



Check against delivery

**SPEECH BY IAN PEARSON, MP AT THE LAUNCH OF THE SECOND CONSULTATION ON THE REVIEW OF PUBLIC ADMINISTRATION, CITY HALL BELFAST, ON 22 MARCH 2005**

Ladies and Gentlemen

Thank you for coming along this morning to the magnificent setting of the Belfast City Hall for the launch of this consultation on the Review of Public Administration. This is an important day for the progress of the Review as it marks the culmination of over two years work.

In undertaking this work, the Review Team have been supported by the Panel of Independent Experts and I would want to express my appreciation to Tom Frawley and his colleagues for their considerable help and assistance.

I would also like to thank the very many stakeholders and others who have contributed to the Review both formally by responding to the first consultation and informally in discussions with the Review Team.

I have also been grateful for the advice and support of the main political parties in the process and, whilst we have not at all times agreed on every aspect of the review, it is clear that all the parties have wanted to press on with the review and to see it reach conclusions.

There are presently over 150 public bodies in Northern Ireland – 26 Councils, four Health Boards, 19 Health Trusts, five Education and Library Boards, and almost 100 other Public Bodies and Executive Agencies. All of this is for a population of 1.7 million people.

Many of our structures are a legacy of the history of Northern Ireland over the past 35 years, and have borne us through very difficult years. It is a tribute to the dedication of all those who work in the public sector that our services have been steadfastly maintained and developed throughout this difficult period and I want to place on record my thanks to these people. I know we can count on them to continue to provide excellent service to the public during the period of change which we expect to flow from the Review.

It is worth noting that of the 174 responses to the last consultation, the great majority came from the public sector, and all of them recognised that the status quo could not be maintained if the public sector in Northern Ireland is to keep step with the demands of the citizen for fast access to quality services. The public sector itself

has embraced the Review and is one of the loudest voices in calling for change.

The scale of the Review is daunting. It represents the greatest change to almost every area of the public sector and to local government for over 30 years; and we can expect these changes to remain in place for over a generation to come.

The proposals I am publishing for consultation today represent a real opportunity to revitalise our public services, to sweep away structures whose day has gone and to replace them with a new, leaner, more accountable public sector, working together with common purpose to meet the needs of the 'on-demand' lifestyles that people now lead and have rightly come to expect from our public services.

Just as important we need to be sure that every pound spent on our public services and in local government is money put to good use. There is no infinite pot of gold. Money spent on unnecessary management and administrative bureaucracy is money that is not being spent on front line services which add value to peoples' lives.

But the Review is not a cost cutting exercise. It is about delivering better services, making services more responsive and more accountable. The Review has been conducted with Equality as an underlying principle and Equality will be fundamental to its outcome.

## **The First Consultation**

The start point for the proposals I am going to set out today comes from the clear messages from the responses to the first consultation which ended in February last year.

First and foremost people wanted the outcome of this review to be increased access to and delivery of high quality services. People were confused by the range of organisations providing services. Organisational boundaries seemed to have no connection as to how people live their lives and there was a sense that public bodies operate independently of one another.

Most of all people wanted to access these services locally and wherever possible within the same easily understood and logical boundaries and to have their voice heard as to how services might be delivered.

There was also a clear call for stronger local government, with a greater range of powers and functions, delivered at the local level and with locally elected representatives responsible and accountable for developing the fabric of their community in co-operation with all the service providers in their council area.

## **The Two-Tier Model**

From these messages the Review Team developed a two-tier model of public administration on which these proposals are based. It has at the regional level the Devolved institutions of government, supported by Departments. The concentration of activity at this tier will be upon developing policy within and across Departments, setting strategic objectives, developing standards and monitoring performance. Services will be delivered at this level where economies of scale or an overriding requirement for uniform standards are the key considerations.

The second, local tier of the model will provide the bedrock of service delivery. The vision is for local government, together with other public sector organisations operating wherever possible within the same geographical boundaries, delivering a full range of co-ordinated services.

The model also identifies an enhanced role for both the private sector and the community and voluntary sectors. These sectors have an important part to play in the development of public services and they must become much more fully integrated into the work of the public sector.

Respondents to the earlier consultation were very clear that they wished to see a system which provided a co-ordinated response to how their services are delivered. This will be addressed through Community Planning with local councils leading in the development of an integrated community plan for their area, working closely with the other service providers and the private, community and voluntary sectors. This plan will be published so that people can see exactly how services are being co-ordinated and delivered, what the outcomes should be and who should be held to account if services fall below standard.

Councillors would also have a key role in providing civic leadership for their area, to create a vision and to work with others to achieve this, to instil a sense of pride in their local council area, embracing diversity, healing divisions and bringing communities together.

This model recognises and answers many of the desires of those who responded to the first consultation. From the Review Team's discussions during the course of last year with all the major stakeholders and in my own discussions with the main political parties I am now content that there is widespread consensus for the model I have outlined and that it represents the best way forward for public administration in Northern Ireland.

