

Distributional Analysis and Weighting in Central Government Assessments

Centre for
Economic Empowerment
Research Report: thirteen

Distributional Analysis and Weighting in Central Government Assessments

Forward

This research is part of our overall interest in how both the decision making and spending powers of government can be used to tackle social and economic disadvantage and ultimately result in better outcomes for Northern Ireland.

Central and local government currently use a range of mechanisms to both develop policy and to determine how resources are allocated. Distributional analysis is one such mechanism. It is how government estimates how its decisions will impact differently upon different groups in society. It typically refers to estimates of the differential impact of decisions on the poor and the rich. We commissioned this research to evaluate how extensively and effectively distributional analysis processes are used in Northern Ireland presently.

The research comprised a detailed assessment of a range of business cases, equality impact assessments and policy reviews across central and local government. This was supplemented with consultation with government economists and the voluntary and community sector. This analysis showed little evidence of distributional analysis taking place. However, there is evidence of good practice across government where distributional effects are being considered.

Contained in this report are recommendations to practically embed distributional analysis as a tool of effective evidence-based policy and practice. We believe this will positively impact the ability of decision makers to make informed, targeted and needs-based investments in future. This is especially vital at a time of continuing financial pressure.

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NICVA Chief Executive

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1 Introduction

1.1 Executive Summary

- 1.1.1 This report has been produced for NICVA's Centre for Economic Empowerment to consider the use of distributional analysis and weighting in economic assessments within central government in Northern Ireland. The report was produced following extensive consultation with government economists and key voluntary sector organisations; and in depth review of over 40 economic assessments, largely from central government and in depth analysis of relevant guidance.
- 1.1.2 Economic assessments are used to assist decision making within the public sector. Their purpose is to ensure that a wide range of economic, financial, social and environmental issues are considered before decisions are made. All economic assessments, whether economic appraisals, business cases or other such work including evaluation are undertaken utilising central government guidance. The overarching UK guidance is HM Treasury's Green Book although separate guidance has been drawn up in Northern Ireland in the form of the Northern Ireland Guide on Economic Appraisal and Evaluation which is built on the principles and practice within the Green Book. A range of supplementary guidance has been added to this over a number of years to cover Northern Ireland's specific situation including consideration of equality ('Section 75') and deprivation policy "Lifetime Opportunities". In broad terms economic assessments seek to identify the policy and strategic context within which a decision is being made. Appropriate objectives are developed for the project and it is considered in terms of its ability to meet these objectives in the most cost effective manner, taking into consideration a range of options which wholly or partially these issues. Good practice dictates that projects and programmes should be evaluated after some time to ensure that lessons are learnt and that the standard of decision making improves.
- 1.1.3 'Distributional analysis' is the term used to describe the process by which the effect that a policy programme or funding decision may have on individual groups within society is measured. Treasury guidance sets out a specific approach to carrying out distributional analysis particularly in relation to people with different levels of income, recognising that £1 is more valuable to someone on a low income than it is to someone who has higher income.
- 1.1.4 Consultation with government economists across ten government departments showed that the term "distributional analysis" is not commonly used in Northern Ireland and indeed there is little evidence of the Treasury guidance in this area being utilised. In practice however some of the

elements of distributional analysis are considered in equality impact assessments (EQIAs) and in considering a programme or policy's fit with Northern Ireland Government policy on deprivation. Many economists believe that these issues are considered more importantly at policy stage and therefore business cases which flow from these policies are likely to be assessed in this context and may not need additional analysis to be undertaken. They are of course correct in noting that much Northern Ireland legislation is focused on addressing deprivation or lack of access to services. Northern Ireland guidance on economic appraisal and evaluation is given preference over UK Treasury guidance. Economists are generally more concerned with the quality of needs assessment and the range of options being considered in detail. They believe that since many departments focus all of their work with a strong equality, social inclusion and deprivation agenda the need for this to be analysed in more detail at individual case stages is less of a priority.

- 1.1.5 Detailed assessment of a range of business cases, equality impact assessments and policy reviews is set in Section 3.1 of the report. This considers a wide range of projects and programmes of varying value but typically in the range of £1m to £50m. This analysis showed little evidence of distributional analysis as described by HM Treasury. However, it did show a range of variation in how distributional effects are considered. Many of the documents reviewed looked at the equality implications (within the terms of Section 75 of the Northern Ireland Act) to some extent, with some looking at this in considerable detail. Most at least gave rudimentary consideration to deprivation factors. However, few showed the level of analysis or robust assessment that is recommended in the Treasury Green Book. Practice in local government was also considered in less detail and notes that equality screening and equality impact assessments are generally carried out in a thorough fashion. Despite this, there is little emphasis on other forms of distributional analysis within business cases. Typically, the business cases considered at local government level tend to involve smaller projects and may be undertaken using a pro forma approach to economic appraisal, which does not consider distributional analysis at all. It is clear that local government officers and elected members are very conscious of their equality obligations and the need to address deprivation and these issues generally figure highly in policy or programme development.
- 1.1.6 Discussions with the voluntary sector shows concern that too many government decisions are made for "political reasons", rather than focused on a sound needs-based approach. Many in the voluntary sector felt that important statistics in relation to subgroups of people, available within public sector organisations, were not shared across central government. As a result, analysis that could be undertaken on the impact across different

groups was often not used because such information had not been shared. Voluntary sector organisations believe that central government tends to consider policies or make funding decisions in a vertical decision manner rather than taking into consideration the wider horizontal factors associated with other departments and the impact of their policy on other departments' work. Voluntary sector organisations were aware of the needs of groups they represent being negatively affected or failing to produce the positive impacts that were expected because of inadequate consideration. The voluntary sector would want a stronger coordinating approach by OFMDFM to ensuring that these issues were considered in detail by other departments and in a more strategic cross departmental approach.

1.1.7 A number of recommendations are set out in Section 4.2. It is recognised that any changes in how Government carries out economic assessments must balance the cost of such alternative or additional assessment with the potential impact of the changes. Evidence of any changes made should be collated for a period to allow the value of any new process to be considered and, if necessary amended or abandoned. The recommendations include:

- The need for much greater consideration of income and poverty factors within screening of projects at business case stage.
- The potential to use a more comprehensive distributional screening approach, aligned with equality screening, to consider wider distributional impacts and to determine whether a more comprehensive impact assessment is required (suggested format set out in Section 5.1).
- Projects should be evaluated taking into consideration the distributional impacts identified at appraisal stage to ensure that these outcomes have actually been achieved.
- Government departments with a policy lead responsibility should ensure that high level policies and programmes are appropriately reviewed at sub programme and project stage to determine that the distributional impacts align with the intended policy outcomes.

1.2 Introduction and Brief

1.2.1 This report has been commissioned by NICVA's Centre for Economic Empowerment (CEE). It seeks to look at the use of distributional analysis and weighting as part of HM Treasury "Green Book" economic assessments in Northern Ireland. The brief notes that while it is important to look at the total benefits and costs involved in assessing any policy or resource

allocation, it is also important to consider who gains and loses as a result of government intervention. The brief notes that the HM Treasury Green Book guidance and Northern Ireland Guidance on Economic Appraisal and Evaluation recommend that the implications for different social groups are estimated within any business case or appraisal work. The research was commissioned to examine the extent to which these techniques are applied in government decision making through their implementation within business case and appraisal work. The focus of the work is to look at the extent to which distributional analysis and weighting is conducted and how adequately these techniques are applied.

1.2.2 Following a successful tender, Williamson Consulting submitted a Project Initiation Document which set out the approach in six broad elements:

1. Scoping and planning – discussions with CEE, initial review of documentation and provision of the PID.
2. Consultation with government economists – meeting economists in key government departments to consider what they see as best practice, to discuss access to economic assessments and how these can be used and to look at how distributional analysis is used in economic assessments.
3. Review of a sample of economic assessments – obtain a sample of 40 economic assessments across central and local government and review these in depth, assessing the extent to which they address inequities or target the specific needs of individual groups through the use of distributional analysis. Consider how key equality, social inclusion and deprivation policies and legislation have been considered and produce a summary of the review of economic assessments to provide appropriate comment.
4. Consultation with key voluntary organisations – consultation with key stakeholders in the voluntary sector to identify how a more comprehensive analysis of distributional impacts would affect them meeting their policies and priorities and identify specific issues which they believe to be inadequately considered.
5. Analysis – analysis of all information, identification of best practice and highlighting key mistakes or failings in relation to distributional analysis.
6. Reports and presentation – preparation of a draft report and final report and production and delivery of a presentation.

2 Economic Assessment & Distributional Analysis

2.1 Economic Assessment and Decision Making

2.1.1 For many years it has been central government policy to carry out an appropriate assessment of any new policies, programmes or projects, whether capital or revenue, to ensure that they are undertaken in the most efficient and effective way and in line with the public's best interest. The process used to assess these has varied over time however, for twenty plus years, guidance has been provided by HM Treasury in the form of "The Green Book". This provides the basis for appraisal and evaluation in central government and in turn influences local government practice. The form of assessment varies according to the scale and nature of the policy programme or expenditure, inevitably requiring a much more robust and in depth analysis where there is much at stake. Assessment may include different elements but in general it will consider economic, financial, social and environmental issues. The detailed guidance relating to the UK, which in turn influences the Northern Ireland guidance, is described in section 2.2 and (in the case of Northern Ireland) 2.3.

2.1.2 While appraisal and assessment processes have changed over the years, they have tended to follow a similar basic cycle which seeks to ensure improvement in policy development and use of public funds. In broad terms this includes:

- Establishing the rationale for a policy programme or expenditure.
- Developing appropriate objectives.
- Carrying out an appraisal of the proposed policy or project to determine the best way to meet the objectives.
- Monitoring the implementation of the programme, project or policy to ensure that it is carried out in line with the appraisal recommendations.
- Evaluating the policy programme or project after it has been in place for some time to determine the extent to which it is addressing the objectives and responded to the stated rationale.
- Providing feedback to the policy makers or decision makers to ensure that future rationale and objectives continue to be relevant and appropriate.

In theory this cycle should improve decision making. However, it is dependent on information being adequately fed back at each stage and on each step of the cycle being undertaken effectively and efficiently. In practice, the application of these steps will vary depending on who is

carrying them out, their motivation, level of expertise and understanding of the issues. In a complex appraisal or business case process inevitably individuals tend to emphasise key elements as they see these as most important or perhaps can obtain data which allows these to be assessed in a more comprehensive manner.

- 2.1.3 In the case of this report, we are particularly interested in distributional analysis, specifically considering the extent to which a policy, programme or expenditure decision impacts on different sections of the population, to ensure that decision making supports equality and wider deprivation policies. This is only one element of the overall business case or appraisal process. As we shall see in the following sections, the impact of policies, programmes or projects on individual groups within society may be considered at different stages within the appraisal process rather than simply under the heading of distributional analysis therefore care must be taken to ensure that these important issues are not neglected within the overall assessment mechanism.

2.2 HM Treasury Guidance

- 2.2.1 The overarching guidance for appraisal and evaluation in central government is HM Treasury Green Book. This dates back many years but was last totally updated in 2003. It is currently being revised to include a range of supplementary guidance provided in more recent years. The Green Book provides the overarching guidance for appraisal and evaluation work across the UK although separate Northern Ireland guidance, described in the following section, provides specific local approaches. While economic appraisals produced utilising the Green Book guidance take a fairly similar approach and format, the level of analysis varies and certain elements may or may not be included, depending on the nature of the project or specific requirements of a public body. Effectively therefore an economic assessment may include a preliminary, outline or full business case (which can include financial, economic, commercial or project management assessments and strategic reviews), assessment of regulatory impact, health impact, environmental, consumer or integrated policy appraisals. Such appraisals may be carried out internally by civil servants or externally by consultants commissioned to carry out a particular piece of work. In either case the same guidance must be followed in the case of external commissions this is clearly dependent on the brief provided to the external consultant.

2.2.2 The Green Book also addresses issues such as the “Gateway Process” which is used to review policies and projects at critical stages in their life cycle to ensure that they can progress successfully to the next stage. Other elements such as Regulatory Impact Assessment are used to consider how a policy or new central government practice can affect businesses, charities or the voluntary sector. In the case of Northern Ireland, these are also supported by specific assessments relevant to Northern Ireland legislation.

2.2.3 While it is common practice to consider the economic appraisal or business case in terms of a series of basic steps, in fact the Green Book is less prescriptive, providing a wide range of a tools and approaches for each element of appraisal and anticipating that these will be utilised as required depending on the nature of the project in each case. The guidance does have much to say about the distributional effects of policies or decisions. In broad terms therefore the Green Book recommends the following basic approach, which can be seen to assume consideration of distributional effects at a number of stages:

- Considering the reasons for government intervention – determining rationale based on market failure or the need to achieve specific government distributional objectives. In practice, the overarching policy is that government will not intervene unless there is a clear failure of the market to address specific needs. This element requires research including an assessment of “potential beneficiaries and those who may be disadvantaged”.
- Setting appropriate objectives to determine what proposals are intended to achieve. These are expected to be specific, measurable, achievable, relevant and time bound. Outcomes should also be expressed indicating what eventual benefits to society the proposals will achieve. Outputs and outcomes should specify the benefits to be delivered to individual target groups.
- Identification of options – guidance indicates that this should always include the minimum amount of action (the de minimis principle) necessary to achieve some outcome and should also include a range of options which should reflect any research already carried out, new and current policies, programmes and projects and other options resulting from widespread formal or informal consultation. By implication, this is likely to increase understanding of distributional impact.
- Valuing costs and benefits of options – guidance indicates that this should cover the lifetime of assets employed or the impact of a longer term policy decision. It should include both monetary costs and benefits but also wider social and environmental costs and benefits for

which there is no market price. A range of techniques are provided to allow appraisers to value costs and benefits where there is no market value.

