



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

OFFICIAL REPORT
(Hansard)

Performance and Efficiency Delivery Unit

14 April 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Dr Stephen Farry
Mr Simon Hamilton
Mr Fra McCann
Mr Mitchel McLaughlin
Mr Declan O'Loan
Ms Dawn Purvis

Witnesses:

Mr Shane Murphy) Department of Finance and Personnel
Mr Richard Pengelly)

The Chairperson (Ms J McCann):

Our next session is a departmental briefing on the performance and efficiency delivery unit (PEDU). I refer members to their tabled papers on the matter. I welcome Richard Pengelly, the public spending director of the central finance group in the Department of Finance and Personnel (DFP), and Shane Murphy from PEDU in that Department.

Richard, your paper was not prepared in time to be included in members' packs. It is a one-page paper, and the subject has been on the Committee's agenda for some time. Can you explain why we got the document only in sufficient time for it to be included with tabled papers?

Mr Richard Pengelly (Department of Finance and Personnel):

I believe that that was to do with the Easter break. The paper was prepared, but because people were on leave over Easter, no one was available to clear it. There is nothing more to it than that.

The Chairperson:

We are discussing a fairly important issue, and members did not have the opportunity to see the paper until this morning. Given that the document is only one page long, I think that it could have been brought to the Committee sooner.

Mr Pengelly:

We are carrying out various strands of work to try to expand what we are doing and were hoping to be able to include a lot more information in the paper. That is why we were originally holding on to it. Unfortunately, we have not been able to include that information. We were trying to give more to the Committee, and then we ran into the Easter holidays. I am sorry about that.

Mr McLaughlin:

Yes. It is interesting that the performance efficient delivery unit gives late papers. We should consider whether PEDU has been embraced. As you know, I have been concerned about the mechanism for activating PEDU, subject to invitation by the Minister. Through its business plan, DFP told the Committee that PEDU was to be the accepted mechanism by which Departments could be helped to achieve higher performance and efficiency. To what extent are we making progress towards the goal of PEDU's being the accepted mechanism and towards demonstrating that Ministers are recognising the value of that engagement?

Mr Pengelly:

It is slow progress, to be honest. The important word is "accepted", because our Minister acknowledges PEDU as the accepted mechanism. However, for PEDU to do a piece of work, it needs to go into another Department, and for that to work, it must be accepted by the receiving Departments.

The reality is that any work that has been done thus far has been in Departments that our Minister's party have held. No other Minister has invited PEDU in as yet. We are working on that, and our Minister has had conversations with other Ministers about it. We are making some

progress, but are not yet at the stage where there has been a formal invitation to go in.

Aside from that and the non-departmental specific work, there is an ongoing programme of work on projects such as supporting the Executive's delivery report, the accountability review that will underpin that. All that is generic, cross-cutting work. However, I still aspire to get PEDU into another Department quite quickly. I genuinely believe and absolutely acknowledge the slight caution from other Ministers about what PEDU is. Some members here who are also members of the Public Accounts Committee can see the fear in Departments.

Some of them still see PEDU as a PAC-type mechanism. It is not. The Audit Office and the PAC do an incredibly important job, but we are not trying to duplicate that. We want to get in on the other side of the timeline of the work. Once we have got into in another Department and have got to that side of the timeline, I genuinely believe that, at the end of the process, the relevant Minister will say that it has been a worthwhile exercise. Other Ministers will then be much more enthusiastic about the idea. I am optimistic, but I would like to be further along that line.

Mr McLaughlin:

The process comes against the background of over 30 years of direct rule during which there were different accountability mechanisms. Some would say that there were not that many accountability mechanisms in those circumstances. We have gone through a change of culture and a process of change, which we must acknowledge can be quite challenging. I thought that PEDU represented an important mechanism in managing that process of change and in helping us to identify the opportunity for cost efficiencies, as well as for performance efficiencies.

Therefore, it is disappointing that, almost three years after restoration, there is what can only be described as resistance to the idea. We must ask whether that laissez-faire approach exists to demonstrate that PEDU can do a job only if the relevant Minister is prepared to engage, to give direction and leadership and to invite PEDU in. Given the threatening and difficult resource implications of the efficiencies that are being driven by Westminster already and those that are projected post-election, should we consider the use of another mechanism?

