

# Head of the Civil Service

Head of the Office of the First Minister & Deputy First Minister

Nigel Hamilton

Room F6, Stormont Castle, BELFAST BT4 3TT, NORTHERN IRELAND

Tel: 028 9037 8133 Fax: 028 9037 8205 Email: hocs@ofmdfmi.gov.uk

HCS/389/03

FROM: NIGEL HAMILTON  
7 March 2003

TO: GREG McCONNELL

cc: Will Haire

## "DEMOCRACY BEYOND THE ASSEMBLY"

1. Will has copied to me the attached paper which I think was presented at a Seminar with earlier this week and is part of research on devolution and constitutional change. Colin Knox.
2. It so happens that I know Colin Knox from his long involvement in local government issues [REDACTED] [REDACTED] I also recall you telling me that someone from your Review Team has had discussions with him during the process.
3. I would welcome the opportunity to meet with him, personally, since he is an important player on the local academic scene, does have experience on wide issues of structures and governance, and is someone with a good understanding of local issues. Before I make arrangements to meet him however I would welcome your views, particularly on any contact which the Team has had in the past.

Nigel Hamilton

NIGEL HAMILTON

192 GME. 7/3/03

7/5/03 11/6

HOC's current devolution  
+ Colin Knox (file)

Debbies

to see + pass to  
Greg (I didn't  
get a chance to  
finish reading Colin's  
paper).

→ Joan Cassells

14/3

Try to keep calm.

and do a short note

listing our extensive contact

April

10/3



Nigel Hamilton

✓

For info

from 5/3

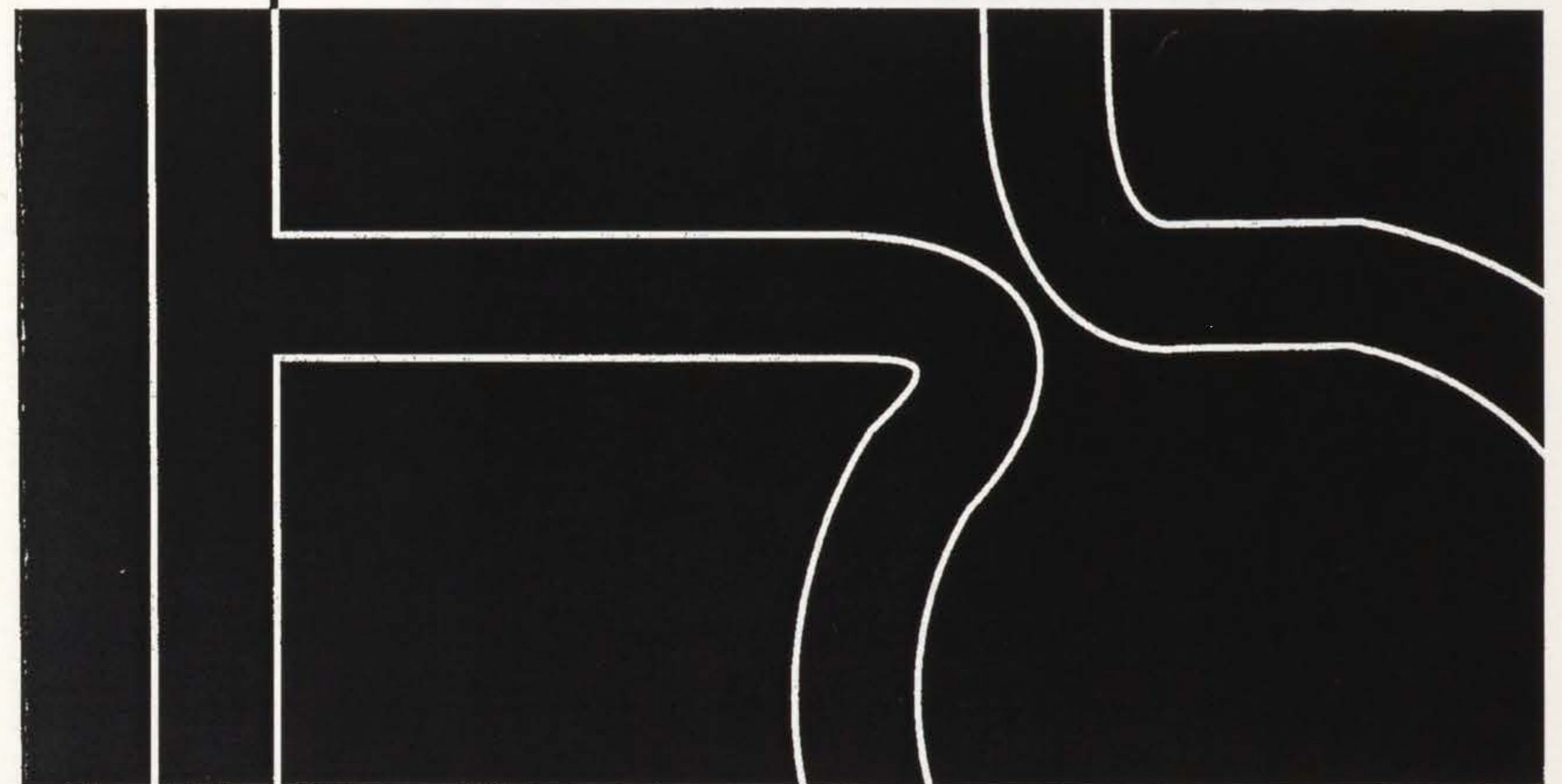
### Devolution & Constitutional Change

Institute for German Studies  
The University of Birmingham  
Edgbaston, Birmingham B15 2TT  
United Kingdom

