

The  
**STORMONT HOUSE  
PAPERS**

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August 2011

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**This set of papers** covers discussions involving a group of senior officials and ministerial special advisors at a seminar that took place at Stormont House on Friday 12 August 2012. The seminar, organised by the Chief Executives' Forum, considered the key aims of the forthcoming Programme for Government with particular emphasis how those aims might be better brought about.

The first paper, which follows an introductory **background note**, is the report from the seminar, "**Building confidence and coherence ... The Northern Ireland Executive's Programme for Government**". The other papers constitute the briefing material issued in advance of the seminar to those who participated. The papers, include a "**Transformation Checklist**" and two other think-piece reports entitled: "**Delivering a programme for government...**", and "**Do programmes for government matter?**" which was produced in co-operation with PwC.

**Chief Executives' Forum**  
**September 2011**

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## ***BACKGROUND NOTE***

### **Programme for Government Seminar – Stormont House, Friday 12 August 2011**

As reported to Ministers, for the last two years the Forum has given considerable thought to how best to mitigate the impact of cuts in public expenditure while improving outcomes for users of services. Our various discussions, which have involved senior officials and from time to time people from outside the machinery of government, have given rise to several reports and, along with a call for a transformation of public services, a “Transformation Checklist”. These reports or think-pieces have in turn been summarised to produce the July 2011 publication, “Delivering a programme for government...” which has been circulated to Ministers and those who have agreed to contribute to Friday’s Stormont House seminar. A list of participants is appended. Also appended is the latest think-piece to come out of our ongoing round of discussions: “Do programmes for government matter?”

The seminar will consider the key aims of the forthcoming Programme for Government now in draft but, more particularly, how those aims might be better brought about.

#### **Different times**

Whatever the key aims of the new Programme will be, they will harbour very different assumptions about economic prospects and a dependency on departmental budgets that will be significantly more constrained than those available to meet the aims of the 2008–2011 programme. As is widely acknowledged, the next four years will feel very different from what has gone before.

#### **A call for fresh thinking**

The key conclusions coming out of our analysis are that:

- The new Programme for Government must provide a coherent response to the fiscal squeeze and economic downturn; and that in these straitened times

- The scale of the challenge requires a transformation of the way in which the Executive organises and goes about its business.

In turn these suggest the need for:

- An overarching concentration on the local economy's deep-seated structural weaknesses and the not unrelated schisms in society here - divisions which give rise to the resentments of dependency, disaffection and exclusion that can so easily boil over into community tensions and social dysfunction; and
- The development of more effective and coherent ways of working to achieve, not just more with less, but real traction on key goals of economic and social policy that cut across the interests of departments and other public authorities.

### **Our Transformation Checklist**

- Crosscutting action to tackle wicked issues such as disadvantaged communities, educational underachievement, alcohol and substance abuse, and youth unemployment;
- Rebalance the economy through partnerships with the private and voluntary sectors, through joint ventures including contracting out back-office functions, and a focus on the social economy including the creation of not-for-profit organisations and mutuals;
- Complete reform of public sector structures in both central and local government including a rationalisation of functions;
- Explore new sources of investment for infrastructure development; and
- Improve value for money by reducing costs, improving efficiency and generating income.

### **Issues and questions arising**

The key issue that the seminar will be asked to consider is the extent to which the above analysis can be properly reflected in the Programme for Government and its outworking in government policy so to realise the sort of transformation that our checklist would envisage. The key questions then arising are:

1. **What are the cross-cutting issues - issues that are crucially important in themselves and which could be used purposefully to develop and prove new, more effective and efficient ways of working across government including local government and other agencies?**
2. **What needs to change or be expressly endorsed within the Programme for Government if meaningful transformations in policy, policy development and service delivery are to be brought about?**

### **Format**

A presentation on the draft programme for government, what its form and contents are likely to be, will follow introductions. There will then be an open discussion on both the draft programme and the context within which it will be pursued over the next four years. Participants will be asked to reflect on what will be important; on what the key success or limiting factors are likely to be; and on the scope there will be to develop new policies and do things differently.

Having staked out the ground, before lunch participants will be asked to break up into three groups mixing advisors and officials to consider together the two questions above and, in reporting back, for each group to offer its own thoughts on what is both politic and practical.

The meeting will be held under 'The Chatham House Rule' and, on that basis, a report of the discussions will be published in the form of key observations and recommendations to ministers.

**11 August 2011**



*“Building confidence and coherence...  
The Northern Ireland Executive’s  
Programme for Government”*



### **Formulating a blueprint for action**

In what are difficult times for the economy globally, nationally and locally what does government need to do to promote growth and improve society?

Whatever the answer to this question - an answer that is primarily one for politicians - government will be expected to address the challenges of the times decisively. This is likely to mean the Northern Ireland Executive committing itself to fundamental, medium-term reforms that aim to safeguard future prosperity and lift people's hopes. This paper reports on a meeting held at Stormont House on 12 August 2011 - on the discussions that took place and on the thinking they gave rise to. The meeting of senior officials and ministerial special advisors considered the forthcoming Programme for Government, its key aims and, in particular, how those aims might be realised.

The discussions at Stormont House were in part the culmination of an extended series of meetings organised by the Chief Executives' Forum and its partners. In considering how best to mitigate the impact of cuts in public expenditure while improving outcomes for users of services, they were a response to the current crisis that started to unfold in late 2008. These meetings gave rise to several reports or think-pieces. They further raised a call for a transformation of public services. The Forum then developed a "Transformation Checklist" supported by a conflated version of the reports entitled, "Delivering a programme for government". These papers along with an additional think-piece, "Do programmes for government matter?", published jointly by the Chief Executives' Forum and one of its partner organisations the professional services firm PwC, formed the briefing material for those who attended the Stormont House meeting. These papers are appended.

