

## VIII Assessment of Non-monetary Costs and Benefits

### Introduction

- 8.1 The assessment of non-monetary or qualitative costs and benefits for each option is an essential part of the Economic Appraisal process and a weighting and scoring approach has been adopted to evaluate these qualitative factors. This process entails defining qualitative criteria upon which to assess each option, weighting each criterion according to its significance to the project objectives, and then scoring each option according to the degree to which it satisfies each criterion.

### Qualitative criteria

- 8.2 Unlike the quantitative evaluation in which costs and benefits are considered in financial terms, there is no set limit against which qualitative issues can be assessed and accordingly some form of qualitative assessment must be made.

- 8.3 This qualitative assessment reflects a broader consideration of the value of the various options for the reform programme over and above a basic consideration of the stated objectives. This assessment focuses on the wider costs and benefits that the programme can potentially achieve. The qualitative criteria for this Economic Appraisal have been derived from the Programme Objectives (with a focus on the overarching concept of Strong Local Government) and Constraints (with a focus on the deliverability of the envisaged solution).

- 8.4 The qualitative criteria are as follows:

1. Effective Service Delivery

How does each option enable and support the new councils in the delivery of their enhanced range of services (including legacy local government services and those services transferred from central government).

2. Building Communities and Shaping Places

How does each option enable and support the new councils in performing their new statutory role of planning, building and maintaining strong communities and places.

3. Adding Value to Citizens

How does each option add real value to citizens in terms of the “additionality” from the ‘Do Nothing’ i.e. what added value will each ‘Do Something’ option bring to citizens over and above the current way services are delivered. This criteria assesses the relevancy and impact of each option to the citizen.

4. Increased confidence to Ratepayers and Taxpayers that local government provides ‘value for money’

The perception of local government to both ratepayers and taxpayers as providing value for money is a key issue moving forward. This perception is dependent on a number of factors and should be considered, inter alia, in conjunction with both the non-monetary value add at criterion 3 above (i.e. the relevance and impact of local government) and the detailed financial assessment of the options considered above. However, this criterion relates to much more than that and rather reflects the confidence in local government as a trusted sector delivering the best value for money in terms of quality and timeliness of services against cost.

**Local Government Service Delivery  
Economic Appraisal**

---

5. Being a “Sector of Choice”

How does each option contribute to Local Government’s ambition to become a sector that can attract, develop and retain high-quality employees providing appropriate rewards and attractive career prospects. This criteria also incorporates the sector’s ability to attract a new generation of councillors.

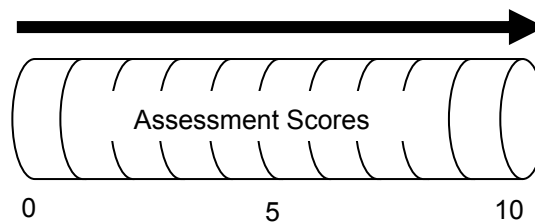
6. Delivering within Timescales

How does each option support the delivery of transformed local government services within the timescales associated with that option. This criteria reflects how the capacity and capability constraints within local government impact on the deliverability of each option.

8.5 Each of these criteria is given equal weighting to reflect the common RPA threads of quality and value for money across all aspects of service delivery.

8.6 It is also critically important for the credibility of this Economic Appraisal that the appropriate implementation issues were fully considered in assessing each option – can the option be reasonably considered to be deliverable within the timescales.

8.7 Each option is scored against each of these criteria in the range 0 to10. These scores for each option are defined relative to all of the other options.



8.8 The scores reflect the relative fit that each option provides for each criteria, for example:

| Score     | Description  |
|-----------|--|
| <b>0</b>  | Option does not provide any support for this qualitative criterion.  |
| <b>1</b>  | Option provides significantly limited support for this qualitative criterion   |
| <b>5</b>  | Option provides some support for this qualitative criterion but there are many areas where the option does not provide support |
| <b>10</b> | Option provides full support for this qualitative criterion  |

8.9 In the remainder of this section, each of the options for Local Government Reform is considered in turn with each allocated score supported with explanatory narrative text.