Tel: +44 (0) 121 414 2991  
fax: +44 (0) 121 414 2992  
Email: [devolution@bham.ac.uk](mailto:devolution@bham.ac.uk)



### An ESRC Research Programme on Devolution & Constitutional Change



THE DEVOLUTION POLICY PAPERS

### Democracy Beyond the Northern Ireland Assembly

#### The Review of Public Administration

Paul Carmichael  
Colin Knox



## Executive Summary

- The origins of the Review of Public Administration in Northern Ireland are to be found in the *Programme for Government* in which the Executive pledged from the outset 'to lead the most effective and accountable form of government in Northern Ireland'. The Executive inherited a system of non-departmental public bodies responsible for major functions such as health, education and housing which consume half of their devolved budget. Moreover, to satisfy the requirements of power-sharing arrangements, a cumbersome system of 11 government departments (to replace six) was superimposed.
- The Review of Public Administration was launched on 24th June 2002. Its terms of reference are... 'to review the existing arrangements for the accountability, administration and delivery of public services in Northern Ireland, and to bring forward options for reform... within an appropriate framework of political and financial accountability'.
- Although broadly welcomed by politicians, the review's remit, to examine the structure, accountability and responsibilities of local government, non-departmental public bodies and Next Steps Agencies, has been questioned. Significantly, the 11 departments established by the Belfast Agreement are not to be considered. There is an oblique reference to examining the functions of central government as opposed to departmental structures. Moreover, the in-house management of the review has prompted criticism that both the pro-Agreement Executive parties and civil servants seek respectively to protect the devolved political institutions and central government departments.
- Ultimately the review must 'ensure proposals come forward which are coherent and designed to improve the service delivered to the citizen'. It is too easy to become involved in a review of the structures of delivery agents and lose sight of the overall purpose of the exercise.
- Survey data suggest that citizens believe public services under devolved government have remained the same (40% in education & the economy and 35% in health) or got worse (13% in education & the economy and 40% in health).

- The challenge for the devolved government is to respond to the opportunity for service provision which better reflects local needs than existed under Direct Rule. This must be done within a public expenditure budget determined largely outside the control of the Northern Ireland Executive.
- One concern is that the review will not tackle the wider challenge of public service reform and sees itself as a mechanism for structural reorganisation in which it could adopt a minimalist approach. This might simply include tinkering with the number of local authorities without significantly increasing their role, reintegrating a small number of quangos into government departments, and leaving Next Steps Agencies largely untouched because of their location in central government departments which are too sensitive to tackle. While risk-averse, this would be a wasted opportunity to make radical proposals for change to the system of public administration in Northern Ireland.

## Introduction

The faltering progress towards the creation of a devolved Northern Ireland Assembly and its Executive Committee of Ministers in December 1999 can be matched only by its intermittent record of stable local administration since then. At the time of writing (February 2003) the Northern Ireland Assembly is in suspension for the fourth time and Direct Rule from Westminster has been reintroduced indefinitely. All of this seems a far cry from the optimism exuded in the aftermath of the 1998 Belfast Agreement. The Agreement established the new 108 member Assembly with full legislative and executive authority for transferred matters with the possibility of taking on additional functions, such as policing and justice, when the devolved institutions were working effectively. The underlying principles, endorsed by the pro-Agreement parties, have failed to create the confidence and trust necessary to sustain an inclusive Executive exercising devolved powers.<sup>1</sup> Lack of progress on decommissioning of illegally held weapons, allegations of continued republican paramilitary activity, including links with FARC guerrillas in Colombia and a spying operation at Stormont, all suggest that republicans have defaulted on their pledges. Nationalists and republicans, on the other hand, point to continuing loyalist paramilitary violence and disagreement between the main unionist parties over

<sup>1</sup> The three principles agreed by the pro-Agreement parties as a pre-requisite to devolution were: an inclusive Executive exercising devolved powers; the decommissioning of paramilitary arms by May 2000; and the modalities of decommissioning to be determined by the International Commission on Decommissioning.

their long-term commitment to power sharing at a time when the Agreement is losing support amongst their voters, in advance of elections due in May 2003. This is the political context within which the ongoing review of public administration is now enmeshed.

## The Review of Public Administration

The review of public administration was launched on 24th June 2002. The origins of the review of public administration were in the *Programme for Government* in which the Executive pledged from the outset 'to lead the most effective and accountable form of government in Northern Ireland'. The prevailing argument is that Northern Ireland has moved from a position of 'democratic deficit' to surfeit mode with 18 Westminster MPs, 108 members of the legislative assembly, 582 councillors and 3 MEPs, all for a population of 1.7m people – in short, the Province is over-governed. Aside from considerations of political representation, the focus is now on ways to rationalise public service provision as the Assembly struggles (without the benefit of tax-raising powers) to meet the ever increasing demands of public service provision. They have inherited a system of non-departmental public bodies<sup>2</sup> (NDPBs) responsible for major functions such as health, education and housing which consume half of their devolved budget (see Figure 1). To satisfy the requirements of power-sharing executive a cumbersome system of 11 government departments (to replace six) was also introduced. This complex mosaic now represents the structure of public sector in Northern Ireland – an over-administered system according to the Executive.

### TERMS OF REFERENCE OF THE NORTHERN IRELAND REVIEW OF PUBLIC ADMINISTRATION

In line with the political agreement of 18 December 1998, which sets out policy responsibilities, and reflecting the Executive's vision as described in the *Programme for Government*, to review the existing arrangements for the accountability, administration and delivery of public services in Northern Ireland, and to bring forward options for reform which are consistent with the arrangements and principles of the Belfast Agreement, within an appropriate framework of political and financial accountability.

