

Wiltshire Council

Commercial Policy and Approach 2017-2027



Wiltshire Council
Where everybody matters

Foreword

Wiltshire Council's core business is, and will remain, the delivery of public services to the people of Wiltshire and most importantly the support and welfare of the most vulnerable in society.

Our ability to fund this has changed considerably over the last 5 years with a major reduction in government grant. Council Tax has increased to counter some of this and the potential increase in business rate retention will also assist with our income. However, this is overwhelmed by the continuing pressure on the two major cost areas of Children's Services and Adult Social Care. Increasing cost pressure in these areas will outpace the finances of Wiltshire Council if we do not act to raise more revenue.

Central Government will not step in to help support this growth in vulnerable care and Wiltshire Council therefore needs to find additional ways to develop long term revenue generation. This will be achieved through raising revenue from commercial activity making use of our existing resources, assets and status.

We will initially introduce a commercial focus on several areas where we have already got a presence, where we have existing assets or existing skills and resource:

- Trading with schools
- Development and growth of high need residential property
- Increased return from an effective commercial property portfolio in County
- Trading energy

We need a long-term solution that will generate increasing amounts of revenue which we can use to fund the core functions of the Council.

To achieve the desired outcomes in these areas we will need to recruit specialist resource; improve the existing skills of our staff, and investigate alternative models of delivery that will provide the highest level of attainment for each area.

This means that the model may differ for separate scenarios. So Commercial does not mean we will become a business only here for profit. We must never forget our core business is supporting and helping the vulnerable in society. As such we are a Council not a business, but we can still act business like to ensure we have the right level of funds and use those effectively.

We would look to see the first opportunities identified and assessed by the early part of 2018 with a relevant implementation timescale for each opportunity returning additional revenue to Wiltshire Council by 2019/2020 and thereafter.

By adopting this commercial approach, we will deliver part of the £57.5 million of savings over the next four years, as well as those in the next decade. We will continue to change the way we work for and with our communities to provide an even stronger financial base enabling us to meet the current and future needs of those communities. For us that is commercial sense.



Philp Whitehead
Cabinet Member, Finance

Executive Summary

The Public Sector at national and thus local levels faces continued squeezes on its finances. In Wiltshire, we have faced a decade of change and a decade where we have successfully managed our finances. We secured £140 million savings from becoming a Unitary Council in 2009, we have sought to prioritise our spend where it has the greatest effect and seek innovative ways to work with our communities to do the same or even more with less.

So, we have been working hard and some would therefore say commercially over the decade, so why do we need this Policy? Well the squeeze on public sector funding continues, by 2020 we will only receive back from the Government a proportion (potentially as low as 40%, circa £55m) of our Non-Domestic Rates (commonly known as Business Rates). So, our only way to raise funds is through local Council Tax, fees / charges, and by looking at how we can make returns from investments or different business models that trade with users of those services. We must also continue to look at how we can be even more innovative in reducing our costs. To do that we need to take the next step up in our business and financial planning approach.

This Policy sets out that direction and aligns closely with other key strategies, including our Economic Growth, Digital, Adult Care Transformation, Workforce and Community Engagement Strategies.

By adopting this Policy, we will use the approaches and actions arising from it to deliver a large part of the £57.5 million of savings we face over the next four years, as well as those in the next decade.

Our focus will be on four key areas, where we will continue to:

1. **improve our data and management information** to make intelligent decisions that enable risk to be balanced with return and our public fiduciary duties;
2. **improve the skills of our staff** to ensure they can act and behave in ways that seek and deliver financial opportunities that benefit our financial sustainability;
3. **use our assets and resources to make financial returns**, and disinvest where that is no longer possible;
4. **review and revise our models of delivery** that provide the best opportunity, outcome and financial return for our residents and businesses.

This Policy sets out an approach, and a definition and vision for how we will continue to be more commercial, but built from a base of strong financial and business planning. Over the next three years we will continue to change the way we work for and with our communities that will provide an even stronger financial base that enables us to meet the current and future needs of those communities. For us that is commercial sense.