Two key conclusions emerged from the foregoing analysis. First, the new Programme for Government must provide a coherent response to the fiscal squeeze and economic downturn. Second, in these straitened times the scale of the challenge will require a transformation of the way in which the Executive organises and goes about its business.

In seeking to inform political debate the Stormont House meeting asked itself what would politicians find helpful as they sought to address the deceptively simple question posed above. In doing so the key officials and special advisors

present reflected on two key questions in particular:

- (1) What are the cross-cutting issues - issues which are crucially important in themselves and which could be used purposefully to develop new, more effective and efficient ways of working across government and other agencies?
- (2) What needs to change or be expressly endorsed within the Programme for Government if meaningful transformations in policy, policy development and service delivery are to be brought about?

### **What difference can government make?**

The current fiscal crisis was caused by too much confidence, borrowing, lending and spending. The central irony is that it may only be resolved by confidence in the same things, and that will almost certainly demand a coherent vision and a clear strategy if government is to provide effective leadership in rebalancing the economy on the way to improving society here.

Whatever happens, the Programme for Government must not mistake its goals for strategy. It should recognise and cogently articulate the critical challenges the Executive faces; it should set a guiding policy for dealing with them; and it should set down in a coherent fashion what the Executive will do to address those challenges and the goals it has set itself. In short it must tell people what it will do to make Northern Ireland a better place; the things it is going to do for them and the services and support it will provide.

We are moving from an era of relative plenty to one of relative famine. But it is one that can be rich in policy terms. Patently there are disadvantages in having less money to spend; but there are opportunities too - opportunities for creative policy solutions and transformative government, opportunities to confront vested interests and for government to work in different ways. Yes, Northern Ireland is small and in some ways especially vulnerable but; given cohesive political leadership and the right prospectus, it can also be adaptive and nimble in both policy and its implementation.

It is not too big a step from this analysis to look to produce a Programme for Government (or a slimmed-down version of it) that would excite people.

But it is possible too to become carried away by fine words and rhetoric and thereby end up with a lazy fantasy of a document. Politicians seem set on creating a sustainable economy and a decent society; but they must do so in the full realisation that in the near term at least there is the prospect of high unemployment, weak growth and falling public expenditure. And it should always be borne in mind that when trouble arises government is the first stop for both ordinary people and vested interests. The compact the Programme for Government will look to make with the citizen will thus depend on a realistic exposition of the difference government can make and a clear set of priorities. That will require a much sharper focus on a few key strategic issues and may well involve some harsh financial and policy choices.

The feeling of the meeting at Stormont House was that in a shrunken economy everyone will in one way or another have to do with less; but people will still need convincing that government is focused and that things will get better. We will need a Programme for Government that is to an important extent visionary; but one that is realistic and capable of producing practical outcomes.

### **The challenges**

The issues are not new; but the really big ones, the more intractable ones, have one very significant feature in common: they are cross-cutting. They transcend departments of government and levels of government, including local government and non-departmental bodies that are satellites of government. That fact creates a significant challenge in itself: How can we make government work better - work in a more coherent and collaborative way?

There are two basic types of issue which the Programme for Government must look to address: economic issues and issues of social disadvantage. Dealing with the past is still the 'elephant in the room' issue. So, security, policing and public safety will remain crucially important concerns but, in part at least, longer-term solutions to internal security questions will have significant economic and social dimensions. We do, as the Executive has accepted, need to rebalance our economy. But we also need to create a shared economy, one based on shared values, sustainable growth and social inclusion.

We have problems of social exclusion, poverty and the not unrelated fact that a significant proportion of the population is economically inactive and welfare dependent. These are problems that touch on the hopes and ambitions that ordinary people and families have. They also represent a significant drag on the economy. They are ones that have a geographic dimension in that they tend to be concentrated in sink housing estates and otherwise areas of deprivation. Those areas and estates also have a surprisingly few in number problem families that place a disproportionate burden on health, social, education services and, all too often, on policing and justice services.

Economic inactivity is in part due to the fact that we have an ageing society and significant health inequalities - and health inequalities are often the other side of the coin of education and employability issues. These are social problems but, chickens or eggs, they are economic ones too. Still, there is one major segment of our society and economy that is not on the whole afflicted or associated with the problems of longevity or ill health: our young people. Those young people who are not in education, employment or training too often come to feel they have little or no stake in the Northern Ireland's future, or their own. Given the circular and interlocking nature of the policy agenda a disadvantaged and disaffected youth can give rise to security and policing issues (as seen recently in the riots in England) and to health issues and so on in later life.

So, public health is a cross-cutting issue; educational under-achievement is a cross-cutting issue; our rapidly ageing society is a cross-cutting issue; economic inactivity is a cross-cutting issue; our disadvantaged youth and communities are cross-cutting issues; and in looking to address the politics of despair, alcohol and substance abuse is a cross-cutting issue. Government has without doubt a very significant and important role to play in addressing all of these issues which it may well have to prioritise. But it needs to do so in more strategic ways and use the Programme for Government to tie together what are, at first blush purely health, education, economic and other issues. The big issues for government are rarely so easily and so neatly pigeon holed. On the contrary they call for overarching policy solutions and strategies that seek to better integrate the efforts of different agencies and what are often different facets of the same problem.

Money or lack of money is the issue that will drive the sort of transformational change that is needed. We need to come up with more imaginative policy solutions and better ways of working across the system of government both vertically and horizontally.

