

**Response by the Northern Ireland Branch of CIPFA
to the Northern Ireland Executive's Plan:
'Doing What Matters Most'
- Draft Programme for Government 2024-2027**

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Further information about CIPFA can be obtained at www.cipfa.org

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Introduction

1. The Executive of the Northern Ireland Assembly has published its draft 'Programme for Government' (PfG) and is currently seeking responses as part of its consultation exercise. The Northern Ireland Branch of CIPFA welcomes the publication of the draft PfG for which we advocated in our response to the Finance Minister's Budget Statement to the Assembly's Finance Committee on 16th May this year. CIPFA welcomes the action-centred approach to the draft PfG.
2. The Chartered Institute of Public Finance & Accountancy (CIPFA) is pleased to respond to this public consultation exercise. CIPFA is the only professional accountancy body in the world that is dedicated to improving public financial management, governance and performance of publicly funded organisations. We do this by setting accounting standards for a large part of the public sector in the UK (local government); growing and developing our professional membership base; providing policy and good practice guidance; improving financial and other skills through training and development; and helping public bodies improve through data analytics, advisory and consultancy services.
3. Whilst the draft PfG sets out priorities for the remaining democratic mandate of the Northern Ireland Assembly, i.e. three years from 2024 to 2027, it should form the basis of government priorities for up to ten years and can be refreshed after the next NI Assembly elections.

Commitment to a Sustainable Peace

4. CIPFA commends the NI Executive for its commitment to achieving sustainable peace in Northern Ireland contained in the draft PfG. To help achieve this requires strong political leadership, good governance and an effective functioning NI Executive who, despite political differences and aspirations, work together in the interests of all citizens in Northern Ireland.
5. In the last 25 years the power sharing NI Executive has not been functioning for over a third of its lifespan for a variety of political reasons. This has had a detrimental impact on public services and does not contribute to sustainable governance. Therefore, a challenge for the NI Executive in delivering its PfG is to ensure good governance and political stability. In difficult and challenging times the NI Executive needs to find ways for political parties to work together.
6. CIPFA defines good governance as **'Achieving our intended outcomes while acting in the public interest at all times'**¹. Our international governance framework provides a basis for the NI Executive to work collaboratively, prioritising public interest over political expediency. Our governance standards state:

*'Public sector entities also have the overarching mission to ensure that they are acting in the public interest at all times. This means governing bodies taking a longer-term view and being transparent about where there are potential conflicts between an entity's intended outcomes and shorter-term factors, such as political cycles, that favor short-term decision making, and other external pressures, **including loyalty to a political party**'².*

¹CIPFA/IFAC 'International Framework Good Governance in the Public Sector' 2014

² CIPFA/IFAC 'International Framework Good Governance in the Public Sector' 2014

Priorities

7. CIPFA welcomes the identification of nine priorities in the draft PfG to help deliver the overarching missions of the NI Executive. We note that these priorities are not 'stand-alone' but are inter-dependent, for example providing more and better housing will help to improve health and will also have a positive impact on the economy. One of the challenges for the NI Executive is to break down silos of government and have public bodies working much closer together.
8. CIPFA notes that the draft PfG makes reference in a number of places to the need for specific strategies, for example circular economy strategy and tourism action plan strategy. In CIPFA's experience, developing strategies is relatively straightforward, but the **implementation** of strategy is more challenging. It is estimated by the Harvard Business Review that over 60% of strategies fail because of a lack of implementation.

Transformation and collaboration

9. In Northern Ireland, very little has been done to manage public expectations about the provision of public services, including re-defining the relationship between the responsibilities of the individual and the responsibilities of government. Growing public expectations makes taking tough decisions even more difficult e.g. the over-supply of schools, the location of health services and duplication of certain public services. The draft PfG provides an opportunity to balance public expectations with public expenditure challenges.
10. Over the years, much has been written about transforming our public services especially given financial pressures going back to the banking crisis of 2008. Various reform proposals have been made in the past, e.g. in the Health and Education sectors, to take a more strategic and transformational approach to help improve public services. The problem is that the many proposals for public service reform, transformation and improvement have not been implemented and very little has changed to develop a longer-term sustainable future for Northern Ireland's public services.
11. The draft PfG includes provision of £235M of a transformation fund for government departments to bid for. The establishment of an internal NICS Board, a Reform and Transformation Unit in NICS and the individual project proposal approach, risk a greater focus on the **process** of assessing bids and awarding grants rather than **transforming** public services. In CIPFA's view, government would benefit more from establishing the right conditions to encourage change, innovation and improvement of public services e.g. reducing the number of public bodies; strengthening leadership and management; and creating the right culture and behaviours.
12. CIPFA believes the current siloed structure of government, and its arms-length bodies delivering public services, do not lend itself to transformation or collaboration. The unique role of the Accounting Officer in central government can reinforce silo working and can prevent closer collaboration between public bodies. We believe the degree of centralised and operational oversight by Departments should be reviewed in favour of more delegated authority and accountability which is then scrutinised through the work of Boards (governing

bodies), internal and external audit, the Accounting Officer and the Public Accounts Committee (PAC).

13. In CIPFA's experience, the shift towards Partnership Agreements between ALBs and central government over the last few years has been slow and has not had the required impact on closer collaboration between public bodies across. The NI Executive's commitment to working in partnership (reference page 82) must to translate into practice.

