

OPTIMISM BIAS: CONTRIBUTORY FACTORS AND MITIGATION

Contributory Factor to Upper Bound	% Factor Contributes	Stage	Mitigation Factor	% After Mitigation
Progress with Planning Approval	4%	SOC	Opened discussion with planning authority, some engagement	4%
		OBC	Outline consent in place, with any Planning Conditions and requirements for Section 106 or similar agreements established, including any specific requirements of e.g. Environmental Agency	
		FBC	Full Consent in place. Judicial Review period passed	
Other Regulatory	4%	SOC	Degree of sign off from Fire Authority, HSE, transport authority, local government etc	4%
		OBC		
		FBC		
Depth of surveying of site/ground information	3%	SOC	Desktop study undertaken of own site	3%
		OBC	Investigations undertaken, historical records examined	
		FBC	Full survey of conditions, site services and topographics	
Detail of design	4%	SOC	Concept/masterplan/DCP	4%
		OBC	1:500s agreed and selected 1:200s	
		FBC	All 1:200s in place, key 1:50s (depends on procurement route)	
Innovative project/design	3%	SOC	Yes/No	1%
		OBC		
		FBC		
Design complexity	4%	SOC	This might include complex M&E solutions (requires further development)	2%
		OBC		
		FBC		
Likely variations from Standard Contract	2%	SOC	No contract chosen	2%
		OBC	Yes/No with measurement of scale variations	
		FBC		
Design Team capabilities	3%	SOC	Previous relevant experience of individuals involved. Capacity	0%
		OBC		
		FBC		
Contractor's capabilities	2%	SOC	Previous relevant experience of individuals involved. Capacity. Track record of delivery	1%
		OBC		
		FBC		
Contractor involvement	2%	SOC	Buildability. Opportunity to influence design	1%
		OBC		
		FBC		
Client capability and capacity	6%	SOC	Degree of team in place with relevant experience	4%
		OBC	Full team in place for procurement	
		FBC	Robust implementation plan in place	
Robustness of Output Specification	25%	SOC	Definition of scope and extent of services. Degree of outstanding decisions	15%
		OBC		
		FBC		

Involvement of Stakeholders, including Public and Patient Involvement	5%	SOC	Scope of stakeholders to be involved. Plan in place to engage	5%
		OBC	Implementation of Plan	
		FBC	Involvement demonstrated	
Agreement to Output Specification by stakeholders	5%	SOC	Letters of support from clinicians, Trade Unions, staff groups, patient representatives/groups	5%
		OBC		
		FBC		
New service or traditional	3%	SOC	Assessment of how innovative/new service model is at national/regional/local level. Has this ever been tried before?	2%
		OBC		
		FBC		
Local community consent	3%	SOC	Consideration of traffic noise/existence of protestors or pressure groups	2%
		OBC		
		FBC		
Stable policy environment	20%	SOC	Degree to which new policy/standards are applicable depending upon which stage is reached	15%
		OBC		
		FBC		
Likely competition in the market for the project	2%	SOC	Degree project has been marketed	0%
		OBC	Evidence of market interest	
		FBC	Mitigated	
TOTAL	100%			70%

Note: Across all contributory factors, mitigation would be expected to be greater the greater the extent of risk quantification and risk management (including the extent to which it is captured in contingencies)

OPTIMISM BIAS - UPPER BOUND CALCULATION

Lowest & Upper Bound	13%
Mid %	40%
Upper %	76%
Actual % Upper Bound for this project	31%

Build complexity			
<i>Choose 1 category</i>			
<i>Length of Build</i>	< 2 years	0.50%	0.50%
	2 to 4 years	1.00%	
	Over 4 years	4.00%	
<i>Choose 1 category</i>			
<i>Number of phases</i>	1 or 2 phases	0.50%	0.50%
	3 or 4 phases	2.00%	
	More than 4 Phases	5.00%	
<i>Choose 1 category</i>			
<i>Number of sites involved (i.e. before and after change)</i>	Single site	2.00%	
	2 sites	2.00%	2.00%
	More than 2 sites	5.00%	
Location			
<i>Green field</i>	New build	3%	
	<i>Brown field</i> New build	8%	
<i>Existing site</i>	New build	5%	
		<i>or</i>	
	Less than 15% refurb	6%	
	15% - 50% refurb	10%	10.00%
	Over 50% refurb	15%	
Scope of scheme			
<i>Choose 1 category</i>			
<i>Facilities Management</i>	Hard FM only	0.00%	0.00%
	TUPE whole service	2.00%	
	RoE whole service	2.00%	
<i>Choose 1 category</i>			
<i>Equipment</i>	Group 1&2 only	0.50%	0.50%
	Major medical equipment	1.50%	
	All equipment included	5.00%	
<i>Choose 1 category</i>			
<i>IT</i>	No IT implications	0.00%	
	Infrastructure	1.50%	1.50%
	Infrastructure & systems	5.00%	

<i>Choose more than 1 category if applicable</i>			
External stakeholders	Local NHS economy (e.g. DGH)	1.00%	1.00%
	Wider NHS economy (e.g. teaching DGH)	2.00%	
	NHS/Universities/Private/Vol sector	5.00%	
Service changes			
Stable environment, i.e. no change to service		5%	
Identified changes not quantified		10%	10%
Longer time frame service changes		20%	
Gateway			
<i>Choose 1 category</i>			
RPA Score	Low	0%	
	Medium	5%	5%
	High	10%	
		TOTAL	31.000%

CONTRIBUTION FACTORS AND MITIGATION	70%
UPPER BOUND CALCULATION	31%
TOTAL FACTOR TO APPLY TO ESTIMATE	22%