

A Statement to the Northern Ireland Assembly

by

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Performance and Efficiency Delivery Unit

Mr Speaker, with permission I would like to make a statement on the Performance and Efficiency Delivery Unit – PEDU. In particular today I would like to take this opportunity to provide a little more detail on what it will and will not do.

But first, let me reflect a little on the recent Programme for Government and Budget.

When I presented the new Executive's first Budget to the Assembly in January I stressed two key themes. The first of these was efficiency. Instead of simply increasing the rating tax burden on households and businesses, we decided to help fund new priorities by becoming much more efficient. This gave householders welcome relief from snowballing rates bills, but it also offered the prospect of additional investment for new and improved public services.

The second theme was that of delivery. The people of Northern Ireland pay their taxes – but they do so in the expectation that their own locally elected representatives will deliver a return on their investment in the form of visibly improved services. In the past on many occasions, people here had their taxes raised with promises of new or improved services. However, too often when the time came to see delivery the public often failed to see an outcome that lived up to those earlier pledges.

Mr Speaker, Ministers in this Executive must and, I believe, can do better than that. The Programme for Government has set out what the Executive has committed to achieve and the Budget has put in place record levels of investment to support those targets. The challenge now for every Minister is to ensure delivery against our collective commitments.

Our two themes of efficiency and delivery are central to the Budget and the Programme for Government and, as a result, they are also central to the work of PEDU. In effect the Budget and the Programme for Government set out the mission statement for PEDU – asking it to have a twin focus of examining the scope for greater efficiencies, while also working with departments to ensure that the funds allocated by the Executive deliver the improvements promised.

This is no different to the current remit of my department. However, by creating a single unit with a clear and undiluted focus, and by developing a new way of working with departments, I believe we can bring about transformational change in the delivery of public services and a totally new culture built upon a shared and relentless focus on delivering better quality services for the people of Northern Ireland.

Mr Speaker, the core approach of PEDU will be collaborative in nature – working with departments and through them with the wider public sector to get the best public service outcomes for our community.

The approach will not be one of hindsight and negative criticism, but of working alongside departments and agencies, in real time, to enhance public service provision.

However, that is not to say that the journey will always be easy. Such an approach requires honest and open acknowledgement of problems, and no doubt robust discussions about the best way forward – but it will be in the clear context of a shared desire to improve performance, and not one of protecting established working practices and fiefdoms.

In terms of detail, at an operational level the work of PEDU will, by and large, fall into these two broad categories – work focusing on identifying and tackling poor performance and delivery; and reviews focused on tackling inefficiency and releasing resources. Allow me to give you a flavour of what will be involved.

In the case of the Unit's work on Delivery there will be a link into the monitoring arrangements for the Programme for Government. So, for example, if that monitoring system indicated that a particular public service was not on track to meet the targets set by the Executive in the Programme for Government then PEDU could look at the problem, working with the department or departments involved.

In this case the PEDU approach would involve looking at quantitative and qualitative information to detect the source of the shortcomings in performance. The Unit would then seek to identify, in collaboration with the relevant departments, actions to address the problems and get delivery back on track.

As an aside it is worth recognising that, in many cases, as we improve our delivery we will, as a by-product, be improving our efficiency and productivity as well. So as we get better or quicker at translating funding into additional or better outputs we will ultimately be using our resources more efficiently.

On the other hand a review focused exclusively on efficiency is likely to have a somewhat different objective. In this case the intention should be to seek out operational efficiencies in processes or organisations by using data analysis or benchmarking to comparable service providers. This type of review, for example, might be used where a merger of organisations had failed to yield the anticipated benefits – or perhaps where a spend-to-save initiative had spent the money but not delivered the savings.

There might be a tendency for some to consider the prospect of a PEDU review as being some sort of threat. Mr Speaker, let me be clear that the only threat will be to inefficiency and poor performance. Those who care about public services, and I am sure that I can regard all my Executive colleagues as being in that group, will welcome the involvement of PEDU.

Whatever the circumstances that lead to PEDU becoming involved, PEDU will work in cooperation with those responsible for service delivery in the Department or Agency in question. This spirit of partnership will be vital in the quest to identify and overcome the barriers to delivering improved public services. In essence the Executive, this Assembly and the public at large simply want good quality public services that are well run. Ultimately PEDU will be there to help Departments get services working the way they want them to work, delivering what they said they were going to deliver and in doing so provide value for money for the taxpayer.

It would be unwise to expect instant success on delivery, forged as a result of some overnight switch to a performance culture throughout all of our public services. In reality it will not be plain sailing as it will take a lot of effort and it will demand a lot of persistence. But beyond hard work and dedication it will undoubtedly require us, as public representatives, to

contemplate radical options, to make some tough decisions and to take positive action to get our public services delivering in the way that we promised when we published the Programme for Government.

I have also established a Ministerial Advisory Panel to help on our mission of moving to a position where all the tools of Government are focused on maximising performance and delivering better services. This small group of individuals will provide the benefit of their insight and experience in delivering significant improvements in large organisations, overseeing organisational change, and driving improvements in performance and efficiency. There will always be benefits in getting an authoritative independent view – particularly where the problems are persistent, radical change is needed and vested interests are rife.

