

IDeA OPTIONS APPRAISAL AND PROCUREMENT METHODOLOGY

SERVICE DELIVERY OPTION	THIS WILL BE CONSIDERED IF THE OPTION APPRAISAL REVEALS ONE OR MORE OF THE FOLLOWING
<p>1. The cessation of the service, in whole or part.</p>	<ul style="list-style-type: none"> • The whole or part of the service is discretionary. • There is little or no demand for the service • Costs of provision outweigh the benefits • It is considered a low public or organisation priority. • There are no alternative providers of the service • The service makes no, or little, contribution to the Community Plan. • The service has poor prospects of improvement.
<p>2. The creation of a public-private partnership, through a strategic contract or a joint venture company for example</p>	<ul style="list-style-type: none"> • Additional investment can be achieved. • Prospects for service improvement increase significantly. • Skills and capacity of the private partner will enhance services. • Economies of scale can be derived.
<p>3. The transfer or externalisation of the service to another provider (with no in-house bid)</p>	<ul style="list-style-type: none"> • In-house provision is demonstrably poor and there is only a poor prospect of the service improving in the next 5 years if it remains in-house. • The market-place or other providers can supply services that wholly or substantially meet the Council's requirements at equal or lower costs. • The costs of implementing this option do not exceed the benefits to be gained. • Another provider has indicated a willingness to take on the service and deliver improved performance under agreement or contract.
<p>4. The market testing of all or part of the service (where the in-house provides bids in open competition against the private or voluntary sector).</p>	<ul style="list-style-type: none"> • There is an existing market which provides competition now. • There is an emerging or developing market which could provide competition within the next five years. • There is no policy reason why the Council should directly provide the service. • The in-house service is delivering at levels that do not match local needs and external

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	<p>comparators.</p> <ul style="list-style-type: none"> • The in-house service has the capacity and capability to improve. • Market-testing would help to secure service improvement from an in-house service or external provider.
<p>5. The continuation or restructuring or repositioning of the in-house service.</p>	<ul style="list-style-type: none"> • There is no appropriate market for the service, either on its own or as part of a larger package. • There are strong connections with other services provided by the Council. • Improved performance and/or cost efficiencies can be demonstrated by restructuring/repositioning. • A high level of control is required due to the risks to the Authority if the service failed. • The service is so core to the purpose of the Authority that any other option would seriously affect the Council's ability to perform.
<p>6. The re-negotiation of existing arrangements with current providers, where this is permissible.</p>	<ul style="list-style-type: none"> • The service improvement plan cannot be implemented any other way. • Existing service providers have consistently, or seriously failed to meet the Council's requirements. • The benefit of re-negotiation outweigh the costs. • The review has identified the need for a new service, or a gap in existing provision, for which there is a clear need.
<p>7. The joint commissioning or delivery of the service</p>	<ul style="list-style-type: none"> • The type of service provided or received, in whole or part, is substantially the same as that provided or received by another organisation or organisations. • One or more of those organisations is willing to explore joint commissioning or joint delivery. • Improved performance and/or cost efficiencies can be demonstrated.

Service Delivery Option Appraisal

Answer all the questions under each option

1. The cessation of the service, in whole or part.

Question	Answer	What evidence can you provide for your answer?
(a) Is the service wholly or partly mandatory?	Yes / No	
(b) Is there a demand for the service?	Yes / No	
(c) Is the service a high public priority?	Yes / No	
(d) Is the service a high priority for the organisation?	Yes / No	
(e) Do the benefits of the service outweigh the costs?	Yes / No	
(f) Is the service directly contributing to the implementation of the Community Plan?	Yes / No	
(g) Does the service have good prospects for improvement in the next 5 years?	Yes / No	
(h) Are there alternative providers of the service?	Yes / No	

Key evidence being sought: Is the service essential and valued?
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If you have answered yes to one or more questions then this option can be discounted as the preferred service delivery option.

If you have answered no to one or more questions, then this option needs to be explored further as part of the Best Value review by:-

- fully consulting actual and potential service users to ascertain if there is take-up potential.
- ascertaining the legal position
- ascertaining the political and policy implications
- ascertaining the cost implications
- ascertaining whether service-delivery options 3 or 4 are more realistic alternatives

If this becomes the preferred option the service improvement plan will need to include an exit strategy which covers

- managing of staff redeployment and/or redundancies/natural wastage
- informing existing users of any alternatives
- date and time for cessation of service

2. The creation of a public-private partnership, through a strategic contract or a joint venture company for example:

This is defined as entering into a partnering or partnership arrangement that moves beyond traditional 'supply for service' to one in which the skills and experiences of both come together to achieve the continuous improvement in the delivery of services.

