



Good Practice Transformation Toolkit

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European Services Strategy Unit

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The **European Services Strategy Unit** is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services, which began in 1973.

Contents

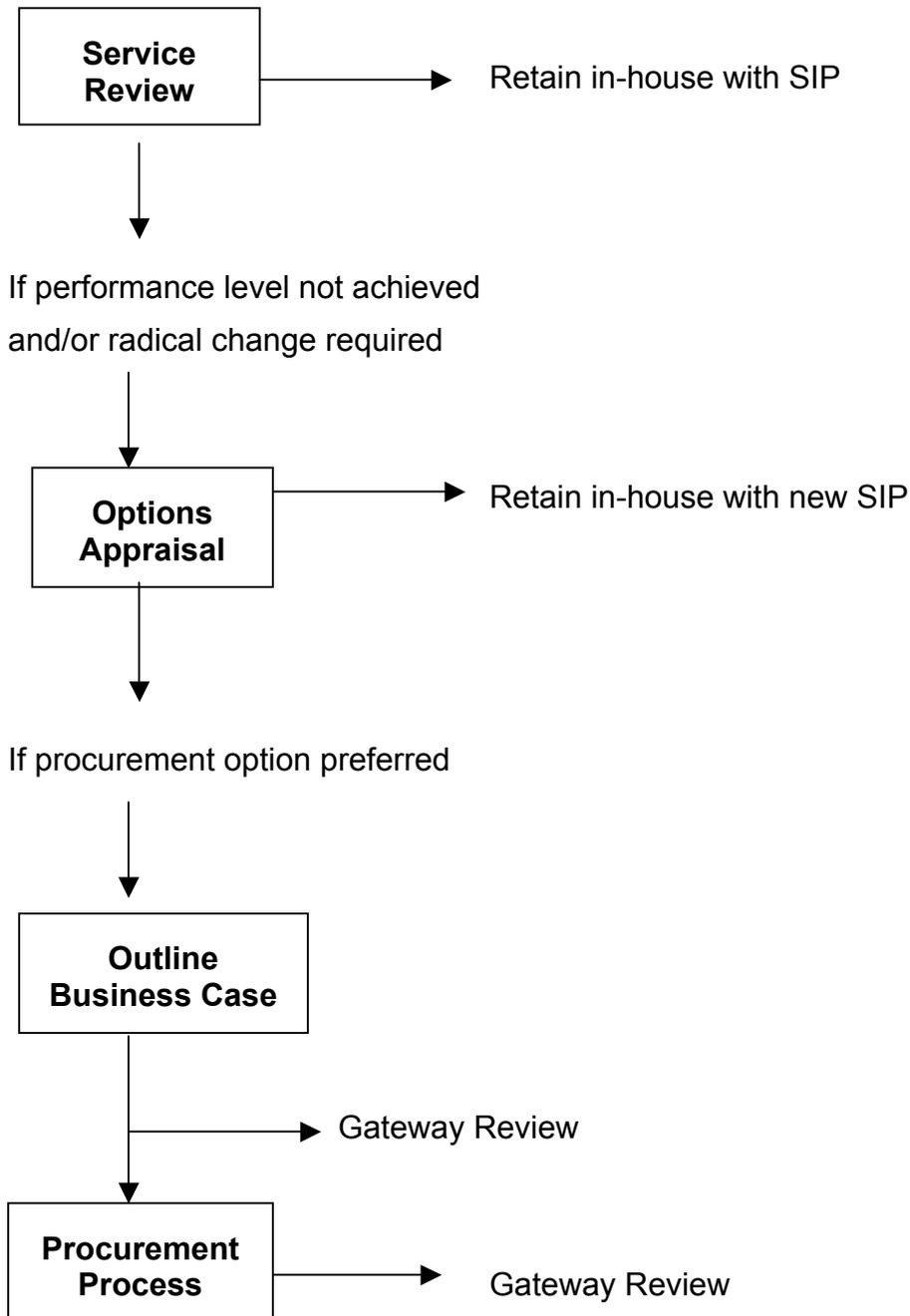
Introduction	4
Service Reviews	5
Service Improvement Plan Template	6
Options Appraisal	7
Criteria for Options Appraisal Template	8
Business Cases	9
Business Case Template	10
Appendices	
1. Soft Market Testing	11
2. Options Appraisal – key questions	12