<sup>2</sup> There are more than 100 public bodies and over 2000 public appointees to quangos in Northern Ireland according to the Northern Ireland Executive (News Release, Office of the Minister and Deputy First Minister, 27th February 2002).

Hence, the First Minister argued in the Assembly:

*The review of public administration is one of the major tasks facing the Executive, and will be central to the way in which we deliver, structure and organise our public services in the future. This is the opportunity of a generation to put in place a modern, accountable, effective system of public administration that can deliver a high quality set of public services to our citizens. It is an opportunity we must take.<sup>3</sup>*

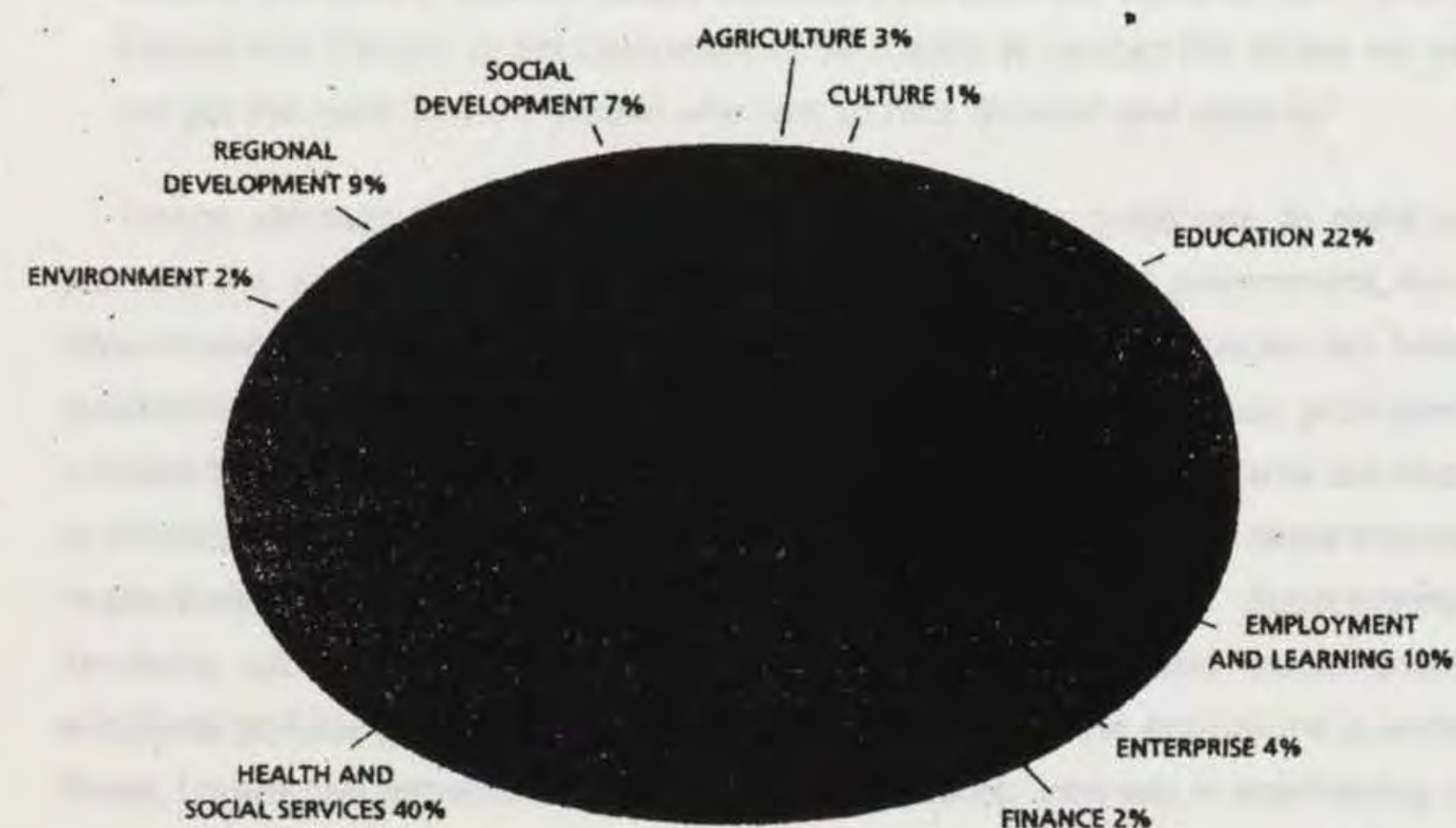
The First and Deputy First Ministers suggested that the review might recommend changes which would transform the operation of the public sector in Northern Ireland. They pointed out that among the most important issues addressed by the review would be the structure, accountability and responsibilities of local government, non-departmental public bodies and government agencies. What is significant, however, is that the 11 departments established by the Belfast Agreement were ruled out of the review's remit. The ministers agreed that the review is likely to have implications for functions exercised by the Executive, but the institutions established by the Agreement and the division of functions will not be part of the review's remit.

The review is being led by a multi-disciplinary team of officials in the Office of the First Minister and Deputy First Minister, working with the advice of a team of independent experts<sup>4</sup>, and reports to a sub-committee of the Executive. An interim report is due in Spring 2003 following a review of best practice and widespread consultation. Final recommendations, including the costs of a preferred model, are expected by the end of 2003. This timetable is likely to slip due to the suspension of the Assembly. The Secretary of State, Paul Murphy, has said that the work of the review team will continue despite suspension but acknowledged that decisions on its outcomes would be a matter for a devolved government.

The pie chart in figure 1 shows the distribution of functions across 10 service departments. It is not surprising to note that health, social services and public safety consume the largest share of the budget (40%), followed by education (22%), employment & learning (10%), and regional development (9%).