1. Our vision of what being Commercial means to us in Wiltshire

- 1.1 Our vision as a Council is to *'build strong, connected, resilient and sustainable communities'*. To meet our priorities, we need to ensure we have a strong and sustainable finance resources. By 2020 our grant from Central Government will have been reduced by nearly £170 million, and our only funding will come from Wiltshire residents and businesses, as well as visitors to the County. As such we need to ensure we are self-sustainable financially. With national political and local economic restrictions on our main income stream (council tax) we must continue to focus on how we secure more income in new and innovative ways, as well as provide the services our communities need at the lowest possible cost without compromising quality unnecessarily.
- 1.2 This challenge is not new to us, or any business. However, in the private sector it is often referred to as taking a *'commercial approach'*. What we as a sector have learnt is that a commercial approach does not mean we privatise or outsource everything, rather we feel being Commercial means:

“All are staff are skilled to behave innovatively and use data to make well thought out decisions, that enables us to use all of our resources to deliver services in a cost-effective way, ideally at nil net cost”

1.3 Breaking that down to more detail:

- **Understand our data**, and we can turn that into management information that allows us to look at what our communities, markets and partners / stakeholders need both now and in the future. Having that intelligence is the bedrock that allows us to plan and make effective decisions. We can then use that same information to access if something is working and if it is, do more and if not we stop and do not waste money. This also is about ensuring our staff and councillors recognise the value of our data.
- Have **staff, managers and leaders who are empowered to behave and think in innovative, flexible and new ways with the skills to do that in ways that reduce costs or bring in more income on a sustainable basis**. They can use data to make strong business cases demonstrating the benefits of changes, actions to deliver savings and/or more income, and can bring people with them.
- **Continually assess all our assets and resources** to identify those that are making a return and those that are not, where they are not if they should, could or need to be making a return and if it is best to stop or dispose of them.
- **Have the most effective and efficient models of delivery** be that in-house, through a social enterprise, employee trust, joint venture, wholly owned company, or any one of the models open to us. We will trade beyond our borders where it positively impacts on our County and our priorities are protected. We will seek to use Council Tax income to fund key priority services, and all others will be funded from our commercial work, so most services will be net nil cost at least and some will make a return to subsidise priorities, for example how at present parking fees are used to fund bus subsidies.

1.4 By focusing on all these four areas we will drive a stronger Commercial Culture. This Policy sets out:

- What we have done and where we are now;
- how we aim to take the next step upwards to achieve the goals in this strategy;
- how we will engage with key stakeholders;
- what success looks and feels like, as well as how we will measure our success; and
- how we will continually evolve this Policy to be financially self-sufficient to deliver our Business Plan.

2. **Where are we and what have we done already?**

2.1 Over the last decade we have had to find nearly £140 million of savings, and so we have not been resting on our laurels. We have introduced many practices that will shape the next evolution of our commercial approach. This has included:

- ***Data and management information:***
 - We have continually improved our financial and performance data reporting, linked to service and business planning.
 - We have carried out data matching to identify cross over in service provisions to challenge structural designs
 - We have invested in a system thinking approach that has challenged and helped redesign several areas of the business.
 - We have invested in technology to provide smarter real-time data around our assets, income and residents.
 - We have started under our Single View of the Customer project to pool data to allow more informed decision making, this includes sharing data with our NHS and Police partners.

- **Skills and behaviours:**

- We have invested in a Procurement Team and category management approach that challenges what and how we spend on goods / supplies.
- We have trained and accredited over 800 staff and managers in systems thinking, including trading this to upskill staff in our partnering and neighbouring organisations.
- We have devolved several services to local communities for them to run through volunteer schemes that enable more target support, including Libraries and Youth services.
- Our behaviour framework includes competencies for behaviours and core skills.
- We have employed apprenticeships, and have a Workforce Strategy that sets out development of our staff to ensure they will have the skills needed to work effectively in the coming years of change.

- **Assets and resources:**

- We have increased fees in a more co-ordinated and consistent approach, with a single fees and charges booklet. We have a single Income Strategy, which is driving a single approach to subsidy, financial inclusion and recovery.
- We have carried out several Community Asset Transfers and Service Delegations to Town and Parish Councils. 132 transfers have taken place since 2011 and a major additional package delivered to Salisbury City Council in 2017.
- Generated over £90 million in capital receipts to re-invest in the County's infrastructure and avoided borrowing.
- Our Digital Strategy has recently been approved and sets out a vision and plan to deliver more efficient services.
- We have a prudent Treasury Strategy and we have met our annual return target each year on our cash invested.

- **Models of Delivery:**

- We have an economic venture company and are exploring a number of opportunities to expand commercial activities.
- We have a number of contracts with a life value in excess of £100 million, including Waste and Highways that were let in the last 18 months.
- We have three PFI schemes around Housing and Schools.

- We have a [Strategic Partnership](#) with Wiltshire Police. This has already delivered:
 - Co-located neighbourhood policing and response teams into the Council's Chippenham and Salisbury hubs and the development of campus designs incorporating Neighbourhood Police Teams
 - A joint IT solution that enables access to services across both estates.
 - A joint systems thinking team with three full time staff seconded from the Police.
 - A single, jointly funded Project Management team for both organisations following the transfer of OPCC staff to Wiltshire Council.
 - A single IT team, supporting both organisations
 - Co-location of staff in the Multi Agency Safeguarding Hub (MASH) within County Hall.
- Close working with the new Dorset and Wiltshire fire authority, with its new Salisbury HQ based in the Five Rivers Community Campus.
- We are evolving a new Schools and Traded service, including support to academies.