If the economy is indeed the number one priority for government we need to tackle employability and barriers to employment; skills shortages and levels; and as austerity begins to bite people's day-to-day issues. At a deeper level educational under-achievement, disadvantaged youth, and how to provide greater independence in old age, are issues of social disadvantage that should eschew short-term palliatives and constitute a longer-term policy agenda. Here early interventions are likely to pay significant social dividends in years to come.

### **Tackling high levels of joblessness and welfare dependency**

Reflecting on the challenges as set out above and, to some extent continuing with that argument: Should tackling our high levels of joblessness and welfare dependency be the main focus of economic policy?

The debate on economic policy has become fixated on Northern Ireland having the devolved power to vary its corporate tax rate. As that particular argument goes it would boost growth and enable Northern Ireland to compete for inward investment on more even terms with the Republic. With economic activity contracting it may well be just what is needed; but boosting competitiveness and growth is likely to prove an arduous undertaking not avoidable by means of some magic bullet.

As the counter argument runs power over the setting of a regional corporate tax is a constitutional reform that will produce at best marginal economic benefits but certain reductions in the subvention from Westminster. In effect, in hoping to attract large trans-national corporations it would effectively transfer money from the public to the private sector and that part of the corporate sector which, for the present at least, tends to be already cash rich. More might well be made of what we have available now: good infrastructure, a well-educated workforce, a first-world quality of life, and access to premium markets.

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As has been pointed out in a previous paper, whatever the merits of the arguments over the rate of corporate tax, government can only help create the conditions for growth. It can certainly do more by making Northern Ireland an attractive place in which to invest through the tax and regulatory regime; but it can do so principally by investing in economic and social infrastructure and in human capital.

Increasing employability as already suggested is what government might give emphasis to on the supply side. But we have somewhere in the region of 70,000 small and medium size enterprises and not enough big businesses. This suggests that we might stimulate the demand side by focusing on social enterprises; on the digital economy and broadband enabled businesses; on the still nascent green economy; and on the creative industries as previously suggested in a joint paper produced by the Forum and the Institute of Directors.

Can the Programme for Government aspire to produce or stimulate a few examples of excellence in, say, its approach to the digital or creative economies?

As has also been stated previously, there is a clear correlation between investment in infrastructure and long-term growth and there is a well understood link between prosperity and the effective accumulation and efficient use of capital. Economic policy should give due regard to encouraging more outside investment in economic and social infrastructure by backing or underwriting much-needed projects that cannot be funded, or wholly funded from public expenditure. Capital spending also tends to produce immediate results. It gets people quickly into work; it allows them to develop new skills; and it can jolt an otherwise sluggish economy into developing forward momentum.

We need to develop a smart economy and government can play its part by, for example, developing positive links around developments in life sciences between the health service and its future needs and, on the other, the universities, industry and charities in the contributions they each could make. Northern Ireland is a small place, but it can build on its compactness by intensifying value adding links and the capacity it has for constructing vital networks between key players in the local economy.

### **Setting an agenda**

What needs to be done to move things on? We need to build a consensus, take a lead and develop a cutting edge. That is, we need to identify one or two areas that will provide the platform and the impetus for radical policies and for developing new ways of tackling problems that have for too long defied more conventional policy solutions and ways of doing things. We need to take responsibility for our own future.

But we need a consensus—and that really means a political consensus within a mandatory coalition and still evolving political relationships—as to what will be the key cross-cutting issues that will define and characterise the Programme for Government and, in doing so, provide the framework within which everything that government does will happen and be benchmarked against.

Paradoxically, the change needed is likely to prove less dramatic than that implied. If we were to try and change everything at once, the machinery of government would soon seize up. On the contrary it is envisaged that much of the day-to-day business of government would carry on as before and only be affected at the margins but, progressively, transformative changes engineered in tackling the priority, cross-cutting issues identified would be adapted across government. The early focus would be on targeting effective interventions and on delivery - on devising new methods of delivering positive outcomes against the priorities government has set. In the long run we need to re-align government to ensure it works more collaboratively and on the whole more effectively in achieving whatever it is politicians want.

From past experience, on the basis of both successful and failed initiatives down the years, we know well enough what works and what doesn't work. What works is early intervention and encouraging self-help - in finding ways to help people help themselves. But, importantly, we also need to involve people at the right stage and learn how to engage with them purposefully. That will mean providing focus and high visibility for the things that matter and which represent the Executive's key priorities.

The key questions are about how can the Programme for Government reflect the, possibly, three or four thematic priorities that are cross-cutting in scope;

and how can those priorities be made real and meaningful in terms of the innovative departures it will give credence to and endorse.

### **Transformative government**

Political engagement to make things work will be essential. But what beyond political commitment are the mechanisms and processes?

First, those mechanisms and processes need to be outcome focused. As such they are unlikely to lend themselves to standardisation and repetition. They are more likely to be loosely schematic and adaptive. The Programme for Government would therefore describe in fairly general terms what is to be achieved and form the reference point for framing decisions that politicians and officials will have to make along the way. It would avoid platitudes; make it easy for politicians to make key decisions while encouraging the delegation of authority to those responsible for achieving its objectives and, again importantly, a close complementary fit with the Programme's broader aims.

People and resources need to congregate around cross-cutting programmes that are impact driven, that avoid the urgency of targets but which set out clearly what agencies and their inputs are going to be marked against. How to do this will have to be negotiated and developed in ways that favour creative solutions and the promise of real gains with clear political benefits.

### **Will the Programme for Government achieve its aims?**

It will if it is clear in its aims and in who its audience is. It will have to be real and credible in acknowledging its aims will be pursued in markedly different circumstances from those that have gone before. It will have to be focused and resolute in looking to necessarily transform the way government works if it is to be successful in achieving its objectives in the face of considerable challenges.

