



Northern Ireland
Assembly

**COMMITTEE
FOR THE OFFICE OF THE
FIRST MINISTER AND DEPUTY
FIRST MINISTER**

**OFFICIAL REPORT
(Hansard)**

**Organisational Restructuring of
OFMDFM**

14 April 2010

NORTHERN IRELAND ASSEMBLY

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DEPUTY FIRST MINISTER**

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Members present for all or part of the proceedings:

Mr Danny Kennedy (Chairperson)
Mrs Naomi Long (Deputy Chairperson)
Mr Alex Attwood
Mr Tom Elliott
Mr Francie Molloy
Mr George Robinson
Mr Jim Shannon

Witnesses:

Mr Frank Duffy)
Ms Jackie Kerr) Office of the First Minister and deputy First Minister
Mr Tim Losty)

The Chairperson:

The next item on the agenda is the briefing on the organisational restructuring of OFMDFM. I welcome Mr Tim Losty, Ms Jackie Kerr and Mr Frank Duffy. Please make your opening statement, after which members will have an opportunity to ask questions.

Mr Tim Losty (Office of the First Minister and deputy First Minister):

I am an acting grade 3 deputy director in the new directorate, which brings together the good relations, equality and economic policy units. Our intention is to create a directorate that uses its available skills and resources more efficiently and effectively and has a greater strategic focus.

Most recently, we have received some correspondence from some stakeholder groups about how the changes to the directorate will affect services to the children and young people's, victims' sectors, and age-related groups, among others. Our stated intention in implementing those changes is to improve services to our stakeholders.

We have been talking about and planning structural changes for some years. As part of the change-management process, we wanted to shape the organisation so that it could do more work on horizon scanning — looking at future policy and strategy, but keeping an eye on the future financial operating climate.

In the midst of the change-management process, we had to make some efficiency savings, which have now been implemented. We are meeting stakeholder groups to assure them that all the priorities that were agreed by the Executive Ministers, the Programme for Government and our legal obligations will continue to be addressed and will remain as priorities. Stakeholder groups and organisations will still have contact with a named individual in the Department, who will be responsible for managing a policy project team, as opposed to what we had in the past, which was a fairly static silo-type branch structure.

People have been concerned about access to resources, in that some of the efficiency measures meant a reduction in staffing and, therefore, a reduction in the priority afforded in some areas. We are saying that that is not what we intend. In fact, our new, flexible structure under project management teams allows us, when needed, to match the right skills and resources to the right work. That means that at any one time, we would have access to 85 people in the new directorate, as opposed to the old, static structures that afford us access to only six to eight people who were working in the branch in question.

Stakeholder organisations have given us feedback about changes in the directorate that they would like to see. We have fed some of those recommendations into our change-management process and we hope to further consult and communicate with stakeholder groups over the coming weeks.

The Chairperson:

Thanks for that helpful overview. OFMDFM is streamlining the structures. The indication seems

to be that, at some point, the Department will be all singing, all dancing, and that all of its staff will be able to deal with any specific issue raised. Is that the intention? Is that where you want to take it? That appears difficult to achieve in a short period.

Mr Losty:

Stakeholder organisations have fed back that there has been a tendency to develop some policies in isolation from others, and that some groups may have been visited by one of our officials one week to talk about impact on some of that organisation's client groups, and other officials would visit in subsequent weeks. Stakeholders wanted those policies to be more integrated and information shared more widely. They were also concerned that if somebody left under the static branch structure, it would take a while for a new person coming into that branch to bring their knowledge up to speed.

We intend to establish project management teams with a project management plan to identify what skills and resources are needed. Those skills will then be grouped under functional pillars, so there will be quality assurance and the ability to learn from one another. Therefore, if somebody has previously been good at dealing with the development of legislation, their skill will be brought into the relevant functional pillar. The other people in that pillar will also then learn how to put together legislation. A grade 7 manager will be in place to ensure that the work is quality assured.

Hence, rather than saying that it is an all singing, all dancing, I would say that it would have to be more effective and flexible, and able to address more issues in the future than it has been in the past.

The Chairperson:

What is your judgement on when efficiency savings become cuts in the form of staff reductions, and so on?

Mr Losty:

We have gone through a number of efficiency savings and some staff have been redeployed. When we looked at strategic change management, one of the issues that we wanted to look at was what we needed to be doing. That is because another concern shared by stakeholders was that we sometimes spread ourselves too thinly across areas. We must get the organisation operating

effectively and maximise all of its resources when they are needed throughout the year. At this point, we do not see the impact of a cut in resources leading to a cut in services or a reduction in the quality of services.