3. What are our next steps to being more commercial?

3.1 Our focus is to build on the four pillars of data, skills, resources and models of delivery. The following sets out the aims for each area as well as how they align and support our other key strategies.

- ***Data***

3.2 We will merge our financial, performance and risk monitoring reports, with a focus being to report more on changes in units of activity, be that number or costs to explore the causes to drive strategies that target actions to prevent cost increases.

3.3 We will introduce controls to ensure establishments and budgets remain aligned.

3.4 We will undertake analysis of the data we hold for areas across the County to identify issues of local need, and to help predict potential future needs. This will inform the Community Engagement, Community Asset Transfer and Campus/Hub strategies and decisions. The aim being to deliver more targeted local services, markets and build infrastructure to prevent costs or that enable a reduced cost. We will also seek to ensure that information of potential value is subject to specific confidentiality obligations, such as in employment contracts or tender documents.

3.5 We will appraise and use our business, service and client data to analyse commercial opportunities to raise income, trade or transfer services to a new delivery model.

3.6 We will use our customer data alongside technological tools and techniques to apply neuro-economic practices, such as nudging to increase income collection.

- ***Skills and Behaviours***

3.7 We will roll out a 'commercial and financial competence framework' across all levels of staff in the Council.

3.8 We will have a consistent governance and business case framework across all projects and programmes. The Governance model will apply for considering all 'commercial proposals', and an outline Governance Structure and Business Case format with an assessment criteria is set out at Appendix 1. The competency programme will enable all staff to know how they engage in the process beyond 'normal' service delivery to start a change project off; and what is required to make a successful case. This will include consistent gateways from ideas and concepts, to outline and full business cases that will be tailored to the scale (impact across the council and monetary) of the change / project.

3.9 We will review and update our behaviours framework as necessary to recognise the core commercial operating skills, to ensure that behaviours support this approach.

3.10 We will review the effectiveness of our approach to commissioning and procurement, to ensure that skills and capacity align to future need. This will include assessing how we balance social with economic value and return.

3.11 We will invest in external support for areas where we do not have the current commercial skills that may not be cost effective to embed in the organisation, for example taxation or portfolio management.

3.12 We will continue to centralise income collection and standardise setting fees, with agreed exceptions being clearly identified. This will ensure consistent subsidy, concessions and financial inclusion is applied in decision making.

- ***Assets and Resources***

3.13 We will invest in our data and staff as the drivers of change and commercial activity as set out above.

3.14 We will use our strategic planning, economic growth, housing, highways, digital and education and skills strategies to shape and create social capital and markets for growth be they in current market, or by shaping the market / delivery vehicle to fill gaps / need.

3.15 We will look to use our infrastructure for commercial gain where we can trade advertising or activities that can use our digital platforms, street furniture, vehicles or other assets. We will use the high value of our web presence, search engine optimisation and brand value to promote more ethical trading of marketing space.

- 3.16 We will use our land and buildings to promote and deliver housing and economic growth through either use of capital receipts or holding of assets as a contribution to capital for delivery models.
- 3.17 We will use the Council's lead role in the One Public Estate programme to co-locate with our partners to generate capital receipts and reduce costs.
- 3.18 We will use our asset and economic strength in the County and surrounding areas to influence how the supply chain and infrastructure and service providers interact and partner with the Council to derive lower costs and new income streams.
- 3.19 We will assess the liquidity need of our assets and consider changing our risk appetite for investing in high return / less liquid vehicles.
- 3.20 We will earmark £2 million of revenue and £5 million of capital as invest to save reserves, to be released on business case approval by Corporate Directors or Cabinet depending on the scale and return of investment. The guidance will require a bar to be met for all schemes for the levels of return and payback period to be evidenced in the business case.

- **Models of Delivery**

- 3.21 An important strand to our commercial approach is to have the ability to consider and adopt as appropriate alternative delivery models. The options available cover a wide range of potential models:

| In-house | Social Enterprises | Partnerships | Trading Companies | Outsource |
|---|---|--|--|--|
| <ul style="list-style-type: none"> •Service function | <ul style="list-style-type: none"> •For example: •Community Trust •Community Interest Company •Mutual Trust | <ul style="list-style-type: none"> •For example: •Consortium •Joint Committees •Shared Services contract •Joint Ventures •S111 Public Partnerships | <ul style="list-style-type: none"> •For example: •Wholly owned •Teckal •Limited Liability Partnerships | <ul style="list-style-type: none"> •contractual |

- 3.22 The options are not limited to just a vehicle and can consider for example devolving budgets to communities.

