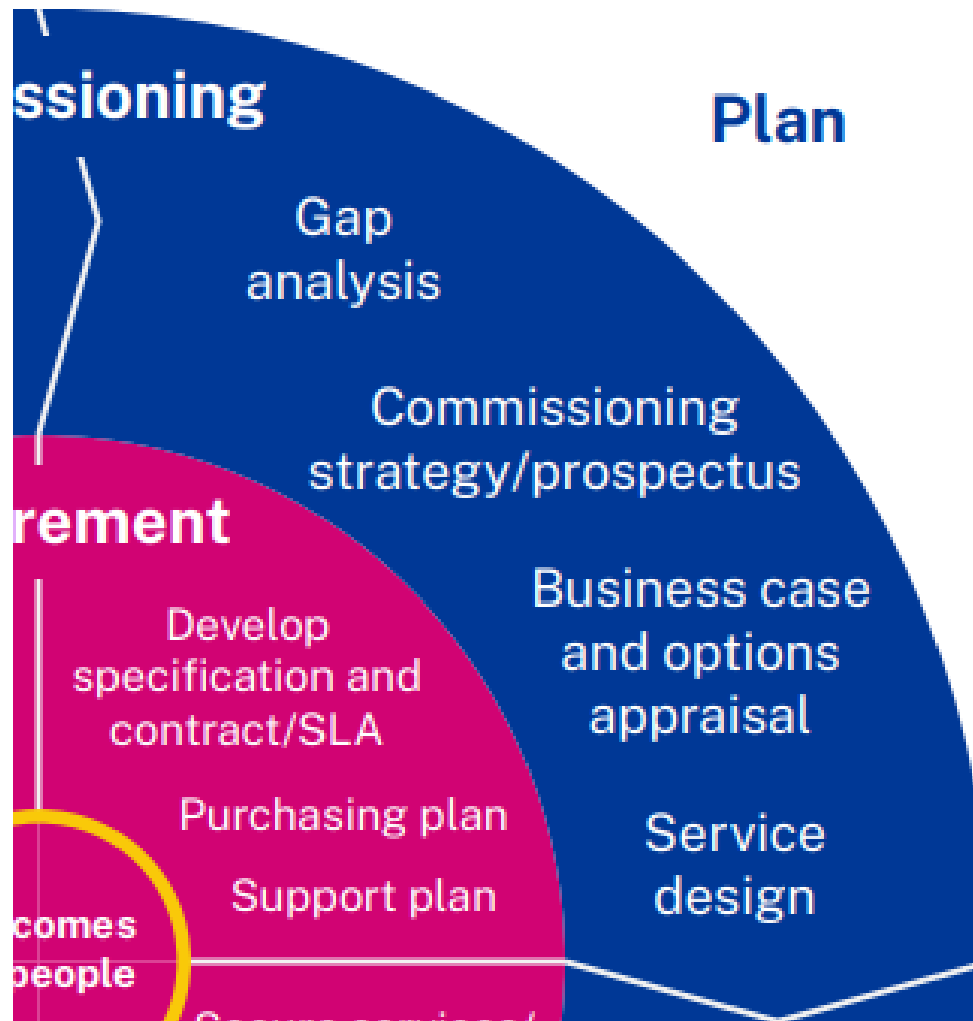


# Planning and Options Appraisals

# Institute of Public Care Commissioning Cycle - Plan



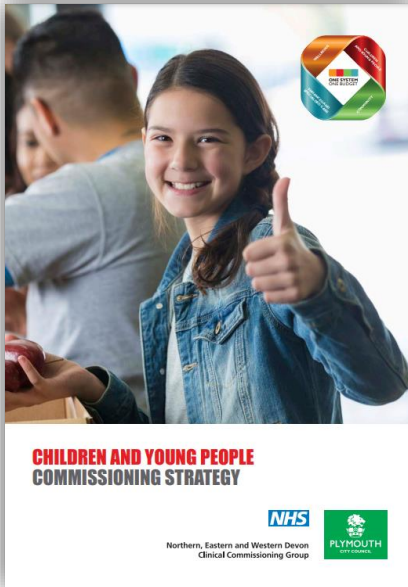
# Commissioning activity product(s) might be:

- Commissioning strategy
- Business case
- Options appraisal
- Risk assessment
- Equality Impact Assessment
- Market position statement (MPS)
- Others?

