

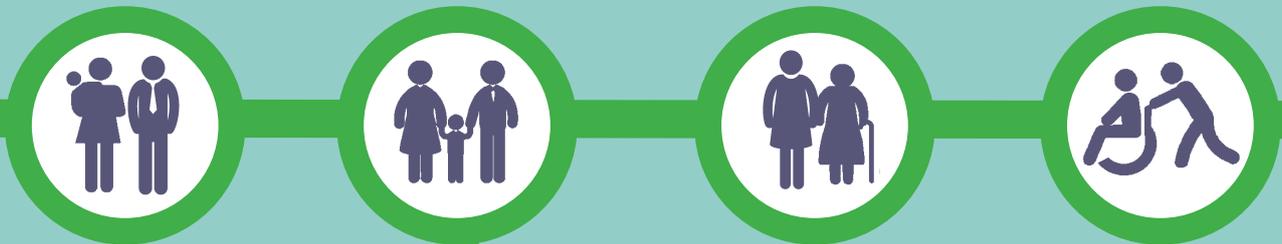


Advice Note

Prioritisation Process

This advice note has been prepared to support the Statutory Guidance for Strategic Commissioning Plans and should be read along-side the statutory guidance.

September 2016



PRIORITISATION PROCESS

Introduction and Purpose

All Integration Authorities (Partnerships) completed their Strategic Commissioning Plans by 1st April 2016 and some have, or are in the process of, developing further iterations. As part of this on-going work, many Partnerships are keen to further develop the process of decision making on how best to allocate their resources in order to improve outcomes.

Partnerships will need to consider how best to allocate limited resources. There will be existing arrangements and local expertise for making decisions about resource usage that includes a range of methods, particularly options appraisal. Partnerships should draw on this, where possible when making investment and dis-investment decisions. Such decisions must be made on the basis of clear criteria, a robust process and application of relevant and focused information, and must take account of the Partnership's duty to achieve best value.

The purpose of this advice note is to describe the key characteristics that should be incorporated as an integral part of a Partnership's prioritisation process.

Background

In developing its Strategic Commissioning Plan for the functions and budgets it controls, each Partnership has a legal duty to:

- Achieve best value¹ in the use of its resources; and
- Report on its performance.

These duties will be discharged through the resource allocation decisions it makes in the Strategic Commissioning Plan and its assessment in the annual performance report. In the past, the most common resource allocation method has been based on historical allocations – what was provided last year plus a little bit more or, increasingly, what was provided last year with a little bit less. In this regard 'disinvestment' was most often defined purely as cost-cutting, which will only take us so far². Focusing on the 'here and now' or on the short-term can mean the longer-term benefits are not fully considered³. Indeed, Audit Scotland go on to warn against the 'aye bin' principle, where it is easier just to carry on with something that has long been done, simply because the alternatives might seem too radical.

¹ The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government bodies (including Integration Joint Boards) and in the rest of the public sector it is a formal duty on Accountable Officers. It is a duty to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, equal opportunities and to contribute to the achievement of sustainable development. Guidance on the duty of Best Value is available from: <http://www.gov.scot/Publications/2004/04/19166/35251>

² [Rational disinvestment, Donaldson et al, June 2010](#)

³ [Audit Scotland](#)

Prioritisation

The prioritisation process used by the Partnership to determine the allocation of its resources in developing the Strategic Commissioning Plan will be key to achieving best value and informing disinvestment decisions, which may be contentious or difficult. Given resources are limited, it is important that this process incorporates key economic principles, including:

- opportunity cost - given that each pound can only be spent once, it is important to choose the option for spend that is more beneficial rather than the alternative that is less beneficial
- the margin - basing resource allocation decisions on assessments of the relative benefit available from different options, and working towards achievement of maximum overall benefit for available resources.

This will broaden the definition of disinvestment to include the removal of an ineffective service (that provides little value) and the reduction of effective services that are deemed to be less value than other, more effective, services.

The notion of 'benefit' is likely to be complex and involve trade-offs between more-efficiency orientated objectives and others, such as equity.