Government does a lot and more is always expected of it; but it can't do everything that people and different lobby groups will want. It has to set priorities - priorities that will bring real change - change that will effectively promote and sustain economic growth and improve society and the quality of

people's lives. The issues that if thoroughly addressed will do most to bring this about also tend to be those issues that are the most intractable but which will pay the highest dividends if traction can be achieved.

These cross-cutting issues are not new issues; they have been issues for quite some time. Axiomatically, they are intractable because they have not, over the years, proved amenable to various policy initiatives and the traditional ways in which government works. If inroads are to be made government will have to work differently. It will have to work cohesively and collaboratively engaging the various parts of government and those outside it in creatively different ways; and it will have to devise new and more effective ways of doing so.

The challenges are great but they are surmountable. But they require strong and determined government—one that in its Programme for Government is clear in what it wants to see happen and resolute in defending and in pursuing a limited set of significant priorities.

**9 August 2011**



*“A Transformation Checklist”*



## ***A TRANSFORMATION CHECKLIST***

### **Transforming public sector management: A checklist for action**

#### **Goal**

The transformation of public services to deliver better services, with improved outcomes at lower cost, which contribute to a balanced economy and a fairer society.

#### **Public Sector Values**

- Improved service delivery and outcomes, which benefit the whole community;
- Collaboration across organisational boundaries;
- Partnerships with the private and voluntary sectors;
- Transparency through effective consultation and communication; and
- Accountable, effective and efficient government.

#### **Transformation Checklist**

- Cross-cutting action to tackle “wicked” issues (e.g. youth unemployment (NEETs), disadvantaged communities, educational underachievement, alcohol and substance abuse) by transcending organisational boundaries;
- Rebalance the economy through partnerships with the private and voluntary sectors, through joint ventures (including contracting out back office functions) and stimulate the social economy (including the creation of not for profit organisations and mutuals);
- Complete reform of public sector structures in both central and local government and rationalise functions;
- Explore new sources of investment for infrastructure development; and
- Improve value for money by reducing costs, improving efficiency and generating income.

**Chief Executives’ Forum**

**1 July 2011**



*“Delivering a programme  
for government”*



## *Delivering a programme for government...*

### *Developing the capacity to view problems in the round and formulate a coherent response*

With the elections behind us and a new Northern Ireland Executive formed the process of formulating and agreeing a new programme for government begins. With four years of cuts in prospect chief executives have readily accepted that better use needs to be made of what we have.

This paper both reflects on and conflates the thinking that emerged from a series of meetings that the Chief Executives' Forum organised over an extended period of months since the breaking of the financial and fiscal crises. These have involved key players and influential voices both within and outside the machinery government. A number of these debates have been organised in co-operation with several of our partners notably Barclays Corporate, the Institute of Directors, PwC and Ulster Bank.

### **Hard times**

Different solutions will be required as the different parts of government and its agencies set about realising the objectives of the Executive's programme. Whatever objectives are agreed they will almost certainly be about creating a proper, functioning society - a more stable, more prosperous society more at ease with itself. Much progress has been made at the political level; but the squeeze on public spending and the very real cuts with which departments and agencies will have to cope will create a new and very different set of challenges, and a new dynamic. A new programme must provide a coherent response to the fiscal squeeze and the economic downturn if the hard-won gains of the political process here are to be consolidated. It will present an immense challenge and one that will call for seamless government, creative policy solutions and innovations in service delivery. Much disruption lies ahead; a long and bumpy journey is in prospect.

Much of this is widely understood if not always deeply appreciated. It is a worrying paradox; for those who have kept their jobs, things have never

been better. Interest and mortgage rates are low and inflation, other than at the petrol pumps has not yet begun to bite. When this situation changes as indeed it must, both family and already challenged departmental budgets will be squeezed evermore tightly. At the whole economy level deep cuts, sluggish private sector growth and detumescent household spending will be accentuated by the effects of inflation on departmental budgets. In economic terms this will prove highly contractionary. Any programme for government will be hard pushed to make progress in achieving whatever societal outcomes it will set out to achieve.

### **Developing a fresh approach to problems and issues**

There are inevitably no easy answers or quick solutions. What the Forum and its partners have been looking to do over recent months is gain for themselves a better understanding of the issues and how they might be addressed and, in doing so, to develop a mindset that looks beyond the array of problems and obstacles to opportunities to do things differently<sup>1</sup>.

As a result we have sought to look beyond the constrictions of the day-to-day interests of departments and other public agencies. We have thus sought to encapsulate wider strategic interests and vulnerabilities and to consider the capacities and skills that will be needed to turn policy ideas into practical reality<sup>2</sup>. It has produced a broadening of perspective to encompass not just the challenges facing the public sector, but an examination of economic, social and institutional issues as well. In effect, we have sought to glimpse the potential for collaborative interventions that will drive efficiencies; and which can open up new sources of revenue and commercialisation for the public sector to deliver on the Executive's economic and social aims.

One of the questions we posed ourselves was: What can the public sector do to generate extra revenue to mitigate the effects of cuts and the potential damage to public services?<sup>3</sup>

One of the more significant conclusions reached at this point in our series of debates involving officials and experts from the professional services firm PwC - one that has continued to thread the debates we have had since—is that strong political leadership and cross-party support will be required to

<sup>1</sup>"Let's not waste a good crisis: creating the conditions for economic growth" – Chief Executives' Forum/PwC, September 2009

<sup>2</sup>"Doing more with less" – Chief Executives' Forum/PwC, December 2009

<sup>3</sup>"Doing better with less: bridging the looming funding gap" – February 2010

drive through the sort of changes that are likely to be required. In essence, the current crisis in public finances must provide the impetus for new thinking on how services are funded and delivered. For this we need to hone our decision-making processes and develop policies and structures that will bring about the outcomes the Executive will want.

