

## **OPTIONS APPRAISAL STREETSCENE & LIVEABILITY**

This paper sets out the fundamental principles of an options appraisal methodology to allow the Council to identify a preferred option for the future provision of services within StreetScene & Liveability in Rossendale. The overall process includes the following steps:

- Determining evaluation criteria and relative importance (weighting)
- Shortlisting of options
- Agreement of preferred option

### **Qualitative Evaluation**

The methodology is based upon a list of weighted evaluation criteria and overall maximum scores. In order to provide an objective basis for the scoring exercise, the ability of each option to satisfy each fundamental outcome is scored on a 0 -5 scale and then multiplied by the weighting to arrive at the maximum score. The maximum score represents an option whereby “the fundamental outcome is more than met”, and conversely a score of zero represents an option that “fails to meet the fundamental outcome”.

### **Scoring Mechanism**

| <b>Score</b> | <b>Description</b>   |
|--------------|--|
| 5            | More than meets fundamental outcome with the potential to generate significant improvement and innovation. |
| 4            | Meets the fundamental outcome with potential to generate further undefined improvements.                   |
| 3            | Meets the fundamental outcome.   |
| 2            | Partly meets the fundamental outcome.  |
| 1            | May provide some improvement but not likely to have a material impact.                                     |
| 0            | Does not meet the fundamental outcome.   |

## Assessment Criteria

| <b>QUALITATIVE EVALUATION CRITERIA</b> |   | <b>WEIGHTING</b> |
|--|---|------------------|
| 1                                      | <b>STRATEGIC FIT</b><br>Potential to enhance corporate aims and objectives<br>Cultural/Political/Ethical/Legal        | 8                |
| 2                                      | <b>BEST OPERATIONAL FIT</b><br>Deliverability which achieves savings through economies of scale within authority      | 6                |
| 3                                      | <b>MANAGEMENT CAPACITY &amp; CAPABILITY</b><br>Sufficient capability to manage the new delivery vehicle               | 9                |
| 4                                      | <b>ACHIEVE INVESTMENT</b><br>Has the potential to meet required investment e.g. ICT, Depot, Recycling Targets         | 6                |
| 5                                      | <b>WIDER SOCIO-ECONOMIC ISSUES</b><br>Support & enhance local economic regeneration & job creation                    | 3                |
| 6                                      | <b>OPPORTUNITY FOR EXTERNAL TRADING</b><br>Provides potential to operate within the Commercial Market                 | 1                |
| 7                                      | <b>RISK FIT</b><br>Transfers risk to the party best placed to manage it   | 10               |
| 8                                      | <b>CONTINUOUS IMPROVEMENT</b><br>Achieves BVPI's/Local PIs/Flexibility to Respond to change                           | 8                |
| 9                                      | <b>IMPACT ON CUSTOMERS</b><br>Potential to improve quality and customer satisfaction                                  | 10               |
| 10                                     | <b>SUSTAINABILITY</b><br>Supports Education/Awareness & Enforcement practices   | 9                |
| 11                                     | <b>EMPLOYMENT LEGISLATION &amp; RELATED ISSUES</b><br>Secures employment & has regard for the importance of employees | 6                |
| 12                                     | <b>TIMESCALE</b><br>Achievable within the timescale for RBC   | 9                |
|  |   |                  |