As we go through the change process, people may identify some short-term issues, but we can address those by making sure that we implement the changes over the longer period. We do not see efficiency savings now as a cut in services.

Mr Shannon:

Are efficiency savings the real driver in all of this?

Mr Losty:

They are one of the drivers, but not the main driver. The main driver for change is the operating environment and the need for a more strategic focus.

As I have said, policies tended to be developed in isolation, and sometimes as a response or a reaction. One of the telling measures for the Department was during the recent change in the financial climate, when it had to respond very quickly and organise a team to devise the Financial Assistance Act (Northern Ireland) 2009. That exercise taught the Department the lesson that it must try to anticipate what is about to come down the road. By establishing project teams with policy leads, the policy leads are allowed to spend more time examining what will be the impact on the operating environment in respect of the various policy areas.

The main driver was strategic, but the Department must also keep an eye on the fact that, in the future, less money will be available. It had to construct a directorate that was able to maintain its quality of service and address its priorities in that future financial climate.

Mr Shannon:

Are you confident that the priorities can be delivered with the efficiency savings and the reduction of staff and resources?

Mr Losty:

The Department is examining those priorities. The policy priorities will be agreed with Ministers and the Executive, and, over time, some priorities that may currently be more important may

become less important or be replaced with something else. However, the Department believes that it can address the priorities to which it has committed.

Mr Shannon:

I am a member of Ards Borough Council, which has held some discussions with the Planning Appeals Commission. The indication that the council received was that the commission is very stretched for staff and has brought staff in from Scotland to help deal with public and article 31 inquiries. Can you confirm that there will be no reductions in the Planning Appeals Commission and the Water Appeals Commission that could impact on the level of service provided?

I understand that the Department has been able to reduce the waiting list for appeals. That is dramatic and good news, but when I hear that staff have been brought in from Scotland to supplement the staff in those commissions I wonder whether there have been cutbacks.

Mr Frank Duffy (Office of the First Minister and deputy First Minister):

The Planning Appeals Commission falls under my area in the Department. I have recently taken over from Deirdre Kenny as the corporate services director in OFMDFM, and I have met the Planning Appeals Commissioner.

There will be no impact on the front-line staff on the independent appeals panel or on the commissioners themselves, and the only reduction that there has been in the commission is the loss of one administrative member of staff. There has also been no direct impact on the ability of the commission to hear appeals or article 31 inquiries.

Mr Shannon:

Sorry —

The Chairperson:

Is this another question Mr Shannon?

Mr Shannon:

Yes; it comes on the back of my previous question.

The Chairperson:

OK. Hurry up, please.

Mr Shannon:

Article 31 inquiries usually deal with strategic developments, which are critically important for areas such as the one that I represent, and, I suspect, for many others. Those inquiries hold up progress, economic development, jobs, resources and all of the things that result from such developments. Therefore, is it not a good idea to spend more money in the Planning Appeals Commission to speed the process up and have article 31 inquiries heard quicker, so that, at a time of economic difficulties, those inquiries do not hold up progress.

Mr Duffy:

The Planning Appeals Commission is entirely independent, and the Department's role is simply to provide sponsorship to the commission. There are a number of full-time and independent part-time commissioners who are brought in to deal with issues such as backlogs.

The backlog that the commission has had is a consequence both of the upturn in the economic conditions that Northern Ireland experienced and the huge interest in building here. However, there has been a very significant reduction in that backlog. We discussed the matter with the Chief Commissioner of the Planning Appeals Commission, and she is satisfied that the commission has sufficient resources to hear that number of appeals. That is entirely an operational matter for her.

Mrs Long:

My question about the Planning Appeals Commission has already been asked. You said that the use of the project-team model gives you more agility to respond to various issues. However, is there not a risk that such an approach might result in the loss of the institutional memory of some issues that you deal with in that people are, by necessity, more generalist than specialist? A number of areas that you deal with are quite specialist in nature.

Mr Losty:

One reason for the change was to try to create more of a learning organisation in the new directorate, because we felt that, when people moved on, we sometimes lost that knowledge. Through the use of project teams and the new structure, we will need some people to operate on a

specialist basis. They will remain as specialists. However, there is potential for them to provide that expertise in other areas. Moreover, staff who may have been constrained by being in a static silo in the past have the opportunity to move into other areas and to enhance their knowledge of some sectors or organisations. We expect the structure to maintain specialist knowledge and to share it out among more people to ensure that, if people move in the future for reasons of career development, retirement, and so on, that knowledge will not be lost as it has been in the past.