- Adjustments to values of costs and benefits – this guidance includes distributional analysis, i.e., ensuring that a policy or proposal is fair, how it will impact on an individual's well being and how someone who is more deprived may benefit to a greater extent from a certain level of expenditure than someone in a more affluent situation. Consideration should also be given to how the proposal impacts across age, gender, ethnic groups, health, skill or locational factors.
- Discounting – economic factors expressed in monetary terms (costs and benefits) are presented across the lifetime of the policy or project and discounted to provided their value in current day terms.
- Assessment of risk and uncertainty – this looks at how varying factors could impact on the monetary value of a project or could make it more difficult to deliver and should consider how risks should be managed and mitigated. Monetary risk on capital expenditure is considered using a process known as Optimism Bias.
- Considering unvalued costs and benefits – factors which cannot easily be considered in monetary terms are assessed using the objectives or appropriate criteria, weighted according to their importance. Options are assessed against these to provide a non monetary or social score.
- Selecting the best option – the guidance suggests that the preferred option will be the one with the highest risk adjusted net present value, taking into consideration all monetary and non monetary implications. In practice this generally means selecting an option which provides the best fit between net present value, non costed costs and benefits and levels of risk. Consideration should also be given to affordability and funding.
- The appraisal process should make recommendations for later evaluation or monitoring leading back to the feedback cycle set out in earlier sections.

As noted earlier, the Green Book recommends specifically considering distributional impacts. Individual guidance on distributional analysis is set out within the Green Book appendices. "Distributional impacts" is defined as describing the distribution of costs or benefits of interventions across different groups in society noting that proposals can have differential impact on individuals according to their income; gender; ethnic group; age;

geographical location; or disability. It notes that these issues should be assessed in appraisals. At minimum it is expected that appraisers will identify how costs and benefits accrue to different groups and highlights the fact that an individual's wellbeing and the impact of a proposal will vary according to their income. The guidance sets out mechanisms for considering the relevant impact of expenditure on different groups depending on their 'equivalised' net income. Guidance suggests that individuals can be grouped into five income quintiles for the purposes of analysis and a proposal which provides greater net benefit to the lower income quintiles should be rated more favourably than one whose benefits largely accrue to higher quintiles. The need to use such in depth analysis is noted as being dependent on the scale of the impact associated with a particular project or proposal, the likely robustness of any calculation or distributional impact and the type of project being assessed. However, it notes that if appraisers decide not to use distributional weighting the decision must be fully justified. The guidance goes on to note that distributional impacts must also be considered in relation to discrimination law, highlighting UK and EU legislation in relation to women, racial discrimination, civil and political rights and various other legislation that must be considered within an appraisal process. It is recognised that the legislation is different in Northern Ireland and this is addressed in the following section.

2.3 NI Guidance

- 2.3.1 In broad terms, over many years Northern Ireland has followed HM Treasury practice of guidance on appraisal and evaluation. However, in the mid 1990s work was undertaken to develop specific Northern Ireland guidance that was more relevant to the context in which appraisals are carried out locally, taking into consideration Northern Ireland legislation which requires additional or different appraisal or assessment activity. In recent years the level of guidance provided by the Department of Finance and Personnel NI has grown considerably and in doing so has deviated somewhat from the detail of HM Treasury's Green Book. The purpose of the Northern Ireland guidance is to ensure that all spending is accountable to the Northern Ireland Executive and Assembly. Currently this is set out in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE). This provides primary guidance for Northern Ireland departments in relation to appraisal, evaluation, approval and management of policies, programmes and projects and also provides an overarching basis for local government practice, which in many cases is subject to central government approval. The principles underpinning NIGEAE are similar to those in other parts of the UK but are more focused on Northern Ireland's specific needs, policies,

structures and legislation. While the guidance expects that all proposals that involve spending public funds or use of public resources will be considered using this approach, it recognises the principle of “proportionate effort”, noting that a small expenditure does not justify the same level of rigour as a large programme or policy. The NIGEAE provides general guidance however it is supplemented by a range of specific guidance for particular areas of expenditure or spending proposals such as housing, roads or tourism. These requirements also apply to all government departments, their agencies and any public bodies for which they are responsible (including NDPBs/arms length bodies and local government).

2.3.2 NIGEAE sets out the economic appraisal process in 10 basic steps which broadly align with HM Treasury guidance. It is important to note that distributional analysis is not the only way in which differential impact on individual groups within society might be considered within an appraisal process. Effectively therefore considering the extent to which individual business cases have looked at distributional impacts it is important to consider each aspect of the appraisal or business case process. This is noted under the relevant steps of the economic appraisal as set out in NIGEAE below:

- **1 – explain the strategic context** – this includes consideration of underlying policies or strategies. While this is only expected to be a short section, if it does not recognise the importance of policies or strategies relating to deprivation, equality or the needs of specific groups it is unlikely to consider these appropriately at later stages.
- **2 – establish the need for expenditure** – a thorough needs assessment is the basis for a sound business case. By implication it should identify deficiencies in service provision and in particular inequities or circumstances where individual groups, those who are deprived or potentially discriminated against, benefit differently from the general population or have specific needs that should be addressed through the appraisal. Again, a proper analysis of differential need across these groups will influence proper assessment of distributional impact.
- **3 – define objectives and constraints** – the objectives must adequately encompass the breadth of any proposal or policy otherwise the social impact on individual beneficiary groups will not be adequately assessed.
- **4 – identify and describe the options** – the range of options must be wide enough to encompass potential impact across different groups.

- **7 – weigh up non monetary costs and benefits (including sustainability, Equality and Lifetime Opportunities)** – the assessment of impacts which are difficult to measure in monetary terms will be included here. The guidance suggests that the impact of a project or policy should be compared to key government policies which relate to equality or deprivation factors and whether they can impact on health, or the environment or other such factors should require an appropriate analysis of differential impacts. The weighting and scoring of these can in turn shade how they are viewed in overall terms. While not set out specifically, this section could include distributional analysis.
- **9 – assess affordability and record arrangements for funding, management, procurement, marketing, benefits realisation, monitoring and ex post evaluation** – within the Benefits Realisation statement the impact of the policy or project on individual groups may well be included and in all cases will influence how these are evaluated at a later stage. It is therefore important that any differential impacts are highlighted.
- **10 – assess the balance of advantage between the options and present the results and conclusions** – the overall conclusions reached in relation to an appraisal will be dependent on the quality of distributional analysis carried out at earlier stages.

2.3.3 Specific Distributional Analysis Guidance

The Northern Ireland guidance (NIGEAE) is much less specific about distributional impact than the Treasury guidance¹. However, there are a number of areas of guidance which relate to distributional impact. These include

- Within step 2 – establishing need, there is a note that intervention to achieve equity objectives may be justified to improve the distribution of

¹ During the consultation with Government Economists, and in consideration of a very wide range of public policy and guidance, the consultants did not identify any substantial empirical evidence for deviation from HM Treasury guidance for appraisals and business cases. It seems probable that NI Guidance has largely arisen from the need to ensure that business cases are undertaken in a way which is compatible with specific NI policy on other matters such as deprivation, equality and fair employment. It is unclear whether this has resulted in more equitable or economically advantageous expenditure decisions being made. It would be helpful if this issue was considered in more detail by central Government to assist it in determining whether continued deviation from the Treasury approach is helpful or appropriate. Consideration might also be given to determining if the current focus on potential religious discrimination reflects the current priorities or actual situations arising in such decision making. Evidence to support such elements of appraisal guidance may encourage economists and consultants to give greater, and more enthusiastic, emphasis to such analysis.

costs or benefits among different groups according to their income, gender, ethnic group, age, geographical location or disability. This refers to Annex 5 of the Green Book which provides the detailed information already listed in section 2.2. It is noted however that Northern Ireland's specific policies such as Lifetime Opportunities and statutory equality obligations under Section 75 of the Northern Ireland Act 1998 may address many of these issues.

- Under step 7 – weighing up non monetary costs and benefits, there is guidance on “distributional effects”. The guidance notes that significant distributional effects should be identified and as far as possible quantified in appraisals and evaluations. It notes that proposals that deliver greater net benefits to lower income groups should be weighted more favourably than those that benefit higher income groups. It notes that these can be analysed as for other non monetary factors using an impact statement or in a weighted scoring exercise. Particular emphasis is given to addressing Northern Ireland policies and legislation specifically Statutory Equality Obligations and government's antipoverty strategy “Lifetime Opportunities”. The guidance suggests that a similar approach to that for Equality Impact Assessment is used i.e. a broad screening in relation to the Section 75 groups, followed by a more in depth Equality Impact Assessment (EQIA) if required. Advice is also provided in terms of screening policies or expenditure in relation to the Lifetime Opportunities priorities and goals.
- Policy and programme appraisal – this notes that government intervention may be justified by seeking to achieve an equity objective and in such cases distributional considerations should be reviewed using Green Book guidance.

2.3.4 The peculiar circumstances existing within Northern Ireland mean that the approach to distributional analysis has tended to take a different route than that in other parts of the UK. Northern Ireland guidance has tended to focus on religious and political differences. However, there is also substantial difference in how equality factors are considered. Distributional effects relating to minority ethnic communities are a relatively recent addition to this analysis and may not yet be as comprehensive or thorough as that in other parts of the UK where there is a larger minority ethnic population. In general, these are well reflected in high level government policies but perhaps less well considered at a lower scale in smaller capital or programme appraisals. A number of important central government policies and strategies are generally considered within Equality Impact Assessments, Business Cases and Economic Appraisals. However, it is important to note that in some cases these are simply given a high level mention as a “tick box” exercise rather than a proper analysis of how the proposed programme,

policy or capital expenditure may impact on the delivery of these. They provide an important context and driver for social change. Where adequately addressed within an appraisal, they represent a reasonable alternative to the distributional analysis approach set out within Treasury guidance. It must be noted however that these are seldom addressed as thoroughly as the guidance within the Green Book would suggest is necessary. These key documents include:

- **Lifetime Opportunities (Government's Anti-Poverty and Social Inclusion Strategy for Northern Ireland)** – this document was produced in 2006/07 and aimed at delivering social justice for all. It recognises the substantial inequalities within Northern Ireland society and aims to provide a context within which all public sector decision making is undertaken. The document sets out specific goals in relation to different age groups, sets out what is meant by poverty and social exclusion and recognises the importance of taking a lifetime approach to addressing these issues. A series of specific targets include ending child poverty, improving employment and educational outcomes, ensuring the needs of rural communities are met and ending age discrimination.
- **Northern Ireland Act - Section 75** – the purpose of this element of the Northern Ireland Act is to provide a framework to influence decision making to ensure that all policies, practices and expenditure adequately consider how they might affect nine key groups within society. Effectively these cover the whole of Northern Ireland society and most residents fit into at least seven of the nine key groups, however a proper analysis will demonstrate potential differential effects. Appropriate screening of policies and proposals is undertaken using an Equality Impact Assessment (EQIA).
- **Delivering Social Change** – the Delivering Social Change framework was set up by the Northern Ireland Executive to tackle poverty and social exclusion. It builds on Lifetime Opportunities and aims at encouraging joined up working across departments by both Ministers and senior officials to support initiatives which directly impact on poverty, children and young people's health and well being and Lifetime Opportunities. It aims to address multi generational deprivation. It is led by the Office of the First Minister and Deputy First Minister (OFMDFM) and expects other departments to ensure that their work fits within this framework. It is monitored by a cross departmental group and is supported by the Delivering Social Change Fund.

2.3.5 A range of further guidance to government departments and other public bodies supplements the core appraisal and business case advice. This includes:

- DEA Accounting Officer Letters – these are generally issued by DFP to central government departments and provide relevant guidance in relation to procurement, appraisal and public financial record keeping advice.
- Finance Director Letter – these are issued by DFP to provide specific guidance in relation to many aspects of appraising and managing public funds. For instance, a recent document produced in June 2015 spoke about approving financial assistance to the voluntary sector (excluding capital funds) and aimed to move to reduce appraisal time and effort by streamlining the process for modest funding levels. Interestingly, this discouraged detailed impact statements and scoring, suggesting these should only be for large projects.
- OGC tools – the Office of Government Commerce was established in 2000, was moved into the Cabinet Office in 2010 and subsequently subsumed. It aimed to encourage best practice in programme, project, risk and service management and developed a range of tools and training. Much of this practice has also been used within central government in Northern Ireland and influences how projects and programmes are appraised and managed. This is particularly true of the Gateway Review process. This ensures that certain steps are followed appropriately and in the correct order before moving on to the next stage. The first stage in the Gateway process, which can be a repeated at later stages, checks the strategic fit of the project and ensures an understanding of its scope among other things. The second stage, business justification, checks the strategic business case is complete. The third stage looks at delivery strategy and ensures that the outline business case is complete. Appropriately applied the Gateway process should reinforce the need for distributional analysis at appropriate points.

2.4 Government Economists' Views and Practice

2.4.1 As part of the commission the consultants met with 16 government economists across ten government departments. The aim of this was to consider the nature of economic assessments undertaken during the last five years and to determine how the economists view best practice, particularly taking into consideration distributional impacts and analysis.

Consideration was also given to understanding best practice in terms of distributional analysis, its relevance within business cases in Northern Ireland and the issues that departments face in seeking to address equality and other relevant legislation.