To bolster challenge and accountability, public service organisations must be required to show the logic of how public money is supporting the achievement of better outcomes. They must demonstrate co-ordinated multiagency strategies and collaboration with individuals and communities.

Christie Commission 2011

Partnerships are fully aware that current models of care are not sustainable and that new models of care are required to address the pressures of growing demand and limited finances. The prioritisation process must therefore be able to facilitate the local review of existing services and existing resource allocation, bringing decommissioning and commissioning decisions within the same process. This will provide a basis for developing new models of care, redesigning existing services, phasing out services and the redirection of resources to ensure these are better focused on meeting need and improving outcomes.

The best value duty applies to all of the functions delegated to a Partnership and so the prioritisation process must encompass its total pool of resources:

- Payments for the delegated functions;
- Amounts set aside by the NHS for Partnership direction for services used in "large hospitals".

In addition, Partnerships should include clear consideration of the wider resources available through integrated working with the third and independent sectors, which have the capacity to draw resources from beyond the public purse. The Act includes a principle that best use should be made of all available facilities, people and other resources. Therefore, an assets-based approach that fully recognises, develops and

makes best use of assets and resources available in local communities, and builds the strengths of individuals is also recommended. The significant contribution of unpaid carers is an example of this, as is the wide-range of community based activity that is generated and supported by local communities.

Adopting a human rights based approach provides an additional supportive framework. This will support Partnerships to reach decisions through a process that is fair and which involves the active participation of people whom the decisions will impact upon.

Partnerships will need to be able to explain to stakeholders and the wider public both why and how particular decisions in the Strategic Commissioning Plan have been made and so the prioritisation process must also incorporate ethical considerations. Decision making must be consultative, transparent, objective and fair.

Finally, the process must be practical and proportionate. In particular, planning decisions will be made at Partnership and increasingly at locality levels, within a framework of delegated decision making. The operation of the process at each level, although based on the same principles, should be proportionate to the scale of the decision being made and resources at stake.

Prioritisation process overview

To meet these criteria a prioritisation process will require:

- Examination of how total resources are currently spent (i.e. on current pathways and population needs). This can be used to estimate the projected resource implications for current pathways of future needs.
- Assessment of the effect of changes in how resources are spent. This should focus both on the change in outcomes and on the change in expenditure resulting from any proposals for change; it must encompass the effects of service growth as well as the effects of service reduction.
- An objective process of evaluation by the Strategic Planning Group to consider the effects of proposals for change and make recommendations for the reallocation of resources.
- Ethical evaluation, based on the conditions of accountability for reasonableness, conducted alongside economic appraisal.

Partnership priority-setting process

Option appraisal is one decision making tool for defining objectives, identifying options and examining the issues before reaching a decision. The Chartered Institute of Public Finance and Accounting (CIPFA) describe why an option appraisal should be used⁴:

⁴ [CIPFA, General Guidance on options appraisal](#)

- to enable informed or transparent decisions;
- to provide a consistent approach to decision making;
- to help achieve maximum effectiveness and best value;
- to provide a clear basis for review.

Audit Scotland warn of the significant consequences of not having in place a proper appraisal process⁵:

- Services may not be as efficient as they could be.
- Services may not be achieving value for money.
- Resources may not be directed to priority areas, such as preventative expenditure, and strategic objectives may not be achieved.
- There may be criticism from the Accounts Commission, auditors and other scrutiny agencies .
- It will not be possible to demonstrate Best Value.

Most importantly it may lead to criticism from individuals, including those directly affected by the decision.

Whether or not adopting option appraisal as a technique, it is recommended that Partnerships incorporate a prioritisation process in the commissioning cycle for development of the Strategic Commissioning Plan. There are a number of documented processes that can be used. The Scottish Government recently piloted the use of Programme Budgeting and Marginal Analysis with a number of partnerships⁶. In addition, the Institute of Public Care has provided briefing on three techniques which can be used to support and strengthen prioritisation decision making - Cost Benefit Analysis, Social Return on Investment, and Multi-criteria Analysis⁷.

There is no single best way of prioritising complex and varied health and care issues so any such process will need to involve a degree of subjectivity. There is no one 'tool' that will make the decisions for us, but there are tools and processes that can help inform and evidence the final decisions made.