Mrs Long:

My other question is about the breakdown of current staffing numbers and the areas for reductions. For example, Jim Shannon sought clarification about the impact that the proposed reductions will have on the Planning Appeals Commission. Can we have a more detailed breakdown to highlight that impact? For example, there are a number of work streams in the equality directorate, and I am interested to know the spread of those.

Mr Duffy:

It is possible to provide that information. We had a quick look at the directorates in OFMDFM, and each one has been subject to a reduction in the order of 10% to 15%.

The Chairperson:

How many people are represented by that percentage?

Mr Duffy:

The total reduction is 51 posts. A number of those posts were identified as vacancies or posts that had not yet been filled. They have been suppressed. We are redeploying 40 people, 26 of whom are currently redeployed to other Departments. A number of other moves are in the pipeline.

Mrs Long:

My specific point is that each directorate has separate sections. For example, your directorate includes the Office of the Commissioner for Public Appointments for Northern Ireland, the Planning Appeals Commission and the Water Appeals Commission. We do not know how the restructuring will affect each of those functions. We have a general idea of the reduction in each directorate and the overall figures, but I want to know the breakdown in each section in those directorates so that we have an idea of the impact.

Mr Duffy:

We can provide that information. In some cases, it is about individual members of staff, and the granularity is very small. We will supply that information if the Committee wishes.

The Chairperson:

That would be good.

Mr Attwood:

Thank you for the presentation. I have two or three quick questions and one more substantial one. How many posts at grade 5 and above will be suppressed or lost under the restructuring?

Mr Duffy:

I do not have the detailed figures in front of me. My former grade 5 post has been suppressed, and I have moved from machinery of government to corporate services. I took some work with me. My finance colleague tells me that two grade 5 posts and one grade 3 post will be suppressed.

Mr Attwood:

Of the 51 posts, only two or three are at grade 5 and above. That is not an appropriate balance.

In OFMDFM, 22 posts are grade 5 and above and pay £80,000 or more. Last year, we asked the head of the Civil Service what those people were doing. His first answer was that they manage VIP visits. In my view, that removes people at the ground floor and protects those at the top.

My second question is for you, Tim. You indicated that there will be further communication and consultation with stakeholders and that their views will form the basis of what you are doing. What consultation was there with stakeholders before you decided what you were going to do?

Mr Losty:

Senior staff have been in discussions with a number of stakeholder groups for the past couple of years. Practically every stakeholder group has mentioned the need for change and improvement and the need to do things better. We formalised that by bringing in DID (Delivery and Innovation Division) to consult with a selected group of stakeholder organisations that were either

beneficiaries of the directorate's service or partners in delivering services. That took place by way of one-to-one interviews with key people. I have already mentioned some of the feedback that was given, including the need to enhance strategic focus and to link policy work within the directorate. Some of the stakeholders also said that involvement in too many issues can sometimes lead to the dilution of service and repetition of messages.

Mr Attwood:

Can I stop you there? I think that you should provide the Committee with that information and confirm which elected groups were consulted in that way. If that level of consultation occurred, why is it that what the stakeholders are now saying is informing what OFMDFM will do and that the Department intends to have further communication and consultation with them? I am a bit surprised at that.

I got a sense from the victims' and children's organisations that the consultation was not very substantive and that those who were consulted, never mind those who were not, were left in the dark. Uncertainty and doubt exist about the consultation.

How does what OFMDFM is proposing with respect to children and young persons comply with article 4 of the UN Convention on the Rights of the Child? Is it the case that when restructuring happens, we will be the only Administration that will not have a stand-alone, dedicated children and young persons unit? Will it be the case that Scotland, Wales and England will have a unit, and we will not? Are we not exposing ourselves to criticism from the UN for denying the rights of the child in that regard?

Mr Losty:

As I said earlier, we will continue to address all commitments, legal requirements and international protocols. There will, therefore, be no dilution of either the service or our commitment to the services that we provide for children and young people. We want to ensure that we maximise the resources and skills that we have. If we maintained a unit structure, the delivery of service would be interrupted by people leaving the unit at various times and the impact of possible efficiency cuts.

We, therefore, intend to have a project team with a policy lead. Some people might work permanently on the delivery of service to the children's and young people sector. However, it

may be that they are only 60% engaged in that work for six months at a time. At the same time, there might be another unit that is 120% engaged in an area. We have had experience of one unit that is absolutely slaughtered with work and cannot deliver as effectively and efficiently as possible while another unit has some downtime. In the old Civil Service structure, it was difficult for one area to ask another area to lend it a body, because there was a sense that the former area may not need that body and, therefore, may not get people back.