3.23 The key is that the model of delivery needs to be driven by a range of factors including the Council's values, risk appetite, and need to drive a financial return. There have been many documented traded models that have failed in local government, as well as some that have succeeded and ventures that our over a decade old and still going strong, for example Norfolk Property Services. Wiltshire also is part of a strong Joint Public Service Internal Audit arrangement (South West Audit Partnership – SWAP) that has grown its business by almost double in the last five years, yet saved the Council over £0.250m.

3.23 Of course success cannot be guaranteed, and we need to ensure we have a model to appraise options and assumptions to consider the most appropriate vehicles where opportunities arise. An example of the factors to consider is set out at Appendix 2. All delivery model decisions will be brought to Cabinet to approve.

3.24 Where appropriate the role and skills for being a Director of a delivery model will be set out in the Council's constitution. As such the Constitution is likely to be reviewed, in accordance with current set procedures to do so, considering evolving commercial actions within this strategy.

4. How will we engage all stakeholders in the Policy as we go forward?

4.1 First who are our stakeholders, and secondly why do we need to engage them. Our stakeholders include:

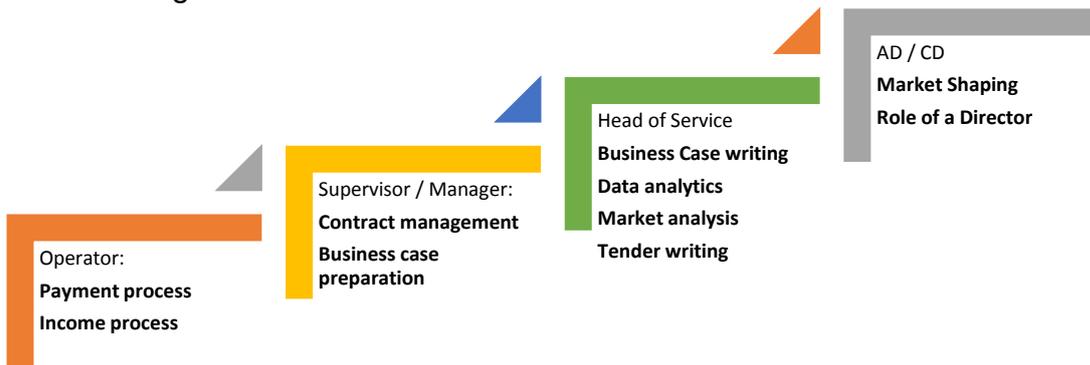


4.2 We will engage with these groups as follows:

- **Staff, Unions and Councillors:**

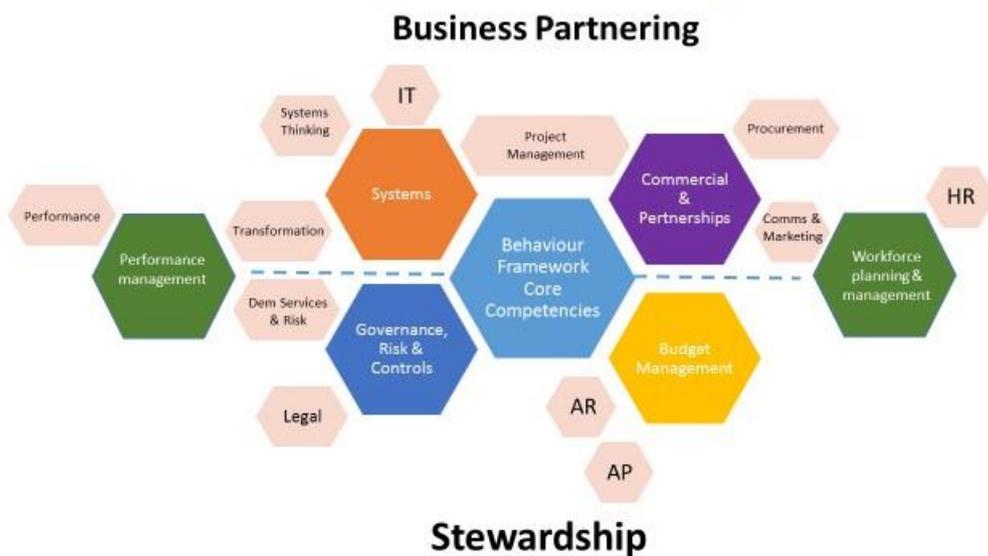
4.3 Our current processes allow for good consultations with staff and unions around changes, with approval for significant changes such as TUPE reserved to Cabinet. We will continue to review these against changes to approaches arising from this Policy to ensure they remain effective.

4.4 We will set out a clear financial and commercial competence framework that ties into the Workforce Strategy and investment in organisational development across all staffing levels.