**Option 1 – Do Nothing / Status Quo**

- 8.10 The Do Nothing option envisages continuance of the existing service delivery structures for those services covered by RPA Reform e.g. 26 councils delivering current range of local government services and those impacted central government departments, agencies and bodies delivering current range of services.
- 8.11 Service delivery under this option has the following characteristics:
- ✓ Existing local councils in Northern Ireland are generally fairly ‘tightly’ operated, in the sense that there is not significant levels of waste associated with standard day-to-day service delivery – that is not to say that there is isn’t significant potential for improvement moving forward but it is to acknowledge current management focus;
  - ✓ Existing local councils are generally very responsive to their citizens and elected members;
  - ✓ Central Government departments and agencies generally deliver current services in an effective and efficient manner;
  - ✗ There is relatively little sharing of ‘best practice’ approaches or indeed specific solutions across local councils; and
  - ✗ In specific areas, there could be better communications and coordination between local and central government in the delivery of a holistic service solution.
- 8.12 A summary of the qualitative assessment for this option is reflected below.

**Table 8.1 – Option 1 Summary of Qualitative Assessment**

| Criteria  | Assessment   | Score |
|---|--|-------|
| Effective Service Delivery  | Existing councils and central government departments do deliver effective services within their own remit but a more joined-up approach could potentially deliver better more holistic service provision.  | 6     |
| Building Communities and Shaping Places                             | Existing councils do not generally have the resources (capacity and capability) and the statutory authority to provide effective community planning.   | 0     |
| Adding Value to Citizens  | This option provides a baseline score in terms of relevancy of the sector to citizens  | 5     |
| Perception of providing value for money to Ratepayers and Taxpayers | The existing local and central government departments do individually generally provide value to rate payers and taxpayers although there is definitely room for improvement in relation to removing dis-economies of scale and duplication and sharing best practice. | 4     |
| Being a “Sector of Choice”  | This option will not increase the sector’s ability to attract a new generation of people interested in becoming involved in local government and retain existing staff.  | 4     |
| Delivering within Timescales  | There are no implementation activities associated with this option.  | 10    |

**Option 2 – Reorganisation without Transformation**

8.13 This option envisages the simple transition (i.e. without any transformation) to a new operating model for the delivery of the specified RPA impacted local and central government services. This option will be characterised by:

- 11 Councils (with a reduced number of elected members) delivering an enhanced range of services;
- Central Government departments and bodies with policy and guidance responsibilities delivered through reduced retained organisation;
- A new Local Government Association;
- Performance Management Framework with enhanced role for Audit Office; and
- New Code of Ethics monitored by Northern Ireland Ombudsman (Commissioner for Complaints).

8.14 Service delivery under this option has the following characteristics (in addition to Option 1 above):

- ✓ Local Government delivering an enhanced range of services supported by a strong LGA with a clearer role and stronger service level arrangements into local government;
- ✓ Local Government with statutory responsibility for Community Planning delivering a coordinated cross-agency approach to service delivery in local communities;
- ✓ Independent assessment of how local government performs and external advice, guidance and support on how local government service delivery could improve against an agreed Performance Management Framework;
- ✓ Independent monitoring of the ethical behaviour of elected members; and
- ✗ Minimal added value on current arrangements through service excellence within and / or service co-ordination across each of the new councils.

8.15 A summary of the qualitative assessment for this option is reflected below.

**Table 8.2 – Option 2 Summary of Qualitative Assessment**

| Criteria  | Assessment   | Score |
|---|--|-------|
| Effective Service Delivery  | A single management structure across consolidated council areas is likely to deliver some improvements in service delivery effectiveness.  | 7     |
| Building Communities and Shaping Places                             | Local Government will have the statutory responsibility for Community Planning supported by additional resources.  | 6     |
| Adding Value to Citizens  | With the exception of community planning, it is unclear as to whether citizens will see any added value from the new councils  | 6     |
| Perception of providing value for money to Ratepayers and Taxpayers | The significant dis-economies of scale realised through the simple transition of functions from central government to local government are likely to outweigh any benefits gained from consolidation down to | 4     |

**Local Government Service Delivery  
Economic Appraisal**

|                              |   |   |
|------------------------------|---|---|
|                              | 11 councils. There is also the risk of potential nugatory short-term spend which conflicts with a longer-term transformation (outwith the scope of this option).  |   |
| Being a “Sector of Choice”   | The role of Community Planning is likely to attract a new generation of people into local politics although some may be deterred by an unreformed sector in terms of the modernisation agenda.                | 6 |
| Delivering within Timescales | The timescales for delivery of this new option are May 2012 including a transition period from May 2011 (where new councils would “bed down” and organisations with enhanced roles e.g. NIAO will ‘ramp up’). | 8 |

**Option 3 – Transformation within Service Delivery Functions**

8.16 This option envisages the transformation within Service Delivery Functions (i.e. each service area will be subject to a modernisation / optimisation agenda in isolation) for each of the operating models across the 11 new councils. In addition to option 2, this option will be characterised by:

- Service Excellence across all service areas within each council (with each considered in isolation).

