action.

Planning and Development Board, Government of the Punjab | **Official source**

P5

PHC: MSDS for Category I Hospitals

Reference Manual, 2024. Planning, safe services and facility management. Match the current manual and licence requirements to the hospital and proposed activity.

Punjab Healthcare Commission | **Official source**

P6

Safe, climate-resilient and sustainable health care facilities

WHO overview, 2024. Technical guidance linking the workforce, essential services and resilient infrastructure. It does not replace Punjab approvals or engineering design.

World Health Organization | **Official source**

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Sources and continued use | 3

Select a source title or its official-source link to open the document.

P7

Environmental laws, rules and regulations

Official Punjab EPD catalogue. Check the Environmental Protection Act and the applicable environmental review regulations, amendments and project-specific conditions.

Environment Protection Department, Government of the Punjab | **Official source**

Educational material by Dr Qurban Hussain Khan. Source editions are stated; verify later amendments and applicable institutional orders before live use.