These meetings were also an opportunity to consider how the consultants would get access to appropriate business cases to carry out a review of practice. After some initial communication, where it was agreed that the consultants would not attribute comments or identify individual documents or projects, the economists all engaged positively providing frank, helpful and in depth information in relation to their Departments' practice and agreed to provide access to business cases and appraisals wherever possible. While it was noted that some of this documentation may be available under freedom of information, it was agreed that more information could be provided on a confidential basis purely for general review purposes and without reference to the specifics of projects. The economists' experience of business cases and appraisals ranges from assessment of internal appraisals undertaken by other staff, quality assuring work by external consultants and carrying out appraisals or business cases directly for their Department.

2.4.2 The initial view expressed by most of the economists was that distributional analysis is not commonly carried out within business cases in Northern Ireland. More in depth discussions suggested that the issues are addressed to varying degrees but tend not to be described as "distributional analysis". It is clear that it is very unusual for distributional analysis to be undertaken to the extent of, or using the practice described in, Annex 5 of the Treasury Green Book. While this may suggest that distributional impacts are not adequately considered within Northern Ireland appraisals, the practice is somewhat different and the approach used may well be justified in many cases as it is described in Section 3.1 and in following sections here. How distributional effects are considered depends greatly on the nature of the appraisal and what it is seeking to do. It is also likely that there are considerable variations across government departments in terms of the practice. Within departments' practice varies considerably according to the nature of the project, its scale and whether it is a programme, project or capital expenditure.

2.4.3 Northern Ireland's peculiar situation and indeed the consequently different legislation from other parts of the UK, plays a significant part in determining how distributional effects are addressed in Northern Ireland. For instance, Section 75 of the Northern Ireland Act 1998, which came into force in January 2000, along with its Schedule 9, placed a statutory obligation on public authorities in carrying out their functions to have due regard to

promote equality of opportunity between nine different groups of people. Collectively these cover all sections of the population and therefore everyone in Northern Ireland falls into at least one of these nine groupings which consider religious belief, political opinion, age, gender, disability, etc. In addition, Northern Ireland has specific deprivation legislation such as the current Lifetime Opportunities policy which seeks to address deprivation and social inclusion. These policies influence all other public sector policy and expenditure and therefore are an inherent part of any process to assess the suitability of a programme or project. They are an obligatory part of any appraisal according to the Northern Ireland guidance yet the way in which they are applied varies considerably across Departments.

2.4.4 Discussions with the economists suggest that in many cases equality and deprivation issues are considered at policy stage and therefore business cases for specific projects or programmes flowing from this are assessed within the context of this policy and such issues may not be considered again. It follows therefore that in many cases the proposals for programmes or capital expenditure directly reflect the needs identified in a higher level policy and are therefore targeted at addressing an inequity or deprivation. This should not by itself provide an exemption from considering distributional effects as it is quite possible that a programme could be designed to do this and yet fail to address the needs of priority groups, or perhaps as a result of design or delivery provide differential impact. However, it is clear from discussions with the economists, and this is also apparent in looking at individual project business cases, that most public expenditure decisions in Northern Ireland flow from this wider equality and deprivation driven policy agenda.

In many cases the specific proposals seek to address the “have nots”, thereby proactively targeting deprivation or lack of access to services. In some cases, subsidies are designed to address deprivation or inequities. It is also clear that the European Union agenda plays a part in driving such policies in areas such as human rights and equality. Some government departments have a strong focus on deprivation inherent in all their policies and practices although this does not apply to all for obvious reasons. Equality and deprivation are also considered as part of the budget setting process in all of the government departments although to a varying extent, with some equality assessments on the overall budget. It is clear that much of this is driven by legal obligations however there is evidence within some departments of considerably enthusiasm for ensuring that issues such as disability, deprivation and equality are inherent within the policy level agenda. As we shall see in Section 3 the rigour with which such legislative requirements are pursued at appraisal level varies considerably.

- 2.4.5 As noted, the use of in depth distributional analysis using the weighting and scoring approach recommended by HM Treasury is extremely rare in Northern Ireland economic appraisals or business assessments. This is partly because such work is often deemed to have been done at policy level which in turn feeds into business cases and should influence how these are focused. The fact that many programmes and projects are targeted at specific need, such as older persons, deprivation or other clearly identified needs, is perceived to reduce the need for distributional analysis. As noted in Section 2.5, Ministerial Directions can also completely short circuit the business case process. However, the economists consulted gave examples of large scale Equality Impact Assessments being undertaken on some Ministerial Directions, so they are not completely without such consideration.
- 2.4.6 In most cases the government economists see the Northern Ireland guidance taking precedence over Treasury guidelines although some still use elements of the Green Book. A number of departments indicated that they did not carry out distributional analysis in any form in business cases. In such situations the departments indicated that their appraisal work tended to be policy driven, focusing on specific needs such as housing, training, health, education or addressing unemployment or low income. Most of the economists felt that the priority was to assess need and indicated that in many cases the appraisals they looked at inadequately addressed this issue. It is clear that they would see the assessment of need as much more important than distributional analysis and would wish to see improvements in this area. Some also indicated that defined outcomes from any proposal were sometimes poorly assessed.
- 2.4.7 In practice there are many difficulties in integrating distributional analysis within business cases. Most of the government economists are clearly concerned at improving the quality of business cases and appraisals however their priorities, such as better assessment of need, may take precedence over distributional analysis. A number of economists noted that appraisals and assessments of small scale expenditure (which could be as large as £1m) were often not reviewed by the economists and would not be submitted to DFP for approval; therefore, they had less control over the elements of appraisal and quality. In general, it was perceived that deprivation was addressed to some extent in most assessments but often in a perfunctory manner. Some of the departments have proformas which are used for appraisal purposes and provide relatively little scope for assessing distributional effects. In most cases the government departments have a number of arms length bodies which have varying degree of autonomy and they may choose not to observe the detailed guidance on appraisal, although most comply with the broad principles of appraisal. In some cases, there are a wide range of constraints that limit the scope of an appraisal. In

particular, the lack of resources limits the opportunities to address distributional effects and there may often be constraints around buildings and locations which have to be reused. As a result, enthusiasm for addressing distributional effects may be limited and it may be considered impossible to address within the appraisal terms. Economists were also able to give examples of situations where Ministers had announced decisions before the business case or appraisal had been completed, therefore limiting the potential for objective assessment.

- 2.4.8 While it is clear that little distributional analysis, at least in the terms described by Treasury guidance, is undertaken in Northern Ireland, there is evidence of considerable enthusiasm for addressing deprivation and inequalities and ensuring that funding goes to meet the desired target and policy objective. At a policy level, or when major programmes are being conceived and designed, it is clear that equality and deprivation are taken very seriously. All of the departments were able to give examples of how high level policies were assessed in this way and in turn led to better decisions at the level of smaller scale projects being driven by the policies. Targeting Social Need and deprivation factors are generally included within the economic appraisal proformas and require this element to be completed before the appraisal meets the required standards. There is also considerable evidence of cross departmental work on issues such as health and mental health, sustainable development, delivering social change and child poverty focused specifically on addressing differential effects within existing policies. In terms of high level policy and larger scale appraisal, government relies heavily on a range of research which focuses on need and looks at distributional effects in existing programmes. It is also clear that some departments focus all of their work with a strong equality, social inclusion and deprivation agenda which influences the objectives set within business cases and is demonstrated within benefit realisation plans and shows up in the non monetary analysis. While none of this reflects the complex weighting and scoring approach recommended by Treasury it does suggest that these issues are addressed by intent if not always in overt terms.

2.5 Ministerial Direction

- 2.5.1 Up to this point we have dealt with normal processes for government and decision making where virtually all significant programme or project expenditure, and indeed policy decisions, are subject to some form of appraisal or business case. An overarching document, Managing Public Money NI (MPNI) is issued by DFP NI and sets out the basis for proper

handling and reporting of use of public money and the main principles for dealing with resources used by public sector organisations in Northern Ireland. Among other things it sets out the Accounting Officer responsibilities. Accounting Officers are the individuals responsible for signing off the annual accounts of a government department or office. They are normally the most senior official (Permanent Secretary or Chief Executive) in the relevant department or public body. It is the Accounting Officer's responsibility to ensure that public funds are used appropriately and therefore they would generally have the final say in terms of an appraisal or business case. Where the business case or appraisal does not stack up the Accounting Officer may advise the Minister against a course of action. In exceptional circumstances the Minister may choose to make a decision which is contrary to the advice of the Accounting Officer. In such circumstances the Minister is required to provide the AO with a formal "Ministerial Direction". In such circumstances the AO/Permanent Secretary must notify the Department of Finance and Personnel and the Comptroller and Auditor General.

2.5.2 Within the overarching policy, "Corporate Governance in Central Government Departments: (Code of Good Practice NI) 2013", there is an obligation for government departments to disclose any deviations from standard practice and to list a record of any Ministerial Directions given in a particular year. These reports show that Ministerial Directions are not common. For instance, (this list does not include all instances, but gives examples):

- DoE had no Ministerial Directions in 2012/13.
- DEL had no Ministerial Directions in 2013/14
- In 2013/14 DETI had one Ministerial Direction involving a grant to a company by Invest NI.
- In 2013 DSD funded two housing associations in North Belfast under Ministerial Direction.
- In 2013/14 DARD had five Ministerial Directions
 - A Hardship Payment Scheme – £3m
 - Imported Fodder Transport Scheme - £1.23m
 - Assistance for the fishing industry - £0.4m
 - Financial support for the fishing industry - £0.47m
 - Relocation of DARD Headquarters to Ballykelly

While not particularly common (although the DARD examples suggest that they may be more common where there is a need for urgent decision making, such as emergency situations) it is important to note that these do not have the normal level of assessment and therefore is unlikely that the same degree of rigor is applied to considering distributional impacts. By implication, the likelihood of poor decision making on matters which have been dealt with in this manner increases considerably, compounded by the significant monetary scale and potential policy implications of such matters in many cases. There may a need for a more rigorous mechanism to allow normal assessment processes to be abandoned and decisions to be taken in this way. It may be that where an urgent decision is essential, a high level and necessarily short checklist approach by a Government Economist could be an obligatory prerequisite to inform any Ministerial Direction.

3 Document Review

3.1 Central Government Business Cases and Reports

3.1.1 As shown in Section 2.4, central government in particular may consider the distributional impacts of a policy or expenditure decision in a number of different ways. While the brief for this work initially considered the use of distributional analysis and weighting within economic assessments in central government, in discussions with NICVA and in response to the views expressed by government economists, it was agreed that the analysis would take a wider view recognising that such analysis may be considered at an earlier stage. In practice, central government often gives considerable attention to distributional impacts at policy development stage through use of approaches such as equality impact assessment (EQIA) and in the development of specific policies which respond to research or other forms of review which have identified specific needs or policies which currently impact differently across different sections of the community.

3.1.2 In some cases, central government will also carry out a wide reaching review, including assessing the impact of a project on different groups, as part of the process to prepare a policy or a high level project or programme document. The actual business case or economic assessment may then be carried out at a lower level on individual projects or expenditure associated with that larger programme or policy. A typical example was where a European funding programme of substantial cost is considered at this high level and is reflected in the objectives and criteria set for the overall programme. The economic assessment is then undertaken on individual project applications or expenditure. In such cases in-depth use of distributional analysis is often not undertaken as it is believed to have been adequately considered at policy or overarching programme stage. Bearing these factors in mind this section of the report considers economic assessments, such as business cases and economic appraisals, but also takes into consideration higher level policy or programme documents and reviews and equality impact assessments. In each case these are explained as necessary. The remaining sections within this part of the report describe the economic assessments or other such documents considered by the consultants. In each case we have sought to:

- Describe the project (although it is noted that most of these have been obtained on the basis of confidentiality and therefore have not been described in a way which allows them to be identified).
- Consider the potential for distributional effects across groups within the population.

- Determine the extent to which distributional impact has been addressed or distributional analysis undertaken.
- Highlight any limitations or gaps in this analysis.

3.1.3 Large Capital Infrastructure Project – Business Case

This project involved a substantial change of use of an existing publicly owned site. Its proximity to a densely populated area created the potential for it to be used for a range of purposes and, depending on its use and the way in which the project was progressed, could create variable benefit across different user groups.

The work was undertaken using a standard Outline Business Case approach assuming that the site would be used for a wide range of alternative uses. It did not look in detail at the individual elements rather anticipating that these would be considered separately as individual economic appraisals. The Business Case recognised the wider impacts and considered the strategic context in which the project was being assessed. Some analysis of deprivation and the site's potential to reduce this was considered however, the analysis was relatively light, primarily looking at key government strategies and policies. The project also considered job creation potential focused specifically on unemployment and addressed disability access issues. A broad assessment of equality impacts was also undertaken along with a detailed socio economic profile. The issue of distributional impact is not carried forward to the objectives used to assess the impact of options however options are largely limited to variations in how the infrastructure is developed and are unlikely to differ substantially across different income, gender or other groupings. Unemployment is further considered with recommendations around training opportunities and social clauses to support employment.

In general, the Business Case considers most of the likely distributional impacts within this project. An opportunity has been missed in terms of looking at the good relations opportunities that could arise and the likely differential impact on communities if this addressed.