4.5 This will recognise that commercial skills are one part of an overall effective member of staff, and is not just a financial matter:

Financial Competencies – Operational Services



4.6 These competencies and the role of councillors in this process will also form part of the action plan to ensure we have councillors equipped to check and challenge, as well as if appropriate act in any commercial capacity, such as Directors of ventures.

4.7 It is still envisaged that decisions will rest with Cabinet / Council as appropriate. Where a model requires councillors to act as Directors then appropriate training will be provided in accordance with regulations.

- ***Residents and visitors:***

4.8 We continue to explore new ways of working, and this will have an impact on our communities and visitors to the Council. The extent of that impact will vary, for example consideration of devolving responsibilities to a Community Social Enterprise would require significant engagement of a specific group of residents. Wiltshire Council's current procedures and approaches to consultation are recognised as exemplar, and we will continue to uphold this goal, and ensure that any development of a more commercial approach maintains engagement with our communities and that their views and voice are part of decision making.

4.9 Our residents and visitors will also be our customers and as such we need to engage them around views of satisfaction and experiences with services, as well as to identify potential gaps in markets. We will explore options to assess this through resident groups and market testing.

- ***Local employers:***

4.10 Wiltshire's businesses play a key part in our approach, they can be both enablers and competitors. As such we need to engage at a county wide and local level. We will work with providers to share market intelligence where there are gaps in current or future markets to help shape both our thinking and potential competitive opportunities.

- ***Partners:***

4.11 Our public sector partners too can be both enablers and competitors. As such we need to continue to work closely with them to take advantage of opportunities around One Public Estate, but also developing market opportunities.

- **Councillors**

4.12 Councillors will be involved at all stages of any shaping of policy or decisions around changes to models of delivery. We will invest in their skills and understanding to ensure that Scrutiny can effectively check and challenge proposals and analyse all assumptions and options. We will ensure Cabinet have the skills to make decisions and act on any decisions to act in a statutory role as a result of a change in delivery model if / as appropriate, for example as Directors.

- **Others:**

4.13 As we develop options and ideas we will need to ensure we are engaging the widest audience, whilst we will always recognise our key stakeholders part of the decision-making process will assess any gaps to ensure that our decision making is the best informed it can be. This could include seeking soundings with central government, professional bodies or external advisors. So, for example we will test for any optimism biased in business cases by seeking independent reviews of assumptions benchmarking ours against market experience and forces. So that means we could employ experts in theatre and the arts to appraise assumptions around growth in bookings, or financial experts to appraise borrowing analysis.

5. How will we measure success?

5.1 Looking at the Medium Term Financial Strategy and Plan requirements, we will use the following as initial measures of success:

Overall:

- Action Plan to outline the next 12 then 36 months delivery plan presented to Management Overview and Scrutiny by June 2018. Then delivery against the milestones in that plan.
- £8 to 10 million of additional income opportunities identified and 50 to 75% delivered
- 5% reduction in net expenditure due to increased income
- 5% reduction in overhead costs
- £10 million of capital receipts

Data

- Joined up Finance, Performance and Risk report to Cabinet by September 2018

Skills

- 75% of staff completed commercial and finance competence framework by July 2019.
- 3% increase in new jobs from commercial ventures by 2021, including 25% being apprenticeships.

Assets

- £1 million increase in advertising and marketing income

6. How will we review the Strategy?

- 6.1 Following adoption of this Policy and Approach a 12 month programme of action, and an outline 36 month plan will be reported to Cabinet in early Summer 2018. This will be reviewed by Management Overview and Scrutiny twice a year, and commentary included in their Annual Report. The Leader will also note progress in delivery alongside annual updates of the Business and Financial Plans.

Author: Michael Hudson – Director of Finance

Appendices:

