

## **Learning Disability Services – Appraisal Brief**

### **Background**

1. The Project Board previously agreed that the ongoing review of Learning Disability Services should be undertaken in line with the HM Treasury Green Book (TGB). This would include the following stages:
  - Justifying the need to undertake the review;
  - Setting detailed objectives for the desired outcomes of the review;
  - Carrying out an options appraisal to identify possible solutions which meet the objectives;
  - Developing and implementing the preferred solution; and
  - Evaluating the effectiveness of the solution when it has been implemented.

### **Stage 1: Justifying Action**

2. Following recommendations of the previous Scrutiny Review and comments from the Social Work Inspection Agency the Council constituted the Project Board to review Learning Disability Services to ensure efficient and effective service delivery

### **Stage 2: Setting Objectives**

3. In order to comply with the requirements of the TGB detailed objectives should be set for the desired outcomes of the review. The Project Team were tasked with developing the project objectives and this was achieved in a workshop session.
4. Having regard to the nature of the service and the national and local framework in which the service is required to operate, the Team identified the need for a balanced set of objectives that would meet the requirements of delivery of the service, the quality of that delivery, financial sustainability, administrative efficiency and acknowledging perceived future pressures. Having regard to the requirements identified, the Team then, through discussion and application of professional judgement, generated a set of objectives that are relevant to the environment in which the service operates. The objectives identified by the Team, along with their respective weightings, are attached in Appendix 1.
5. The objectives identified by the Team are to be reported to the Project Board on 26 February 2009. After consideration of these, the Board will be asked to direct the team to undertake consultation and thereafter move to identifying and short listing various options for service delivery. Once a short list of options is identified by the Project Team it will be reported to the project

Board. Once the Board are content with the short list it should be subject to detailed appraisal.

### **Stage 3: Generation and appraisal of options**

6. The Team will follow an accepted practice used by Ernst and Young in the conduct of other options appraisals undertaken by them which is in accordance with the general guidance provided by the TGB. This is in accordance with the process being followed in the Review of Older People's Services

#### ***Long Listing***

7. The first part of this stage involves the identification of a long list of options for delivery of the service. This will be achieved in a workshop session. The approach will be to properly measure the options against the objectives in a way that will generate service delivery options that would be directly relevant to the service. In particular the service operates to National Care Standards and to national and local policies. These are referred to in the Objectives and will be identified as a standard to measure options against particular objectives.
8. In generating the long list of options the Team will follow the accepted practice, utilised by E&Y, of identifying the first option as continuing with the current delivery of the service. The Team then, through discussion and application of professional judgement, will generate a long list of options for delivery of the service which, without critical analysis at this stage, would have the potential to meet, in some respect, the objectives set.

#### ***Shortlisting***

9. Once long listing is complete short listing will be undertaken, again, through a workshop session. To this end the Team will provide additional detail in regard to the agreed objectives in order that they could be used as benefit criteria for the detailed assessment of individual options.
10. The outcome sought from the short listing process is a numerical ranking of options based on their performance against the agreed objectives. To achieve this, the Project Team will utilise a 10 point scale, as was applied in the same process in the review of Older People's Services, to ensure consistency and comparability across the options. Each option will be assigned a score of 1 to 10 against each objective. Given the large number of national and local policies and National Care Standards applicable to Objectives 1 and 2 and the requirement to maintain consistency in scoring each of these against each and every option a scoring system of 1, 2 and 3 is proposed to provide a summary of views on each of these policies and

Standards against every option in a pass/fail type structure. This is used to assist the Team in applying its professional judgement as to how each option could be measured on the 10 point scale against each objective so that the eventual scoring across all objectives will be comparable.

11. The Project Team propose to follow accepted practice by short listing the top 3 or 4 scoring options. The option of 'continuing as we are' is proposed to be retained in order to act as a comparator for all other options.

