



Northern Ireland
Assembly

Committee for Finance and Personnel

**OFFICIAL REPORT
(Hansard)**

**PEDU: Role in Monitoring Programme for
Government Delivery**

7 March 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Dominic Bradley (Deputy Chairperson)
Mr Leslie Cree
Mr Paul Girvan
Mr William Humphrey
Mr Paul Maskey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Ms Gillian Doherty	Department of Finance and Personnel
Mr Paul Montgomery	Department of Finance and Personnel

The Deputy Chairperson: We have Paul Montgomery and Gillian Doherty from the performance and efficiency delivery unit (PEDU). You are very welcome.

Mr Paul Montgomery (Department of Finance and Personnel): You will have received the briefing paper, which summarises the delivery framework that was agreed by the Executive on 9 February. Subsequently, additional guidance has been provided to Departments on the production of the delivery plans, including the templates to be used for each commitment. There are three main aspects to the delivery framework: effective planning, regular monitoring, and timely and appropriate interventions. To date, the main focus has been on planning with Departments, with them being required to produce and publish a delivery plan for each commitment by the start of the new financial year. Each delivery plan will include a range of information, provide assurance that commitments can be achieved and allow progress to be monitored. Quarterly monitoring will be reported back to the Programme for Government (PFG) programme board, which will decide on the most appropriate form of intervention. That will depend on the nature and scale of any shortfall in performance. The PEDU role is to provide analytical support to the delivery oversight group, which will be reporting to the programme board. To date, that work has included the development of the delivery framework, and, going forward, it will involve analysis of the departmental returns for each quarterly monitoring round. However, it is important to stress that it is the Office of the First Minister and deputy First Minister (OFMDFM) that has ultimate responsibility for dealing with Departments and the Executive.

We are happy to take questions.

The Deputy Chairperson: In your paper, you state that the Executive agreed the delivery framework, which sets out the performance management arrangements for the Programme for Government for 2011-15. A template for delivery plans and detailed guidance is also to be produced. The delivery framework is referred to in detail in several places in the paper. Is the delivery framework to be published and made available to Committees so that they can effectively assess the delivery plans for Departments against the requirements of the delivery framework?

Mr Montgomery: That is a matter for OFMDFM. The delivery framework was in the form of an Executive paper, which, as the Committee will be aware, are not normally published. OFMDFM will decide on that. Subsequently, delivery guidance has been issued to Departments, and we can ask OFMDFM whether it wishes that to be published. That guidance provides in more detail what is expected to be in delivery plans, which would then allow Assembly Committees to assess the delivery plans that are produced against the guidance.

The Deputy Chairperson: You say that Departments will be expected to publish delivery plans setting out how they intend to achieve each commitment in the Programme for Government. However, your paper also states:

"in some instances departments may already have sufficient plans in place, and that an additional Delivery Plan may not be necessary."

Although it is reasonable to expect a certain variation in departmental delivery plans, it does appear that considerable flexibility is being offered in allowing Departments to reuse existing plans in place of a delivery plan. How can you ensure consistency across Departments where a Department is permitted to use an existing plan?

Mr Montgomery: A Department would only be allowed to use an existing delivery plan if it included all the elements that are in the templates that have been issued to Departments. That will ensure consistency. We are concerned about having the basic information there, rather than it necessarily being strictly in the form that we have set out in the templates. We will ensure that all the plans will be consistent in their inclusion of the same types of information.

The Deputy Chairperson: So, you will seek to ensure that the elements of the template are included in all plans, be they new plans or existing plans?

Mr Montgomery: Yes.

The Deputy Chairperson: And you believe that that will provide comparability across Departments?

Mr Montgomery: Yes. One of the previous concerns was that the process was seen as being overly bureaucratic and that Departments were simply repeating their plans over and over again. We made that provision in order to enable them not to have to do that, and to have it simpler rather than repeat the same information in different documents. It was basically a part of our attempt to streamline. My understanding is that there has not been a major rush by Departments to not fill in the templates, because we have tried to simplify them and include only the information that is really needed. Most Departments welcomed the templates and were reasonably happy about completing them.