8.17 Service delivery under this option has the following characteristics (in addition to Option 2 above):

- ✓ Each service area delivering an excellent service within its own remit;
- ✗ Minimal added value on current arrangements through the potential synergies that service co-ordination across each of the new councils would realise.

8.18 A summary of the qualitative assessment for this option is reflected below.

**Table 8.3 – Option 3 Summary of Qualitative Assessment**

| Criteria  | Assessment   | Score |
|---|--|-------|
| Effective Service Delivery  | A single management structure is likely to deliver some improvements in service delivery effectiveness.  | 8     |
| Building Communities and Shaping Places                             | Local Government will have the statutory responsibility for Community Planning supported by additional resources.  | 6     |
| Adding Value to Citizens  | Citizens are likely to see improvements within individual service areas without seeing a step-change in the relevancy and impact of local government to their daily lives. | 7     |
| Perception of providing value for money to Ratepayers and Taxpayers | Individual service areas will provide value for money solutions without each new council necessarily representing value for money when considered in totality              | 6     |

**Local Government Service Delivery  
Economic Appraisal**

|                              |  |   |
|------------------------------|--|---|
| Being a “Sector of Choice”   | Staff are likely to be attracted and retained to specific service areas. The recruitment and retention of senior staff may be negatively impacted given the absence of cross-functional solutions within councils. The role of Community Planning is likely to attract a new generation of people into local politics. | 7 |
| Delivering within Timescales | The timescales for delivery of this new option are up to May 2015.   | 9 |

**Option 4 – Transformation within Councils**

8.19 This option envisages the transformation within councils to drive out the optimal ‘self contained’ operating model for each of the 11 new councils e.g.

- Optimum Operating Model within each Council;
- Strategic Approach to Core Business Processes;
- Single Management Approach to Service Support; and
- Standard Customer Management Approach.

8.20 Service delivery under this option has the following characteristics (in addition to Option 3 above):

- ✓ Each new council designed to deliver service excellence focussed on addressing the needs of the citizens and communities in its own area;
- ✓ Each new council designed to provide value for money within its own organisation through the standardisation of processes and joined-up approaches to both service support and customer management; and
- ✗ Minimal added value on current arrangements through the potential synergies that regional service co-ordination across all of the new councils would realise.

8.21 A summary of the qualitative assessment for this option is reflected below.

**Table 8.4 – Option 4 Summary of Qualitative Assessment**

| Criteria  | Assessment   | Score |
|---|--|-------|
| Effective Service Delivery                                | New councils will be designed to ensure effective service delivery in their local context (e.g. the unique strategic drivers and needs that each council faces). | 10    |
| Building Communities and Shaping Places                   | New councils will be designed to ensure that Community Planning and Place Shaping are at the very heart of their delivery structures.                            | 10    |
| Adding Value to Citizens                                  | Citizens are likely to see a step-change improvement in service delivery with councils able to co-ordinate internal and external resources to address need.      | 10    |
| Perception of providing value for money to Ratepayers and | Each council will provide value for money within its own remit although regional opportunities for efficiencies may not be taken full advantage of.              | 8     |

**Local Government Service Delivery  
Economic Appraisal**

|                              |  |   |
|------------------------------|--|---|
| Taxpayers                    |  |   |
| Being a “Sector of Choice”   | Staff at all levels are likely to be attracted to and retained within modernised local government organisations. The role of Community Planning is likely to attract a new generation of people into local politics. | 8 |
| Delivering within Timescales | The timescales for delivery of this new option are up to May 2015.   | 8 |

**Option 5 – Transformation with Regional Collaboration**

8.22 This option envisages the transformation within councils to drive out the optimal ‘self contained’ operating model for each of the 11 new councils e.g.

- A regional Business Services Organisation delivering a range of collaborative services to the new 11 councils;
- A single Waste Disposal Authority providing a holistic view of waste disposal management across NI.

8.23 Service delivery under this option has the following characteristics (in addition to Option 3 above):

- ✓ Each new council designed to deliver service excellence focussed on addressing the needs of the citizens and communities in its own area;
- ✓ Each new council designed collaboratively on a regional basis to provide value for money within its own organisation through the standardisation of processes and joined-up approaches to both service support and customer management.