3.1.4 Sports Facility Capital Expenditure – Economic Appraisal

This appraisal considers the development of a new sports facility aimed at attracting a wide range of users and sports. It considers a much wider strategic policy context which includes the key Northern Ireland legislation relating to deprivation and social inclusion, specifically Lifetime Opportunities, Section 75 of the Northern Ireland Act, People and Place (Neighbourhood Renewal) and the Programme for Government. While this

analysis does consider the likely variable impact across deprived and less deprived groups, the approach taken is light and does not include any substantive assessment. The document refers to an earlier Equality Impact Assessment which appears to have considered these issues in more detail. The document does undertake some analysis of access and use by different community groupings and considers how the facility can be structured and managed to maximise the impact on the most deprived communities. Consideration is also given to reinforcing good relations opportunities through the project. No differential impacts are included within the objectives.

While this appraisal takes an honest view at some of the key issues, the analysis is not undertaken in sufficient detail to be certain about the impact of the project across different religious groupings, ethnic minority groups or across different genders. These issues are touched on but without any strong sense of analysis to reinforce the conclusions.

3.1.5 Business Case relating to Procurement of Professional Services for Major Contract

This Business Case was carried out in line with normal Northern Ireland guidance. It largely assessed the monetary impact of alternative options, making substantial and unevidenced assumptions in relation to impact across different community groupings. In practice the potential differential impact of this decision on different sections of the community is likely to be relatively small as there is a built in assumption that appropriate procurement processes would ensure equality and fairness in the second stage selection process. One potential factor which has not been considered is the experience of relevant professionals in relation to working with more disadvantaged communities as this could potentially enhance their engagement with the major capital projects and would require a sound understanding of the issues and needs. The Business Case does not consider any equality or distributional analysis factors, perhaps failing to recognise the wider potential for appropriate choices to better influence community engagement in the delivery of the project.

3.1.6 Major Funding Programme – Detailed Business Case

This extensive document considered in depth the delivery of a major European Union Programme. It referenced earlier Equality Impact Assessment and ensured that the Business Case adequately reflected the conclusions reached through that. The programme clearly has the potential for substantial differential impact and the need for distributional analysis to address this. Inappropriately assessed this programme has the potential to

fail to meet the needs of the most disadvantaged and in turn to provide benefit in an unequal fashion.

As shown below, the analysis carefully considered these issues and sought to ensure that there were mitigating mechanisms and appropriate monitoring and review processes in place. It noted a range of recommendations particularly around gender and religious identity and differential impact and highlighted the need to both monitor these and take specific action to ensure that the programme created benefit for all sections of the community and in particular those at whom it was primarily targeted. The Business Case involved substantial analysis of need, particularly looking into factors such as unemployment and education, and determining how access to services across a wide geographical area could be affected by how the programme was delivered. It also took into consideration the potential impact on vulnerable groups and used a wide range of socio economic indicators to draw conclusions. It highlighted the need for Section 75 screening at a later stage and included a specific action plan in relation to a detailed audit of inequalities. It also recommended structures for monitoring distributional impact and ensuring fairness.

The Business Case also considered detailed evaluations and reviews of previous substantial programmes and built in mechanisms to learn from these. While the indicators set out for future evaluation based on this analysis are valuable, they are perhaps less focused on measuring differential impact than in considering economic indicators. Reference was also made to the need for action in specific geographical areas and with specific population groups to ensure that they better engage with the programme and benefit from it however, the Business Case also noted that better data collection and analysis was also required to enable this to happen effectively.

In general, this is a very comprehensive document which has covered most of the bases. While it has not included distributional analysis in the Treasury recommended manner, it is well up to Northern Ireland guidance standards and has probably covered most of the issues in adequate detail.

3.1.7 Business Case on substantial Public Building

This particular project has the potential to have a substantially different impact on different groups within the community. Depending on how the project is delivered it could substantially disadvantage some of the most vulnerable people while the reverse creates the potential for the most disadvantaged people's needs to be met.

The very comprehensive Equality Impact Assessment recognised the adverse impacts which could arise from any of a number of options. A wide range of options were considered in detail and the differential impacts were considered comprehensively; although not using HM Treasury guidance rather taking a more Northern Ireland focused approach. In particular, the potential adverse impacts in relation to older people, young females and those with disabilities was recognised and analysed. Detailed mitigation arrangements were set out. The document also shows evidence of extensive consultation across a range of “Section 75” groups to ensure a sound understanding of needs and wishes. Each Section 75 group identified and considered a detailed analysis of impact was carried out.

In general, this analysis can be considered comprehensive and while differing from the Treasury recommended approach, undoubtedly considered in some detail the differential impact across a range of vulnerable groups and people from different identities and at the same time set in place recommendations to mitigate and manage these.

3.1.8 Outline Business Case on major Public Policy Framework

This policy was focused on targeting identified needs. While there was some potential for differential impacts the nature of the project made this deliberate rather than accidental.

This document considered in detail the likely impacts of this new policy and delivery mechanism on different sections of the community. In the first instance the policy sought to address specific differential impacts and to target particular needs. It is the consultants’ opinion that the analysis of probable impact was fair and objective and created a mechanism for addressing the impact on different groups. Equality, social isolation and poverty factors are considered in some detail and the wider impact across other government departments, their programmes and activities was also considered in some detail. Differential impact across a range of areas such as health, education, provision of services and employment were considered in detail. All of these factors were fed into detailed recommendations in relation to funding and an action plan to ensure that intended distributional impacts were delivered and unintentional were monitored and reviewed. In summary a very comprehensive assessment of likely differential impacts using NI guidance and policy frameworks.

3.1.9 Major Arts Facility – Economic Appraisal

This Economic Appraisal considered a major capital development to provide a substantial arts facility. Its primary focus was on encouraging and increasing participation in the arts and cultural sectors. Detailed

consideration was given to the limitations of other facilities and how they have affected different groups in a differential manner. The issues faced by other facilities have been analysed in detail and consideration is given to how addressing many of these factors can increase participation and benefit across a wider user group. Specific consideration is given to age group, disadvantaged people and disability. The analysis of need for the facility also takes into consideration deprivation and disability factors and prevalence, although the mechanisms used to quantify these could be considered vague and carry a high degree of risk. A very short paragraph in the document specifically considered distributional effects however this could not be considered adequate for a project of this nature. Similarly, some mention of differential impact occurs within the monitoring and evaluation sections, however this is insufficient to inform appropriate analysis or reaching conclusions on how to improve access by underrepresented groups in the community. In all cases, the bench-mark used to reach these conclusions was not stated. In summary, an in-depth analysis of need but much weaker on likely differential impacts.

3.1.10 Major Capital Infrastructure Project – Economic Appraisal

This appraisal considered the development of a large capital project aimed at addressing multiple factors in a relatively deprived area. It aimed specifically to produce regeneration impacts and therefore would be expected to analyse these in some detail.

The project was considered in the context of a wide strategic and policy framework. In particular, it considered how it responded to existing central government policies and plans and how it could impact on the identified needs in the target area. With an impact across a number of public bodies and their work it considered the likely outcomes from this development on the policies and plans of each of the relevant bodies. The project recognised that its impact within the neighbouring deprived area would to some extent be dependent on programmes and operational practices and consideration was given to these within the appraisal document. Specific consideration was given to a detailed assessment of need particularly taking into consideration market failures, the effects of deprivation and the potential to improve skills and create employment in the local area. No distributional analysis was undertaken within the objectives for the project nor were the costs and benefits weighted according to their impact however distributional effects were taken into consideration in developing criteria to assess the non monetary impacts. Some thought was also given to risks involved in failing to deliver the regeneration benefits or failing to benefit the target beneficiaries. While these analyses were comprehensive, these considerations were not carried through to monitoring and evaluation

recommendations and therefore the likelihood of the project being assessed appropriately and lessons being learned in relation to distributional analysis was unlikely.

3.1.11 Medium Sized Capital New Build Project – Economic Appraisal

This project considered the development of a building to facilitate the delivery of public services at a local level. There was considerable potential for significant differential impacts if the project was not designed and operated with this in mind.

The appraisal was undertaken within a local context which gave detailed consideration to geographical and population profiles, future population and growth, changing demand for services, skills shortages and educational achievements and changing trends in terms of usage of facilities. Detailed consideration was also given to deprivation, good relations' impacts, the needs of, and access to a facility by, ethnic minority communities. Building on these a detailed user profile of current facilities within the area and elsewhere was built up and particular targets set out in terms of focusing the project on those who underutilise such facilities at present. In this case young people were specifically targeted and consideration given to how this targeting would be carried out to increase participation.

In spite of a comprehensive assessment of need and a focus on ensuring that objectives targeted those who were underrepresented or who may not benefit sufficiently from the project, this did not feed into the qualitative or quantitative assessment. These factors were not revisited in terms of recommendations for monitoring and evaluation. While it is clear that the project would specifically target identified need, it is less clear whether the ongoing management of the project would adequately consider, monitor and address the extent to which this intention had been addressed.

3.1.12 Large Capital Project – Business Case

This large capital project aimed to replace an existing facility with a more modern and larger building to meet a wider range of needs and changing service provision. The potential for differential impact was limited to a narrow range by the nature of the intended user group but remains potentially significant.

In depth consideration was given to the wider strategic context in which the facility would be based including assessing future needs, changes in population trends and technological opportunities. Consideration was also given to how the project could impact on other policy areas outside the immediate responsibility of the lead government department. For instance, consideration was given to public transport links to ensure accessibility and the cost of this. The wider policy context considered a wide range of factors including inequality, access and outcomes, disability, potential good relations impacts and other differential factors. While it is probable that a project of

this kind could have had a differential impact on ethnic minority communities and may have impacted significantly differently on those of different income levels, these factors were not considered. In spite of a wide policy assessment, equality and social inclusion objectives did not feed through to the qualitative or quantitative assessment of individual options rather being considered at a strategic level across all options. However, access factors were considered and given a moderate weighting and would have given some indication of differential impact. A range of site alternatives were considered but largely assessed on the basis of cost or physical factors rather than their varying impact across different groups in the community (although this may have been less significant). Consideration was given to post project evaluation factors related to differential impact although this was focused primarily on user numbers and disability access rather than spreading to the wider factors that could have resulted from individual options.

3.1.13 Major Sports Facility – Full Business Case

This facility aimed to provide a major opportunity for sports while at the same time offering economic and social benefits to a wide population. In practice, the distributional impacts would be limited to cost and access and are unlikely to be substantial.

The full Business Case included a comprehensive assessment of need for the facility and considered a small number of alternative options. Potentially a much wider range of options could have increased the analysis of distributional impact however it could be argued that these would be unnecessary and not cost effective in terms of the work required. The appraisal did in particular look at deprivation and disability access which are probably the two most likely factors. It built in an intention to increase participation levels particularly among those who are currently underrepresented and considered how this might be achieved. The analysis of underrepresentation was limited but probably sufficient in the context. Attempts to consider the facility in terms of localised deprivation were tenuous and unlikely to adequately influence plans or options. Within the recommended monitoring procedures, no consideration was given to how differential impacts would be assessed in future or whether the anticipated benefits could be delivered, although some actions were set out in terms of addressing underrepresentation through access costing.

Within the criteria used to assess the non monetary impacts, equality and social cohesion were considered but given a low weighting. Equality and sustainability issues did feature in the key principles however these did not progress to detailed action plans. The equality impacts were considered in

terms of each Section 75 group and was assessed in detail. Marketing plans sought to attract under-represented groups and created a potential for some proactive targeting once the facility was built. Recommendations in terms of monitoring of relevant data and the use of data created some potential for ensuring that the limitations of current facilities would be addressed through the new facility. There was also an attempt to link the project into wider initiatives which could increase representation in the long term.

On balance, the key issues have been considered and mechanisms set in place to address. However, these a more comprehensive analysis of existing data and the issues around participation might have produced more imaginative plans for later engagement.

3.1.14 Major Tourist Attraction – Business Case

This Business Case considered the development of a significant tourist attraction. It was primarily focused on economic outcomes and by implication had less reason to consider distributional impacts within Northern Ireland.

The Business Case was considered in the context of wider public policy across a number of government departments, recognising that those using the facility could come from a very wide geographical area both inside and outside Northern Ireland. There was recognition of differential achievements across a range of socio economic indicators and the need to consider this within the development of the facility. The limitations of existing provision were considered in detail and Targeting Social Need, exclusion and equality factors were considered, largely through reference to previous business planning and strategy work before the development of the Business Case. It is accepted that these factors have been considered in more detail at an earlier stage. Within the criteria used for assessing qualitative factors improved access was included although it was not specific in relation to the groups that were currently underrepresented or targeted for future provision. The impact of the single site chosen was not considered in terms of how this might affect participation levels although it is recognised that the arguments for a single site appraisal were strong. Regrettably, nothing in relation to targeting or distributional analysis was carried through to evaluation or monitoring criteria.

In the context of earlier work which did consider equality and social exclusion, the need for more detailed analysis within the Business Case was weaker. However, some opportunities were missed in properly analysing and addressing the options in terms of meeting current limitations. A more comprehensive analysis of the impact of alternative options, with perhaps a wider range of options, may have produced more useful information and in turn influenced the long term planning.

3.1.15 Community Based Capital Project Economic Appraisal

This facility aimed to meet needs which were already identified by the statutory body concerned. As a result, it is very focused on meeting specific requirements. The location of the facility limits its potential for deviating from the targeted need. However, there is the potential for distributional effects across age groups, genders and impact on ethnic minority communities.