Introduction

This Good Practice Transformation Toolkit summarises the service review, options appraisal and preparation of a business case processes. It provides templates to guide the Council's approach. It also provides some key questions to help ensure a robust and rigorous methodology.

The diagram below illustrates the key stages and decisions.

Transformation Process



Service reviews & Service Improvement Plans

A Service Review should take account of future service needs, service performance, the views of service users and staff and Council policies and priorities.

Future service needs and performance

Questions can be used to help to identify changes in the scope, level and type of changes, which will impact on the future provision of a service. For example:

- What is the purpose of the service?
- What are the current and future needs of internal and/or external service users?
- Have existing inequalities been identified and mapped?
- What is the potential impact of demographic, technological, economic and other changes on the service?
- How could the service contribute make a bigger contribution to the Councils strategic aims?
- Is there an evidence base to support this assessment?

Service performance

- Recent service delivery performance and cause/effect underpinning performance.
- Improving business processes to review service delivery and working practices.
- Improving efficiency through investment in ICT.
- Rationalising office accommodation and 'hot desking' to enable staff to be more community based, home working, mobile working and better use of office space.
- Reducing energy usage.
- Reducing sickness absence and improving attendance.
- Reducing the cost of supplies and services.
- Area asset management planning - making better use of facilities.

Views of service users and staff

- What are the views of service users?
- What are the views of staff and trade unions?
- What are implications for jobs, terms and conditions?

Conclusion of a service review

Three potential conclusions at completion of the review:

1. If the performance of the service is good or satisfactory, no further action should be necessary.
2. If the review identifies some weaknesses in service performance it should be retained with a Service Improvement Plan.
3. If the service does not substantively meet performance standards or service needs and fails to achieve improvement targets and timescales then a full Options Appraisal should be carried out.

Service Improvement Plans

Service Improvement Plans (SIPs) should combine a vision for the service with a strategy and programme, which sets the course for the service over a three-year period.

Service Improvement Plan Template

Item	Content
Scope	Identify services and functions in scope of the improvement plan.
Priorities for improvement	Identify each of the improvement priorities in relation to operational systems, management practice and organisational structures.
Objectives	<p>Future Shape Objectives (July 2009):</p> <ul style="list-style-type: none"> • A new relationship with citizens • A one public sector approach • A relentless drive for efficiency <p>Ensure the aims and purpose of each improvement is clearly stated based on an understanding of the cause/effect of performance weaknesses and/or opportunities for improvements.</p>
Results expected	Identify the planned impact, outputs and outcomes of the improvements.
Period covered:	Essential to cover a 2 or 3-year improvement programme.
Management of change	Application of Business Process Reengineering and how service standards will be maintained in a period of reorganisation.
Action to be taken	Specify what action is required to implement each proposal.
Resources and investment required	Financial costs of improvements, changes in use of assets including equipment & buildings.
Training, staff recruitment/redeployment	Identify human resource changes needed to support implementation.
Corporate action	Change required at Corporate level to ensure successful implementation of improvements and achievement of wider benefits.
Staff/trade union involvement and consultation procedures	Agreement on involvement of staff and trade unions in service improvement plan process and reporting progress/issues at JNCC meetings.
Responsibility and management accountability	Elected Member responsibilities together with officers, managers responsible including names/posts and contact details.
Timetable	Dates when proposals will be commenced and completed.
Monitoring and reporting progress	Regular reporting of progress to users, elected members, Corporate Management Team & staff.
Scrutiny review	Review on annual or six monthly basis.

