

# **Consultation on the Draft Programme for Government Framework 2016-21**

**A Submission by:**

**The Chartered Institute of Public  
Finance and Accountancy**

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the people  
in public finance

**CIPFA, the Chartered Institute of Public Finance and Accountancy**, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at [www.cipfa.org](http://www.cipfa.org)

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## **1. Executive Summary**

- 1.1 CIPFA welcomes the recognition the Executive has given to the need for a different approach, one that is focused on impact and outcomes, within the Draft Programme for Government. There is acknowledgement within the document that this different approach will require a system of Government that works across boundaries, organisations, groups and communities for the common good.<sup>1</sup>
- 1.2 In this short submission, we set out a summary case to support this programme through a fundamentally different system of public financial management (PFM) and service organisation. We also provide access to a practical mechanism to aid better alignment and collaboration within service providers.
- 1.3 To assist the Executive CIPFA has invested previously in the development of practical ways to implement more aligned public services in support of outcomes delivery. This includes supporting financial management and service planning being geared towards outcomes. In turn this is supported by outcomes based budgets and methods of resource allocation which are directed towards those outcomes. We are pleased to make these available to the Executive to support full implementation of the Programme for Government.
- 1.4 An outcomes driven programme for government will require fundamental change to existing practices. There is a risk that failure to embrace change could lead to a continuation of current practice that focuses on inputs to service provision within departmental boundaries, rather than outcomes for citizens.
- 1.5 The ambition of the draft programme for government is a long-term expression of intent. CIPFA believes that long-term decision making should be supported by transparent national level financial reporting that enables an understanding of the intergenerational financial sustainability of public services.

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<sup>1</sup> Draft Programme for Government Framework 2016-21, Forward - Northern Ireland Executive, May 2016

## **2. Redesigning the system of PFM**

- 2.1 The Draft Programme already recognises that public services will need to be delivered across what are traditional boundaries. In reality a number of organisations and factors can contribute towards good outcomes for citizens. CIPFA's view is that the current methods of PFM that are centred around traditional organisations, largely incremental budgeting methods and inputs to services will not facilitate the shift in thinking that is required to support the Draft Programme for Government.
- 2.2 CIPFA's previous research<sup>2</sup> concludes that within most public bodies, financial management is configured around organisational and managerial structures rather than the programmes which are known to contribute towards outcomes. This leads to disconnect between the desired outcomes and the budget. It also means that there is very little alignment between overall goals and financial management and accountability on the ground.
- 2.3 CIPFA has previously called for a clear linkage to be made between national outcomes and the allocation of financial resources.<sup>3</sup> For national outcomes to be successful, CIPFA advocates that there needs to be a more integrated approach that directly links planning for outcomes and budgets for resources. The aim of this is to develop a much closer link between policy development at the assembly level and greater service alignment and collaboration at the delivery level.
- 2.4 The risk in not implementing changes to the supporting financial and resource management processes is that services will continue to be managed around their traditional organisations and budgets rather than around people and place. People have outcomes and services don't.

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<sup>2</sup> CIPFA, Public Finances – at the edge of chaos and ready for outcomes? The CIPFA Conversation, March 2013

<sup>3</sup> CIPFA Briefing, Our call to the respective new governments of Scotland, Wales and Northern Ireland, April 2016

### **3. Aligning Public Services**

3.1 CIPFA advocates that the Executive must give greater consideration to implementing plans for services to become more aligned and collaborative. This is necessary to deliver those outcomes for citizens. To achieve this CIPFA believes that as part of a wider strategy the following practical steps are required:

- Identifying and mapping customer groups and partners policy objectives;
- Agreeing a vision with, and for, the local community and a strategy to achieve that vision. This should be evidence and insight based and should focus on local people rather than on the function itself;
- Designing robust outcomes, expressed in terms of population outcomes. This requires an understanding of what is needed and, as important, what is not needed to address a particular issue;
- Development of operational plans to deliver the agreed outcomes;
- Design effective delivery arrangements that take account of the need to share resources, people, property, budgets and data;
- Agree on which partner is responsible for what action, intervention or other activity. This may involve establishing rules which might be contractual or taking the form of a particular delivery model;
- Where necessary, re-design existing delivery processes and procedures in order to maximise the economy and efficiency of delivery, and thereby leading to effective outcomes;
- Agree how to measure progress towards the agreed outcomes, including their social impact (covering, for example, social, environmental or cultural values) as well as their economic impact; and
- Agree at the outset how to apportion any efficiency savings between the partners

3.2 CIPFA has invested in the development of practical tools to enable and assist public bodies and their partners to develop frameworks for more aligned public service delivery. This includes:

- reports on service alignment;
- with practical examples of existing practice in the UK and internationally.<sup>4</sup>; and
- a mapping toolkit that is free to use.<sup>5</sup> This tool is designed to collate the relevant data from all bodies providing public services in an area. Once this data is collated, the aim is that it could be used to provide an overview of public spending in the area, or a 'map' of how the total expenditure on an individual service is split across the various organisations responsible for providing the service within that area.

#### **4. Long-term Financial Sustainability**

4.1 When considering an outcomes based approach at the strategic level of the Programme for Government, it is important to remember that outcomes for the public sector in many cases will reflect the long-term nature and impact of public sector policy interventions. Long-term being greater than the period of one assembly term and in many cases even intergenerational.

4.2 CIPFA advocates that in the current context of limited available resources, it is vital to engage with and take account of citizens priorities in regard to services required.<sup>6</sup> In many respects this demands that there is a redefinition of the relationship between the state and communities and citizens that involves clearly stated outcomes.

4.3 An important principle underpinning this is the need for fiscal sustainability across generations. This does mean that some of the core principles that underpin some of our current spending patterns

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<sup>4</sup> CIPFA, Aligning public services overview report, 2015

<sup>5</sup> CIPFA, Aligning local public services toolkit, 2015 <http://www.cipfa.org/cipfa-thinks/aligning-local-public-services>

<sup>6</sup> CIPFA Manifesto 2015

in health and our welfare state need to be clearly re-articulated, supported by clearly defined and desired outcomes that people can understand.

- 4.4 To support a principle of long-term fiscal sustainability, CIPFA would urge that the executive consider implementation of national accounts, including a balance sheet for Northern Ireland.<sup>7</sup> CIPFA also advocates that there needs to be clear and transparent fiscal rules in place in the form of a fiscal framework for Northern Ireland. CIPFA believes that this should be a core role and responsibility for any proposed fiscal council<sup>8</sup> in Northern Ireland to oversee.

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<sup>7</sup> CIPFA Briefing, a balance sheet for Northern Ireland's public sector – October 2015

<sup>8</sup> A Fresh Start, the Stormont Agreement and Implementation Plan, Section 4.1 – November 2015