<sup>3</sup> Hansard: Northern Ireland Assembly – 25th February 2002.

<sup>4</sup> The independent experts are: Tom Frawley (Chair), Sir Neil McIntosh, James King, Anne O'Keefe, Lucy Woods and Desmond Mitchell.

**Figure 1: Public Expenditure 2002-03 = £6.7 billion**

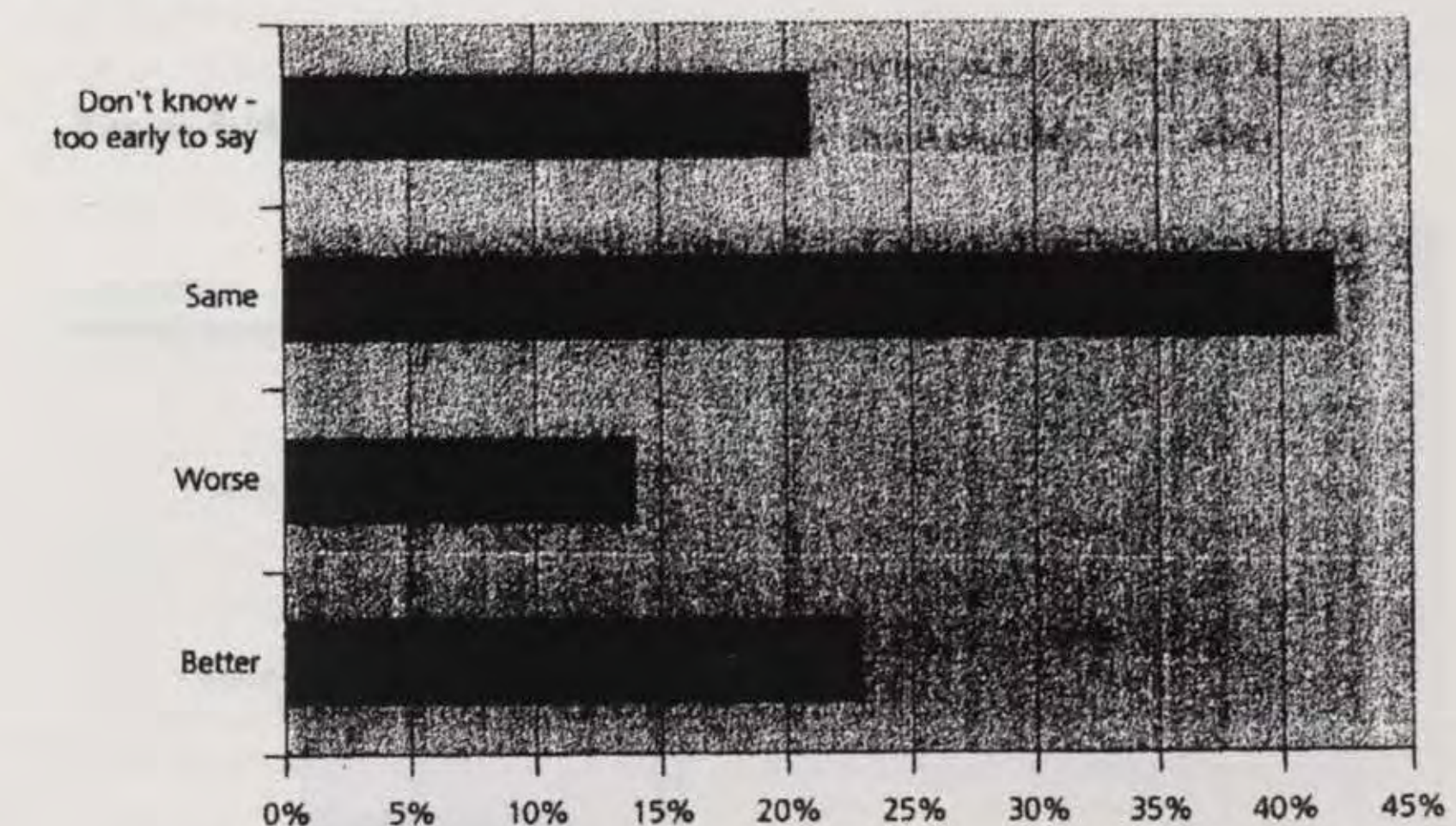
The largest quangos in health, social services and public safety are the four health and social services boards and eighteen hospital trusts. The largest quangos in education are the five education and library boards. The Western Education and Library Board, for example, has a budget (£293 million): the equivalent of the total spending by all 26 local authorities. Other notable quangos include Invest Northern Ireland and the Northern Ireland Housing Executive.

## Political reactions

In general, politicians welcomed the launch of the review of public administration, not least because there is a residual anti-quango feeling from the era of Direct Rule where many MLAs (55% of whom are also local councillors) experienced at first-hand their lack of accountability to elected representatives working on behalf of constituents. The scope of the review has, however, proved controversial. Some politicians question the effectiveness of a public administration review which excludes key providers of public services like civil service departments. Robert McCartney (UKUP, MLA) argued:

*It is a matter of fundamental regret that this review does not include the Executive, the various committees and the 11 departments that are now being utilised to run Northern Ireland... Everyone accepts that quangos, or many of them, must go and they should have gone long ago. They represented the veneer or cosmetic surface that several British Governments utilised to give a semblance of democratic accountability to Direct Rule... Everyone agrees that there must be a great pruning back. However, that disguises the fact that superimposed on top of a layer of undemocratic agencies was a layer that, in some respects, was little better – devolved government.<sup>5</sup>*