The appraisal took a very strategic perspective, looking specifically at wider assessments of need within a larger geographical context and focusing particularly on how this would be addressed at a more local level. Consideration was given to potential users who were most in need, barriers to education and other factors which could impact the usage of the facility. The appraisal acknowledged the difficulties in access to facilities caused by sectarian boundaries and highlighted inaccessibility to other provision as a result. The appraisal included a comprehensive section on distributional impacts looking at the effect of the facility on different groups, particularly on how it would address poverty and deprivation. All of this was undertaken in the context of public policy and addressing need and was not weighted or scored or applied to the quantitative analysis. Issues in relation to access and differential impact across groups were taken into the objectives for the project and therefore included within the qualitative assessment; looking at issues such as accessibility and acceptability to different groupings. Again, the weighting on these focused on the importance of personal development particularly for those who were most disadvantaged.

The appraisal concluded that the different options would have little impact on different groups. While the consultants are not certain that this conclusion is adequately reflected in the evidence, the treatment of distributional effects was better than most appraisals.

3.1.16 Large Locally Based Capital Project Business Case

This Business Case considered the development of a large capital facility to meet clearly identified need in a local community in a rural part of Northern Ireland. It started with the conclusion that the need for this facility was based on very specific local requirements and therefore that the user group was already identified and known. Therefore, it was concluded that the distributional effects were unlikely to be significant and therefore these were not explored in detail. This assumption could be challenged on a number of grounds; however differential impact is likely to be small.

Issues of deprivation and disability, educational underachievement and limitations of existing provision in relation to these user groups were considered, although individual options were not compared in relation to how

these would affect each grouping. In practice, the overall project was believed to have a positive impact on all of these groups and therefore it was concluded that it was necessary to look at options individually in this respect. No distributional analysis was undertaken in a formal fashion, nor were distributional effects considered in the objectives, qualitative or quantitative analysis.

While distributional effects were not considered in any great detail within this Business Case, the consultants would accept that the likelihood of significant distributional differences across options was small and the conclusions reached by the appraiser were probably correct.

3.1.17 Major NI Wide Programme – Business Case

This programme was developed to meet a specific strategic need identified through wider policy and departmental planning work. It covered two significant programmes which could impact on a wide population across Northern Ireland. The programme sought to directly address deprivation and as result focused specifically on those with low incomes and specific needs. The programmes had to the potential to have some varying effects across different population groups and therefore the need for distributional analysis existed.

This was initially considered within the context of Northern Ireland wide anti poverty legislation and policies and specifically looked at how the programme could impact on those with low incomes, suffering from social exclusion or with poor education attainment. The Business Case highlighted the importance of a programme delivery method which specifically targeted impact on these key groups. It included a short section on distributional impacts, reflecting an earlier Equality Impact Assessment and noting how the programme would address the requirements of key documents such as Lifetime Opportunities. For different options, a range of non monetary impacts were considered across the target groups and indeed there was a detailed assessment of the risks of poor uptake by individual groups which could lessen the effect of the programme in addressing deprivation. The report also went on to look at action to mitigate any potential variations across these groups and provided a very specific series of recommendations to ensure that distributional variations were intended rather than accidental.

In general, in relation to the groups considered, the analysis here is very comprehensive however it did not consider potential distributional impacts across gender groups, ethnic minorities or people from different political or religious perspectives. In reality, the likelihood of significant impacts across these groups for this programme is likely to be small and the approach taken is considered, pragmatic, appropriate and proportionate.

3.1.18 Reorganisation of Public Services – Equality Impact Assessment

This document considered the reorganisation of a public sector organisation's service provision to offer better efficiency and effectiveness. The proposal carried considerable potential for differential impacts, largely focused on gender, age and caring responsibilities.

The Equality Impact Assessment followed the standard format for such documents looking in detail at each aspect of the proposal and considering its impact across each of the Section 75 groupings. Correctly, the impact on Departmental staff from each of these categories was the primary focus, however it is surprising that a similar analysis was not undertaken in relation to impact on service beneficiaries. It is accepted however that this is likely to be less likely and of a much smaller impact. In common with most EQIAs the initial screening considered the groups most likely to be affected and then looked in more depth at the impact on these. As is normal, the EQIA results from the initial screening are used to determine whether a full assessment is required and may in some cases preclude the need for an in depth EQIA. It highlighted the differential impact on specific members of staff including women, those with dependents and those with care responsibilities. Appropriate criteria were used to weight the impacts and mitigation mechanisms were recommended aimed at limiting the negative impact. Consideration was also given to alternative options which could lessen any negative impact across individual groupings and provide a mechanism for more gradual change. The appraisal also considered the potential to address regeneration aspects and in turn benefit disadvantaged communities through various locational options, although was treated as a secondary factor.

This document could be considered a comprehensive EQIA although perhaps greater consideration of service users may have been helpful. It did however recommend a series of monitoring mechanisms and actions to ensure that these factors would continue to be measured.

3.1.19 Major Initiative to Address Skills – Economic Appraisal

In common with many government programmes, this sought to specifically target need that had been identified from earlier work and therefore is focused specifically on addressing disadvantage, low skills and poor educational attainment. With a very focused intent, the need to consider distributional analysis across a wide range of groups is probably limited.

However, consideration needed to be given to whether the programme would adequately meet the needs of all of those targeted and would have any negative or positive impacts on sub groups within these. The appraisal

considered a wide range of earlier research and determined whether different options would adequately address the gaps in provision and specific needs highlighted within this. It noted that such disadvantage varied across different religious and gender groups and among those who had a disability. The appraisal also considered a number of evaluations of previous programmes and noted limitations in their targeting; to be addressed within this programme. Data in relation to individual groups was highlighted and considered within the analysis and represents good practice in terms of assessing distributional impact. This carried through to objectives which were focused on previous failures in targeting and ensuring better targeting and monitoring in future. Some distributional analysis was included within the non-monetary/qualitative scoring. However, in common with other Northern Ireland appraisals, distributional analysis was not considered in the monetary analysis. The appraisal also set out recommendations in relation to monitoring of impact on the most disadvantaged groups.

While conducted in a number of ways which do not directly reflect Treasury guidance, this appraisal included a very thorough and focused assessment of differential impacts and should be considered excellent practice.

3.1.20 Large NI Wide Capital Project – EQIA

This major capital project was aimed at improving public access to provision and at addressing current inequalities in access. At present these inequalities also impacted on individual's costs and the provision sought to address, in particular, the negative implications for those who are most disadvantaged. As the project was targeted at addressing well documented inequality it is reasonable to assume that it should adequately understand that these inequalities exist at present.

It reflected a broad policy and research base which highlight specific inequalities and in particular indicates how the most vulnerable, people with low income and those with disabilities could be particularly disadvantaged in the current situation and how the proposed initiative would address these issues. The analysis also noted poorer access by people from the Catholic community and by lone parents and highlighted the need to address this through the proposed initiative. A very detailed analysis of impacts across these groups, particularly focusing on disability and older people, was carried out and demonstrated a sound understanding of the issues and the programme's ability to address these. It highlighted a positive impact at geographical level, on parents, on those with disabilities and on older people.

The analysis was thorough and the equality impact assessment addressed all of the issues that would be expected.

3.1.21 Large Social Housing Development – Business Case

This Business Case considered the development of a large social housing project, one of many being developed across Northern Ireland in recent years. The potential for differential impact was likely to be largely geographic and perhaps religious/political. However, as it responded (as the vast majority of social housing schemes do) to documented housing need the potential for unforeseen differential impacts is small. In practice, the differential impacts of social housing could only properly be considered by looking at all schemes, by all Associations, across NI.

The Business Case described the nature of the housing provision in detail noting that it was general needs housing covering a wide range of unit sizes and people/family requirements. The Business Case gave detailed consideration to the policy context particularly highlighting how the project would address the objectives of the Programme for Government, DSD's Housing Strategy, the Neighbourhood Renewal People and Place strategy, Northern Ireland Housing Executive Corporate and Business Plans and District Plan. A needs analysis provided detailed information on deprivation within the target area, waiting list and housing need and levels of homelessness commenting on how different options could address these. Detailed objectives and constraints were considered and used in the analysis, but distributional analysis was not used at any point. There was a focus on addressing emergency housing needs and higher weighting was given to this standard measure of housing need. Higher weighting was also given to improved energy efficiency in certain options.

In the consultant's opinion this is a fairly typical social housing appraisal or Business Case, broadly carried out in line with the guidance and reflecting government's expectations. It carried out a thorough assessment of need as far as housing is required however it did not seek to consider differential impact across groups such as different genders, those who are married or not married, ethnic minority communities or different religious or political beliefs. While it is likely that it was assumed that these groups would not be differentially impacted by the project, the consultants would take the view that there is the risk of some differential impact and that an analysis of this kind would have enhanced the Business Case. However, as noted earlier, it would perhaps be more useful if the Department considered such impacts across the complete social housing programme.

3.1.22 Central Government Funding Policy – EQIA

This policy seeks to specifically address lower participation of people on lower incomes. As a policy aimed at redressing an inequality or disadvantage it would be expected to carry out a detailed analysis of these.

The EQIA sets out clear principles in relation to the targeted activity including the importance of ensuring that provision is affordable and accessible irrespective of income levels. A very extensive range of relevant data was considered including a number of independent reports on the specific inequality being addressed. The policy noted lower participation levels from specific groupings including certain gender groups. It considered the likely impact of the policy on different religious groupings, noting that in general it was neutral, although highlighting the potential for some minority religious groupings to be affected for a number of reasons. Detailed consideration was given to the impact of race, mental health, age, gender, disability and other factors and specific identified weaknesses in the policy were addressed through recommendations on specific arrangements and additional funding. While the impact of the policy on people with dependents was considered, it was deemed to be neutral, apparently at odds with earlier work relating to carers in such circumstances. A wide range of mitigating measures were recommended. It was also recommended that research on participation rates would continue and would look at the impact of varying approaches to this policy.

In general, this is a comprehensive EQIA although it is perhaps too reliant on previous studies, with the analysis across certain groupings not as strong as in others, which had already been highlighted in earlier research. The document highlights the importance of the earlier research and perhaps demonstrates that such policies and assessment documents are often carried out in response to critical analysis rather than in a wholly objective fashion.

3.1.23 Reorganisation of Public Service Provision – EQIA

This programme sought to reorganise how public services are provided to offer better value for money, greater efficiency and improvements in service provision. The programme had the potential to impact negatively and positively on different groupings within the staff complement and within the user groups. Both were considered in some detail.

The EQIA specifically focused on major capital changes to make the programme possible and highlighted the need for secondary individual projects to be screened separately and possibly made subject to additional EQIAs. It built on extensive consultation carried out in the previous year. The programme noted substantial differences across different Section 75 groups in relation to factors which could be improved or could decline as a result of the programme's implementation. It noted participation level differences across these groupings and highlighted the importance of ensuring that the programme would minimise such variations. However, it

was noted that some of the participation issues were cultural rather than structural and may require alternative approaches. The EQIA concluded that the programme would have a positive impact on addressing participation inequities. A range of mitigating measures were set out to address any remaining concerns.

3.1.24 Reorganisation of Public Service Delivery – EQIA

This Equality Impact Assessment sought to consider a very comprehensive and substantial reorganisation of how certain public services are delivered in Northern Ireland. The potential impact of this could be substantial on existing users and future users therefore there was the need for a comprehensive approach which considered all potential user groups.

This work was carried out within the context of a range of relevant public policy and in particular issues around deprivation and equality were discussed in some detail within the context. The cross sectoral impact across a number of other statutory bodies was also considered as these services could impact on uptake and use of their provision. The EQIA notes a range of earlier analyses to consider the impact of changing services on existing and future user groups and whether there are any inequities that need to be addressed within any changed delivery. It suggests that earlier analyses concluded that there is a neutral outcome from the changes to services, although as some of these date back quite some time the need to review these issues within the EQIA is noted.

The proposed changes consider two core options, both with very substantial financial implications which undoubtedly impact significantly on the final choice of option. The effect of each option is considered in some detail in relation to each user group and most particularly in relation to geographical and deprivation issues. A very comprehensive analysis was carried out across all Section 75 groups with a note that the proposed changes would have variable impact on different genders, people of different religious beliefs, people of different political opinions and to a much lesser extent on other Section 75 groups. A range of mitigating measures were noted and it was believed that variable impact could be greatly reduced through these actions. Consideration was also given to a range of human rights legislation and the options were considered in relation to their consistency with the European Convention on Human Rights. A very comprehensive monitoring process was set out for both the transition period and for the implementation of options and linked into service delivery plans.

In general, this EQIA can be considered to have covered most of the areas required and to have adequately considered differential impact.

3.1.25 Funding Allocation Analysis – Business Case

This high level policy/Business Case document seeks to consider how central government allocates funding across a range of beneficiaries and provision. The scale of funding and the reach of the policy is large in Northern Ireland terms and therefore requires a comprehensive analysis. By its nature it has the potential to have distributional effects across many different groups.

This is a substantial document which looks in great detail at the range of service provision affected by the funding mechanisms and considers differential impacts across a range of user groups focusing particularly on geographical variations, age and gender and people with specific needs including socio economic groupings, older people and those living alone. The policy seeks to specifically address these variations and notes that this proactive approach introduces additional costs in service provision, particularly in considering rural provision and the economies of scale that come from providing centralised provision. A range of relevant legislation is considered, focusing specifically on equality legislation and Lifetime Opportunities. A detailed formula is used in establishing the policy for funding which takes account of identified distributional impacts. In line with best practice this includes substantial weighting factors to reflect deprivation. It also applies weighting to reflect other key factors such as low income, low educational attainment, unemployment, ethnic minority communities and other such groupings. The policy builds in a process for regular review and for remodelling of the policy to reflect changing needs and any inequities identified at each stage.