Mr Attwood:

I appreciate that. However, my question was: if the UN committee has said that the dedicated body in government, which has been put in a silo so far, affirms and acknowledges the right way to do things, and if the Governments in England, Scotland and Wales, who are also subject to economic efficiencies, are still doing it that way, why are we not? There is a contradiction and a tension there. Perhaps you want to think about that. There are economic policy units in DFP, DETI and OFMDFM. However, if I remember rightly, Barnett made some recommendations about rationalising all of that. The Minister of Enterprise, Trade and Investment, in response to a speech that I made, seemed to indicate that she agreed and questioned what that unit was doing. Is there any need for it, given that you seem to be continuing it as part of good relations, equality and economic policy?

Mr Losty:

When developing policies and strategies, we want to bring in the economic factors at the early stages, so that we are bringing together economic and social policy and strategy.

Mr Attwood:

Do DFP and DETI not do that? Why does OFMDFM do that? Someone in the Civil Service told me that the only thing that the economic policy unit did was manage the Programme for Government.

Mr Losty:

It manages the Programme for Government, and it is responsible for sustainable development. It is also responsible for economic-proofing some policies and strategies, which, in the past, have tended to happen at the end of the development of the strategy and policy. What we are doing now is bringing them in up front when policy is being formed and ensuring that when we develop social policy, there is an economic impact and an economic factor in there. Therefore, it is

important. It is about integrating a lot of those areas, and I think that it has a very important role to play.

We are also responsible for the management of the Programme for Government, which is an important Executive tool. OFMDFM has its own targets, and it has a cross-cutting dimension to it. Therefore, the team at the unit performs a very valuable function. However, we want to make it better, and we want to harness those skills and apply them to other areas, such as social policy.

Mr Attwood:

I hear all that, but I am not convinced. Given the sensitivities around the issue of victims in the North, and given the uncertain birth of the Victims' Commission, I find it incredulous that the victims unit was not a stand-alone unit in OFMDFM. A diverse and surprising range of units think that that is not the way to go. I do not agree with that structure. I think that there is a risk that front-line work around children, young people, victims and other areas will be downgraded. When I see the Senior Civil Service being protected and 40 or 50 jobs going out the window, I am not very satisfied.

Mr Losty:

We have not invented the new structure. It is being implemented in a number of other Governments. The Department of Culture, Media and Sport has implemented it very successfully, a number of Departments in the Republic of Ireland have implemented it, and others intend to implement it. It is a way of ensuring that we maximise the resources and skills that we have, rather than having some skills being under-employed and others being over-employed.

Mr Attwood:

Do you think that the Scotland, England and the Department of Tourism, Culture and Sport in the South have the same issues around victims as we do?

The Chairperson:

You have made your point. It is also fair to allow it to be responded to.

Mr Losty:

The point that I am making is that we are not trying to implement the new organisational structure in isolation from the markets that we serve. We are trying to implement the new structure in the

light of our need to provide an improved service to the various stakeholders. We do not believe, going into the future, that we would be able to provide a good quality, even service by having perpetually stand-alone static silos. We believe that we need to maximise and use the resources and skills that we have. I have no doubt that members of the Committee and Members throughout the Assembly have talked about getting a difference of quality of service from different parts of the Civil Service at different times. This is our attempt to improve that through change management.

We will review constantly the implementation of the strategy and the organisational structure to determine whether there are problems that we can fix. We have given that guarantee to Ministers, and the restructuring is being done in a way that we hope will enhance the relationship with stakeholder organisations. As we develop policy, we are creating the flexibility so that representatives from stakeholder groups can work with us to help shape policy and, more importantly, to help to shape the delivery of policy, rather than having policy that sits on the shelf.

There is always benefit in communication and consultation with groups, and one can never have enough communication. There are quite a variety and number of organisations, and people tend to look at things in different ways. Some people view change as losing something and some people view change as an opportunity to do things better. We believe that this is the opportunity to do things better, but we recognise the fact that some people see change as a loss. We want the opportunity to talk to those people to assure them that their needs and priorities will be addressed. It is our job to try to do it in a better and more improved way in the future.