This call for widening the scope was rejected by the Deputy First Minister who pointed out that the review 'is not a means by which to renegotiate the Agreement by the back door'. To review the distribution of functions between the 11 departments, he argued, would detract from the main focus of the review. 'Energy would be channelled into turf wars rather than better services'.<sup>6</sup>

**Figure 2: Has the economy become better under the Assembly? (n=1,800)**

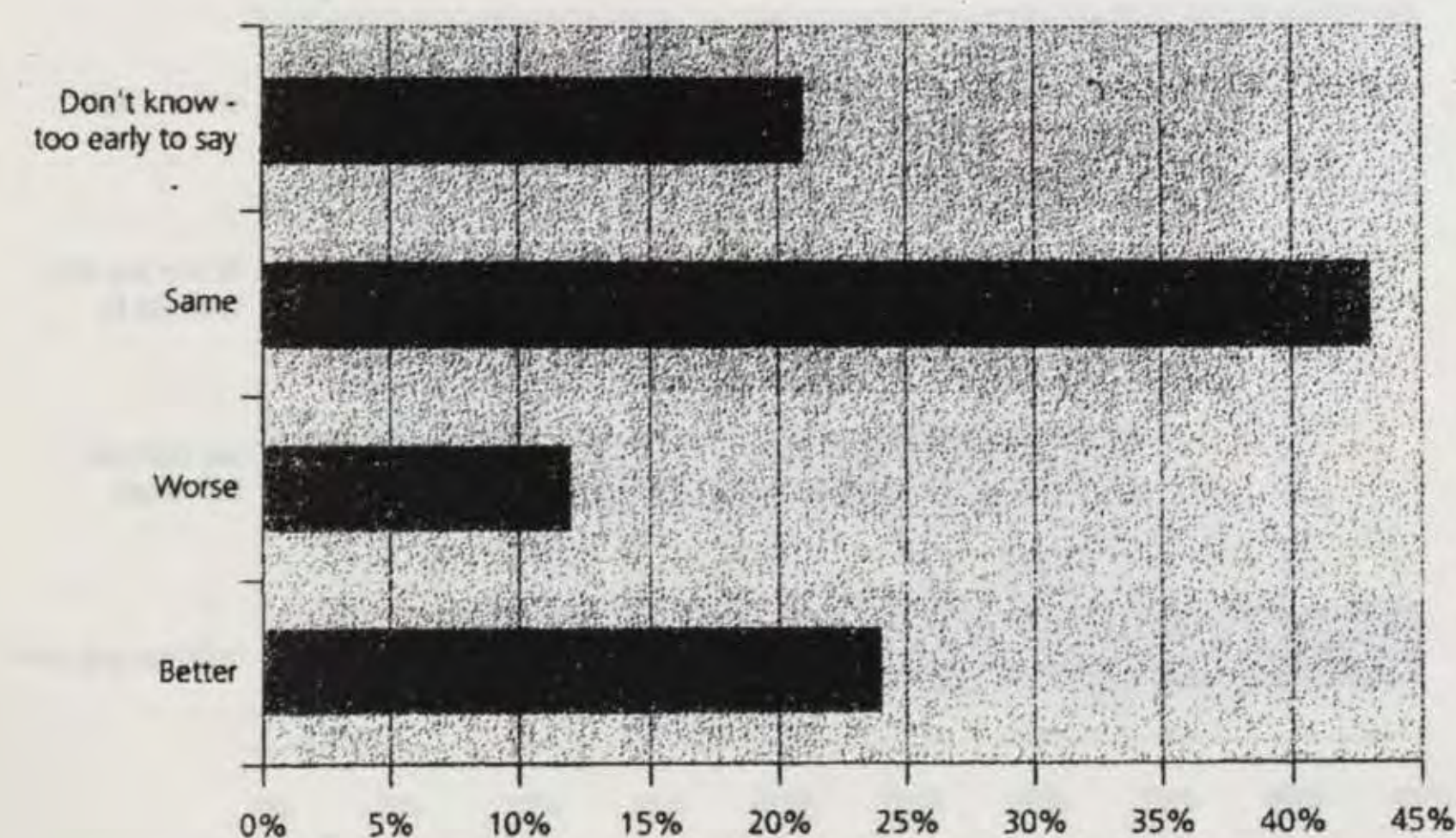
Other political reactions centred on how the review should be undertaken. Concerns were expressed that a review led by officials from the Office of the Minister and Deputy First Minister amounted to regulatory capture by civil servants and the Executive. Advice from independent experts offered only a façade of objectivity. Seamus Close (Alliance, MLA) argued:

<sup>5</sup> Hansard Northern Ireland Assembly – 24th June 2002.  
<sup>6</sup> Hansard Northern Ireland Assembly – 24th June 2002.

*When politicians are seen to be examining themselves, and when they consult, the answer that comes back is invariably the answer that the politicians want to end up with, not the answer that the people demand. If we allow the Office of the First and Deputy First Minister or the Committee of the Centre to conduct this review, we will not get the result that the people who sent us here demand and deserve.<sup>7</sup>*

Hence, although the review was broadly welcomed by politicians, its remit to examine the structure, accountability and responsibilities of local government, non-departmental public bodies and, rather inexplicably, Next Steps Agencies has been questioned. Moreover, the in-house management of the review has prompted criticism that both the pro-Agreement Executive parties and civil servants are keen to protect the devolved political institutions and central government departments, respectively. An independent review which sought to unravel departmental functions, upon which the power-sharing Executive is predicated, would create additional political problems at a time when the stability of the institutions is under threat. Equally, civil servants have significant vested career interests in maintaining or growing the bureaucracy to service the needs of the devolved Assembly and in the provision of centralised public services.