This document can be considered best practice in distributional analysis by Northern Ireland standards. While its approach differs considerably from that set out in the Treasury Green Book, it adequately addresses all of the issues and is likely to have fully understood the differential impacts.

3.1.26 NI Wide Initiative – Economic Appraisal

This significant Northern Ireland wide initiative by a central government department sought to address specific economic and social disadvantage. It was targeted at a particular age group and reflected a previous identification of gaps in provision and disadvantage faced by this group. As the programme aims to apply resources at specific groups, distributional impacts are inevitable, however there is also a need to ensure that deadweight in the form of unwanted benefit to non target groups does not occur. This would suggest that some distributional analysis may prove helpful.

This economic appraisal builds on an earlier programme level Business Case carried out for a larger overarching policy covering a wide range of provision. As result it was not seen necessary to carry out an in depth analysis of the impact of this sub-policy across different groupings as it formed one of a number of initiatives aimed at targeting different needs. The appraisal set clear objectives in relation to specific outcomes associated with the needs of the individual target groups. It demonstrated a link into other provision and a means of assisting targeted individuals to progress. The objectives for the project were all based around the outcomes associated with the policy and programme.

No analysis of distributional impact was included within the appraisal document and while this was a comprehensive analysis it did not consider or identify how the initiative might negatively or positively impact on other groupings.

3.1.27 Major Public Policy to Address Community Wide Issues

This central government policy and strategy aimed to address the needs of the whole population but focused particularly on those who faced particular social issues arising from their specific life choices. Because of the identified need for an enhanced focus on a specific group, distributional analysis is needed to ensure that this outcome will be achieved.

The document included a rigorous analysis of the probable impact of the proposed strategy on those who are currently most affected by this issue, in particular noting the disproportionate importance of the strategy on people who are most deprived, those with mental illness and those who have been affected by the criminal justice system. It also highlighted the importance of engaging with young people to change behaviours and attitudes. The strategy built on substantial research around existing inequities and the success or otherwise of previous central government initiatives to address these issues. Substantial space was given to addressing equality and human rights issues and relating these to how changes in strategy could bring about behavioural and provision changes to address these inequalities. This analysis was carried through to detailed objectives which considered differential impacts on a range of groups including all of the Section 75 groupings and other sub groups. In particular, it noted differential impacts on children, disadvantaged adults and pregnant women. A substantial analysis of differential impacts across programmes which may arise as a result of the strategy was also included. Detailed monitoring and review recommendations were set out, focused on ensuring delivery in line with plans.

While not following standard Treasury guidance (which of course does not necessarily apply to a strategy and policy document of this kind) the analysis was thorough and it is unlikely that much more could have been done to consider the differential impacts.

3.1.28 Major Infrastructure Equality Impact Assessment

This EQIA looked at a high level policy and strategy for improving public infrastructure. In line with normal practice it was carried out in the context of review of Section 75 groups and looked at a wide range of statistical data. The potential for differential impacts is likely to exist and needs to be considered in planning the implementation of this project.

It considered a number of initial evaluations of previous policies and ensured a sound understanding of the issues. The document provides a context for the delivery of four major capital projects aimed at maximising public access to services and therefore could have significant impact across Northern Ireland. It considered the allocation of funding to address market failure which led to gaps in provision and substantial geographical variations in access to services. The EQIA looked at a range of impacts across the Section 75 groupings noting variable access to services on the basis of age and disability in particular (although it is worth noting here that Section 75 says nothing about geography and is perhaps too restrictive for fully understanding distributional variations). The proposed policy was considered in terms of these Section 75 groups and it was noted that no adverse impacts were identified, however it was less clear about how the proposed capital projects or indeed wider policy would address existing differential impacts. Some thought was given to how the outcomes from capital projects could start to address gaps in provision and detailed monitoring plans were set out. A wide range of consultation responses were considered and addressed with specific comments made in relation to consultation views from voluntary sector organisations representing small interest groups.

In general, this was a comprehensive Equality Impact Assessment which covered most of the key areas although by its nature it could not necessarily address some of the differential variations noted and these would have to be carried through in sub projects.

3.1.29 Business Case on Major Event

This Business Case sought to look at the funding of a major event which was expected to attract visitors from across Northern Ireland, the UK and indeed Internationally. The likelihood of significant distributional effects is probably low as most of the benefits are of a Northern Ireland wide economic variety.

The rationale for the event was considered in detail, largely in economic terms but also in terms of the “halo” or feel good factor. A substantial strategic context looked at issues such as Lifetime Opportunities, government’s Anti Poverty and Social Inclusion strategy although there was no clear link to obvious benefit to the Lifetime Opportunity target groups. The potential impact on the wider community through the event, not just through participation, was considered however most of the outcomes were thought to be economic and to a lesser extent about increasing community feel good factor and improving Northern Ireland’s international profile. Some social inclusion impacts were included within the objectives and criteria used to assess options although these were limited. The document undertook some analysis of participant profile and user profile noting some differential impacts across the community.

In practice the document included no distributional analysis of any kind and was particularly weak in respect of its consideration of this type. It is acknowledged that such an in-depth analysis may have been unnecessary and required wasted effort, however a high level screening might have usefully been included.

3.1.30 Reorganisation of Central Government Provision – Equality Screening

This report sought to look at the impact of certain reorganisation activity on staff and to a lesser extent the general public.

The document was a high level screening aimed at determining the need for a more comprehensive Equality Impact Assessment. It did not look in detail at each of the Section 75 categories as it was believed that these had been adequately considered and monitored through normal internal processes and in previous documents. A high level consideration of disability issues and human rights issues were also considered but determined to be insignificant. It was deemed that an Equality Impact Assessment was considered unnecessary. In practice the premise on which this conclusion was reached was based on the assumption that change would not be imposed on those affected and therefore unequal or differential impacts were unlikely. This premise is fundamentally flawed as a range of other factors could result in choices which may be disadvantageous to certain sections of the community or could differentially affect groups because of their social or economic circumstances.

In practice it is probable that significant distributional effects were unlikely, however a more robust consideration of these would have made the case for change much stronger.

3.1.31 Major Capital Project reflecting Reorganisation of Public Service Provision – EQIA

This very significant project sought to improve how public services are delivered within a certain part of central government. The potential for this to affect different groups in different ways requires consideration to be given to at least some low level distributional analysis.

The capital costs of this project are large by Northern Ireland standards, as are the implications for individual staff members and indeed service users. This comprehensive document reflected the importance of the issues and looked in detail at each of the staff and, to a lesser extent, user groups. It recognised the particular implications for those who have disabilities and set out a number of mitigating measures. Recognition was also given to the impact on other Section 75 groups, highlighting in particular the need to amend the policy to reflect the needs of those with dependents, those with disabilities and other sub groups. The issue of potential bias across religious groupings was also considered although it was believed this could be addressed by other means. Mitigating arrangements were put in place for all of the affected groups.

The document represented a comprehensive assessment of impacts across all Section 75 groups. Again, while this was not carried out in line with HM Treasury guidance it does reflect best practice within Northern Ireland. A very wide range of data was considered and analysed and wide consultation undertaken. This document is considered to be good practice.

3.1.32 Review of Charges to General Public for certain Central Government Services

This wide ranging review looked at the allocation of costs across service users and took into consideration a wide range of equality impacts. There was little likelihood of substantial differential effects and an in-depth analysis would seem unnecessary.

While consideration was given to all of the Section 75 groupings in line with normal EQIA practice, this was not an Equality Impact Assessment and concluded that there was little likelihood of it affecting people unequally. However, the review recognised that the quality of data was a problem; reaching its conclusions based on the information available. A more correct conclusion may have been that the evidence for discrimination or variable provision did not exist and suggests that further research was required. The review did have adequate information in relation to deprivation and felt that proposed changes did not have an impact either positive or negative. This would appear to be sound based on the information available.

3.1.33 Equality Screening of Policy in Relation to Central Government Employees

This Equality Screening exercise sought to look at changes in how central government employees are treated and supported in certain circumstances. The potential exists for some differential impact and justifies some analysis, however the scale of impact is likely to be relatively small and any analysis should be proportionate.

The screening follows standard equality practice, although not in the depth required for a full EQIA. All Section 75 groups were considered at a high level and no differential impacts were identified. Therefore, it was concluded that a full EQIA was not required.

The screening would appear to have been reasonable in the circumstances and the conclusion not to progress with an EQIA would appear to be appropriate.

3.1.34 Major Central Government Policy Review

This significant review took an in depth look at one government department's work. While equality and human rights were only one part of this overarching review they did form a significant part of the review as a whole and are prominent within the document.

Surprisingly, the analysis was not undertaken in line with normal Equality Impact Assessment practice or in line with Treasury or Northern Ireland guidance. However, a range of equality issues were considered and a number of minor recommendations made in relation to how "arms length" bodies should deliver public services and how the use of these should be screened to ensure equality and appropriate feedback to operational control. Human rights issues were also considered and it was determined that the proposed policy and operational changes should reflect any changes in European human rights legislation. Consideration was also given to differential impacts across age groups. Targeting and application of the policy were also reviewed and it was concluded that there was no evidence of disproportionate targeting across different Section 75 groups.

While distributional analysis did not form a significant part of this review and was not carried out in line with best practice, the key issues were addressed. It is unlikely that this variation in practice affected the reliability of the conclusions reached.

3.1.35 Major Capital Developments Policy – Strategic Review

This major review looked at the buildings utilised by a large public sector body and focused on determining how these should be developed or utilised

in future. While on the surface the potential for differential impacts across affected groupings seems likely to be small, some options could produce unexpected impacts and justify at least a high level screening.

While the review was largely focused on economic efficiency and efficiency of service delivery, the document is short on equality assessment, effectively reaching the conclusion that the changes will not affect how service provision is delivered and therefore is unlikely to have significant equality impacts. The document unfortunately turns down the chance to consider differential impacts that already exist and the opportunity to address these in a proactive manner.

Some consideration has been given to different target groups within the existing service provision and some general improvements in relation to delivery to each of these is considered. However, the document could not be considered to have adequately assessed differential impacts on users which might result from changes in the facilities used to deliver services.

3.1.36 Major Strategy for Programme Delivery – Consultation Document

This document was produced by a central government department aimed at seeking consultation responses to its proposed strategy and as a preliminary to an Equality Impact Assessment. The document was included it is typical of the type of reports produced to encourage consideration of equality issues by a wide user group and by organisations involved in the equality scheme. In practice, the information arising from this consultation would influence the need for distributional analysis and therefore it is an important step in ensuring sound consideration of distributional effects.

The quality of such documents often determine the quality of consultation responses and indeed the value of the Equality Impact Assessment. In this case the objectives were clearly set out, highlighting issues around access of different user groups and diversity within beneficiary groups. It notes particular concerns around outcomes from service provision for specific sections of the community. It highlights a review undertaken by the Equality Commission in relation to this provision in previous times and identifies particularly issues around affordability, access, poverty, gender and parental input. A strong context section sets out a range of key equality and anti poverty policies and initiatives and explains how the proposed strategy will address these. The proposed strategy is very much aimed at addressing current inequities and specifically targeting poverty and health and well being.

These issues are well addressed within the document and it should form a sound basis for encouraging creative and constructive discussions and

ultimately a thorough Equality Impact Assessment. There is a recognition that it could influence other programmes and these issues are highlighted and flagged up in terms of previous and future monitoring activities.

3.2 Local Government Practice

- 3.2.1 Local government operates differently from central government in that it has a range of defined powers and duties which have recently been extended as a result of Local Government Reform. Ultimately it is accountable to both the electorate and to the Department of the Environment which is responsible for monitoring councils' delivery of services and operation within key legislation. Largely councils' powers relate to the delivery of a range of public services in areas such as: recreation; environmental health and waste management; street cleaning; tourism; economic development; enforcement of building regulations; planning; provision of cemeteries; issuing of licences; and consumer protection. A number of new powers were transferred in April 2015 around planning and parking and additional powers will be transferred in April 2016. Councils now also carry responsibility for Community Planning which could significantly influence how services are delivered and how resources are utilised. There remains some uncertainty around the transfer of some of the additional powers, such as Neighbourhood Renewal/area based regeneration. However increased responsibility for community development programmes, physical development such as environmental improvement, local economic development and tourism and a number of other miscellaneous responsibilities will transfer.
- 3.2.2 Local government decision making involves similar processes to that of central government and Councils are expected to undertake Business Cases or Economic Appraisals of projects and funding decisions and must also abide by equality legislation, broadly in line with that of central government. Furthermore, local government decision making must be compatible with central government policy and decisions cannot be made which are against central government policies or strategies. Decisions must also be made within a legal framework and be rational and consistent with councils' plans. A council may make decisions under its "express powers" which are clearly stated in legislation however it also has "implied powers", i.e. those that could reasonably be read into the legislation but are not set out in detail. Some councils may on occasions also utilise powers which are seen as "incidental or consequential" where these are considered to be reasonable and consistent with the express powers, although this area opens up considerable potential for stepping well outside councils' normal remits. Councils can generate income through the rating system and around two

thirds of councils' income is met from this mechanism. Annually councils strike a separate rate for domestic and non domestic premises. In undertaking this decision they balance public acceptability, budgetary requirements and a desire to address additional needs. Council decision making is monitored by both the Department of the Environment and by the Local Government Auditor who can surcharge individual councillors if they believe that the decisions have been unlawful. The introduction of Community Planning and the General Power of Competence increase the likelihood of local input into council decision making and both require councils to have a strong understanding of local issues and needs and local people's wishes. It is probable that they will also impact on how councils deliver services across their area in future and perhaps allow for variations depending upon specific local needs. In general councils must also have to follow the same processes for assessing funding decisions and for considering new policies. This will include Economic Appraisals, Business Cases and Equality Impact Assessments.