Source: European Services Strategy Unit, 2008.

Options appraisal

Options appraisal is the identification and assessment of different methods of delivering or supplying services or obtaining new and improved facilities and infrastructure. Options Appraisal has six stages:

1. Identify current and future needs

- Explore and develop ideas about the future scope, shape and function of the service.
- Examine how the current service can be improved and developed
- Evaluate user needs and forecasts of demographic and lifestyle change.
- Organise workshops with staff and trade unions to draw on their ideas and experience.

2. Research potential providers

The purpose of market research is to develop an understanding of:

- the organisation of the sector, key providers and their performance;
- the key developments and trends in the sector;
- whether other providers can contribute added value to the service.

See Appendix 1 for further details of the Soft Market Testing process.

3. Identify potential options

The options must be credible - a 'do nothing' option is not realistic and often not desirable – and should range from 'do minimum' to partial or phased implementation to full development options. The options should include:

- In-house provision with a service improvement plan.
- Establish a new public arms length organisation to deliver services.
- Collaboration with or a shared services project with other public bodies.
- A new public organisation in partnership with a social enterprise.
- Outsource to private or voluntary sector provider.

In theory, the 'cessation of the service' should be considered as an option but this is usually politically, economically and socially implausible.

4. Select appraisal criteria

The selection of options appraisal criteria is not constrained by EU or UK procurement legislation. The Options Appraisal Template is based on Future Shape tests and best practice. See Appendix 2 for Key Questions in Options Appraisal.

5. Appraisal of options

There is no compulsion or statutory requirement to adopt a particular option.

The rigour of the appraisal process is very important.

- Options Appraisal must assess each option using the evaluation criteria.
- Assess the impact of each option to identify the costs, benefits and effects.
- Assess the market intelligence, social needs and local circumstances.
- Identify the risks of each option.
- Undertake a Sensitivity Analysis to test the validity of the key variables.
- Involve staff and trade unions in the appraisal process.

6. Preferred option

Selection of the preferred option taking account of all the criteria.

Criteria for Options Appraisal Template

Criteria	Detailed requirements
Corporate Policy	* Corporate policies and priorities; vision and aspirations; transparency and disclosure; absence of legal and regulatory impediments; impact on other departments and services.
Service Needs	* Ability to meet current/future social needs of the service and changing levels of demand; capacity for service improvement and innovation; scope for synergies; inspire behavioural change amongst residents and businesses; user/staff involvement in planning, design, implementation and based on a clear contract between the citizens and services
Quality of service	* The potential impact on performance, service integration, continuous improvement and innovation, flexibility and responsiveness, accessibility and connectivity, facilitate greater self-help and service co-creation.
Equity, Equalities and Diversity	* Effect on ability to reduce/eliminate inequalities and discrimination for different equality groups and implementation of equality policies and practices.
Accountability, governance and participation	* The effect on democratic accountability, transparency, scrutiny and user/community and staff/trade union involvement in planning & provision.
Financial Assessment	* Ability to access and deploy resources to ensure that they are targeted to achieve priority outcomes; financial and revenue implications, value for money, lifecycle costs and benefits and potential savings; affordability – comparing current costs and cash flow; risk assessment – identification, allocation and pricing of risks.
Local/regional economy and community well being	* Assess impact on jobs, skills, labour market and local economy, contribution to regeneration and economic development strategies, community well being and cohesion.
Employment and Training	* Application of employment models to each option, ability to retain terms and conditions, pensions and labour standards, impact on working practices, workplace training and health and safety in workplace and community; ability to recruit/retain skilled staff; job creation proposals with trading or new business centres.
Sustainable development	* Impact on local/regional production and supply chains, access to services and facilities, environmental impacts and efficient use of resources.
Management Practice	* Quality of management, leadership and ability to secure improved service delivery; ability to manage change; and effect of each option on retention of key skills and intellectual knowledge, and transferability of skills to other services.
Organisational arrangements	* Effect on scope for collaboration and consortia; impact of transfer to arms length bodies and trusts and capability of third sector organisations.
Added Value	* Proposals over and above core requirements and additional community benefits.