**Figure 3: Has education become better under the Assembly? (n=1,800)**



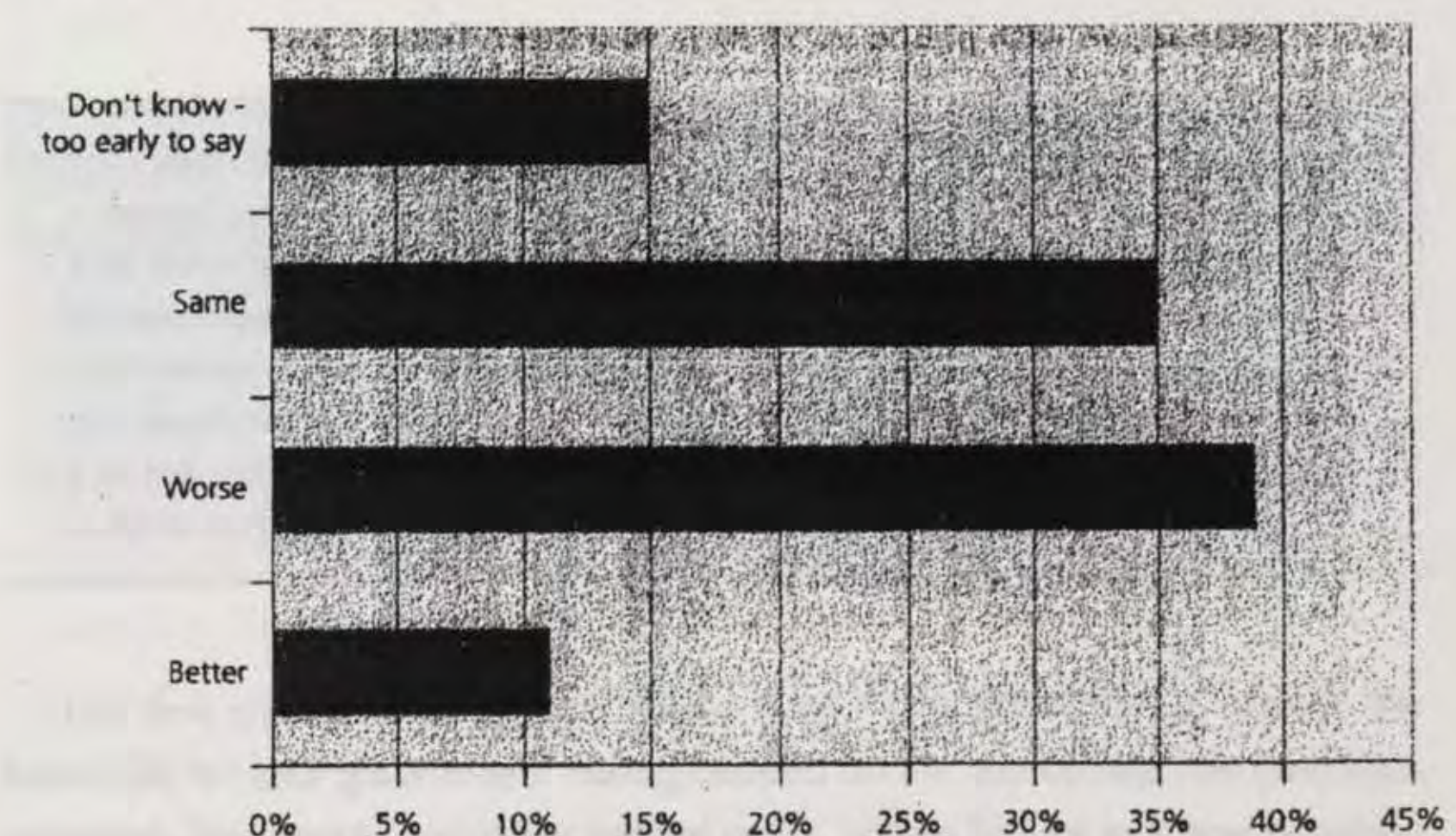
<sup>7</sup> Hansard: Northern Ireland Assembly – 25th February 2002.

## Challenges facing the Review

The ultimate challenge for the review is 'to ensure proposals come forward which are coherent and designed to improve the service delivered to the citizen.'<sup>8</sup> It is too easy to become involved in a review of the structures of delivery agents and lose sight of the overall purpose of the exercise – to improve public services to citizens. Survey evidence suggests there is lots of room for improvement.

- The Northern Ireland Life and Times Survey (2001) data<sup>9</sup>, for example, show that under devolved government about one-quarter of respondents believe that the economy and education have improved, over 40% suggest they remain the same and around 13% claim they have got worse (see figures 2 & 3).
- In health, some 40% of respondents believe that services have got worse, 35% suggest they remain the same and only 10% claim they have got better. The potential influence on respondents of Sinn Féin Ministers in health and education should be noted (see figure 4).

**Figure 4: Has health become better under the Assembly? (n=1,800)**



<sup>8</sup> Office of the Minister and Deputy First Minister – News Release – 12th February 2002.