A somewhat banal analysis perhaps; but often what is obvious is hardest. Efficient and effective transitions of the order demanded by the scale of fiscal retrenchment cannot easily be achieved without new thinking and the streamlining of decision-making processes.

### **Is policy making our glaring weakness?**

We seem to be good at formulating what a minister or someone with peremptory authority says is to be done in the fairly narrow sense of the processes to be put in place and bringing funds to bear. We do not seem to be very good at formulating what is to be achieved and the different options for achieving it while employing the least limiting set of assumptions. More tritely, we need to focus more how we can achieve something; not on why we can't do it or on why we can only do it in tried and conventional ways - usually those that involve government or its agencies doing it and/or wholly funding or resourcing it.

One of the more entrenched of the limiting assumptions we have is that we tend to think and act, albeit understandably, within the particular silos we happen to be working in. And, there are quite a number of them both organisational and conventional. On the other hand, too often the history of government policy initiatives has been littered with failed, anaemic or low-achieving policy solutions that, under-funded or on the basis of warm words have sought to effect partnerships across government or with government. While more cohesive government must be an essential characteristic of a programme for government going forward, if it is to achieve all it sets out to achieve with limited resources better models for making it a reality will be needed. Government should, and usually is best placed to orchestrate; but it doesn't necessarily have to pay for and play all the instruments itself.

It follows that we need to develop and inculcate a new and deeper case for

more cohesive working and partnership. And we need to work out how to do it better if we are not to be caught up in the theory of policy making with little idea of how new ideas can be implemented.

For example, in urging a programme of concerted action to promote and support the development of the Creative Industries, the Chief Executives' Forum and the Institute of Directors some 18 months ago called for a more considered, strategic approach to nurturing talent and bringing attendant intellectual property to market<sup>4</sup>. As then urged, if we set out together and take a genuine cross-sector approach to nurturing talent, particularly that of young people and through life, we can harness their ideas and flair to help create the vibrant, innovative economy the Programme for Government aspires to.

In a word we need to be more imaginative and in doing so we to make more creative solutions not just permissible but given positive encouragement.

Whether things have been the way they were because of the difficulties inherent in the political system, or because of the paucity of the policy debate, or because of inefficient machinery, ways now have to found to better move things forward—to enable decisions including sometimes bold, sometimes rule-changing decisions to be taken and taken and acted on more quickly<sup>5</sup>. There will be risks, both political and accountability; but we also need to develop the capacity to tolerate, properly evaluate, better manage and communicate risk.

### **Focusing on the long term**

Against a background of much debate about how best to fund capital projects in the face a significant reduction in DEL capital funding over the next four years at least, the Forum has organised several discussions in co-operation with partners and staged a workshop<sup>6</sup> on capital spending.

In organising these discussions we acknowledged the clear correlation between investment in infrastructure and long-term growth. Recognising the well understood link between prosperity and the effective accumulation and efficient use of capital, we also acknowledged that as a result of a very tough Spending Review settlement public finances are overstretched. With

<sup>4</sup>"Nurturing talent and harnessing ideas"  
– Chief Executives' Forum/Institute of  
Directors, December 2009

<sup>5</sup>"Reflections on translating policy  
into action" – Chief Executives' Forum,  
February 2011

<sup>6</sup>"Unlocking Private Sector Investment"  
– Chief Executives' Forum/Barclays  
Corporate, April 2011

less money to spend ways would have to be found to make the best, the most effective use of the capital funding that will be available and to deliver additional spending power to the Northern Ireland economy.

Our purpose has been to facilitate debate on how to maintain the momentum on infrastructure investment in the light of Northern Ireland's budget review settlement. These discussions involved chief, other senior executives and expert advisors. Significantly, they were mainly conducted on the basis of actual examples of alternative models being used to fund public sector projects in Great Britain. These have produced a much better understanding of different models for funding infrastructure investment and their potential<sup>7</sup>.

Our conclusion here is that delivering change and a comprehensive investment strategy targeting sustained and balanced growth will, almost certainly require a more open appeal to creative solutions.

The latest of our discussions, those in March<sup>8</sup>, also cast an eye to the long term and what the new Executive might want to achieve. The key question returned to several times was one of: What are the key things that need support now and what can be done for the long term? This was refined in discussion to what are the things and overriding priorities that need to be pursued if a proper functioning society is to be secured for the long term? What should the medium-term goals be—successes that politicians can point to come 2015 when they seek re-election? And, what needs to be done in the short term to produce early wins and to facilitate what needs to happen in the medium and long term?

The central conclusion from this debate translates fairly comfortably to this paper. It is about the need to focus on outcomes, about getting to a balanced economy, and about creating a fairer society. Given Northern Ireland's recent history and the shadow of violence hanging over its present, the securing of a peaceful, stable and prosperous society has to be seen as an overarching aim and an enduring goal. Violence destroys all hope of progress. There needs to be a focus on those who remain alienated from the prevailing political consensus, and on the importance of education and investment in the alchemy of economic growth. As the vice of public spending tightens the refrain might well become one of security–justice–equality–jobs. Yet the

<sup>7</sup>"Maintaining a competitive infrastructure" – Chief executives' Forum/PwC, January 2011 and "Remodelling infrastructure investment" – Chief executives' Forum/PwC, January 2011

<sup>8</sup>"Focusing on the big wins" – Chief Executives' Forum/PwC, March 2011

recipe for economic growth is by no means magical - nor is it easy: educate and train people; build good social and economic infrastructure; promote business investment and exports; correct mispriced markets, including those for foreign direct investment and employment; and minimise ineffective or inappropriate Tuesday, 21 June 2011 government regulation.