Mrs Long:

I wish to follow up on those issues. I want to see the impact that the strategy will have on the organisational structure, which we cannot see from the figures, because it is unclear how things will look after restructuring. We know how many posts will go, but we do not know how the structure will look, how it will function or how people will know where the contact points are. That is why I asked specifically for a breakdown of what the structure will look like at the end. Most restructuring reports show the current structure and what the structure will look like after restructuring. They show which posts are going, but we do not have that sort of tree to show us what is happening. It would be helpful to have that to see which posts are going and to where people are being moved.

You said that the restructuring is not simply being driven by cuts but by trying to improve service. I have not heard an answer to the question of the victims unit. You said that the victims unit is not the way to deliver, but that view had no visibility at all when the Department came to the Committee with the victims' service consultation or with any of the other dimensions around the victims' sector. The victims unit was always part of those structures. There were many diagrams of the victims' service, the Victims' Commission and all of the interconnectivity that would be involved in that. A lot of money was spent on asking people what they thought about those structures, only to find out now that there will not be a unit. At what point did somebody decide to change that as part of the restructuring, and why were those people not talking to the people who were doing the consultation on structures that were not going to be there after the restructuring was implemented?

Mr Losty:

Most of the consultation of stakeholder groups and outside bodies has asked about such issues as what services they need, how they should be delivered, and whom they need to talk to. A policy lead and a named policy person, who will be the primary point of contact for stakeholder organisations, will look after that. The policy person will have to assemble a team. At any one time, six people, say, will be needed to work on a number of issues, but, at other times, 12 people may be required to help to work on the issues.

The Chairperson:

We understand that, but why is the system being changed now when it appeared that you were content with the other system for a long time?

Mr Losty:

We view the organisational changes as an internal change. The consultation on the other structures is to establish how the stakeholder groups can be mobilised and organised. We are considering how we can best service those structures.

The Chairperson:

When did the wind of change begin to blow?

Mr Long:

It cannot have been that long ago that we sat here and had detailed discussions with other members on that issue. The one thing that that displays to me is that there is an issue with silos in OFMDFM. Whoever is working on restructuring is not talking to the people who are working on the consultation on victims' issues. The Committee was brought documentation, and we had plenty of conversations about how there would be an interface between the victims' service and the victims unit. There will not be a victims unit, so that was nugatory discussion. At what point did somebody decide that there would not be a victims unit?

Mr Losty:

There is a policy project team, so a policy lead will deal with the victims. The victims' organisations will still have a named person to talk to.

Mrs Long:

That is missing the point. There was a structure in place, and it was about the interface of two structures. Now, there is a different structure, so the interface will be different.

Ms Jackie Kerr (Office of the First Minister and deputy First Minister):

Taking a step back slightly, OFMDFM, since its creation, has been at the centre of the Executive in a political sense. There is always a lot of change and new issues that come along on which the Department must take the lead and respond. A key requirement for OFMDFM is flexibility and capacity. The organisational structures that were established when the Department was created have proved over time to not offer that flexibility and capacity to respond. During the past two or three years, OFMDFM has had to respond to a range of issues, including the devolution of justice and policing, the appointment of an Attorney General and sustainable development.

The equality directorate in OFMDFM is at the forefront of many of the policy changes and initiatives with which OFMDFM deals. It is important that it has the flexibility and capacity to respond and be properly aligned with the Programme for Government. The Committee has discussed OFMDFM's cross-cutting role. It must be ensured that there is sufficient drive so that there is not just a process for the Programme for Government, but that it is an intelligent process and that it is managed in that way. There needs to be horizon scanning, which Mr Losty talked about, and learning from the processes that are ongoing to ensure that it is intuitive and flexible.

The area that has been most significantly impacted in respect of structural change is equality moving to the project-based approach. However, that does not suggest that there is any diminution in the priorities, the focus on the priorities or the emphasis that is given to them. There will always be a recognised interface and points of contact among the Department, its arm's-length bodies and its key stakeholders in those areas. One of the primary objectives in all of that was to make sure that how staff are organised and brigaded and how resources are organised is focused on the priorities in the Programme for Government and priorities for Ministers. At the forefront of those are children's and victims' issues. Those are very much factored in.

The restructuring process is trying to remove organisational structures that may impede what we are trying to achieve in the Department and what Ministers want to achieve. Suggesting that the structures have changed does not suggest that the focus, the emphasis and the relationships, which are probably the most important thing in the equality directorate, will be undermined in any way. Perhaps the more detailed organisation charts will help to assuage some concerns.

The Chairperson:

I sense that we remain to be convinced. Hopefully, that documentation will give us greater insight, but it is a conversation that will be ongoing. Thank you very much for your attendance this afternoon.