- 3.2.3 Since 2001 all councils have been obliged to have Equality Schemes. In most cases these have recently been updated, informed by appropriate consultation, and now set out councils' responsibility in relation to a range of issues. Standard practice is that all new policies are screened. In some cases, these are published while in others they are internal documents. The nature of screening varies across the councils however, in general, a policy is screened according into one of three or four categories. Typically, these include a policy which does not require an Equality Impact Assessment ('screened out'); a policy which requires some mitigation activity; and a policy which requires a full Equality Impact Assessment before decisions are made. Typically, these documents consider and highlight relevant government policies such as Lifetime Opportunities and how the proposed course of action reflects these requirements. They usually include a substantial analysis of demographics, deprivation, ethnicity, disability and other such factors and question how the policy can address these issues.
- 3.2.4 As part of the review, the consultants have considered a number of local council Equality Screening exercises and Equality Impact Assessments. The Equality Screening varies in terms of its quality with most being relatively lightweight exercises aimed at determining the need for Equality Impact Assessment. In some cases, the nature of screening is probably inadequate to consider some of these issues. Where full EQIAs are carried out these are generally comprehensive and consider a wide range of statistics and analysis and include consultation responses from relevant stakeholders. Consideration of some of these documents show that they generally conclude that councils' policies already target specific identified needs and focus on issues such as deprivation. As these are reflected in

many council policies this is a reasonable assertion however there is a risk that it will lead to a certain apathy around the assessment of differential impact because it is assumed that this has been addressed at a policy level. In some cases the documents assessed focus specifically on targeting of resources at disadvantaged groups however they may be less likely to focus on other differential impacts which are not about deprivation.

3.2.5 The decision making process for a new policy, funding mechanism, capital project or other major council expenditure varies across the councils but usually follows a similar approach. The extent to which all steps are used and the nature of the assessment vary according to the scale of expenditure. Such proportionate effort is endorsed in Treasury guidance. In previous years the quality of such appraisal and the consistent use of such decision making varied considerably. While some councils had a rigorous and transparent approach, there were some examples of very poor practice in individual councils where decisions were made for reasons which were not always clear and in some cases did not reflect value for money or an adequate assessment of the impact of such decision making. This is increasing unlikely within the new larger councils and the evidence is that most decision making is the result of a comprehensive analysis and a proper consideration of need. However, as with central government, there is less evidence of consistent distribution analysis. The typical approval process for council expenditure or new policy tends to be as follows: (note that some of these stages may not be undertaken if the expenditure is small).

- Strategic Outline Business Case (a high level document which considers the broad issues and determines the appropriateness of taking the proposal forward).
- Outline Business Case (generally in line with Northern Ireland guidance).
- Final Business Case or Economic Appraisal and Business Case – usually following Northern Ireland guidance and broadly aligning with the Treasury Green Book.
- Equality Screening usually forms part of the Strategic Outline Business Case however, if not or, if the Equality Screening shows a need for a full EQIA this is undertaken at a later stage.
- Development of appropriate monitoring mechanisms and implementation of the decision – KPIs established.

3.2.6 Consideration of a number of local government policies and Economic Appraisals associated with these or other major spending decisions suggests that they broadly follow the same pattern as central government.

Usually Economic Appraisals or Business Cases are prepared on a similar basis and the level of analysis is broadly similar. Consideration of distributional effects is usually limited to a high level comment on relevant government policies such as Lifetime Opportunities and Section 75. A more detailed analysis may take place in a separate section within the document where the likely impact on deprivation or on specific groups within the community may be undertaken. It is unusual for this to feed into the weighting and scoring of qualitative impacts or to feed into quantitative economic analysis such as that set out within the Treasury Green Book guidance on distributional analysis. In practice, the level of analysis is in line with the guidance produced by DFP in most cases (NIGEAE). The level of expenditure in most cases tends to be substantially smaller than central government and therefore a proportionate response would be considered appropriate and is generally reflected in the level of analysis. Larger Business Cases or Economic Appraisals are subject to central Government review, although the majority fall below this threshold.

- 3.2.7 As local government officers and elected members are very conscious of their equality obligations and also have Good Relations Plans which affect how council operates and how it works with external organisations, these factors are generally high in the minds of those making decisions. It is rare for decisions to be made within local government without some consideration of the wider good relations or deprivation issues. In fact, most new local government policies specifically refer to these issues and will often highlight action taken to focus resources on deprivation or in addressing specific social inclusion issues or the needs of specific groups. While much of this is done on a basis which is not in line with Treasury guidance, the principles and practice does reflect an awareness, understanding and general desire to address these issues effectively. Monitoring processes are usually established to review progress although it is likely that in many cases monitoring data is inadequate (and perhaps disproportionately costly to obtain) to provide a clear understanding of differential impacts. In practice councils are increasingly open in how they undertake this work and are likely to engage effectively with the community sector in terms of many of these issues. An increasing level of accountability drives better decision making but can also skew resources towards interest groups that are more powerful. Increasingly council need to take care to avoid unintended differential impacts which result from the influence of more strident groups who may not represent wider community interest and may drown out the needs of the less powerful. There is some evidence to suggest that those who are most in need are perhaps not well represented within the consultation or lobbying process. In such cases considered, objective and informed decision making by elected members and officers may better serve the needs of smaller

groups and perhaps reinforces the need for decisions to be informed by distributional analysis rather than lobbying.

- 3.2.8 All local councils provide funding to support a range of activities outside council, for instance arts and culture, community development, provision of advice and community services, tourism and economic development. In general councils will have a policy or policies to cover this. The majority set such policies in the context of a sound understanding of local community needs and in most cases highlight specific inequalities, deprivation, social inclusion issues, access to services and other relevant factors which can influence how these benefit different parts of the community. Most of these policies proactively address gaps in provision, deprivation or other important needs. It is the consultants' view that there is a general desire to ensure fairness, targeting to address deprivation or inequality of access and other such inequalities however this is seldom done in the context of analyses such as that required by HM Treasury Green Book. In this case, it is questionable whether more in-depth analysis would substantially change the impact on the most in need groups.

3.3 The Voluntary Sector's Experience

- 3.3.1 As part of the research on distributional analysis, the consultants met with a group of representatives from the voluntary sector. These covered a wide range of organisations representing a range of different sections of the community. Collectively they had extensive experience of interacting with government in relation to funding and other policy decisions. The session with an update on the research in relation to distributional analysis and involved an extensive discussion on these issues affected the voluntary sector and the experience of policy and funding decisions.
- 3.3.2 The primary concern for the voluntary sector was the context in which decision making was taking place within Northern Ireland. There was a general view that too many decisions were made on a short term basis with a lack of overall strategic perspective. In terms of looking at distributional impacts this was manifested in an apparent lack of cross departmental consideration. For instance, when one department draws up a policy or makes a decision insufficient consideration is given to the impact on other departments and the groups whose needs they seek to meet. The sector's representatives felt that decision making tended to be taken on the basis of historical practice or political pragmatism and seldom reflected inadequate based assessment. There was a view that the needs of individual groups of people were not adequately considered.

- 3.3.3 The sector's representatives felt that the consultation exercises were often undertaken in a cynical manner with little real desire to address the issues arising. However, a number of examples were given of good consultation exercises with positive outcomes based on genuine consideration of voluntary sector views. Examples were also given of pilot projects which were run to meet specific identified needs and which proved their worth but did not result in programme extensions or significant policy change. These made the voluntary sector representatives question government's commitment to actually addressing the needs of small groups within the community.
- 3.3.4 In general, it was felt that government is good at mainstream provision and addressing the whole population in needs but is much less good at considering small groups and sub populations. To some extent it was felt that this was the result of poor access to statistics and other relevant data. A number of those represented were critical of the limited use of NISRA data and insufficient use of statistics that already exist within government departments and other public bodies such as Health and Social Care Trusts. There was agreement that much useful information about the needs of small groups and sub populations existed within the public sector but was not appropriately shared or considered. This in turn would lead to difficulty in carrying out sound distributional analysis either at a policy level or in relation to individual programmes. Such an approach inevitably meant that high level policies or funding decisions did not adequately consider the impact on individual groups so that for instance a new strategy might have an overall positive impact but actually negatively impact on other sub groups for which no adequate baseline information exists to measure impact. It was also felt that "unpopular groups" were often not considered, perhaps for political reasons.
- 3.3.5 Voluntary sector representatives felt that a much stronger emphasis needed to be given to distributional analysis at evaluation stage, effectively considering whether policies, programmes or spending decisions had achieved the anticipated outcomes and indeed had negatively or positively impacted on the needs of specific small groups. In particular, the example of disability was highlighted. It was noted that for some disabilities small areas of statistics did not provide an adequate consideration of the overall population of people with particular disability. In general, it was thought that distributional analysis or indeed Equality Impact Assessment which considered disability as a single issue was much too broad and did not adequately take into consideration the fact that policies could have a differential impact across different disabilities. Presumably this would also be the case in relation to people who have other different characteristics. Interestingly, the voluntary sector was not seeking additional expenditure but

rather that current expenditure was more effectively used and targeted reflecting a higher level of needs based decision making and better understanding of the needs of particular groups within the community.

- 3.3.6 In considering how these issues could best be addressed, the voluntary sector representatives felt that the role of OFMDFM needed to be stronger. It should have responsibility for coordinating departmental responses to major policy or expenditure decisions and should be responsible for ensuring that rigorous analysis takes into consideration differential impacts in a more robust manner. There is also the view that high level distributional analysis or Equality Impact Assessments for policies or large programmes should then feed into a similar analysis for smaller projects or programme economic appraisals or Business Cases. It was thought that the department with the policy lead responsibility should then take responsibility for ensuring that the sub programme analysis achieved the same overall impact as the policy.

4 Conclusions and Recommendations

4.1 Conclusions

- 4.1.1 The initial Terms of Reference for this work indicated that the use of distributional analysis and weighting through central government economic assessments in Northern Ireland should be considered, focusing on the extent to which distributional analysis and weighting is conducted and how adequately these techniques are applied. Subsequently, in discussion with NICVA, it was decided that some local government practices should also be referenced. The original commission terms of reference are based on the premise that the guidance set out in HM Treasury Green Book (most recently updated in 2003 but currently under revision) provides the basis for all economic assessments (Business Cases, Outline Business Cases, Economic Appraisals, etc.) in Northern Ireland. The research has shown that in practice the Green Book, while providing a basis for locally used guidance, no longer provides the primary context in which economic assessments are undertaken.

Work in Northern Ireland is based on the Department of Finance and Personnel's "Northern Ireland Guidance on Economic Appraisal and Evaluation (NIGEAE)". A range of supplementary information has also been added and practice has subtly changed over a number of years. This brings a much stronger focus on assessment of need, considering value for money and looking at strategic fit with wider government policies. The changes start from the premise that in Northern Ireland a much more extensive policy framework exists around issues such as equality, good relations and addressing deprivation and that these provide a strategic and policy framework for any economic assessment. Perhaps partly influenced by an Assembly and Ni Executive which are focused on balancing seemingly impossible demands within a tight budgetary context, efforts have been made to reduce the expenditure on external consultancy and, by implication, to reduce the effort put into economic assessments to ensure that these are "commensurate" with the level of expenditure and the risks associated with this. A Finance Director Letter issued in June 2015 set out advice on approving financial assistance to the voluntary sector (excluding capital funds) and pointed clearly to reducing appraisal time and effort by streamlining the process for modest funding. This advice discouraged the use of detailed impact statements or scoring, suggesting that these are only appropriate for large projects. It should be noted that the nature of how funding decisions are made in Northern Ireland could mean that these are not applied to a high proportion of budgetary decisions.

4.1.2 HM Treasury Green Book guidance in considering distributional analysis and impacts focuses primarily on income and deprivation. The guidance suggests that costs and benefits should be considered in terms of how they are spread across equivalised income quintiles. This effectively weights the benefits to favour people on low income on the principle that a pound is of more value to someone who has low income than it is to someone who is in a high income bracket. Having looked at the impact across five quintiles, the advice is to establish an appropriate weighting factor which can then be applied to these benefits within further monetary or non monetary impact analysis. The guidance recognises however that the cost of undertaking such an analysis may be too large for many small projects and in many cases the evidence base may lead to a lack of robustness. Discussions with government economists in Northern Ireland suggests that a high proportion of projects are already aimed at addressing low income or deprivation and as these are developed from a higher level policy framework with this overarching purpose, to assess these in detail at project or expenditure level is concluded to be unnecessary. The consultants would accept that there is some value in this argument and believe that it may in fact be more important to consider how the funding has affected different income groups at an evaluation stage to ensure that the programme or policy has delivered the required outcomes and that this feeds back into improved policy and decision making.

4.1.3 While in this respect the Treasury Green Book guidance is primarily interested in considering distributional impacts across income groups, it notes that the analysis of distributional impact “should not be limited to compliance with law” and should look at wider impacts across different social, economic and other groupings. It is less specific on the methodology to be used here but it suggests that three steps would be appropriate effectively asking:

- How will the proposal affect different groups of people?
- Are there any adverse differential impacts which are unfair or unlawful?
- Could alternative action give some outcomes without the adverse impacts and should measures be introduced to reduce the predicted adverse impact?