The Deputy Chairperson: How will Departments report on performance against their delivery plans? Will they use the red, amber and green (RAG) system as a basis for reporting? That would help to give consistency and comparability, one would think, and would facilitate Committee scrutiny of progress.

Mr Montgomery: Yes. They will all be reported on the same basis: the RAG basis. Our current focus has been on getting the delivery plans in place. Once that is done, our focus will turn to monitoring, and we will work with Departments to determine the information that we will require from them on a quarterly basis to make our assessment as to whether their performance is on track or not. There is an issue about whether the Departments determine their RAG ratings or whether they are just asked to give information about what they have achieved over the past quarter and what progress has been

made against each indicator of performance, after which the central team makes the assessment. All Departments will be monitored on the same basis.

The Deputy Chairperson: OK. Your paper states:

"The Delivery Framework confirms that departments will be expected to deliver commitments within the resources allocated as part of the Budget 2011-15 process."

It also says that the main actions in delivery plans will contain associated resource requirements. Assembly Committees have consistently called for greater linkages between budgets and Programme for Government targets. Although Departments are expected to deliver commitments within the budget, will there be any direct read-across with the budget in terms of the requirement for delivery plans to have associated resource requirements?

Mr Montgomery: That is the read-across that we intend to have. Each delivery plan will include a series of actions that the Department and partner organisations intend to take in order to deliver the commitment. For each action, we have asked Departments to set out who will be responsible for delivering that action and the resources that they will be utilising in order to deliver the action. The resources can be additional funding and staff time for more process-orientated things. In terms of having that link and how the PFG will be resourced, that is our intention as to the information that we will require. With regard to the linking between budgets and outcomes, our main interest is in ensuring that each of the commitments can be delivered, and that is the way in which we have asked Departments to present the information.

The Deputy Chairperson: I want to ask you about the delivery report, which will summarise the rate of progress against the Programme for Government commitments. Will it also report on the progress against resource requirements?

Mr Montgomery: No. Well, it will to the extent that it is a material factor in any shortfall in performance. The reports will identify the areas where there appears to be the greatest shortfall in performance and the serious risk of not being delivered. We will then look at the reasons for that. If one of the reasons is an underestimation of resource requirements or a reprioritisation of resources away from the commitment, then that will be one of the reasons given. Our colleges in central expenditure division report on a quarterly basis on the usage of finances by Northern Ireland Departments, so we will not be replicating their work.

The Deputy Chairperson: Are you referring to the monitoring rounds?

Mr Montgomery: Yes.

The Deputy Chairperson: I do not think that they are quarterly any longer.

Mr Montgomery: Sorry. I was in the central expenditure division a year or two ago when we still had quarterly monitoring rounds.

Mr Girvan: I am a great supporter of what PEDU was brought about to try to deliver. Have you identified a reluctance of Departments to engage and bring you on board? I say that because I previously, on the Health Committee, identified areas where they were paddling their own canoe, which was totally contrary to what we were trying to deliver as a Programme for Government priority. Some of those areas related to employment, capital projects and suchlike, which would have been key to trying to create employment in the Province and generate our own wealth project. Have you noticed, or do you have, full commitment from all Departments? You mentioned that some had their own programme of work that would be fed in. Why have they not accepted your expertise to check that there is an overarching resemblance to what we are trying to deliver under the Programme for Government policy?

Mr Montgomery: We have found that all Departments have been fully engaged in the process, primarily because, at an early stage, we got Executive agreement. Executive agreement to the delivery framework was key, because Departments then have to because it is something that the Executive have signed up to.

Departments coming forward and saying that they have their own plans is not indicative of their not being willing to engage with PEDU or the central team. We have said that, if Departments have an alternative set of plans to deliver a commitment, they must come to us at an early stage. If they have alternative plans, that in no way means that they will be able to sidestep or not be subject to the same scrutiny as other Departments. It is simply about not repeating the same administrative tasks as they did before.