Question	Answer	What evidence can you provide for your answer?
(a) Would the service benefit from an increased level of investment in the medium-long-term?	Yes / No	
(b) Are there significant demands on the service which requires maximum flexibility and scope to meet new technological innovations, increasing and changing customer expectations and/or skill shortages?	Yes / No	
(c) Could the existing skills and capacity available in the private sector enhance the delivery of this service?	Yes / No	
(d) Could economies of scale be realised for your service from a partnering or partnership arrangement?	Yes / No	
(e) Are there any potential private sector organisations interested in forming a public-private partnership?	Yes / No	

Key evidence being sought:	Are there willing partners with common objectives, and sustainability with the private sector?
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If you have answered no to one or more questions then this option can be discounted as the preferred service delivery option.

If you have answered yes to one or more questions then this option needs to be explored further as part of Best Value review by:-

- identifying the potential number of organisations involved in a partnering or partnership arrangement.
- outlining the services that could be covered, and the added-value benefits and risks to the Authority of such an arrangement.
- entering into an initial dialogue with interested partners on the type of partnership arrangement.

If this becomes the preferred option the Service Improvement Plan will need to include:

- Actions to build a successful alliance by identifying and agreeing
 - the form and content of the agreement
 - leadership and management issues
 - the culture of working together
- Structure for effective delivery and review
- Operating the partnership/partnering arrangement
- Ensure action is taken in accordance with the Procurement Strategy

3. The transfer or externalisation of the service to another provider (with no in-house bid)

Question	Answer	What evidence can you provide for your answer?
(a) Is there a statutory reason or barrier that prevents the transfer or externalisation of the service?	Yes / No	
(b) Does the service have good prospects for improvement in the next 5 years if retained in-house?	Yes / No	
(c) Is there a way of regulating to ensure minimum standards, if there is a market provider?	Yes / No	
(d) Is there an alternative profit or non-profit provider that could take on this service under agreement or contract?	Yes / No	
(e) Would an alternative provider deliver improved performance to meet the service improvement plan?	Yes / No	
(f) Is there anything to prevent the Council from creating a separate organisation to provide the service?	Yes / No	

Key evidence being sought:	Can the market place offer better value (externalisation) or can the service operate independently (transfer)?
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If you have answered yes to one or more questions then this option can be discounted as the preferred service delivery option.

If you have answered no to one or more questions or yes to (c), then this option needs to be explored further as part of the Best Value review by:-

- confirming that the Council has the power to transfer responsibility to a separate organisation
- identifying the preferred method of service substitution such as
 - not for profit trust or co-operative
 - trade sale to an organisation active in the market
- the element, if any, of on-going financial support required by the Council, including the client function
- being satisfied that service standards will be maintained and improved in accordance with the service improvement plan
- ensuring the Council's statutory obligations will be met
- ascertaining whether service-delivery options 4 or 5 are more realistic alternatives.

If this becomes the preferred option the Service Improvement Plan will need to include a transfer/externalisation strategy which covers people, planning and performance. It will need to be implemented in accordance with the Procurement Strategy.

4. The market testing of all or part of the service (where the in-house providers bids in open competition against the private or voluntary sectors):

Question	Answer	What evidence can you provide for your answer?
(a) Is there an existing market for this service area in whole or part?	Yes / No	
(b) Is there an emerging providers or market which could provide competition within the next 5 years?	Yes / No	
(c) Is there any reason why the Council could not provide this service by way of market-testing?	Yes / No	
(d) Would market-testing help the in-house provider secure service improvements in the next 5 years, if it won the contract?	Yes / No	
(e) Is the in-house service delivering at a level that does NOT match local needs and comparators?	Yes / No	

Key evidence being sought:	Would the in-house service benefit from competition or it is not clear that the in-house service is competitive?
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If you have answered no to one or more questions, then this option can be discounted as the preferred service delivery option.