By implication this is a very negative approach seeking to address any adverse impacts and not looking at positively focusing on addressing inequalities or needs. Within Northern Ireland the local legislative context means that in theory any policy or expenditure should be considered in terms of the guidance on application of “Section 75”. This looks at the impact of any policy or decision across nine groups which effectively include

all sections of the community. It does not consider other potential distributional impacts such as geographical variations, rurality or others. (although it should be noted that rurality is dealt with through rural proofing) which is championed by The Department of Agriculture and Rural Development. Many would argue that a key part of government's role is allocating resources to address inequities, deprivation or other market failures. At a policy level, and in considering high level strategic and programme documents, it would seem that this is done fairly thoroughly. However, it is less clear how this is manifested in individual projects or ground level practice.

4.1.4 Discussions with government economists show that 'distributional analysis' is a term that is not commonly used within central government in Northern Ireland. The general view is that it is not undertaken in any form similar to that set out in the Treasury Green Book but there is a recognition that these issues are considered by other means, primarily at a high level policy or framework level. The different legislation in Northern Ireland, including the need to carry out high level Equality Impact Assessments on all major policies or decisions, ensures that consideration is given to the fairness and equity of funding and policy decisions. While this is done within the context of Section 75 it is by nature limited to the groups set out in that legislation. In general, there would appear to be less of a focus on deprivation. While at a high level many policies are designed to address deprivation, this would appear to generally be poorly considered at Economic Appraisal or Business Case stage with a rather formulaic approach to analysis and in many cases a nod given to relevant legislation such as "Lifetime Opportunities". Because of the very focused nature of the policy under consideration or in some cases the tight constraints on options, i.e. where predetermined sites or other constraints limit the scope for changing distributional impact, the rationale for carrying out detailed distributional analysis, particularly in economic terms becomes weaker. It is clear however that in many cases distributional impacts have not adequately been considered. Within a public sector context where there is a move away from excessive analysis and assessment of expenditure and policy decisions to a more modest assessment approach believed to be more commensurate with need, it is likely that this trend will continue.

4.1.5 In practice, within Northern Ireland, there is a wide range of useful guidance on many aspects of appraisal and evaluation. Some of these relate to local guidance developed in a Northern Ireland context while others refer to HM Treasury guidance or guidance produced by other UK government departments. In practice much of this guidance refers to other guidance and therefore following this can prove time consuming and at times confusing. There is no doubting the quality of much of this guidance which covers many

aspects of impact assessment however its complexity and sheer volume make it less likely that it will be utilised on a day to day basis by those involved in evaluating or appraising projects or policies. Interestingly, while the DFP guidance in relation to economic appraisal and evaluation is relatively straightforward, and does not emphasise distributional analysis, it does refer to wider screening approaches developed by OFMDFM's Policy Innovation Unit. This comprehensive guidance in turn refers to the steps of an economic appraisal and in turn points appraisers back to Annex 5 of HM Treasury Green Book, which deals specifically with distributional impacts, although OFMDFM's guidance does not elaborate on this matter. Interestingly therefore if one is to follow the Northern Ireland guidance from DFP to OFMDFM and back to HM Treasury this would suggest a requirement to look at distributional analysis in the terms followed by the Treasury within the UK. By implication, this would require a comprehensive analysis of the impact of any policy or expenditure on people with different income levels, using weighting which would impact on the monetary analysis. It is noted from discussions with government economists that their primary consideration in many cases is for a more robust needs analysis and indeed assessing distributional impact without being clear about the need for a policy or expenditure would be nugatory and unhelpful. It is also clear that for many of the smaller scale expenditures under consideration within Northern Ireland this highly complex and comprehensive analysis of distributional impact may not prove to be cost effective. In summary however, it is clear that there is sufficient guidance available within Northern Ireland to encompass a wide range of distributional analysis which is not currently being undertaken in the vast majority of business cases and economic assessments.

- 4.1.6 It is clear that the voluntary sector believes that many central decisions in Northern Ireland are subject to inadequate consideration in relation to distributional impact. Voluntary sector organisations can highlight a range of specific circumstances when the groups they represent have been inadequately considered or differentially affected by a funding decision. It is clear that at times this is deliberate and seeks to address a particular policy objective however, while this occurs inadvertently, it can be addressed by appropriate prior assessment. Voluntary sector representatives believe that excessive use of political considerations, as opposed to genuine assessments of need or differential impact, have skewed funding decisions in the past and want to return to a more transparent and needs based approach. Interestingly this also reflects the views of government economists who are focused wholly on objective and quantifiable measures. In the view of voluntary sector representatives, this would require better use of statistics which already exist within the public sector in relation to the

needs of small but important groups and indeed a more robust analysis of differential impact.

4.2 Recommendations

- 4.2.1 It is clear that the use of distributional analysis across economic assessment within Northern Ireland varies considerably and while the standard HM Treasury approach and indeed the term “distributional analysis” are not much used, analysis of this kind does take place by other means. Northern Ireland legislation is heavily focused on addressing equality issues in the widest sense and in considering the impact of policies on those who are most disadvantaged. These two aspects figure highly in policy development and indeed in large overarching funding programmes however analysis at a lower level in individual project or programme appraisals is more patchy. It follows therefore that to increase the rigour with which such analyses take place at individual business case level requires some framework to encourage appraisers or those involved in developing business cases to consider these issues and to determine the need for a more rigorous analysis.
- 4.2.2 There would appear to be little empirical evidence to justify how the NI guidance for appraisals and business cases on assessing the potential for discrimination or unequal outcomes differs from HM Treasury guidance. In particular, the justification for deviating from the HM Treasury guidance, which takes a more comprehensive and broader perspective, seems to be largely driven by other NI policies which seek to minimise unequal treatment but, by implication, cannot be used to measure it. Central Government might usefully review all NI specific appraisal guidance relating to the assessment of differential impact (including the use of Section 75, Lifetime Opportunities, etc.) to determine whether:
- the type of potential discrimination being considered continues to be a significant risk;
 - there are other forms of discrimination which may have emerged more recently and may be more significant;
 - such analysis within business cases is sufficiently rigorous to adequately assess such potential discrimination;
 - the time and effort required to include these analyses justifies the probable effect on the decision making.

In light of this assessment it may be worth revisiting the broader, less specific, HM Treasury guidance to determine whether separate NI guidance continues to be necessary.

- 4.2.3 In general, economic assessments need to take greater consideration of the impact of any project, programme or indeed expenditure on those who are most deprived. Treasury Green Book Annex 5 sets out a detailed approach to considering distributional impacts using analysis which weights impacts according to the relative prosperity of potential beneficiaries and in turn feeds this into monetary analysis. It is also recommended in NI Government guidance, but takes some digging to find it! This may not be the most appropriate way to undertake such assessment within Northern Ireland and indeed this approach is likely to be time consuming and costly and therefore more difficult to justify with the smaller scale expenditures that are being considered. There is however a clear need to develop an appropriate approach so that income and poverty issues are adequately considered in a cost effective manner.
- 4.2.4 **It is recommended that a practical screening tool is included within the guidance for all business cases, economic appraisals and other such assessments.** This can be a relatively straightforward affair which allows appraisers to ensure that they have been given due consideration to how any expenditure might affect different groups within society, while at the same time minimising the need for wasted effort. The screening approach could follow a similar method to that used for equality screening and indeed could be compatible with Section 75 screening and could sit alongside this. This would simply require the equality screening to be extended to take in a wider range of potential groups and could include consideration of issues associated with “lifetime opportunities”. A suggested approach to this screening is included in the appendices (Section 5.1). It follows a similar format to the equality screening approach recommended within OFMDFM’s Policy Workbook 4 “Practical Guide to Impact Assessment” although it extends this to a wider range of groups than those covered by the Section 75 legislation. It is recommended that this table and element, or something similar is included within Step 7 of the Northern Ireland Guide to Economic Appraisal and Evaluation. Where the screening highlights the need for a more comprehensive impact assessment, appropriate guidance should be referred to and this should be carried out as an annex to the appraisal or business case. It is important that this screening is easy and cost effective to undertake and the proposed approach is not expected to add significantly to the appraisal process.
- 4.2.5 Good policy making and good financial expenditure decisions require a ‘feedback loop’ to ensure that outcomes are as anticipated. This is widely

recognised within government guidance however there would appear to be little connection between many of the business cases reviewed for this research and a review of the outcomes actually delivered. **It is therefore recommended that the guidance on appraisal and evaluation should include a mandatory requirement for business cases and economic appraisals to include recommendations in relation to evaluation which encompass review of the distributional analysis screening** carried out within the original appraisal.

- 4.2.6 The research has shown that rigorous consideration of differential impacts, equality factors and the impact in relation to deprivation are often included in detail at policy making stage or at the development of large programmes by individual government departments. Economists recognise that this effort may be lost at a later stage where individual programme assessments, business cases or project plans fail to adequately consider distributional effects and indeed combined impact of these may be a substantial drift from original policy intentions. We would therefore recommend that within any guidance produced by government in relation to the development of policy **there should be a mandatory requirement for the department with policy lead responsibility to build into the policy an appropriate mechanism for reviewing distributional analysis across sub programmes and funding streams** to ensure that this has followed the policy intent and, where it has not, an appropriate mechanism is put in place to address any inequalities or policy deviation.
- 4.2.7 Voluntary sector representatives believe that a range of statistical information already exists within public sector organisations which is inadequately shared across government and could bring substantial rigor to improved analysis of distributional impact. It is therefore **recommended that a small working group be established incorporating statisticians and other central government representatives along with a number of representatives from the voluntary sector to explore this issue in more detail and to establish an appropriate protocol for identification and sharing of statistical information which could bring rigour to distributional analysis.** In turn, short guidance should be developed making appraisers aware of such information and indicating how it can be easily accessed and updated.
- 4.2.8 The use of pro forma economic appraisals for smaller scale projects (although these can be quite large by voluntary sector standards) further reduces the potential for appropriate consideration of distributional effects. Some of these pro forma lack any reference to distributional analysis of any kind. **It is recommended that DFP, working with OFMDFM, review the use of pro forma appraisals and offer guidance to departments and**

other public bodies in relation to the development of these to ensure that some form of low level screening of distributional impacts is included.

- 4.2.9 **It is recommended that Northern Ireland guidance should include a mandatory requirement for all business cases and economic appraisals to include at least a brief consideration of distributional analysis.** Where it would clearly be inappropriate for this to be developed in detail in all cases, the rationale for rejecting distributional analysis should be included. In other circumstances there should be an obligation to highlight any obvious distributional effects, even if these are not considered in detail so that they may be considered at a later stage if required. As with all assessment, the level of analysis should be commensurate with the scale of the project and the availability of suitable evidence. Where inadequate evidence exists, the appraisers should be obliged to highlight this and to indicate the need for further research (although it is possible the work of the group highlighted above in section 4.2.7 may address some of these shortfalls).
- 4.2.10 Local government apparently carries out equality screening and equality impact assessment on the vast majority of projects or policies. Consideration should be given to extending this approach to incorporate wider distributional analysis as it is unlikely to require substantially more work and may improve the quality of decision making at a local level.
- 4.2.11 **DFP and other government departments may wish to give consideration to how the existing guidance relating to weighted scoring and impact statements is applied.** While this information exists within the Northern Ireland guide there is little evidence to suggest it is being used in this form or indeed any other.
- 4.2.12 Local government is good at equality screening and Equality Impact Assessment however this does not necessarily consider all of the potential distributional effects, particularly across people of different income groups. **While many councils focus on deprivation specifically, a more holistic approach which considers deprivation and the impact of funding or operational decisions on different groups could be incorporated within the equality screening process without substantially more effort.**
- 4.2.13 Section 75 provides an important basis for equality screening, however it cannot be a substitute for distributional analysis. It does give consideration to how nine key groups are affected: people with different religious belief; people of different political opinion; people of different racial groups; people of different ages; people of different marital status; people of different sexual orientation; men and women generally; people with a disability and people

without; people with dependents and people without. However, it does not consider many of the subgroups who could be differentially affected by a policy or programme, such a geographical variation or rurality. **The HM Treasury approach to distributional analysis is more flexible and open minded and there may be an argument for considering amendments to Section 75 guidance to allow for other groups to also be considered.**

4.2.14 Ministerial Directions are by implication open to much poorer decision making and much greater risk of unintended negative outcomes. To minimise the risk of this **it is recommended that a mandatory short screening checklist be undertaken by a Government Economist as a prerequisite to any such action by a Minister. Any Direction should include a comment on how the Minister has taken the key conclusions of this screening into consideration in reaching a decision. This and the screening information should become part of the public record.**

5 Appendices

5.1 Suggested Screening Approach

Suggested Screening Form

	Screening Questions	Response to Question (Yes/No)	Differential Impact Intended? (Yes/No)	Full Impact Assessment Required? (Yes/No)	Distributional Analysis Required? (Yes/No)	Justification for not needing further assessment?
EQUALITY	Is there any indication or evidence of higher or lower participation or uptake by different groups?					
	Is there any indication or evidence that different groups have different needs, experiences, issues and priorities in relation to the particular policy?					
	Have previous consultations with relevant groups, organisations or individuals indicated that particular policies create problems that are specific to them?					
	Is there an opportunity to better promote equality of opportunity or good relations by altering the policy or working with others in government or in the larger community?					
DISTRIBUTIONAL	Is it likely that those on lower incomes will be disproportionately affected?					
	Will there be a variable impact across geographical areas?					
	Does lack of evidence make it difficult to determine impact across different groups? (if so make recommendations on information collection)					
	Conclusion					