Mr Girvan: Has there been a sea change of opinion in Departments since November 2011, when the programme was brought forward? Up until then, I understood that there was some reluctance by Departments to engage with PEDU.

Mr Montgomery: Variations between Departments in their willingness or unwillingness to engage with PEDU do not matter. It is not a significant issue with regard to the Programme for Government, because the Executive have agreed it so they have to. They do not have a choice. It is not like a normal PEDU review where the Department has to invite us in. They have to because it is the Executive, so —

Mr Girvan: So, some of them have been brought kicking and screaming to this position.

Mr Montgomery: I would not necessarily say that.

Mr P Maskey: Thank you for your paper. How is tackling social disadvantage actively monitored? There are no specific targets in some areas of the Programme for Government. Are there ways that PEDU goes into some Departments to try? Can the red, amber and green system be attached to an area such as social disadvantage?

Mr Montgomery: No, because the red/amber/green is solely about having delivered your commitment. If a commitment relates to addressing social disadvantage, then the RAG rating will relate to that. We have asked Departments to set out in each delivery plan the implications of that commitment and their actions to achieve that commitment in respect of poverty, social inclusion, sustainable development, good relations and equality. We have tried to capture that aspect of it in the delivery plans, and that is clearly set out.

Mr P Maskey: If a Department says, for example, that it will tackle social disadvantage over the period of the Programme for Government, how does that get tracked? They do not say much except that they will tackle social disadvantage.

Mr Montgomery: The delivery plan will set out the actions that they intend to undertake in order to deliver. Some commitments are more wordy than SMART indicators, so we said to Departments: "That is your commitment, but how do you know that it has been achieved? What indicators or proxy indicators do you have that the people of Northern Ireland will be able to tell at the end of March 2015 that that commitment has been achieved?" We will be tracking those indicators, hopefully on a quarterly basis, to be able to tell, for example, the percentage of families below 60% of the median income.

Mr P Maskey: Has work on that been set out before?

Mr Montgomery: That is a matter for the relevant Department.

Mr P Maskey: Has a Department called you in to look at social disadvantage, for example, or have you gone into a Department to do that?

Mr Montgomery: I don't think so. We have looked at child poverty as part of the previous —

Ms Gillian Doherty (Department of Finance and Personnel): The accountability review.

Mr Montgomery: Yes. We conducted an accountability review. One of the targets from the previous Programme for Government was a reduction in child poverty.

Mr McLaughlin: Eradication or reduction?

Mr Montgomery: I cannot recall.

Mr McLaughlin: I think it was more than reduction.

Mr Montgomery: Well, yes, there is a debate about whether you can eradicate child poverty. There was felt to be a shortfall in delivery against that target, and we were called in as part of accountability meetings that were held.

Mr Humphrey: Thank you very much for your presentation. I am sure colleagues will agree that the work of the unit is crucial given the economic climate. Even if times are good, as they were a number of years ago, efficiencies and savings should be the norm with regard to good practice. The work that PEDU does with Departments is vital.

Point 12 in your paper, "Timely and Appropriate Response", refers to:

"taking appropriate action to address areas of under-performance".

Can you give us examples from the past year where you took on areas of under-performance and recommended appropriate action?

Mr Montgomery: We have not undertaken that; that is what we are proposing for the future.

Mr Humphrey: OK.

Mr Montgomery: With regard to the monitoring of the previous Programme for Government, we have not undertaken any work on that over the past year, primarily because we were doing two major reviews on education and health and social care.

Mr Humphrey: Your work does not preclude you from working with quasi-governmental organisations such as the Housing Executive. The Deputy Chairman raised the question of resource. I would like to focus on the resource that you have, not the resource of the Departments that you go into. It is self-evident that greater resource that can be deployed across Government will deliver greater efficiencies and savings. Do you have enough resource? Could you use more?

Mr Montgomery: We are an efficiency unit, so we have enough resources at present.

The Deputy Chairperson: Could you do more with less?

Mr Montgomery: If we were asked to do more, obviously —

Mr Humphrey: That is a loaded question. That leads me to the next steps. In point 17, you talk about engaging with Departments to put in place robust delivery plans. Will that apply to all Departments?