Different regions have different issues and differing economic profiles. At the national level a balanced economy is certainly a worthy aim; though it does not necessarily follow that each and every region can or should be in balance at the same time. Still, the issues facing Northern Ireland are well recognised and are not new. However, with less money available we do need to look to different solutions and to develop a programme of action that has teeth. The issues discussed and alluded to are certainly difficult and notoriously stubborn. They range across health inequalities; 16 year olds dropping out of education and an increasingly marginalised youth; chronic unemployment and a persistently high proportion of the population being economically inactive; a no longer sustainable dependence on the public sector and a high rate of transfer payments.

A new programme for government will point to some hard decisions. It will mean working through some difficult times to better times ahead. However, we will almost certainly have one. It will not be perfect; but we do know that the issues are tremendously important.

### **Given a green light**

The Forum, involving the chief and other senior executives who are its members, and in cooperation with its partners would be keen to pursue this agenda, the working assumption being that there will be opportunities and support for trying new things.

As mentioned above we have reached the stage where we feel the need for political endorsement to take this agenda further - to meaningfully explore how it can be made workable. We want to develop the case for more cohesive working, including partnerships with the private and voluntary sectors, to address the more complex, messy and deep-seated problems that transcend organisational boundaries, sectoral competencies and, indeed the wherewithal

that these different interests can individually bring to bear. As political support is seen as vitally important - even at the early stages of considering fairly radical options that may later be presented to ministers - we would be keen to extend invitations to ministerial special advisors and party researchers to attend future debates and discussions. It will also provide a vehicle for developing a more consensual approach to public service reform.

Some of the issues we have in mind are listed as follows. Each them is overarching in its scope and, in terms of the more intractable issues facing government and the multiple streams of funding they each absorb often to limited effect, they are potentially well worth exploring what might be achieved if various interests and efforts were better aligned and co-ordinated.

- Educational underachievement
- NEETs/youth unemployment
- Alcohol and substance abuse
- Disadvantaged communities
- Health inequalities
- Rebuilding the economy

Our over-riding aim as officials is to deliver the Executive's programme for government with lower spending and without vandalising services. The ways and the extent to which this can be achieved do seem to require an infusion of new ideas and ways of getting things done. In the context of the public finances it is a case perhaps of working out how to roll the pitch and prepare for difficult decisions.

Working through a programme for government over the next four years will mean coping with short-term headlines and focusing on long-term practicalities. What we will need to be able to demonstrate as difficulties inevitably ensue is that 'we have our eye on the ball': every effort is being made to protect services; explore new ways of doing and funding things; and that we have positive goals and the populace in mind.

### **A checklist for action**

The transformation of public services to deliver better services, with improved

outcomes at lower cost will contribute to a balanced economy and a fairer society.

This paper supports an agenda that seeks to achieve cross-cutting action to tackle complex problems; a rebalancing of the economy through partnerships with the private and joint ventures and voluntary sectors; the reform of public sector structures; explore new sources of investment for infrastructure development; and improve value for money by generating income and reducing costs.

**Friday 1 July 2011**

*“Do programmes for government  
matter?”*





***“Do programmes for government matter?”***  
**Reflecting on what government does and needs to do**

The agenda for government post the credit crunch, and the divertingly described period of contained depression we are now in, is to fix the public finances and radically re-shape its public services. This as government sets about rebalancing the economy in pursuit of a new route to economic growth.

Not having major fiscal responsibilities, government here may not have to fix its public finances as such; but it is concerned that money should be put to the best possible use and savings that can be made should be re-allocated and put to better use where possible. One of the fairly fundamental difficulties government faces in these testing times is that it relies on a 19th century model of organisation that is formed around the brigading of functions and services rather than around solving problems that are often deep rooted and inevitably require long-term solutions. It is a difficulty that is re-enforced here in that the Northern Ireland Executive comprises 12 departments of government.

Against the backdrop of these possibly contentious declarations a group of chief executives, other senior executives and experts from the professional services firm PwC met in June 2011 to discuss the notion of ‘holistic government’ and the quest for more effective and coherent ways of working to achieve, not just more with less, but overarching policy outcomes - goals of social and economic policy that cut across the interests of departments and other public authorities.

This short paper summarises and develops key points arising from that discussion. The meeting began with a presentation by Sean Barrett, the Irish economist and politician who was reflecting on recent experiences and lessons from south of the border.

**But how much government do people actually need?**

This is a deeply loaded political question. Still, with politics here being essentially consensual in nature, any assertion that we should develop some more explicit form of goal-focused government requires some sort of answer

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to this open ended question. As reflected in the discussion, it demands some sort of consensus as to what the state is for: that it should in some sense be about ends rather than means; that it should look to set justice and fairness alongside prosperity.

In essence, as a former senior politician once observed: “People want society and the state to support, not control”. However, it is an observation that neatly encapsulates the central contradiction of a modern society such as ours: a growing desire for more personal independence, choice and freedom alongside an expectation that the state will provide shelter against life’s insecurities, particularly those arising from globalisation. So, strengthening the economy not only becomes a means to achieving social ends; it is an end in itself and central to our notions of the role of government in society.

However, there is almost universal acceptance that the first and second jobs of government are, respectively, to provide security for its citizens and to provide those services that are best provided collectively rather than by private enterprise or voluntary means. Third, and perhaps more controversially, another essential role is to redistribute income and property to those who have been handed a raw deal by heredity or circumstance and/or the market for their skills and services. Fourth, from time to time it is the job of government to bring up to date the laws by which we regulate our relations with each other and with a wide range of interests that come into play.

