



Northern Ireland
Assembly

Assembly and Executive Review Committee

OFFICIAL REPORT (Hansard)

Review of Parts III and IV of the Northern
Ireland Act 1998: Research and Information
Service Briefing

23 October 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Stephen Moutray (Chairperson)

Mr Pat Sheehan (Deputy Chairperson)

Mr Roy Beggs

Mr Gregory Campbell

Mr Stewart Dickson

Mr Simon Hamilton

Mr Raymond McCartney

Mr Conall McDevitt

Ms Caitríona Ruane

Witnesses:

Mr Ray McCaffrey

Research and Information Service

The Chairperson: I ask Raymond McCaffrey from the Assembly's Research and Information Service (RaISE) to please come to the table. Thank you, Raymond. You are very welcome. You can commence when you are ready.

Mr Ray McCaffrey (Research and Information Service): Thank you, Chair. The Committee asked for some information on the cost of machinery of government changes. We were able to find two reports by the National Audit Office (NAO) and the Institute for Government that attempted to cost machinery of government changes with reference to Whitehall Departments.

I just want to make five or six very brief points, a couple of which are worth highlighting. The studies were carried out after the reorganisations had taken place. As you can see from the methodologies that are listed in appendix 1 of the research paper, it is a complex undertaking, and both the National Audit Office and the Institute for Government have put caveats into their reports. As you can see in the paper, one of the NAO conclusions was that:

"The value for money of central government reorganisations cannot be demonstrated given the vague objectives of most such reorganisations, the lack of business cases, the failure to track costs and the absence of mechanisms to identify benefits and make sure they materialise."

When the Institute for Government looked at this issue it believed that its costings were quite conservative since:

"they do not include an estimate of disruption costs resulting from institutional memory loss, delivery risk or stakeholder relationship losses."

It could be argued that that may not be as much of an issue in Northern Ireland, given that some of the Departments are still relatively young. However, with reference to Whitehall, the Institute for Government found that:

"There is currently no regular or systematic information kept in Whitehall on the costs and benefits of departmental reorganisations."

Looking at the conclusion to the research paper, I think that it is useful to highlight what the NAO said about all this not being an exact science. The paper states:

"More accurate assessment of the costs of machinery of government change would ... require that the intended benefits of reorganisation are stated in specific measurable terms so that their later achievement (or otherwise) can be demonstrated; and that the planned and actual costs of reorganisations are separately identified within financial accounting systems so that costs could be managed and subsequently reported."

The Finance Minister stated back in October 2009 that:

"reducing the number of Departments from 11 to six would save tens of millions of pounds per annum on an ongoing basis." — [Official Report, Bound Volume 44, p65, col 2].

It is unclear to us how that estimate was made, and I suppose we would conclude that is probably useful to ask for further information on how it was arrived at. The Departments themselves are best placed to provide that information, given that they hold all of it.

To conclude, any attempt to cost machinery of government changes is going to be very difficult unless you have a specific proposal of how a post-reorganisation landscape is going to look. Without that, it could be something of a guessing game. Thank you, Chair.

The Chairperson: Thank you. Do members have any questions?

Mr Beggs: This is not so much a question as a comment. I think that it is important that we actually find out how the estimates on the figures that are bandied about in Northern Ireland were arrived at. That is an important factor. There has to be an evidence-based solution that has been learned from other places, instead of our just randomly picking what we think is going to be better. Let us get a business case.

The Chairperson: OK. Raymond, thank you very much.

Based on what we heard today, I propose that the Committee write to the Office of the First Minister and deputy First Minister (OFMDFM) requesting information on any work that has either been undertaken to date or planned to estimate the initial costs, anticipated savings and effect on employment that would result from a restructuring of the Northern Ireland Departments. I propose that that request be issued following today's meeting, with a response requested for the next Committee meeting. Are member's content to follow that line?

Members indicated assent.

Mr Beggs: Can we also ask for evidence from the previous time that it happened? Those are the only real hard facts that will be available, and that is preferable to somebody making an estimate.

The Chairperson: OK. Are members content with that line?

Members indicated assent.

Mr Hamilton: When you say the "previous time that it happened", do you mean the expanse from six to 10?

Mr Beggs: Yes.

Mr Hamilton: So, they will all be cost, then?

Mr Beggs: Yes.

The Chairperson: Thank you.