Source: Corporate Procurement Strategy for London Borough of Barnet (Draft), Barnet UNISON, 2009; ESSU Research Report No 2: Options Appraisal Criteria Matrix, Dexter Whitfield, 2007.

Business Case

The Outline Business Case (OBC) is a vital document that sets the framework and legitimacy for a project. It should be comprehensive and rigorous in its approach.

The Business Case Template is designed to progress from the Options Appraisal stage following approval of a preferred option.

An Outline Business Case will be subjected to a Gateway Review if the Council decides to commence a procurement process to outsource or enter a partnership arrangement with the private sector.

Gateway Reviews

The Gateway Review process examines a project at critical stages in its lifecycle to provide assurance that it can progress successfully to the next stage. The Gateway Review model is controlled by the Office of Government Commerce (OGC) with organisations such as Local Partnerships licenced to carry out reviews in local government.

Reviews are undertaken by an accredited review team leader supported by experienced commissioning and procurement officers from other local authorities or public bodies.

Business Case Template	
Key sections	Detailed requirements
Introduction and context	<p>Introduce the problem/requirement, and what the current status is at the time of writing the Business Case - setting the scene for the reason(s) for developing the Business Case. You should always show clear understanding of what the problem is before stating what you believe to be the best solution.</p> <p>Purpose: a line or short paragraph to describe the purpose of writing the document</p> <p>Background: briefly set the context, explaining any history, why you are in the current situation and anything that has happened or been done in the past to address the business problem.</p>
Reasons	<ul style="list-style-type: none"> * why the project is necessary at this time, or at the time you are proposing it to happen. * how the project supports business strategy, plans or programmes
Aims and objectives	<ul style="list-style-type: none"> * what the project aims to achieve? * what the desired project outcomes are? <p>How will the project meet strategic and operational objectives and how it addresses cross cutting issues and service integration.</p>
Options appraisal	<p>An analysis of the different options and approaches open to you.</p> <ul style="list-style-type: none"> * The advantage of each option * The disadvantages of each option * The risks associated with each option * The recommended option and why <p>There may be a number of options and sub sections to consider:</p> <ul style="list-style-type: none"> * The possible ways of solving the business requirement/fulfilling the need. * Having recommended the preferred solution you should look at the options for delivering that solution.

	<p>* The preferred solution might, in broad terms might be to, do nothing, put in short term measures or put in full measures. The available approaches might be to provide the solution in house or to go to an external company</p> <p>* The equalities and diversity impact / implication of each given option</p> <p>You may prefer to input this information into a table format. This can include costs, risks and benefits and the economic, social, environmental, health and sustainable development impacts of the options.</p>
Expected benefits	<p>* Expected benefits which would be realised as a consequence of the project, including any differential benefits to different staff or community groups.</p> <p>* Summary of benefits associated with recommended option.</p>
Summary of key risks	<p>A summary of key risks identified against the recommended option:</p> <p>* A list of all possible events which may cause your project to fail or hinder the success of outcomes</p> <p>* Mitigating actions that would be required.</p>
Cost/Investment Appraisal	<p>The capital cost of the project. You will need to identify the total cost of the project and how the spending is spread over the life of the project.</p> <p>* Information on how the project will be funded.</p> <p>* Information on revenue costs as a result of the project being completed.</p> <p>* Information on any identified revenue savings, in which year(s).</p> <p>* Transaction costs including procurement, contract management & monitoring, staffing costs, consultants, capacity building costs for voluntary sector or social enterprises.</p>
Employment matters	<p>Employment options:</p> <p>* Retain in-house provision</p> <p>* Secondment</p> <p>* TUPE plus</p> <p>Training and workforce development issues, implementation of the Workforce Matters Code of Practice, pension arrangements and fully resourced project management and monitoring</p>
Participating interests	<p>Breakdown of key stakeholders and how the project will impact on them (including service users, citizens, staff, trade unions).</p>
Knowledge transfer	<p>Mechanisms to be used to retain/improve public sector skills, knowledge and intellectual capital.</p>
Timescale	<p>A summary of the project plan including key dates, milestones, tasks and responsibilities.</p>
Dependencies	<p>A list of any other projects that the success of this project relies on, or vice versa. Internal resource requirements and those contributed by other organizations at different stages of the project.</p>