Mr Montgomery: Yes. The Executive have agreed the delivery framework, so every Department will be expected to put in place those plans.

Mr Humphrey: So, the permanent secretaries of each Department will liaise with your unit to ensure that PEDU will carry out work in their respective Departments?

Mr Montgomery: PEDU is there only as part of a central team, which is led by OFMDFM. We have already had bilateral meetings with every Department to discuss the developing delivery plans. Therefore, there has already been engagement.

Mr Humphrey: Do you envisage any difficulty in respect of the point that Mr Girvan made about Departments asking for your help and co-operating fully?

Mr Montgomery: We certainly hope not. The delivery framework has been set up in such a way that it is the Programme for Government programme board, with the First Minister and deputy First Minister and our Minister having the lead role. Therefore, we do not expect —

Mr Humphrey: In an ideal world, everything is fine. They bring you in, you do your work, and you make all these savings, but if there is a problem in a Department and there is not the co-operation that you would expect, how do you flag that up? How is that effectively addressed?

Mr Montgomery: In my experience, that has not been the case to date.

Mr Humphrey: Surely, not every Department is working the same way to the optimum. Is there not some sort of resistance? I do not mean that there is co-ordinated resistance, but is there not a natural resistance in some areas?

Mr Montgomery: In most cases, every Department that we have worked in has been very positive.

Mr Humphrey: In most cases?

Mr Montgomery: In most cases. It is in the interests of the Department to do it.

The Deputy Chairperson: Let us not look for trouble where there is no trouble.

Mr McLaughlin: It is probably the case that some Ministers and officials realise the benefits of the scheme. I am on record as being a supporter of PEDU. I want to establish whether what is being presented here in respect of the forward programme is in any way a change or development of the role of PEDU, or does it simply reflect what you have been doing all along?

Mr Montgomery: It largely reflects what we have been doing all along, although we hope that our role will be enhanced so that we can have more involvement when there is a shortfall in delivery.

Mr McLaughlin: I am content enough, if that is the case. When the Committee examined the various progress reports, it found that the RAG process can be quite subjective. For example, "on track for delivery" can mean quite a wide range of performance. In your opening remarks, you referred to it being an unresolved area and whether it should remain with the Departments to make their own assessments or whether the central team should take a look at it and apply the RAG performance indicator. Again, we should try to make this process as objective as possible with respect to uniformity across all the Departments. We should avoid any self-serving — and you can understand that at the human level — which does not cut the mustard in ensuring that the commitments are being delivered and performance matches the objectives. Is that an area of active discussion yet? You mentioned that it is not yet clear who will apply the RAG process to performance.

Mr Montgomery: We are discussing among ourselves which would be the best approach. An issue that occurred with the Department of Finance and Personnel (DFP) during the last PFG is that, as a part of the PFG monitoring, DFP recorded a certain RAG status for a target, when, for the same target as part of departmental monitoring, there was a different RAG status. The difficulty is that you need consistency. Unless the Department is involved in both processes, the same problem could recur.

With the previous PFG monitoring, the Department first made its RAG assessment and then we challenged it or said that we did not agree. We had a difference of opinion on about 5% of targets. There are two aspects. From my perspective, there is a value in Departments presenting information about the progress that they have made and then the central team making an assessment. There are two sides to the argument.

Mr McLaughlin: There are, of course. There is some kind of oblique reference there perhaps to people being unconvinced about the work of PEDU or requiring to be convinced. In the same proprietorial perspective, people might want to do this for themselves. I recall that this Committee more or less

sent back a RAG assessment and challenged some of the rankings that had been applied. It challenged them effectively, because they were changed. So I think that we should be looking for uniformity and consistency in that process. People should look very closely at bringing that objectivity to the exercise. It would be in the interests of the entire Executive to do so.