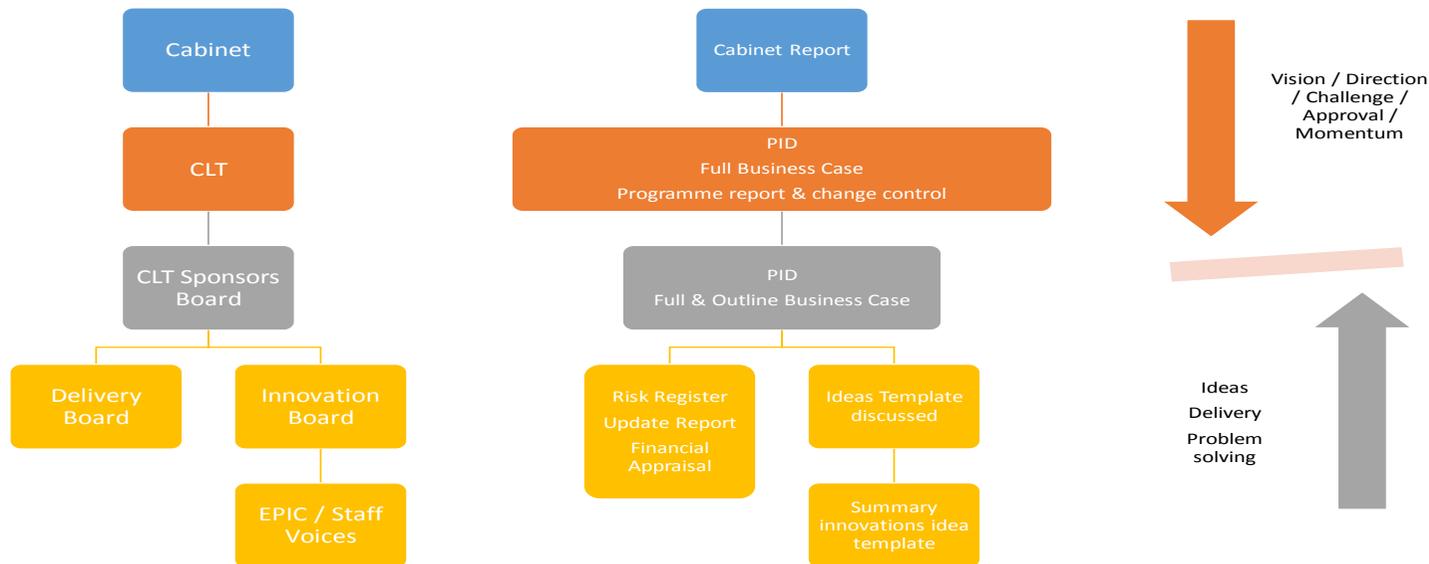
Appendix 1 – Governance and Business Case structure

Appendix 2 – Factors to assess delivery models against

Governance and Business Case structure

- **Governance Structure**

The focus will apply a Programme Management approach to ensure a consistent approach across ALL programmes of work with Cabinet signing of decisions per the Constitution, and CLT acting as the key vision and sponsors, with groups of CLT leading different programmes of delivery. Each CLT Board will be supported by a Delivery Board who will be appointed following a successful Project Initiation document (PID) to draw up and Outline and then Full Business Case (OBC and FBC) as appropriate. An Innovation Board will consider ideas from staff groups, including EPIC, and make recommendations to next steps, including suggesting PIDs as appropriate. There will of course be interdependencies and links between projects and thus a high-level risk register for all of the programmes.



Outline / Full Business Case Document

Project Name:

Author: [Name]

Sponsor: [Name]

Version [n.n]

dd Month yyyy

Amendment History

| Issue | Date | Author | Reason |
|-------|------|--------|--------|
| | | | |
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Distribution List

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1. Executive Summary

The Executive Summary should provide a short, informative headline summary of the Business Case document to follow. It should typically be no longer than 1 page and contain:

- *A short narrative to identify the subject, scope, method of analysis and key results and findings;*
- *A short list of the key objectives of the project*
- *A summary of the financial metrics (table below, provides a very basic and high-level example of summarizing outlay and ROI) from the investigation, highlighting the most significant;*
- *A summary of the social value to be secured*
- *Risk and opportunity assessment*
- *Next steps, including any consultations and decision-making paths*

A brief summary of the conclusions as a result of the study

| Financial Appraisal Summary | Year 1 | Year 2 | Year 3 | Year | Total Cash Outlay / saved |
|---------------------------------------|---------------|---------------|---------------|------------------|----------------------------------|
| Investment Value (£) – Capital | £x | £x | £x | £x | £x |
| Investment Value (£) – Revenue | £x | £x | £x | £x | £x |
| Available / Committed Funding | £x | £x | £x | £x | £x |
| Savings | £x | £x | £x | £x | £x |
| Savings with sensitivity | £x | £x | £x | £x | £x |
| Return on Investment (ROI) | £x | £x | £x | £x | £x |
| Payback | | | | | |
| Opportunity Cost | £x | £x | £x | £x | N/A |
| Other | ... | ... | ... | ... | ... |

2. Introduction and Overview

This section should describe the setting, background and context of the Business Case. It should serve to clarify and elaborate the subject matter of the Business Case. It should clearly state the purpose of the Business Case, e.g.

- *To obtain financial approval to either commence a project or proceed to the next stage;*
- *To compare alternative solutions, etc...*

It should explain the objectives, needs or problems addressed by the requirement. The objectives should be stated in clear and measurable terms with a specified time frame, e.g.:

- *To have improved digital platform that can allow transformation of processes that reduce costs and allow pay and other savings.*
- *To invest £xx in a digital platform project that will ultimately provide a x:1 return on the initial investment (spend to save)*

It should outline any relevant related initiatives – is the project part of a larger programme? Are there dependencies on the delivery of other projects to realise the benefits?