## **OPTIONS FOR LOCAL GOVERNMENT**

Sitting at the heart of this model of public administration is strong local government. In the future local government will be a significant part of the overall governance of Northern Ireland.

But it is clear that, if local government is to really punch its weight, it must operate to a population size and a geographical scale to enable Councils to speak with authority and to allow the full scope for innovative services to develop. If councils are to develop a coherent plan for their areas to maximise the potential for growth and development, again they must be big enough to facilitate this.

Last year the Review Team undertook a range of research to see what the best service delivery model might look like. The research was extensive, covering population size, geography, where people live and work, and their sense of neighbourhood and natural community. The Team also considered natural geography, including lakes, rivers and mountains; the opportunities for investment, and tourism; equality and social need issues; and the spread of wealth base of prospective council areas. The Team also looked at existing policy and strategies such as the Regional Development Strategy and commissioned research on local identity.

The Review Team have shared these research findings widely with stakeholders and I have discussed them with the political parties. It is clear that a balance must be struck between economies of scale for effective service delivery and the need for structures to reflect local identity and community responsiveness. The research on local identity, which was completed recently, has been published on the RPA website today.

I have listened carefully to the views which have been expressed and I believe there is not, at this stage, a clear consensus on one model for local government. I have therefore set out in the document a range of illustrative options covering configurations of seven, 11 and 15 councils, based on amalgamations of current district boundaries, and one option based on current Westminster parliamentary boundaries. My aim has been to help focus minds and get the widest possible debate over the coming months, in order that we might reach a consensus on the way ahead.

The document also sets out the range of functions where I propose that local government should have responsibility, such as planning, local economic development, urban and rural regeneration and tourism, as well as discussing options for areas such as local roads, libraries and youth services, where there are alternative points of view.

I am aware that if people are to have confidence in any new arrangements they must be founded on the principles of equality and inclusion, recognising diversity in communities. Consequently I have proposed that, whatever new arrangements for local government are put in place, these will be underpinned by statutory checks and balances as to how councils conduct their business and come to decisions. We must ensure that the new arrangements are fair and equitable, and that they command confidence among the political parties and their constituents.

## HEALTH

Well before the Review began the future shape of health structures in Northern Ireland was under consideration. It was already recognised in the late 1990s that the present system of Health Boards and Trusts did not provide a suitable framework for developing the kind of partnership working necessary to sustain and develop health and social services today.

It is also important that, in what constitutes the biggest single 'business' in Northern Ireland, - spending around 43% of the Northern Ireland Block grant and employing over 60,000 people, - the organisational structures which underpin front line service delivery are designed to maximise the potential for high quality front line service delivery. In that regard the recommendation of the independent review of the HPSS currently being carried out by Professor Appleby from the King's Fund will also be relevant.

The proposals for Health and Social Services set out in the document are based on the direction set by '*Developing Better Services*' and on the vision for Health and Social Services set out in the recently published 20-year strategy, 'A Healthier Future'. The proposals take account of where people access their health care and in particular where they go for acute hospital services. From this a configuration of five or seven organisations providing networks of acute and local hospitals, and supporting primary, community and social care have been identified as most preferable.

Seven HPSS agencies would provide exact coterminosity with a seven-council option, but for configurations of 11 or 15 councils this exact coterminosity would be impossible to match and still retain the advantages of the five or seven organisations identified for providing networks of health and social services. For these options of 11 or 15 councils, it is proposed that five health agencies would match council boundaries on a 1:2 or 1:3 ratio and thereby maintain some of the benefits of coterminosity in community planning.

I have, therefore, agreed with Angela Smith that the present system of four Boards and 18 Trusts will be replaced by between five and seven Health and Personal Social Services Agencies, with a reduction also in the number of special agencies. Both the Ambulance Service and the Blood Transfusion Service would remain as independent regional services, and the four Health and Social Services Councils would be replaced by one regional body representing the interests of the public.

This would represent a very significant reduction in the number of health bodies in Northern Ireland from the present 32 bodies to between 11 and 13, leading to a significant overall improvement in efficiency and effectiveness.

## **EDUCATION**

The Education sector too has not waited for the Review to begin a range of fundamental changes in the way education is delivered in Northern Ireland, but the Review has given the opportunity to look closely at the way the Education service and administrative support is structured. In particular, while there are benefits to the current arrangements, there is a need to design new arrangements for the administration of education which anticipate and support the delivery of services needed in the future.

Barry Gardiner, who is here with me today, and I are therefore proposing a range of measures to concentrate education functions within a simplified administration structure.

Under these proposals the Department of Education would continue to be responsible for the development and implementation of education policy and strategy, monitoring standards and the allocation of resources, but it would no longer undertake the direct delivery of services except where it is essential to do so.

It is proposed that the current functions in support of education should be brought together under the auspices of a new education service support body, operating under the direction of the Department of Education.