There is also an issue as to how precisely the commitments are defined. You can read them. For example, I discovered that the commitments made by the Office of the First Minister and deputy First Minister in respect of social clauses might not mean exactly what everybody else thinks they mean. When I enquired about this of the Minister of Finance, it transpires that there is no definitive definition. That simply invites ambiguous interpretation, and I do not think that we need to have that woolliness in our approach. We are all consenting adults and we should say what we mean and measure our performance against those very explicit commitments.

Is it an efficiency issue? In my view, there is a direct relationship with efficiency. Can you give us an indication as to whether the issue will be looked at? If the definitions are not precise enough, we will have confusion as to what is meant or expected when it comes to measuring performance.

Mr Montgomery: That was one of the key aspects of the delivery plan. It will try to give better precision — more precise indicators of what is achieved. We were surprised at how positively the PFG was accepted by everyone. For technocrats like us, the wording may be imprecise, but it has to mean something to people out there — to stakeholders, rather than to economists.

Mr McLaughlin: No, no.

Mr Montgomery: We are trying to square the circle to ensure that there is a clear statement of what each commitment is expected to achieve, and the indicators of success. Beyond each indicator, there will be a technical annex that will show where you can get the data and how often it is updated.

One of the issues from the Programme for Government was that the data was available only months or years after the end of the period. We are trying to move everything closer together so that there is more contemporary reporting. We are trying to tighten that up so that people understand what is being delivered or what is to be delivered and then, on an ongoing basis, the extent to which it has been delivered.

Mr McLaughlin: On the two points of objectivity and precision, I have to say that I think this has been positive work. Best of luck.

The Deputy Chairperson: Are the delivery reports quarterly?

Mr Montgomery: Yes.

The Deputy Chairperson: Is there any expectation that they will be debated in the Assembly?

Mr Montgomery: That is a matter for OFMDFM. Our role is simply to provide analysis and advice to the delivery oversight group.

Mr Cree: I have a few points. First, I see that the RAG system has become GAGAR.

Mr McLaughlin: Gaga.

Mr Cree: I wonder whether that was by accident or design. Seriously though, surely amber-green is a fudge. Knowing the sort of diplomatic approach that a lot of the Departments take, do you not anticipate an awful lot of commitments appearing in the amber-green section in future reports?

Mr Montgomery: That was an interesting trend that we saw as part of the previous Programme for Government. At the start of the process, there were lots of amber-greens and ambers, but towards the end — the crunch point — everything started to go either green or red. It is a matter for us in challenging Departments to say whether or not we feel a commitment is amber-green. We get into quite academic debates about whether it is amber, amber-green, green or red. You could have more

classifications for some Departments. You could have about 20 of them to build in all the possibilities.

Mr Cree: You referred to the templates. Is it possible to see one of them? Are they all similar?

Mr Montgomery: OFMDFM issues a common template that is applied to each commitment. It would, therefore, be up to OFMDFM to decide whether to release one.

Mr Cree: It would be useful to see one. I have two final points. You did not mention the Strategic Investment Board. I was just wondering where it will tee off, when appropriate. Is it still in operation? You do not hear much about it this weather.

Mr Montgomery: That is an OFMDFM unit; it is not part of DFP.

Mr Cree: Do you believe that it is possible to map budgets to the PSA targets?

Mr Montgomery: Not overall budgets. We are hoping to know what resources will be required in delivering each commitment, which is slightly different. The vast majority of Departments' budgets — £10 billion-odd — will be used to do the same thing that they have done. The PFG is about delivering better services at the margin. Therefore, it will always be difficult to map outcomes to budgets.

Mr Cree: Yes, but you have to meet them along the way. Surely you have to tick them off.

Mr Montgomery: That is what we are looking at. We are looking at it the other way: we are looking at the resources required to deliver the actions for each commitment.

The Deputy Chairperson: The Minister initiated a review of departmental spending. Do you in any way link into that?

Mr Montgomery: No, not at this stage.

The Deputy Chairperson: But possibly in future?

Mr Montgomery: Possibly, but not at this stage.

The Deputy Chairperson: OK. Thanks very much for your evidence today. We will no doubt meet again to discuss some of these matters further.