As one might expect this part of the discussion did not provide any definitive answers to what is, after all, a rhetorical question. But it did stake out the political arena within which the role and reach of the state will be endlessly argued and redefined. It also recognised that, in the brave new world that the financial and fiscal crises have given rise to; the state certainly does have limits.

Notions of state and society are not interchangeable and the state can no longer afford to take on more and more, even if people would want it to. In which case government must set its priorities and then set about achieving what it wants to do in ways that make best use of the resources it can bring to bear.

In short, the time has come for a simpler model that uses a cost and social

benefit approach to provide - in terms of what government should and can do - more outcome orientated functions and more output orientated services.

### **First lay ghosts**

There is a notion abroad and routinely whipped up by various interest groups that the public sector is too large and overbearing; that it has become colonised by interest groups; that it is run by and in the interests of its professionals and managers; that it is overly complacent and risk averse; that it lacks imagination and the incentive to change; that specifically with respect to our situation in Northern Ireland, there is no incentive do things differently and to cut costs. There will be endless and mostly sterile arguments about how much truth there is in these assertions. However the key and value-free question the debate came to concentrate on was one of: How well do we spend what we have?

Most of what we spend comes by way of a subvention from Westminster calculated, more or less, as our net share of comparable items of national expenditure by reference to population and consequential changes to public expenditure in Great Britain. Notably, it is not needs based. Still, the Northern Ireland Executive is free to allocate budgets in line with local needs and locally determined priorities. With revenue and capital budgets having been reduced by 8% and 40% respectively over the next four years, the Executive can also institute its own programmes of reform and efficiency and/or raise compensating revenues.

While there is no incentive for government here to further cut costs and reduce budgets, the discussion readily acknowledged the implicit obligation we hold to as public servants: to ensure that public money is put to good use and is well spent - one which for chief executives in their role as accounting officers is in fact quite explicit. Yes, things do and will go wrong in highly complex organisations; but it is not part of the public sector's culture or ethos to preside over the careless waste of public money.

Unlike the situation in the Republic of Ireland the question was not one of where and how to cut public expenditure further, but one of how to maximise what we had to spend. A transformation is required; not cuts.

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The key question which took up the remainder of the discussion was of one of: How then can we maximise the public benefit of what we spend?

### **Developing an empowering vision**

Government, as suggested above, must set its priorities and then set about them to deliver on its promises.

But first: What sort of society do we want to bring about? In what senses will the interventions of government make things better (or conceivably worse) and help improve the quality of life of its citizens. The answers to these questions and the vision they would conjure up must in a democratic society come from elected politicians. Given the nature of our society and the democratic systems we have in place, they must also find broad consensus and in some way embrace the interests and sometimes conflicting aspirations of different blocs and interest groups within the population at large.

Whatever the political vision may be and whatever form it may take, we do need some statement of the goals and main objectives of government with respect to the key areas of public life. Officials may help craft one; but it is not their job to determine what those goals and objectives ought to be.

What officials do need is a clear and consistent sense of what the Executive wants to see happen at a strategic level. Again, what will be important in achieving it, and where in reality do political priorities lie?

A well constructed answering statement in the form of a programme for government will guide without being overly prescriptive. It should also be flexible and thus avoid becoming hostage to fortune, circumstance or slavish regard to excessively detailed targets. And it should avoid giving the impression that, “if it’s not in the programme; it’s not a priority”, which then becomes an open invitation to duck the underlying issues and withdraw from the critical function of policy analysis.

If growing and rebalancing the economy is, as already declared by the Executive, to be the main priority of government then it must be about creating a smart economy, in some sense the modern expression of the

entrepreneurial spirit that was the defining characteristic of the Northern Ireland economy in the early part of the last century.

With respect to the much more interventionist role that government developed in the latter half of the last century, the needs of the economy and those of a healthy society are often pitted against one another. It is an argument sometimes encapsulated as STEM versus AHSS<sup>1</sup>. Like many such arguments the answer lies not in the some spurious trumping case, but in achieving the right balance and in providing incentives that give weight to the needs of the wealth generating and other parts of the economy that from time to time will be accorded a priority. What must always be borne in mind is that every allocation has an alternative use; every pound spent has an opportunity cost as well.

Nevertheless, we will need to find a way of changing the culture from one of dependency to one that values and rewards work and thrift. And, by extension of that argument, now that we have a more stable society we need to begin dismantling those often costly arrangements that are the legacy of The Troubles. Cultivating a sense of confidence in the future, one based on pride and self sufficiency would seem a worthwhile end in itself.

A spirit of collaboration - the pre-cursor to a shared vision that denies no-one - is beginning to manifest itself, not least in political circles. We need to find ways of capitalising on this. A few general principles on which to assess policy options and pursuits may prove sufficient - if we have a vision we can benchmark decisions along the way.

There seems little doubt that we now have the chance to re-invent government in interesting ways; but first we need to consider which issues are likely to prove susceptible to policy instruments and what to other things.

### **An agenda we can pursue collaboratively**

The really important questions tend to focus on the long-term aims of government: to build a prosperous and, in all senses, a secure and healthy society that continues to invest in its future. In our particular case it is question of how to re-create a sustainable social and economic order, a multi-

<sup>1</sup>Science, Technology Engineering and Maths v. Arts, Humanities and Social Sciences

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faceted task that involves tackling the local economy's deep-seated structural weaknesses and the schism in our society.