This support body would replace the five Education and Library Boards and also bring together the administration of all current

direct support services funded by DE and delivered through the Council for Catholic Maintained Schools, Comhairle na Gaelseolaíochtae and the Northern Ireland Council for Integrated Education as well as the functions of the Education Staff Commission.

Whilst the general presumption would be that all support services would be the responsibility of the new body, it is proposed that some services would be better delivered by other organisations. These include: the conduct of public examinations and assessment; strategic functions to support teachers and curriculum development; local education support services which could be delivered by local councils or other local bodies; and monitoring, advisory, research and inspection functions.

Local government with its lead responsibility for community planning will have a key role in ensuring that the importance of education within local community planning is not overlooked.

It is proposed that overall responsibility for policy and strategy on youth provision should continue to rest with DE, but there are two options under consideration for the administration of support for youth services. The first option is that this should come within the responsibilities of the new single education services support body, the second is that responsibility for Youth Services should be transferred to local government.

Taken together these changes will provide a radical transformation of the administrative and support structures for education, providing a more streamlined approach to service delivery.

## **OTHER PUBLIC BODIES**

Outside Health and Education there are 79 other significant public bodies and executive agencies within the scope of the Review. These bodies fall into three categories: Tribunals, advisory bodies and executive bodies. No views have been expressed on the Tribunals and I am proposing that these should remain as they are pending the outcome of a review of Tribunals in Great Britain. Advisory public bodies provide a valuable role in the process of government in Northern Ireland and involve many people giving up their time for no financial reward to advise on a wide range of issues. The third category of body – the executive public bodies – attracted most attention in the first consultation with many expressing concern about their accountability.

Two options are therefore proposed in the document. The first is that, in the context of strong local government, there should be no public bodies and all functions deemed necessary should be transferred to either central or local government.

The second approach, which is recommended, is that all public bodies should be reviewed with a view to reducing their numbers through mergers or transfers to central or local government, or indeed out of the public sector. In addition and importantly, the aim would be to improve the accountability of those public bodies which remain.

The issue of the accountability of public bodies has been a source of concern for elected representatives for some time. Some have proposed that there should be Councillors nominated to serve on the Boards of all public bodies.

This proposal is discussed in the consultation document along with the views of Dame Rennie Fritchie, the Commissioner for Public Appointments who has reservations about nominations to Boards.

In order to provide focus to the debate on the future of public bodies I have set out in detail the functions of the current public bodies outside of health, education and local government with suggestions as to their future role. It is clear that many of these public bodies play an important part in the fabric of public administration and we need to consider carefully and in some detail how they are dealt with in future.

## **CHANGE MANAGEMENT**

The options for local government and the proposals for health and education I have outlined today amount to one of the most complex change programmes ever undertaken in Northern Ireland, or indeed anywhere else. Together, they will radically transform the shape of the public sector in Northern Ireland. To implement this scale of change at the same time across the public sector while still delivering what are in many cases 24/7 services, will call for the highest levels of leadership in governance and in public sector administration.

We must not wait until these changes are upon us before beginning the task of identifying or growing the capacity in our public services to make this change happen. I would call upon all of the organisations affected by the proposals I have outlined today to begin thinking and planning now about implementation.

I am also sensitive to the effect that these proposals will have on staff directly affected by them. The Review Team has already been in discussion with trade unions and employing organisations to establish a set of principles to underpin the change programme. I want all of you here today to start to consider how you will keep staff informed within your own organisations and sectors about how this change will be implemented. The public sector owes a great debt to the people who consistently maintain and deliver our front line and support services. They must be treated fairly and equitably throughout this change process.

One of the messages we heard from the first consultation was the urgent need to get on with this major change programme. I believe that we must come to a clear view as to the way ahead by the end of this consultation and be able to move ahead with decisions by the end of the year or very shortly thereafter. Assuming that is the case a very significant legislative programme will be required, but we should aim to have the proposals I have outlined for health and education implemented within two years of decisions being made. For local government a Boundary Commission will have to be appointed but we should be able to hold elections to a new council structure in 2009.

## **Efficiency**

I have stated that the Review is not a cost-cutting exercise but rationalisation in the number of organisations on the scale I have outlined should deliver significant savings. I want to emphasise that the Review Team's estimates of savings which could be achieved are necessarily preliminary and very tentative but experience of such mergers elsewhere suggests that savings in administrative costs of 10 to 15% can be achieved. If savings on this scale were realised, this could equate to between £150m and £235m annually after a period of investment in the change process. I also want to emphasise that all savings released will stay in Northern Ireland and will be available for reallocation to front-line services.

Finally I want to say this. The Review has been running since June 2002. We must come to decisions and press on with these urgent

reforms. I would commend these proposals and options to you and ask everyone to focus on them, to consider carefully the way ahead, and to stand prepared to drive these reforms forward so that we can all reap their rewards and set Northern Ireland on course for a better future well into the 21<sup>st</sup> century.