In terms of the composition of the panel I want to avoid being dogmatic about the precise number of members, its duration and so forth. Undoubtedly the Panel will be of most benefit in the short to medium term as we seek to create a new performance culture. In addition I want to avoid a situation of having to forgo the services of an outstanding individual just because we had already filled a set number of positions.

So with all that in mind I can announce that I have already secured the involvement of Sir Michael Barber, Frank Cushnahan and Dennis Licence as members of the Ministerial Advisory panel. These are outstanding individuals with significant experience and credibility in driving step changes in performance in a variety of organisations at local, national and international levels.

Sir Michael Barber, now of McKinsey & Company, is a leading expert on public service delivery and is probably best known for establishing and leading Tony Blair's *Prime Minister's Delivery Unit* between 2001 and 2005 – a unit that had much success in getting the Government machine in Whitehall to focus on delivery. Sir Michael will provide his support as part of a small McKinsey team.

Frank, a corporate banker by profession, will be well known to many of you. He is a former Chairman of Belfast Harbour Commissioners and spent eight years overseeing a period of change and strong growth by our largest seaport. In addition Frank brings with him significant financial and commercial experience gained within the banking sector. Moreover, he has also led a number of public assignments to restructure a range of organisations and industries. I have asked Frank to Chair the Advisory panel.

Dennis Licence, now Chairman of a local accountancy practice, retired as Managing Director of First Trust Bank in 2005 after a long career in banking where he held a number of senior positions. Dennis also undertakes consultancy work specialising in business restructuring and development, human resource management and strategic development. Dennis has also served in a range of other positions including being a fellow of the Chartered Institute of Marketing, Chairman of Business in the Community, and President of the Employers' Forum on Disability.

PEDU itself is located within the Department of Finance and Personnel and will be led by Richard Pengelly, one of my senior officials within the Department – so combining public finance skills and expertise with significant knowledge of the outputs promised by Departments when they bid for resources during the recent Budget process.

He will lead a small team of PEDU staff, some of which are already in place. This core team will be supplemented with additional staff, on short term assignments, who bring with them expertise on the particular area being reviewed at that point in time or who have specific skills in areas such as organisational audit and review. In some cases this should include frontline professional staff whose experiences and insights could be particularly valuable, as well as individuals from beyond the public sector.

The head of the Unit will report directly to me and, through me as Finance Minister, to the Executive. And it is right that PEDU reports to the Executive because it is the delivery of the Programme for Government that is at stake. If a key target is in danger of being missed, the Executive not only need to know about it but they also need the tools to take more direct action to deal with the problems and get delivery back on track. As a result PEDU will have a particular focus on the priorities of the Executive and where funding is not translating into the desired outcomes the Executive can use PEDU as a means to take direct action to identify problems and bring forward solutions.

So where might the early focus of PEDU be? Certainly PEDU will be keen to see whether our key initiatives, set out in the Programme for Government, have robust delivery plans designed to convert funding into results. This should help establish whether any of our key initiatives are already in need of help – even at this early stage.

We already know that the economy is the Executive's top priority – and rightly so – and this often leads me to ask “what action could we take quickly to better facilitate economic growth”. Planning is a key enabler of economic growth and while this often leads to debates over planning policy we should not forget that a good quality planning process is also beneficial. A long drawn out processes can increase holding costs, can increase uncertainty and ultimately only delays compliant projects. So can we improve on our performance in this area – the DOE Minister and I believe that we can, and that we should.

But this is only one area of concern – undoubtedly there will be others. In my own department, I am aware of the concerns that have been expressed by the Committee and by other public representatives about the increase in the level of rate arrears and about the uptake of Housing Benefit, particularly among owner occupiers. In response, I could highlight the challenges that the new Land and Property Services Agency has experienced over the past 18 months in introducing the new domestic rating system. However rather than reviewing the past, I want reassurance that there is a clear recovery plan in place designed to ensure measurable improvements over the next 18 months and that the LPS is getting the support it needs from other parts of my Department to deliver. Therefore I have asked the PEDU to work with the LPS in DFP to ensure that there is an action plan and timetable in place to deal with these problems.

In other departments and public bodies we should equally expect that not everything in the Programme for Government will be delivered with ease. Indeed if it were delivered with ease I could only conclude that we failed set the bar high enough at the start. And so going forward there will be areas that will struggle. However with the PEDU in place we should now, as an Executive, be better placed to identify who is struggling, and better positioned to do something about it.

Mr Speaker, when I announced the Executive's agreed Budget in January, I paid tribute to the constructive approach taken by my Ministerial colleagues that had allowed us to reach agreement on financial allocations to departments for the next three years.

However agreeing and announcing plans, programmes and budgets was relatively easy. Now we face the challenge of delivering on our commitments and on our shared ambition to make Northern Ireland a better place for all our citizens. We must not fool ourselves, or attempt to fool the public, that delivering the changes needed to make our public

services more efficient and more focused on the needs of our community will be easy.

There will be resistance to change and resistance to making change quickly. However I believe firmly that we can deliver on our commitments in the Programme for Government if we can create and maintain a clear and urgent focus on delivering on our shared commitments to the people of Northern Ireland.

The creation of the Performance and Delivery Unit provides a clear signal that this is our priority and our ambition for the future.