While these really wicked issues are not about the short but the long term, they still have to recognise that media headlines tend to be immediate - or at least tend to give rise to short-term agendas - and the promises of government are tested every four years. The trick or Grail is always to find the right combination of keeping things going and prioritising the wicked, more intractable issues where solutions if found will really change society for the better - make it more prosperous, healthy and sustainable for the long term. Nevertheless there are plenty of opportunities to achieve quick wins while recognising the longer term agenda. For example in looking to cut costs and build a platform for ongoing collaboration, we might consider possibilities that lie in such areas as public procurement, fleet and estates management, data collection and making much government data and architecture open source.

Government departments and other public authorities need to find stronger incentives to work collaboratively albeit with the active encouragement of a strong finance department - one alert to the possibilities of a more co-operative regime that produces greater value for the public purse.

The reality now is that departments and other bodies work in parallel, not in unison. Ways have to be found for them to get around the table to devise a new model or models. Converting this rhetoric into reality will not be easy and will probably only be made so on the basis of a politically sanctioned, express case for partnership and collaboration which has, built-in, budgetary rewards for successful innovations.

### **Innovation and risk**

Innovation and risk go hand in hand. There can't be one without the other. We can no longer afford the aversion to risk that is so deeply ingrained in the psyche of the public sector; but we cannot be cavalier with the public's money either.

The discussion noted that there were important distinctions between aversion

to risk, the taking of risks and ignorance of risks. The answer is not prescription but the development of a framework for sensible risk taking. At the heart of such a framework should be a portfolio approach to risk - one which accepted that some things will work out and some won't. It may seem trite to say so but risks need to be anticipated, exposures assessed, deemed acceptable or not, and then properly managed when entered into.

Certainly we won't get very far if we always do the things we've always done in the way we've always done them. At the same time, things are now on a much larger scale and more interconnected; so vulnerabilities increase and the repercussions are wider. We have to find a way of squaring the circle - of giving a more explicit focus to risk throughout the public sector.

### **Investing in our future**

As we all know Northern Ireland is facing difficult times. They will be times marked by relentless reductions in public expenditure, at best sluggish growth in the rest of the economy and declining household income. We are facing a protracted fall in living standards. Over the last year real disposable incomes have fallen some 2.7%. Slowly perhaps but surely, things are going to get tougher.

The Northern Ireland economy has been producing below its potential for some time. Any economy that produces below its potential for a prolonged period is in real danger of sacrificing its future. Borrowing and consumption need to make way for saving and investment to re-balance and grow an economy which has been over dependent on easy credit and ever increasing public expenditure. If public expenditure is falling any enterprise which seeks to re-balance and, at the same time grow the economy to address these weaknesses places the role and size of the state at the centre of public debate. This is not just an economic challenge but a political, social and institutional one as well. The agenda coming out of The Troubles has been about creating a shared society; coming out of the credit crunch we need an agenda based on shared value and sustainable growth.

As has been observed in a previous paper from this series, the public sector cannot grow the economy, at least in any sustainable way. In the final analysis

government can help create the conditions for growth. It can do so by making Northern Ireland an attractive place in which to invest through the tax and regulatory regime; but it can do so principally by investing in economic and social infrastructure and in human capital.

With youth unemployment hovering around 21%<sup>2</sup> (c. 32% in the Republic of Ireland) we are, by way of a case in point, facing a lost generation of jobless young people in turns restless, disillusioned, marginalised and resentful. They may be casualties of a global economic downturn; but while the world economy has globalised its politics remain steadfastly local.

So how are we to tackle or mitigate the problems unemployment, particularly youth unemployment and other, so-called wicked issues that transcend organisational boundaries and which have been notoriously unresponsive to various failed policy initiatives down the years?

Again there are no easy solutions but some of things our June discussion focused on were:

- The need for crosscutting action to tackle wicked issues such as disadvantaged communities, educational underachievement, alcohol and substance abuse, and youth unemployment as already mentioned;
- Positive efforts to rebalance the economy through partnerships with the private and voluntary sectors, through joint ventures including contracting out back-office functions, and a focus on the social economy including the creation of not-for-profit organisations and mutuals;
- The reform of public sector structures in both central and local government including a rationalisation of functions;
- Exploring new sources of investment for infrastructure development; and
- Improving value for money by reducing costs, improving efficiency and generating income.

<sup>2</sup>16–24 year olds not in employment, government supported training or full-time education

### **Do programmes for government matter?**

Yes, they do; but they need to reflect the fiscal parameters in play and they need to be well crafted. They speak to the purpose and promise of government: that it is driven by a compelling vision of a better society; that it has a coherent agenda for achieving what it has a mandate to do; that it will set out what it will encourage, what it will deliver, and what it will provide and on what basis.

As stated above a well-constructed programme will guide without being overly prescriptive. It will be flexible and thus avoid becoming hostage to fortune and unforeseen events. And it will avoid excessively detailed targets. But most of all it will communicate a clear sense of what needs to change and what are the priorities in achieving the mission it has documented.

Some of the really big issues are by their very nature difficult and require the careful laying down of long-term solutions. But politics is debated in the here and now and elections come every four years. So the working out of any programme must be able to demonstrate positive progress towards long-term goals and be such that it can produce medium-term gains - proof that things are getting better and that government works.

Ultimately officials need a clear idea of what it is those with a political mandate want to do or bring about. In our political system much depends on politicians having a shared view of what that should be. That is in essence what a programme for government must articulate. If we don't have one, government will not come to a halt. Or if we do have one that is not altogether clear in articulating a vision for the future and what needs to happen, there is danger that everything becomes a priority. Again government will not grind to a halt. But it will be much less effective than it could be; much more inefficient and wasteful of a now scarcer commodity: public money.

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