8.24 A summary of the qualitative assessment for this option is reflected below.

**Table 8.5 – Option 5 Summary of Qualitative Assessment**

| Criteria  | Assessment  | Score |
|---|---|-------|
| Effective Service Delivery  | New councils will be designed to ensure effective service delivery in their local context (e.g. the unique strategic drivers and needs that each council faces).  | 10    |
| Building Communities and Shaping Places                             | New councils will be designed to ensure that Community Planning and Place Shaping are at the very heart of their delivery structures.   | 10    |
| Adding Value to Citizens  | Citizens are likely to see a step-change improvement in service delivery with councils able to coordinate internal and external resources to address need.  | 10    |
| Perception of providing value for money to Ratepayers and Taxpayers | Each council will provide value for money within its own remit and regional collaboration will take full advantage of efficiency opportunities that are to be gained through a shared approach to support services. | 10    |
| Being a “Sector of  | Staff at all levels are likely to be attracted to and retained within modernised local  | 9     |

**Local Government Service Delivery  
Economic Appraisal**

|                              |   |   |
|------------------------------|---|---|
| Choice”                      | government organisations. The role of Community Planning is likely to attract a new generation of people into local politics. |   |
| Delivering within Timescales | The timescales for delivery of this new option are up to May 2015.  | 7 |

## Summary of Qualitative Evaluation

8.25 The following conclusions may be drawn from the qualitative analysis:

1. While it is a viable option, Option 1 ‘Do Nothing’ will not deliver the vision of ‘strong local government’ with the associated financial efficiencies as envisaged in the RPA Reform programme and set out by the Minister of the Environment when the 11 council model was announced.
2. A simple transition approach, as articulated under Option 2 ‘Reorganisation without Transformation’ will incur significant costs without realising any significant benefits. It is likely that this option would have little or no positive impact on citizens.
3. A transformation within service areas which does not realise any cross functional efficiencies within councils, as set out in Option 3 ‘Transformation within Service Delivery Functions’ is unlikely to realise sufficient qualitative benefits to outweigh the associated value for money deficiencies.
4. A transformation across each of the new councils (effectively designing each new council on a ‘blank canvas’ in order to meet their local priorities) as set out in Option 4 ‘Transformation within Councils’ is likely to deliver optimum service provision in the new local government areas.
5. A transformation across each of the each councils supported by the introduction of regional collaboration in agreed areas as described under Option 5 is likely to provide the optimum balance between local service delivery and regional efficiencies.

8.26 The qualitative analysis indicates that **Option 5 ‘Transformation with Regional Collaboration’** is the optimum way forward. This option sets out a vision for local government which has 11 new fully transformed councils delivering all of the key ‘citizen facing’ services with a regional services organisation delivering a range of common services designed on a collaborative basis.

8.27 The success of this option is dependent on achieving the correct balance between:































- Local service delivery that is both designed to meet local need and responsive to local preferences; and
- Regional service delivery that provides value for money through effective and efficient service delivery to councils across an agreed range of areas.

8.28 Under this option, service areas that are central to providing local services, building local communities and shaping local places should be delivered by individual councils. Services that are common to all councils and can be designed regionally (albeit they may have local delivery aspects) should be considered as candidate areas for a new Business Services Organisation.

8.29 A summary of the qualitative analysis is provided overleaf.

**Local Government Service Delivery  
Economic Appraisal**

**Table 8.6 – Summary of Qualitative Assessment**

| Option  | Qualitative Assessment  |   |   |   |   |   | Summary   |
|---|---|---|---|---|---|---|---|
|   | 1   | 2   | 3   | 4   | 5   | 6   |   |
| 1. Do Nothing / Status Quo                          |  |  |  |  |  |  | While a viable option, Do Nothing will not deliver the strong local government envisaged by RPA Reform                      |
| 2. Reorganisation without Transformation            |  |  |  |  |  |  | This transition option is likely to attract significant costs while realising minimum financial and non-financial benefits. |
| 3. Transformation within Service Delivery Functions |  |  |  |  |  |  | This option does not bring about sufficient transformation to counteract the costs incurred through transition.             |
| 4. Transformation within Councils                   |  |  |  |  |  |  | This option provides for a step-change in the effectiveness and efficiency of local government services.                    |
| 5. Transformation with Regional Collaboration       |  |  |  |  |  |  | This option represents the optimum balance between local service delivery and regional value for money.                     |

Qualitative Criteria are:

1. Effective Service Delivery;
2. Building Communities and Shaping Places;
3. Adding Value to Citizens;
4. Perception of providing Value for Money to Ratepayers and Taxpayers;
5. Being a “Sector of Choice”; and
6. Delivering within Timescales.