Audit Scotland, CIPFA and others have described the key components of a prioritisation process:

- Everyone involved needs to have clear roles and responsibilities
- Clear objectives should be defined
- Good quality information informs good decisions
- Consultation with stakeholders is key to success
- Critically appraising a wide range of options ensures the process is robust
- Costs and benefits should be valued
- Weighting should be applied to allow scoring options to be

⁵ [Options appraisal; are you getting it right? Audit Scotland, March 2014](#)

⁶ <http://www.scotphn.net/wp-content/uploads/2015/11/Priority-setting-in-Health-and-Social-Care-Partnerships.pdf>

⁷ [Three techniques to support option appraisal and evaluation: Briefing paper, IPC, March 2011](#)

- The decision on selecting the preferred option needs to be transparent (in which a scoring and weighting system will offer a fair and systematic assessment of a range of factors).

It is unlikely that Partnerships will be able to apply a prioritisation process to all delegated functions, so the aim and scope of the priority setting exercise should, as a starting point, be based on strategic priorities identified through the strategic commissioning consultation process.

As a first step, the Partnership should analyse the total resources, including the payments received and the sum set aside, and activity information. This is most practically achieved by segmenting the total resources into programmes that may be defined geographically (e.g. localities, GP practice), by care group (e.g. dementia, drugs and alcohol) or some other method (e.g. deprivation, age).

It is recommended that the total resources are segmented into locality budgets and then aggregated where necessary to create cross-cutting intermediate and Partnership level programmes.

This will provide an understanding of how resources are currently allocated across programmes and of their utilisation by services within programmes. These should be related to performance on outcomes, and may give early indications, based on current service usage, as to where changes in the balance of care might be appropriate.

It is recommended that individual level data available through Source (based at Information and Statistics Division, NHS National Services Scotland) is used for this purpose and aggregated to programme level. This can provide analysis of current pathways and model the impact of future needs assessment, and of the effect of proposals for change.

The role of the Strategic Planning Group

The role of this Group is to lead the process and consider the effects of proposals for change and make recommendations to the Partnership for the reallocation of resources through the Strategic Commissioning Plan.

The Group should receive information on the prioritisation methodology and have the opportunity to fully explore the principles of priority setting to ensure that members have ownership of the process.

The Group should determine priorities for the Partnership based on the national and local outcomes, and the strategic priorities agreed through the strategic commissioning process. A set of criteria should then be developed to describe the potential benefits of the proposals for change and by which proposals will be assessed.

The Group should use the local Strategic Needs Assessment, the programme budget information and its local priorities, along with evidence on the costs and benefits of proposals for change to identify options for investment and disinvestment.

All proposals (investment and disinvestment) should be developed using standard templates that specifically require reference to evidence for how well the proposal meets the decision making criteria.

The Group should consider proposals for change affecting both resource allocations between programmes and resource utilisation within programmes.

The Group should evaluate the evidence on the costs and benefits for each proposal based on the previously defined criteria and make recommendations for change.

The Group should review and validate the evidence and judgments used in the process and confirm its recommendations to the Partnership.

Summary

The allocation of resources to improve outcomes is a key task of Integration Authorities, particularly in view of the challenges of increasing demand for health and social care services coupled with increasingly tight finances. This requires the adoption of a prioritisation process that will support decisions about investment and disinvestment. The process itself must be fair, practical and proportionate, and assist Partnerships deliver new models of care that are sustainable and focused on improving outcomes. Taking a human rights based approach will provide an additional supportive framework, underlining the importance of engaging with people affected by decisions in the prioritisation process.

Further reading

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[Ham C, Coulter A. Explicit and implicit rationing: taking responsibility and avoiding blame for health care choices. *J Health Serv Res Policy* 2001;6:163-9.](#)

[Gibson JL, Mitton C, Martin DK, Donaldson C, Singer PA. Ethics and economics: does program budgeting and marginal analysis contribute to fair priority setting? *Journal of Health Services Research & Policy* 2006; 11\(1\): 32-37.](#)



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