# What is a commissioning strategy?

It is a statement...

...of how you are going to effect change in the overall configuration of services across a market to meet the needs of the client group.



# What is a Business Case?

“The business case provides justification for undertaking a project...its purpose is to obtain management commitment.”

(APM Body of Knowledge 5th edition)

Two key types of business case:

- Outline Business Case (OBC)
- Full Business Case



# What is a Business Case?

## Outline Business Case (OBC) Full Business Case

- sets out the preliminary thoughts regarding a proposed service
  - should contain the information needed to help the organisation make decisions regarding the adoption of the project
  - should state envisaged outcomes, benefits and potential risks associated with the proposal
- a management tool, developed over time as a living document as a proposal develops
  - summarises research and analysis needed to support decision making in a transparent way and summarising objectives, the key features of implementation management and arrangements for evaluation

(NHSE 2013)

(Assoc of Colleges UK 2012)

# Options appraisal

“The process of defining objectives, examining options and weighing up the costs, benefits, risks and uncertainties of those options before a decision is made.”

HM Government: Green Book

# Options appraisal

An effective option appraisal will include an assessment of:

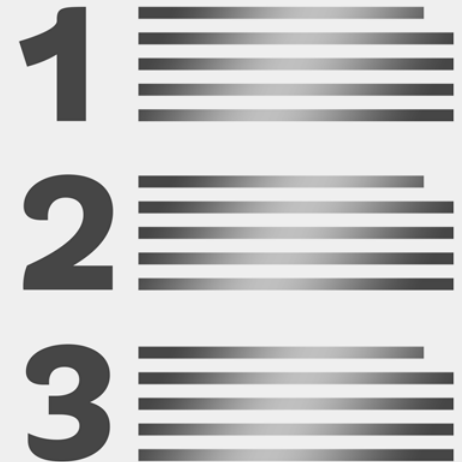
- Project costs, benefits and risks;
- Whether the project benefits are worth the cost and the risk;
- The best option that will deliver the desired outcomes, at the right time, at an acceptable cost and level of risk;
- Whether there is adequate baseline information to allow a post-project evaluation to be carried out; and
- The future of the project.

(2009) RICS - Asset Management Best Practice: Making the Right Choices



# Options appraisal - tips

- Ensure evidence-based and beware of bias
- Make a realistic appraisal of risks, benefits and costs
- Include reference to the financial implications of options
- Where appropriate, use a recognised methodology e.g.
  - Cost benefit analysis (CBA)
  - Social Return on Investment (SROI)
  - Multi-criteria Analysis (MCA)



# What is a risk assessment?



“A systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking”.

Oxford English Dictionary

# Managing risk

**Risk Matrix Chart**

		Likelihood				
		1	2	3	4	5
Consequence		Rare The event may occur in exceptional circumstances	Unlikely The event could occur sometimes	Moderate The event should occur sometimes	Likely The event will probably occur in most circumstances	Almost Certain The event is expected to occur most circumstances
1	Insignificant No injuries or health issues	LOW	LOW	LOW	LOW	MODERATE
2	Minor First aid treatment	LOW	LOW	MODERATE	MODERATE	HIGH
3	Moderate Medical treatment, potential LTI	LOW	MODERATE	HIGH	HIGH	CRITICAL
4	Major Permanent disability or disease	LOW	MODERATE	HIGH	CRITICAL	CATASTROPHIC
5	Extreme Death	MODERATE	HIGH	CRITICAL	CATASTROPHIC	CATASTROPHIC

## Risk rating:

**Low risk:** Acceptable risk and no further action required as long as the risk has been minimised as far as possible. Risk needs to be reviewed periodically.

