

Good Practice Guide Appendices Appendix 9

Option Appraisal for Cluster Model

The main purpose of an option appraisal for a cluster model is to assess of the benefits and costs from a short list of possible models. Option appraisal is an iterative process that is repeated a number of times before reaching final agreement, with the following stages:

- Set the objectives and critical success factors for the option appraisal exercise
- Develop a long list of options for achieving the objectives
- Appraise the long list of options against the objectives and critical success factors to arrive at a short list. These 'gateway criteria' represent the highest priority requirements for the new model.
- Options for models that fulfil the criteria pass to the short list.
- Assess shortlisted options. Scores are given, with rationale, for each option to demonstrate how well they performed against each criterion. The overall score for each option is calculated to confirm the preferred model.

The process can be used to test the case for change for clusters and to assess whether 'doing nothing' is a realistic option; if not, then to test the various options against the potential benefits of change. Informed by the drivers for change, a short list of possible cluster models can be assessed against the functions and benefits needed.

The outcome of the option appraisal is intended to support and justify a decision to develop a new organisational form for the cluster. The preferred option is expected to demonstrate the benefits required and represent good value for money. Consideration must be given to the proposed governance and ownership arrangements, taking robust legal advice.

Legal advice should focus on whether the model complies with NHS legislation relating to funding/commissioning and company law, with an assessment of proposed governance and ownership arrangements.