

Corbett

Please file.

*If we do not have
a new file shared for
this year's draft document
please file one
this afternoon.
3/8*



Office of the

**First Minister and
Deputy First Minister**

www.ofmdfmi.gov.uk

**FROM: LINDA WILSON
HEAD OF ECONOMIC POLICY UNIT**

DATE: 3 AUGUST 2004

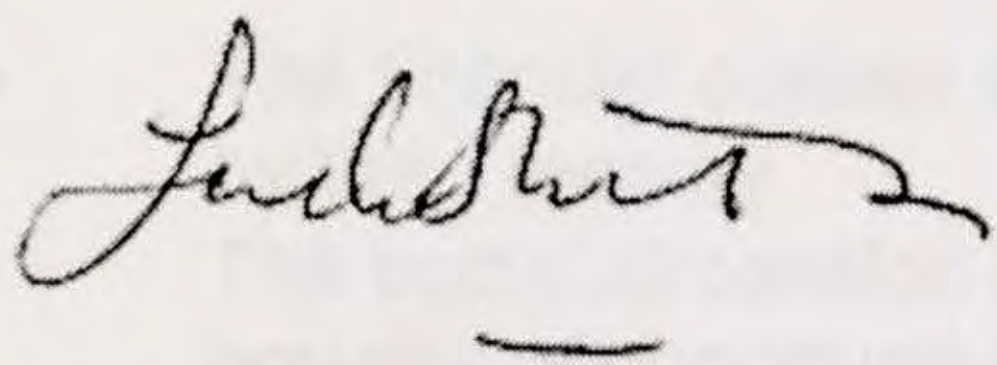
TO: ANDREW MCCORMICK

PRIORITIES AND BUDGET STRUCTURE AND CONTENT

1. I know that work is continuing over the Summer to firm up the Budget figurework. This is not an insignificant task and I am keen to ensure that work on the associated text keeps pace with developments on the figurework front. As lead responsibility for the "PfG" element of the document falls to EPU, I thought that it would be useful if I set out a draft structure for the document and if we and CED began work on as much of the more freestanding and contextual material as possible. In Leo and Richard's absence on leave, I am therefore sending this note to you.
2. Following receipt of the Departmental Priorities and Budget 2004 Submissions and the announcement by the Chancellor of the SR 2004 position, we now have a good sense of the emerging issues. I have tried to summarise in this note the key issues that need to be taken into account in deciding the structure and content for taking this year's Priorities and Budget forward collectively with departments.
3. The integrated approach we used last year in Priorities and Budget received positive feedback and, as I understand it, our aim this year is to maintain the draft Priorities and Budget 2005-08 document as a short, high-level statement of the key priority outcomes, which focuses on the key challenges and policy considerations to be addressed within the Government's overall strategic direction.
4. In drafting the document, we will have to consider how we take account of a number of factors including:
 - a) the degree of continuity with last year's document (thus enabling the public to follow through actions between years);
 - b) Ian Pearson's expressed desire for this to be his "landmark" budget as Minister;

- c) the need to address the issues specified in the Chief Secretary's letter to the Secretary of State on the 2004 Spending Review settlement; and
 - d) the need to draw together in the document the messages and outputs from a number of other key strands of work which are scheduled to be completed and published (in some form) as part of the budget package.
5. In terms of the fuller package (and I would have a concern that not all the element are on track to meet our Draft Budget publication schedule), over recent months the Minister has already identified a number of areas as priority elements for the budget. These are :-
- a) We are scheduled to publish a draft Investment Strategy for Northern Ireland as part of the Budget documentation and the SIB have been working on this. We understand that they expect to have an early draft shortly;
 - b) Work is also being taken forward on an Economic Vision for Northern Ireland and this will also need to be taken into account in the draft Budget to whatever extent possible.
 - c) I also understand that there is an intention to include outcomes from the work on Civil Service Reform which DFP is undertaking;
 - d) We will also need to take account of the Reform framework aimed at improving services for the citizen.
 - e) The draft document will also need to address the issues highlighted by the Chief Secretary in his 2004 SR settlement letter to the Secretary of State – e.g. water, rates reform, RRI and the Investment Strategy, public service agreements and our approach to the Efficiency Review. We will have to pay particular attention to the latter to identify how we are taking forward the work being implemented by the Chancellor.
 - f) In addition to ensuring a degree of consistency with developments elsewhere, the document will also have to encapsulate the social dimensions unique to the Northern Ireland context.
6. Ian Pearson has commented that he sees this as his "landmark" budget and has indicated that he would like ten "headline hits" to be identified in the document. We would need to move fairly quickly to agree these with Ian Pearson on his return from leave. If we intend to publish a range of documents with the Budget, we also need to be sure that the Priorities and Budget document acknowledges this and that all the publications are consistent.

7. In drafting the text for the introductory sections of the document (in particular the Vision and Context section) we will need to give due weight to the wider Whitehall agenda, and its read across to the Northern Ireland context. However, in doing so we will have to be careful that we do not give the impression that devolution is not being actively and vigorously pursued. Consideration will also have to be given to the extent of reference made in the document to the former Executive's priorities.
8. To assist us in moving this work forward I have prepared an outline structure and contents for the document (Annex) as the basis for an early discussion. We will need to commission the necessary inputs from departments once we are clearer on the priority outcomes of Ministers and on the overall shape of the Budget and its implications for departments.
9. In the meantime, I would be keen to make a start on drafting as much of the background text as possible and I have asked Robbie Saulters to make a start on co-ordinating this with Catherine Daly. It can then be reshaped to fit into the agreed final format.
10. I am on leave w/c 9 August for 2 weeks and would wish to get work started on the EPU side before I go. Edgar will be back w/c 16 August.
11. I am happy to discuss.