Source: Barnet's Corporate Project Management Toolkit 2010, ESSU 2010; The Outline Business Case, Local Partnerships, 2004; Office of Government Commerce, Business Cases.

Appendix 1

Soft Market Testing

The Council may investigate the market and identify potential bidders with a combination of one or more of the following:

- Desk research.
- Trade advertisements inviting potential bidders to express an interest in delivering part or all of a service or groups of services.
- Consultation with other local authorities and government departments.
- Letters to providers.
- An OJEC Prior Information Notice.
- Questionnaires to potential bidders.
- Briefing day or workshop for potential bidders where council officers describe the services being tendered and private/voluntary providers indicate their preferences.
- Meetings with representatives of professional and/or trade associations.

The process market research must be tightly controlled through protocols, which set out the approach, recording and audit trail. A soft market test is intended to assess the capacity of the market to deliver the planned scope of services and to establish the level of interest by private contractors. It is often carried out by management consultants and will involve discussing the project with private contractors who would normally be expected to submit bids. A soft market test should be carried out with care. It is not a formal procurement process so the process is not governed by any rules.

There are two basic approaches. In the first, the Council commissions a consultant to ask a number of questions relating to what the Council wants to know or better understand about the market and/or the commercial interests of key providers. No more, no less. The Council could undertake this work itself. A second approach is broader and providers could be asked for their views on the scope of services and service provision; how savings may be achieved; how the contractor could introduce innovation; contract packaging; the terms of a contract and payment mechanism.

The Council may also interview contractors. It needs to establish a clear framework, including preferred employment option.

Appendix 2

Options Appraisal – key questions

The following questions should be addressed before the options appraisal is concluded:

No	Questions
1	Do you have a verified evidence base from independent research to support the approach and decisions taken in the options appraisal? Does the evidence relate to similar conditions that exist in the authority?
2	How does the option contribute to other Corporate policies such as Successful City Suburb?
3	Are the assumptions that have been made about options, policies and future developments been written down so that they are part of the audit trail?
4	Have the equality, economic, social, health, sustainable development and environmental impact of each option been rigorously assessed?
5	Have the operational implications for each option been fully examined together with their potential effect on, or interface with, other services?
6	Do any of the options restrict the Council's future ability to respond to changing demands and circumstances?
7	Have all the potential risks been identified and have plans for how they will be eliminated or mitigated?
8	Has the evidence been interpreted fairly? Is there a need to obtain further information to corroborate the evidence?
9	Have all the operational, investment, staffing, managerial and governance needs of each option been investigated?
10	Has the full range of transaction costs (including setting up and procurement costs, consultants fees, client and project management costs) been identified and quantified?
11	Have the appraisal criteria been applied consistently for all the options?
12	Are the assumptions and judgements made for each option transparent?
13	Has the appraisal assessed the impact of options on different groups/interests and the local economy?
14	How sensitive is the preferred option to changes in forecasts, assumptions and judgements made in the course of the appraisal?
15	What are the specific advantages of the preferred option? Is the selection of a preferred option supported by evidence and assessments?

Further advice and questions in ESSU Research Report No 2: *Options Appraisal Criteria Matrix*, Dexter Whitfield, 2007, www.european-services-strategy.org.uk/publications/essu-research-reports/essu-research-report-no-2-options-appraisal-cr/