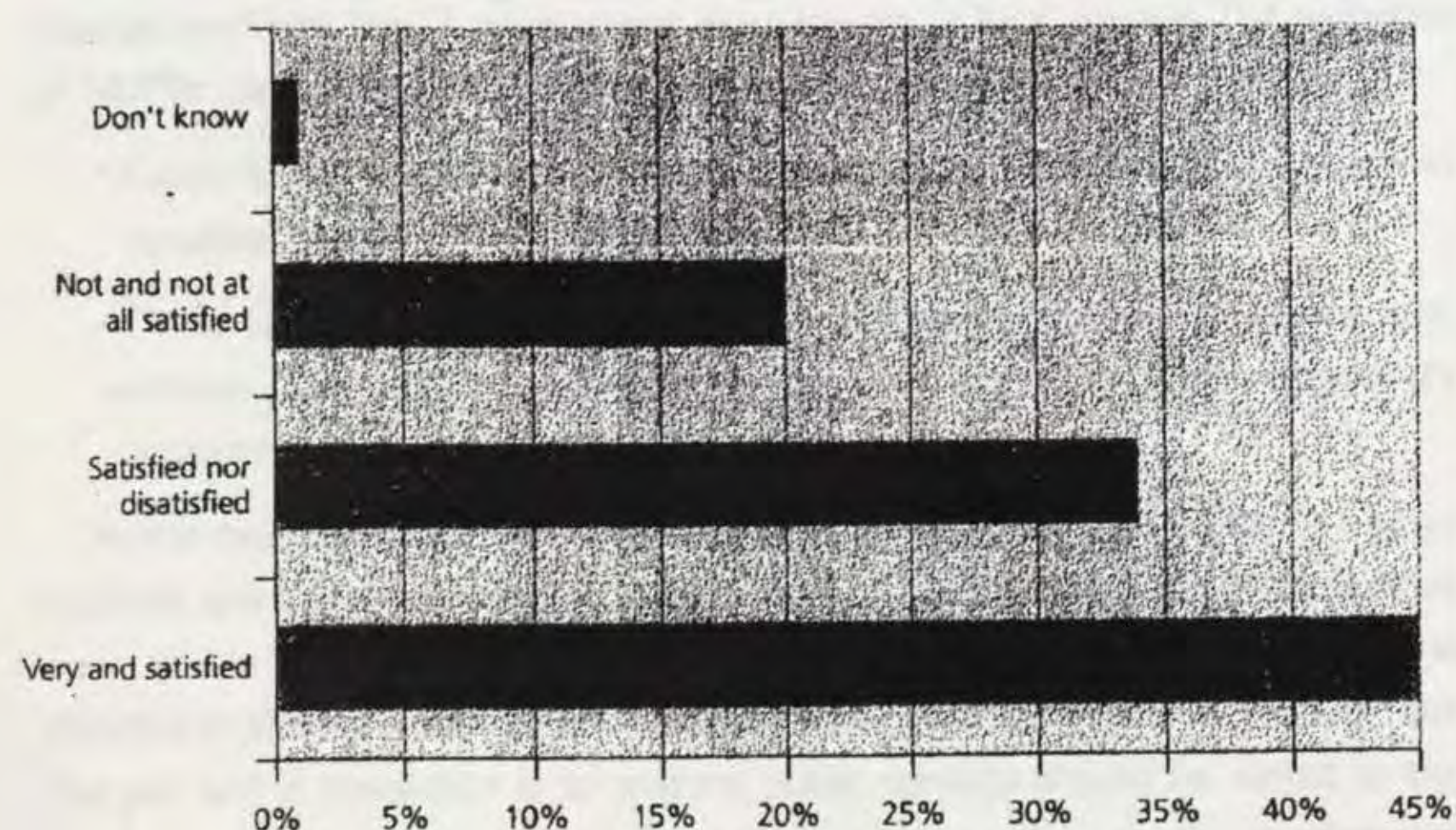
<sup>9</sup> The Northern Ireland Life and Times survey monitors the attitudes and behaviour of people in Northern Ireland annually on a range of political and social issues. The data presented are drawn from 1,800 face-to-face interviews (October – December 2001) with adults aged 18 or over randomly selected to yield a representative sample of addresses across 3 geographic regions (Belfast, East of the Bann and West of the Bann).

- The Northern Ireland Omnibus Survey (2002) data<sup>10</sup> show that overall, 45% of respondents stated they were very satisfied or satisfied with public services in Northern Ireland. Some 20% of respondents claimed they were not, or not at all, satisfied with public services (see figure 5).

The challenges facing the review team might therefore include the following:

- An over-administered system of public services that has evolved for political reasons but that must now be structurally reformed.
- A level of political accountability consistent with a population of 1.7 million people which demands hard choices about the future role of local government and non-departmental public bodies.
- A need to 'free-up' resources within the restrictive, Westminster-controlled Northern Ireland block of public expenditure and redirect towards local, needs assessed, public service priorities. The Executive has already embarked on needs and effectiveness evaluations of programmes in health, education, housing, training and financial assistance to industry. These 5 areas account for some 70% of planned public spending in Northern Ireland.

Figure 5: Satisfaction with public services in Northern Ireland (n=1,800)



<sup>10</sup> The Northern Ireland Omnibus survey is conducted by the Northern Ireland Statistics and Research Agency and the data (collected September – October 2002) is from a sample of 1,203 respondents randomly sampled in 3 stratified regions: East of Northern Ireland, West of Northern Ireland and the Belfast area. For more details see T.O'Brien Research Bulletin, Review of Public Administration team.

- An adherence to the principles of equality and human rights central to the Belfast Agreement in public service planning and delivery.
- The continuing commitment to the adoption of what is best in the modernising agenda of New Public Management – typically:
  - a commitment to achieving 'best value';
  - provider responsiveness to customers;
  - more market awareness;
  - more entrepreneurial management with political accountability upwards;
  - structural delayering and downsizing; and
  - a desire to shift power back from appointed to elected bodies.<sup>11</sup>

The challenge for the devolved government is to respond to the opportunity for service provision which more adequately reflects local needs than existed under Direct Rule. This must be done within a public expenditure budget whose derivation lies largely outside the control of the Northern Ireland Executive. Hence the reforms' focus on 'getting more for less' must address how existing services are better structured, managed and held to account within a locally elected Assembly.