**Moderate risk:** Tolerable with further action required to minimise risk. Risk needs to be reviewed periodically.

**High risk:** Tolerable with further action required to minimise risk. Risk needs to be reviewed continuously.

**Critical risk:** Unacceptable risk and further action required immediately to minimise risk.

**Catastrophic:** Unacceptable risk and urgent action required to minimise risk.

## Risk Rating for this incident

<input type="checkbox"/> LOW RISK	<input type="checkbox"/> MODERATE RISK	<input type="checkbox"/> HIGH RISK	<input type="checkbox"/> CRITICAL RISK	<input type="checkbox"/> CATASTROPHIC
Acceptable with periodic review	Tolerable with periodic review	Tolerable with continuous review	Intolerable	Intolerable

# Equality Impact Assessments

- Requirement of Equality Act 2010
- Public authorities must have due regard to several equality considerations when exercising their functions
- Opportunity to ensure better decisions made on robust evidence
- Ensure decision-making includes consideration of actions that might help to avoid negative impacts on particular protected groups

# Example from Devon County Council

Devon CC YouTube clip 2019

[https://www.youtube.com/watch?v=\\_dbuJSf1DFg](https://www.youtube.com/watch?v=_dbuJSf1DFg)

# Equality Impact Assessments – just a tick box exercise?

Court of Session ruling on South Ayrshire Council, regarding closure of a day centre for adults:

“The court held that the council breached its Public Sector Equality Duty under section 149 of the 2010 Act by failing to carry out a formal equality impact assessment (EIA) to assess the effect of the policy on those persons with disabilities who relied on the service, adding that a scoping exercise which was later carried out had “all the hallmarks of a tick-box exercise” completed after the decision had been taken”.

Scottish Legal News, January 2020

# Key questions to ask

- What is the effect on the provider?
- What is the impact on other services?
- How will this impact on children, young people, families, service users and carers, and to what extent?
- Will this effect the working relationship between the provider and the Council?
- Will this alter the current market place?
- What will be the impact of doing nothing?
- What would be the effect of doing this now v introducing a phased approach?

# What's your organisational approach?

Consider:

- What is your approach to Business cases/planning
- Risk Assessments
- EIAs
- How well do you do them, what are your strengths and weaknesses?



# Fitness for purpose checklist

- Is the business need clearly stated?
- Have the benefits been clearly identified?
- Is the reason for and benefits of the project consistent with the organisation's strategy?
- Is it clear what will define a successful outcome?
- Is it clear what the preferred option is and why?
- Where there is an external procurement is it clear what the sourcing option is?
- Is it clear how the funding will be put in place?
- Is it clear how the benefits will be realised?
- Are the risks faced by the project explicitly stated and are there plans to address them?

# Develop an outline business case

- In relation to your targeted population group, prepare an outline business case, which:
  - Draws on your analysis of need/resources and community assets
  - Identifies your preferred commissioning option taking account of any risks and how they might be mitigated
- Prepare and present a 3 minute summary of your outline business case

# Prioritisation – a key commissioning skill!



“Today’s top priority is to prioritise our priorities”

# Prioritisation Tool (e.g.)

## Essential Elements

Strategic Fit	Financial Benefit (Return on Investment)	Wider Benefit	Confidence
Fully Aligned	Very High (>50%)	Very High	Successful (100%)
Strongly Aligned	High (>0%<50%)	High	Probably (75%)
Generally Aligned	Moderate (0%)	Moderate	Feasible (50%)
Partially Aligned	Low (<-50%>0%)	Low	Doubtful (25%)
Weakly Aligned	Very Low ( >-50%)	Very Low	Unachievable (0%)

**Self Assessment & Review**

*Review*

# Contact us



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