## Structures for service delivery

| <b>Structure</b>   | <b>Description</b>  |
|--|---|
| In-house (improved)                                      | Provided directly by local authorities' own employees. The level of in-house provision is likely to vary considerably depending on the political judgement, size and capability of the authority.   |
| Public/public consortium                                 | Vary from formal arrangements between authorities for joint procurement, funding and/or provision of services to informal arrangements where one authority is permitted to make use of services provided by the other.  |
| Management Buy Out / Employee Buy Out                    | An MBO/EBO can incentivise staff and lead to improvement in performance and productivity. It does have the opportunity to offer staff an equity share in future operation, which can motivate employees and may lead to efficiency savings.   |
| Incremental Partnering                                   | Incremental partnering involves working with a strategic partner or partners but without the requirements of a comprehensive all-inclusive commitment for the long-term to cover a range of core activities.  |
| Joint venture  | Local authorities increasingly seek to gain the benefits of working with the private sector but in some instances wish to retain control over key aspects of the business performance. These aspects can include the provision of services or infrastructure.   |
| Strategic Partnering (inc Agency/Hosting and Secondment) | Where a local authority enters an agreement with another public or private sector organisation to jointly deliver services. They are more common where a wide range of services is provided and where benefits are expected from sharing objectives, risks and rewards. Although facilitated by contractual terms, they may develop from a traditional contracting arrangement if the objectives of the separate organisations can be aligned. Strategic partnerships may be with a single private or public sector organisation or between multiple public sector organisations and a private company. |
| PFI (Capital Outsourcing)                                | PFI can be considered as a form of partnership. The principle role of PFI in the delivery of Environmental services is primarily in the delivery of capital investment, but also addresses long-term maintenance. As such it is principally relevant for the delivery of infrastructure, as a new investment or as a result of historic under investment.   |
| Outsourcing  | Outsourcing has been widely used by local authorities following service review as a result of CCT legislation and Best Value. Several contracts have reached maturity and there have been examples of services being taken back in house or changing to different private sector contractors and consultants. The more inflexible input driven arrangements in earlier examples are now being replaced with Rethinking Construction type principles and more broadly scoped arrangements.   |

| Assessment Criteria |                             | Weighting | Incremental Partnering | Strategic Partnering | Joint Venture | Public/Public Partnership | In House (improved) |              |              |              |              |              |
|---------------------|-----------------------------|-----------|------------------------|----------------------|---------------|---------------------------|---------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Members</b>      |                             |           |                        |                      |               |                           |                     |              |              |              |              |              |
| 1                   | Strategic Fit               | 8         | 3                      | 24                   | 5             | 40                        | 5                   | 40           | 1            | 8            | 0            | 0            |
| 2                   | Best Operational Fit        | 6         | 1                      | 6                    | 4             | 24                        | 4                   | 24           | 1            | 6            | 1            | 6            |
| 3                   | Mgmt Capacity & Capability  | 9         | 2                      | 18                   | 5             | 45                        | 4                   | 36           | 1            | 9            | 2            | 18           |
| 4                   | Investment                  | 6         | 2                      | 12                   | 5             | 30                        | 3                   | 18           | 0            | 0            | 0            | 0            |
| 5                   | Socio Economic              | 3         | 2                      | 6                    | 1             | 3                         | 1                   | 3            | 1            | 3            | 1            | 3            |
| 6                   | External Trading            | 1         | 2                      | 2                    | 4             | 4                         | 3                   | 3            | 1            | 1            | 0            | 0            |
| 7                   | Risk Fit                    | 10        | 2                      | 20                   | 5             | 50                        | 4                   | 40           | 0            | 0            | 0            | 0            |
| 8                   | Continuous Improvement      | 8         | 3                      | 24                   | 4             | 32                        | 4                   | 32           | 1            | 8            | 1            | 8            |
| 9                   | Impact on Customers         | 10        | 2                      | 20                   | 4             | 40                        | 4                   | 40           | 1            | 10           | 1            | 10           |
| 10                  | Sustainability              | 9         | 4                      | 36                   | 5             | 45                        | 4                   | 36           | 1            | 9            | 0            | 0            |
| 11                  | Employment & Related Issues | 6         | 3                      | 18                   | 5             | 30                        | 4                   | 24           | 3            | 18           | 4            | 24           |
| 12                  | Timescale                   | 9         | 1                      | 9                    | 5             | 45                        | 3                   | 27           | 0            | 0            | 0            | 0            |
|                     |                             |           | <b>TOTAL</b>           | <b>TOTAL</b>         | <b>TOTAL</b>  | <b>TOTAL</b>              | <b>TOTAL</b>        | <b>TOTAL</b> | <b>TOTAL</b> | <b>TOTAL</b> | <b>TOTAL</b> | <b>TOTAL</b> |
|                     |                             |           | <b>195</b>             | <b>388</b>           | <b>323</b>    | <b>72</b>                 | <b>69</b>           |              |              |              |              |              |