This prompts questions about the nature and structure of government in Northern Ireland:

- What should be the optimal distribution of functions between the various tiers of government – regional, sub-regional and local?
- If the view is that under devolution a number of the executive NDPBs need to be integrated into the mainstream departments or councils, how best should this be done?
- Given the size of Northern Ireland, could services be rationalised at two levels – Stormont and local government?
- If so, how should those services be allocated and how many local authorities would be needed to deliver any proposed functions?

The first consideration for the review team might therefore be, what is the future role for local government? Having decided on the appropriate role (and then structure), how should non-departmental public bodies feature in a new devolved system of administration?

<sup>11</sup> This is a selection of New Public Management features drawn from 4 ideal type models (efficiency drive; downsizing and decentralisation; in search of excellence; and public service orientation). Ferlie, E., Ashburner, L., Fitzgerald, L. and Pettigrew, A. (1996) *The New Public Management in Action*. Oxford: Oxford University Press.

## Options for change

### Local Government

Working outwards from local government might suggest a number of alternatives. Local authorities could be given the same status and powers as unitary authorities in Great Britain. Obviously for economy of scale arguments, this would mean a drastic reduction in their number. Suggestions include 4 unitary councils co-terminous with health boards; 5 unitaries co-terminous with education and library boards, or 6 unitaries co-terminous with the 6 geographical county structures. These suggestions would need to take account of the community background demographics in the redrawn units as this will be an important factor in securing political endorsement. Such a move would give councils control over education, social services, planning, libraries, waste collection & disposal, trading standards, fire and rescue, emergency planning, roads, economic development, highways and transportation, housing, environmental health, and leisure & amenities.

### Quangos

If agreement could be reached on the functions and form of local government based on the above, then the need for the remaining executive non-departmental public bodies might be examined. Where possible, their functions could be incorporated into the 11 government departments or local councils. The existence of NDPBs can be justified on at least two broad grounds:

- Government may need bodies from which it can distance itself in sensitive areas;
- There is value in having temporary organisations outside the permanent service that can be scrapped when the need for such temporary arrangements no longer exists.<sup>12</sup>

In the case of the former, the Northern Ireland Housing Executive is a good example, and the latter the Local Government Staff Commission. Both these areas were at one stage politically controversial. Councils could not be trusted to be objective in allocating housing or making staff appointments respectively. Times have changed and if devolution is to mature, public services should be vested in the hands of elected MLAs and local councillors. Hence, the list of executive and advisory NDPBs could be radically reduced.

<sup>12</sup> C. Hood (1981) 'Axeperson spare that quango' in C. Hood and M. Wright (eds.) *Big Government in Hard Times*. Oxford: Martin Robertson.

### Agencies

The third area of the review's remit is Next Steps Agencies. Clearly some of these functions would be re-located within local government, if the above plan were considered viable. Over and above the redistribution of functions, however, is a general lesson for the review of public administration. Reform is not just about structural reconfiguration – many citizens have little idea about which bodies are responsible for public services, and care still less. Their prime concern is the quality of public service provision, regardless of its source. Whilst structural reforms can impact on the efficiency and effectiveness of services, there is a more fundamental need for a Northern Ireland 'modernising' agenda (the equivalent of *Modern Local Government: In Touch with the People* (DETR) and *Modernising Government* (Prime Minister and Minister for the Cabinet)). The Next Steps Agencies could be a useful starting point here as a means of reviewing the freedoms and flexibilities heralded for this type of organisation. Working outwards, lessons for reform should have a much wider resonance throughout the public sector and would accompany any proposals for structural change. The review presents an opportunity for Northern Ireland to promote a devolved modernising agenda. Consideration of the Next Steps Agencies may be the conduit.

### Impact

A key question is how will the success of the review of public administration be measured? If the ultimate goal is improvement in services to the citizen, how can the changes brought about by the review be isolated as a contribution to those improved services? One concern is that the review will not tackle the wider challenge of public service reform and sees itself as a mechanism for structural reorganisation in which it could adopt a minimalist approach. This might simply include tinkering with the number of local authorities without significantly increasing their role, reintegrating a small number of quangos into government departments and leaving Next Steps agencies largely untouched because of their location in central government departments which are too sensitive to tackle. This would be a risk-averse strategy but a wasted opportunity to make radical proposals for change to the system of public administration in Northern Ireland.

## The Authors

Colin Knox is Professor of Public Policy in the School of Policy Studies at the University of Ulster. He is currently working with Dr Paul Carmichael on a research project entitled 'Beyond Devolution - Widening and Deepening the New Governance of Northern Ireland' under the ESRC Devolution and Constitutional Change Programme. His research interests include community based conflict resolution initiatives in divided societies.

Email: [cg.knox@ulster.ac.uk](mailto:cg.knox@ulster.ac.uk)

Telephone: 028 90366667/90366378

School of Policy Studies

University of Ulster

Jordanstown

Northern Ireland

BT37 0QB

Dr Paul Carmichael is Reader in Public Administration, School of Policy Studies, at the University of Ulster. Currently, he is working with Professor Colin Knox on a research project entitled 'Beyond Devolution - Widening and Deepening the New Governance of Northern Ireland' under the ESRC Devolution and Constitutional Change Programme. In addition, his research interests include devolution, the civil service and local government.

Email: [p.carmichael@ulster.ac.uk](mailto:p.carmichael@ulster.ac.uk)

Telephone: (0044) 2890 368896

School of Policy Studies

University of Ulster

Newtownabbey

Co Antrim

Northern Ireland

BT37 0QB