If you have answered yes to one or more questions then this option must be explored further as part of the Best Value review by:-

- quantifying the resources required and capacity to undergo a market testing exercise.
- identifying and assessing the service and organisation implications during and after the award of the contract
- ensuring the package to the market-testing is fair for the in-house service and competitors
- considering staffing issues

If this becomes the preferred option the Service Improvement Plan will need to timescale for:

- the client/contractor split
- a clear service specification
- award criteria
- tendering process in line with the Procurement Strategy

5. The continuation or restructuring or repositioning of the in-house service.

Question	Answer	What evidence can you provide for your answer?
(a) Is the service dependent on another in-house provider to provide information/resources etc, (other than common support service such as IT, Personnel etc) to enable it to function?	Yes / No	
(b) Is there a strong connection with another in-house provider which could give improved performance and/or cost efficiencies if were joined together?	Yes / No	
(c) There is no need for a high level of control by the Authority on this service as the risks are small?	Yes / No	

<p>Key evidence being sought: There is no alternative that can provide a better balance of cost/quality (continuation) or benefits can be obtained from restructuring/re-positioning, including increasing the potential for other service-delivery options?</p>
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If you have answered no to one or more questions, then this option can be discounted as the preferred service delivery option. If you have answered yes to one or more questions then this option must be explored further as part of the Best Value review by:-

- demonstrating that there is capacity and capability to deliver the Service Improvement Plan without using competition.
- Identifying and assessing potential re-structuring or repositioning options that could secure service improvements, compared with continuation of the current structure.

If this becomes the preferred option the Service Improvement Plan will need to:

- Identify key actions and timescales leading to a restructuring or re-positioning of the service
- Measures to demonstrate continued service performance that matches external competitors/providers and delivers the Service Improvement Plan.

6. The re-negotiation of existing arrangements with current providers, where this is permissible:

Question	Answer	What evidence can you provide for your answer?
(a) Is the service currently provided in whole or part, by an external provider?	Yes / No	
<i>(If you answer No to this question you do not need to proceed further)</i>		
(b) Can the external provider take on the service improvement plan without re-negotiation?	Yes / No	
(c) Is the existing service provider at risk of failing to meet the Council's requirements.	Yes / No	
(d) Is the external providers willing to re-negotiate?	Yes / No	
(e) Would the benefits of re-negotiation outweigh the costs?	Yes / No	
(f) Is this the only way of achieving the service improvement plan?	Yes / No	

Key evidence being sought: Is re-negotiation the only realistic option to secure improvements?

If you have answered no to one or more questions, then this option can be discounted as the preferred service delivery option.

If you have answered yes to one or more questions then this option must be explored further as part of the Best Value review by:-

- entering into preliminary discussions with the contractor
- identifying precisely the costs and benefits of re-negotiation
- exploring the political and policy implications of re-negotiation

If this becomes the preferred option the Service Improvement Plan will need to:

- Identify the timescale for re-negotiation
- The purpose and benefits of re-negotiation
- The resourcing required to achieve the negotiation.
- Ensure action is taken in accordance with the Procurement Strategy

7. The joint commissioning or delivery of the service

This is defined as a formal arrangement with one or more organisations to jointly commission or deliver the service as one contract.

Question	Answer	What evidence can you provide for your answer?
(a) Is the type of service provided, in whole or part, also provided by another organisation or organisations?	Yes / No	
<i>(If you answer No to this question you do not need to proceed further)</i>		
(b) Are one or more than of these organisations willing to explore joint commissioning or joint delivery of service within the next 5 years?	Yes / No	
(c) Would this approach deliver improved performance and/or cost efficiencies?	Yes / No	

Key evidence being sought: Would there be clear improvements from joint working?

If you have answered no to one or more questions, then this option can be discounted as the preferred service delivery option.

If you have answered yes to one or more questions then this option must be explored further as part of the Best Value review by considering:-

- The precise benefits and costs of joint commissioning on delivery of the service
- The operating arrangements, including staffing
- The review points and exit circumstances
- The requirements of potential partner(s)
- The legal and operational issues

If this becomes the preferred option the Service Improvement Plan will need to:

- identify the key activities and milestones to move to the joint commissioning or delivery of service
- specify the organisation impacts and how they will be addressed
- ensure action is taken in accordance with the Procurement Strategy.

Service Delivery Option Appraisal Summary Sheet

Service Delivery Option	Preferred (tick one box)	Not Preferred	Reason (take from key evidence in individual option appraisal sheet)
The cessation of the service, in whole or part.			
The creation of a public-private partnership, through a strategic contract or a joint venture company for example.			
The transfer or externalisation of the service to another provider (with no in-house bid).			
The market testing of all or part of the service (where the in-house provider bids in open competition against the private or voluntary sector).			
The contribution or restructuring or repositioning of the in-house service.			
The re-negotiation of existing arrangements with current providers, where this is permissible.			
The joint commissioning or delivery of the service.			

Signed: _____

Date: _____