### ***Scoring of options***

12. Options will be scored against the objectives agreed by the Board. The scoring is achieved through discussion and application of professional judgement. The resulting scores are multiplied by the weightings referred to in paragraph 3 in line with the approach suggested by Ernst & Young. The results are shown both before and after the application of the weighting factors to demonstrate how each option performs against the key priorities for the Council in delivering the service.
13. The shortlist of options for each part of the service will then be submitted to the Board who will consider the options identified by the Team. When the shortlist is agreed by the Board it will be subject to consultation.

### ***Financial Appraisal***

14. In parallel with any further consultation process, a detailed financial appraisal will be undertaken in respect of each shortlisted option. The financial appraisal will result in a comparison between the total costs to the Council of each option. This will be undertaken by assessing the Net Present Value (NPV) of each option and assigning each a ranking based on its relative NPV. The NPV is derived by taking the total costs to the Council, over a specified period of time, of pursuing an identified option and discounting this cost back to today's money. This will enable the whole life costs of each option to be assessed against the cost of the current service. In so doing the financial appraisal will provide the Project Board with a view on the comparative affordability and value for money of the options.

### ***Sensitivity Testing***

15. The financial appraisal will be undertaken by the Special Projects Team with advice and data supplied by Strategic Finance. Where appropriate further advice will be sought from Ernst & Young and this will be reported to the Board. The appraisal process will gather together all anticipated costs associated with each option. These cost streams will involve an element of estimation or assumption of their value over an extended period of time. As such, certain cash flows will be more difficult to predict than others.

Recognising this, sensitivity of each financial assessment to changes in future assumptions will be measured and the effect on the outcome of the overall assessment will be recorded. This will highlight how the ranking of options may be altered by changes in certain key assumptions and highlight key financial risks.

### ***Optimism Bias***

16. The Green Book recognises the overall uncertainty associated with the early stages of project development and option appraisal. In particular the process outlined by the Green Book assumes that optimistic assumptions may be made regarding the costs of a project at the stage of options appraisal. This is reflected in the Green Book process by the application of what is termed an 'Optimism Bias' to the overall anticipated cost of each option. The Optimism Bias assigns a percentage uplift in the anticipated cost of each option which is higher at early stages of the project, to reflect the high level of assumptions that require to be made in regard to costs. Over the course of the project it is expected that, as costs are crystallised and become more certain, the Optimism Bias will reduce. This process is unlikely to differentiate between options but will enable a prudent assessment of overall project risk to be attached to any preferred option.
17. The financial appraisal will result in a ranking of the costs of each option in order of NPV. It is intended to follow an accepted approach for linking the financial and qualitative appraisals by which the anticipated NPV of the option will be divided by the score achieved in the qualitative appraisal. This will produce an overall ranking of each option for the three parts of the service.
18. The appraisal process will be subject to a risk assessment in relation to each option which will rank options in accordance with perceived risk.
19. At the end of this stage, following the above process, the Project Team will bring all of the relevant results together and report to the Board on the preferred option for each of the parts of the service. This will advise the Board on the results of the qualitative and financial elements and rank the preferred options in accordance with these.
20. The Board will then be in a position to agree which option should be further investigated for possible implementation for each part of the service. This will also be an opportunity for the Board to consider the potential for synergy to be achieved between the options as applied across all parts of the service.
21. Once the Board have reached the stage of agreeing an option(s) they will require to consider what steps are necessary for it to formulate an implementation plan for any of these options.

## APPENDIX 1

### Review of Learning Disabled Services – Objectives

Objective	Weighting
Deliver a model of support in partnership and within the context of national and local policy	20
Ensure that the model of support provides a quality service in terms of National Care Standards.	15
Deliver a model of support which promotes health and wellbeing	12
Deliver a model of support which promotes inclusion	12
Deliver a model of support which enables users to achieve a full life	12
Ensure that resources are targeted in the most efficient, effective and sustainable manner to achieve the appropriate level of quality.	10
Ensure that the model of support is adaptable to change and sustainable into the future.	8
Deliver services as close to communities as possible.	6
Develop within the model of support, environments that are fit for purpose.	5
TOTAL	100