LINDA WILSON
Ext. 23198

cc: Edgar Jardine o/r
Leo O'Reilly o/r
Richard Pengelly o/r
Nigel McCormick
Bobby Clulow
Catherine Daly
Robbie Saulters
John McKenna

OUTLINE DRAFT PRIORITIES AND BUDGET STRUCTURE AND CONTENT

1. *Introduction*

Background to, and purpose of Priorities and Budget 2005-08

- Relationship between Priorities and Budget and Spending Review
- Focus on Government's top priority outcome being the return to devolution
- Brief statement on the 'top ten' priority outcomes and why they are important
- Statement of the Government's commitment to continue to improve services and deliver on the broad equality agenda
- Consultation arrangements

Lead – EPU/CED

2. *Vision and the Wider Agenda (Context)*

Short statement of the Government's vision for Northern Ireland, the environment in which it operates and the challenges which have to be faced and addressed, setting out the wider agenda, including for example:

- The financial context and the SR 2004 pressures being imposed by the Treasury
- The social dimension including the need to build trust, promote equality of opportunity and good relations with perhaps a focus on the recent racial attacks and heal divisions across communities. The wider agenda of poverty and deprivation and how these are being addressed
- The challenges facing the economy drawing on the outcomes/findings of the Economic Vision paper and the need for investment. Description of the challenges facing Health, Education and the Environment with perhaps a reference to sustainable development as a cross-cutting approach to addressing quality of life issues
- A focus on the need for reform and efficiencies to secure improved services, with particular references to the desired outcomes from Civil Service Reform and the Efficiency Agenda

Concluding statement of how the Vision will be delivered and how the challenges will be tackled, reflecting what the government is seeking to achieve in each of the areas.

Lead EPU/CED

3. Priorities – Government's top ten strategic priority outcomes

Introduction setting out the top ten strategic priority outcomes. The introduction should cover how the public will see the benefit i.e. how they will be measured and tracked by Ministers. The introduction should be followed by individual paragraphs on the key areas rolled forward from the Priorities chapter (Chapter 3 of last year's document) and any new areas, focusing in particular on the outcomes within each area and covering:

- Why the top ten have been identified by the Government as its top priority outcomes
- How the outcome/s will be delivered
- What will be achieved and who will benefit
- Relationship with departmental PSAs

This section will briefly cover the 10 priority outcomes. An early decision on these is needed by the Minister to allow us to commission text from Departments. The following ten (not in order of priority) have been drawn up from the recent departmental Budget Submissions, other strategic activity and from Minister's interest in current issues:

- Competitive Business
- Reduced Poverty and disadvantaged communities
- Rights and equality
- Improved Services - Efficiency
- Improved Services - Reform Framework, Civil Service Reform
- Life Saving Interventions
- RRI and Investment Strategy
- High Quality Education System
- Regenerated urban neighbourhoods and strong communities
- A better qualified and skilled workforce

[There other areas which may also be considered of equal importance these include, for example: water, rates, reduced waiting lists, modernising hospital services etc, safer roads, improved infrastructure demonstrating the need for an early Ministerial steer.]

This section would contain a summary table of the Priority Outcomes to be monitored by the Ministerial team.

Lead – EPU/CED (inputs to be commissioned from Departments)

4. Resources [DN: Requirements to be confirmed by DFP]

This section will cover Budgetary information on resourcing and allocations to services. It will include:

- The Control Framework

- Resourcing and Allocations
- Administration Costs
- Financial management and actions to improve controls
- Investment Strategy
- Special funds

Lead – CED/Supply

5. *Efficiency and reform outcomes*

This section will set out how the NIE and departments will take forward their efficiency programmes to address the work-streams informed by Sir Peter Gershon's review of public sector efficiency. It will also set out the desired service delivery outcomes in the parallel work-stream of reform.

This section could also be supported by the specific figurework if desired.

Lead – CED/PSRU

6. *Departmental PSAs and spending allocations*

This section will highlight the key policies and programmes which the 11 Departments will be pursuing with the allocations proposed for each. It will:

- Provide an introduction on the importance of PSAs, their relationships with Ministerial priority outcomes (the top ten), and highlight developments during the past year. The desired result is a focus on outcomes to improve service through fewer higher-level departmental PSAs and targets.
- Describe how PSAs cover the main business areas of each department and how they relate to the previous year's targets and how they will be monitored to demonstrate how the Government's challenges will be measured and met using outcomes and outputs.
- Contain PSA tables setting out departmental objectives, Budgets, planned outcomes for the citizen, key service channels and the associated PSA targets. PSA tables will be supported by Technical notes to describe how the targets will be measured, the data sources and tracked during their lifetime.
- Contain Summary Budget Allocations information on the outcomes from the budget process, setting out the allocations by department for 2005-08.

Lead - Introduction – EPU

Departments – Departmental Sections

7. *Equality/New TSN Assessment*

This section will set how the equality and New TSN obligations have been considered as an integral part of the Priorities and Budget process. It will describe how the assessment has built upon previous years' work and show how the equality and New TSN implications have been and will be further considered before the final document is published in December 2004.

Lead – Equality and NewTSN, OFMDFM