It should include a statement how the project is “right-sized”; that is ensuring that the proposed solution is realistically scoped to ensure that the benefits and costs to deliver are in line.

3. Market analysis:

What is relevant to include in this section will depend on the type of investment.

A summary should be given of the main outcome of a full market analysis which should include consideration of the political and economic environment, confidence in likely service providers (systems or consultants), threats from emerging technology etc. Various techniques, e.g. sensitivity analysis can be used to analyse the market. The full analysis may be included as an Annex but the summary should give the degree of confidence in the market and any particular threats. As well as the opportunities to shape a market that does not exist but could.

4. Assessment of benefits:

The benefits to be gained from the investment compared to the alternative of ‘doing nothing’ should be summarised. Benefits should be identified and quantified in financial terms: as appropriate, this to include projected cost reduction against investments, impact if no investment, reduction in risk, improvements in quality, reliability, accuracy and other tangible, non-tangible and consequential benefit i.e. ‘what are the real benefits from making the investment?’ This should also be assessed against a payback period, with projects giving a positive return within 3 years if the investment is less than £1m and 5 years and no more if greater than £1m.

A full assessment / explanation of the benefits should be included as an Annex if appropriate.

5. Cost / Benefits Assessment

This will clearly identify the cost benefit against the investment that is being made. This should consist of a simplified presentation of the financial cost/benefit analysis - presented in tables or graphs;

This should include an assessment of:

- *Investment value – Revenue and Capital, recurring and non-recurring*
- *Cost Saving first 12 months (£), recurring and non-recurring*
- *Cost Saving after first year (£), recurring and non-recurring*
- *Depreciation costs / whole life cycle costs*
- *Overhead implications (£), recurring and non-recurring and split direct, indirect and general overheads*
- *Total cost (£)*
- *Cash outlay (£)*
- *Net present value*
- *Payback period*

This should then be considered based on a sensitivity / confidence analysis to stress test the assumptions and highlight key risks in deliver. Refer also to later sections on Risks.

Additionally, an assessment of unquantified Benefits and Costs, and Strategic Contribution should be considered:

- *If a non-financial benefit is significant, then define it. Make the impact of the benefit tangible – describe all likely effects and implication*

6. Option appraisal – Recommended option:

When formulating an investment proposal, the options available, including the 'do nothing' option, should be considered and compared. Based on the outcome of the comparison of the options i.e. the option appraisal, a recommendation should be made for one option.

The full option appraisal should include a cost/benefit/risk comparison between the options available to address the business problem / opportunity. Options to include 'do nothing', business and technical options, timing options and, if at all relevant, consideration of 3rd party involvement – contractors, joint ventures partnerships, PFI and funding options. When considering options, relevant strategies, standards and legal requirements should be considered.

Depending on the situation the option appraisal may be simply qualitative or a detailed analysis. It may be done in two stages i.e. a broad sift of a wide range of options followed by a detailed examination of say, 3 of them.

The criteria should include an assessment of how the options:

- *deliver our business plan objectives*
- *provide savings*
- *provide for new / additional income*
- *The impact on staff*
- *The impact on our infrastructure, including buildings and IT*
- *Dependence on a 3rd party / partner and the level of support from that party*
- *Health & Safety risks*
- *Legality of the scheme and associated risks*

This will be weighted and a score of 1-5 (1 being poor and 5 being fully meets criteria).

A bar can / will be set in the Project Initiation Document for the options to be considered and no option will be considered if the bar is not at least reached. The scoring will be undertaken by the Working Group and assessed by the relevant Board, with the paper being subject to any independent / member scrutiny per the Constitution.

7. Key assumptions and dependencies:

Key assumptions, which, if they turn out to be wrong, may affect the projection for and the eventual success of the investment, should be identified.

Key dependencies, which if not in place may affect the outcome, should also be clearly identified.

Comments about likely inflation rates in the cost and benefit estimates should be included in this section as well.

This section will also seek to include Independent Third-party assessment of the assumptions and flag up any optimistic bias that could raise risks to delivery.

8. Risk and Sensitivity analysis:

The key business risks associated with the recommended option should be summarised, particularly those which may impact on the financial projections (costs and/or benefits). The summary should include an indication of the probability and likely impact of the risks and the measures being proposed to manage the risk(s) and / or to reduce their impact e.g. business case review prior to major cash expenditure. Political, Operational Economic / Financial and Technical (POET) risks should be considered as they could all contribute to the overall business risk.