Monitoring progress and managing risks

14. CIPFA supports NI Executive plans to monitor implementation of its PfG so it understands the extent it is making progress towards achieving its intended outcomes. CIPFA believes that to achieve outcomes in a sustainable manner, *"jurisdictions and individual entities must make decisions on:*

(a) levels of taxation and public expenditure

(b) levels of performance sought in terms of, for example, service delivery or the maintenance of infrastructure, and

(c) how to manage and account for their assets and liabilities, including public debt. In addition, they must manage expectations about the services they can provide with the resources available to them"³.

15. CIPFA welcomes the publication of an annual delivery report and we recommend this should have some independent external scrutiny to help verify progress of PfG priorities. In CIPFA's experience there is a risk that performance monitoring reports can focus on inputs, which is fine at one level, but is better to gauge outputs and achievements as a way of assessing impact.
16. The NI Executive should also consider comparative analysis of performance in certain sectors such as education, health and the economy, with other similar jurisdictions. CIPFA believes that *'tracking the performance of – and pressures facing – public services are crucial to improving outcomes. Since 2017, CIPFA and the Institute for Government have examined publicly available data in the UK to understand the expenditure and demand for individual public services, including the inputs purchased and outputs created over the past ten years'⁴.*
17. We welcome the implementation of the Wellbeing Portal as a positive step in measuring PfG outcomes for citizens. CIPFA would welcome the opportunity to input to the continuous improvement of the dashboard when this opportunity arises.
18. CIPFA believes that *'the capacity to anticipate future shocks or cope with them when they arise will affect governments' ability to maintain good financial performance or satisfactory performance of service provision'⁵. While the PfG clearly sets out its nine priorities, CIPFA notes it does not include reference to risks of not being able to deliver its plan or how any risks will be effectively managed. For example, such risks might include a collapse of the power-sharing structure of government; time delays in delivery; or a lack of capacity in NICS to deliver the PfG. The wider public would have greater assurance of delivery of the PfG if reference to the management of risks was included in the plan.*

³ CIPFA/IFAC 'International Framework Good Governance in the Public Sector' 2014

⁴ CIPFA 'Managing public finances to achieve fairer outcomes' 2022

⁵ CIPFA 'Managing public finances to achieve fairer outcomes' 2022

Financial arrangements

19. Whilst the draft PfG references ‘funding our plan’ on page 82, we believe this could be developed further. The current NI Executive Budget process has a number of pitfalls - it is too short-term and does not allow for a more strategic and longer-term approach that responds to needs and changes in the environment. Also, the current budget process is not aligned to impact on outcomes but to the structure of government departments in Northern Ireland. CIPFA supports the NI Executive’s advocacy for multi-year budgets.
20. Multi-year revenue raising plans, budgets and resources should be identified to help meet PfG priorities and avoid the present situation where there is no defined link between the draft PfG and public spending allocations. Multi-year budgets would be reviewed on a regular basis at Assembly, Department and ALB levels and should be finalised by the end of December well in advance of each following year.
21. The Department of Finance monitors public expenditure on behalf of the Executive on an ongoing basis both within the budget setting process and through in-year monitoring rounds. There is also independent scrutiny of spending through the Northern Ireland Audit Office (NIAO) undertaking audits of the annual accounts and Value for Money studies. In terms of approving and monitoring spending, the degree of centralised and operational oversight by the Department of Finance should be reviewed in favour of more delegated authority and accountability which is then scrutinised through the work of audit and the PAC. A degree of in-year monitoring is still required to undertake reporting of uncontrollable variances upon which decisions have to be made, but the main oversight of public expenditure should be through individual Departments and their ALBs and Agencies, with the scrutiny and challenge functions coming from Boards (governing bodies), the work of internal audit and NIAO (as external audit), the Accounting Officer and ultimately PAC.
22. This approach requires a shift of emphasis in roles and responsibilities to Departments from the Department of Finance which is then free to oversee and monitor more strategic and longer-term spending needs and how these can best be met.
23. The Minister of Finance highlighted financial pressures facing Northern Ireland. In her statement the Minister said that *‘this Budget demonstrates the commitment of the Executive, despite the severity of the financial challenges facing us, to work together to make tough choices and demonstrate the leadership that people rightly expect.’*⁶. The NI Executive now has an opportunity to take a lead and show different approach to funding public services that can lead to a more sustainable financial future that will benefit the lives of all the citizens of Northern Ireland.

Summary

24. In summary, the CIPFA Northern Ireland Branch welcomes the draft PfG as a basis for prioritising public services for the next 5-10 years. For the PfG to be effective, the NI Executive needs to ensure political stability demonstrating good governance.

⁶ Written Ministerial Statement (Minister of Finance) April 2024

25. Like any plan, effective implementation is critical and the NI Executive needs to ensure the conditions are right to effect change, make improvements, monitor performance, and manage risks. Allied to this, public finance arrangements in Northern Ireland need to be reviewed including the alignment of block grant funding to intended outcomes. In this way, the NI Executive can help to improve the lives of all citizens here.
26. CIPFA is pleased to help in any way it can to support the NI Executive achieving its intended outcomes as set out in the draft PFG.