The financial projections presented in support of the recommended option should reflect the expected, or most likely, outcome of events. In presenting an analysis of the business risks, the Sponsor should identify the major sensitivities to which the investment could be exposed, typically the impact of cost overruns, time slippage which may result in higher costs and missed opportunities; failure to achieve the development/investment period.

<Write risk and sensitivity analysis here.>

9. Resource requirements and costs:

The resource requirements and costs associated with the recommended option should be summarised i.e. external costs for equipment, external service costs e.g. for consultancy and internal staff costs. The summary is to include investment and running costs.

| | Capital/ Revenue | Yr 1 £k | Yr 2 £k | Yr 3 £k | Yr 4 £k | Yr 5 £k | Yr 6 £k |
|------------------------------------|---------------------|---------|---------|---------|---------|---------|---------|
| Income | | | | | | | |
| - | | | | | | | |
| - | | | | | | | |
| - | | | | | | | |
| Total Income | | | | | | | |
| Costs | | | | | | | |
| - | | | | | | | |
| - | | | | | | | |
| - | | | | | | | |
| Total Costs | | | | | | | |
| Total Surplus (Deficit) | | | | | | | |
| Cumulative Surplus (Deficit) | | | | | | | |
| Total Revenue Income | | | | | | | |
| Total Revenue Costs | | | | | | | |
| Total Revenue Surplus (Deficit) | | | | | | | |
| Total Capital Costs | | | | | | | |
| NPV at 5.4% | | | | | | | |
| Payback YR | | | | | | | |

10. Funding source / Timing / Certainty:

The source and timing of the funding for the investment, be it required, known or suggested, should be identified and an indication given of the certainty or otherwise of the funding being available when required.

11. Timescales:

The proposed start and end dates should be given together with a list of significant (particularly financially significant) milestones (events with dates). Where relevant, the milestones to include dates on which the investment should be reviewed.

| Main milestones and dates: | Proposed start: | Proposed end: |
|-----------------------------------|------------------------|----------------------|
| Tba | date | date |

12. Comments / Issues:

This section to be used if needed to draw attention to additional points or issues, which should be considered when considering the business case.

13. Conclusions and Recommendations

Bring the document to a close by concluding the findings and making recommendations.

14. Appendices

Appendices are where to put the detailed calculations, figures, reference material and other back up data that may have a limited audience but is worthy of inclusion.

You should put all of the detailed calculations in Appendices – and only have summaries in the main body (referring to Appendices) – if in doubt, put it in an Appendix.

Detailed Assumptions and Risks may also be placed in Appendices – but summaries should appear in the main body.

<Insert Appendices here.>

Factors to assess delivery models against

The process must start with:

- 1. *Decide on the strategic objectives and the desired outcomes.***
- 2. *Decide on the model of delivery.***
- 3. *Decide on the vehicle to deliver the services.***

So, we need to ask ourselves right at the start What are we trying to achieve, is this to make savings, attract jobs into the county, to allow residents more freedom, and so on. So, some useful questions to help assess question 1:

- Do we know the local need?
- Do we know the market well enough and how we compare?
- Can we say what success looks like and clearly measure that now and predict it?
- Do we know what it costs?
- Do we know from our values why we deliver the service and why we would always need to, or not because of asking that question? Just because we statutorily need to provide it is not enough to keep a service as is.

Then we can consider the models of delivery:

- Cost, how much is assessment and set up? To set up a new model will need initial detailed assessment, including potential support costs but these could be offset and recovered in a delivery vehicle over time and not borne immediately by the Council Tax.
- Time, how quickly can we decide and implement a model? For example, keeping a service in-house is easier and quicker than setting up a Local Authority Traded Company
- What are the savings / income opportunities, for example secure financial benefits for some models i.e. tax and NDR for charitable organisations?
- How will the model affect staff? In particular pensions and terms and conditions, but also will it allow greater freedom or opportunities to grow?
- Will it allow the Council to take advantage of freedoms, that may be grant or legislative freedoms?
- Will it enable more streamlined and harmonised processes to improve service efficiency?
- Will a traded entity in itself encourage entrepreneurship in staff that is not present at the moment as they have a state in the entity?
- Will it enable less red tape/bureaucracy, for example how will certain rules apply or not?

- Will it bring the service closer to the customer, for example a social or community enterprise?
- Will it see a lessening of councillors control or sovereignty over decision making? Is this a bad thing?
- Will it overcome cross-sector differences in regulatory and legislative frameworks which can delay or make work more difficult/ time consuming?
- Will it require new technological solutions due to for example incompatibility across partners, and are they available?
- Will there be an ability to share and store data storage/handling outside the organisation?
- What will be the financial impact on remaining 'in house' support services?

After all of this we can then start to propose the right delivery model with more confidence it meets our stakeholder, business objective, and financial needs.