Mr Pengelly:

Other options are available, but they are not PEDU options. As we have discussed previously, the concept of PEDU, which evolved from the work of the Prime Minister's delivery unit

(PMDU), is based on collaboration.

We have carried out two significant studies, and Shane might want to say more about those, because he was on the front line in the Planning Service and in Land and Property Services (LPS) during that time. When reflecting on those studies, both parties would say that most of the value of those pieces of work can be traced back to the collaborative approach between PEDU and the host organisation. A different approach that is more of an imposition would not achieve anything like the same value. Not many months after we finished the work, Planning Service hit its targets for the first time because it had implemented ideas that came from the review. Those ideas came largely from the operational staff who were part of the central team that Shane worked with. Shane can say more about the collaborative nature of the process.

Mr Shane Murphy (Department of Finance and Personnel):

I want to point to two elements, the first of which is the collaborative nature of the work. Two professional planners were on the team in the Planning Service. That provided a window to ideas and opened doors to information. The second element is the gaining of information and data such as that on the Planning Service's 2020 planning database. That was very important.

If PEDU were imposed on Departments, I am not sure whether we would get the same access to information that we would through a collaborative process and through working with people hand in hand. Moreover, I doubt that we would get the same access to information and data if there were significant resistance in Departments. I suspect that we would either be frustrated or that it would take much longer to get the information that is needed to generate evidence of where the problems or blockages lie, or whatever you want to call them, and then to prompt the generation of ideas, which is the basis for action plans to tackle those problems.

Mr Pengelly:

The comparison has been made with the work of the Audit Office, and Shane made a point about access to information. The Audit Office's entitlement to the information is enshrined in legislation. There is no such legislative basis for PEDU's access. Therefore, the collaborative approach is all the more important.

Mr McLaughlin:

I understand exactly what you are saying about the value of bodies inviting PEDU in and of

having an open and collaborative approach. The update tell us that PEDU has only two current areas of work, which we are discussing today. One is the performance management framework of the Programme for Government and the other is the delivery oversight team, which came out of PEDU's work in engaging with Land and Property Services on the invitation of the Minister of Finance and Personnel. On that basis, anyone would be entitled to conclude that PEDU was a good idea but that its time has not yet come. Ministers are not engaging with PEDU or availing themselves of the support that it could offer.

Mr Pengelly:

That is not an unfair comment, but I would not wish to understate the value of the work that has been undertaken. A fundamental shift took place in the Planning Service's performance as a direct consequence of a short piece of work that PEDU did. Earlier this morning, the Committee took evidence from representatives from LPS. Good progress has been made with LPS, and many clear recommendations have been made. Work on the performance management framework is cross-cutting and focused on the Programme for Government. It is driving forward accountability reviews that are chaired by the First Minister and deputy First Minister, and it is holding Ministers to account for non-delivery or poor delivery on targets. That is an important piece of work on which good progress is being made.

PEDU is still adding value, although I agree that it is not adding anything like the amount of value that we would like it to add and that it is capable of adding across the portfolio. That is a frustration, and we will keep pushing on that.

Mr McLaughlin:

Your previous briefings have convinced me about the benefit of PEDU, but I am seriously concerned that we have not set effective terms of reference that would allow for agile and effective challenge and response to performance. We will all have views on the commentary that goes on between Ministers protesting about insufficient budgets and the pressures on their budgets. A lot of general comment is made on the need for efficiencies, and the expertise and the drive to satisfy people that the maximum efficiencies and performance are being generated out of Departments is emerging as a key concern for the public.

The Chairperson:

In your answers to Mitchel, you said that PEDU could have more impact, but that Departments

were not engaging with it. Is there an argument, therefore, that PEDU should be an independent body, as opposed to what it is now? You said that the Audit Office has more powers than PEDU, so is there an argument to be made for that?

Mr Pengelly:

It depends. If PEDU were to have independent status, it might solve some issues but raise others. The Audit Office is independent and at arm's length, but its approach is much more reflective.

Mr McLaughlin:

It takes a retrospective approach.

Mr Pengelly:

It looks at events. The classic view of the Audit Office's role is that it stalks the battlefield long after the bodies are cold and bayonets the wounded. It looks at how things were done so that lessons can be learned. PEDU's focus is on working with Departments to meet a target to ensure that something is done by a date in the future.

Some of the difficulties with PEDU's having an independent role are political in that there are cross-party boundaries. If PEDU had an independent role, some of those would be addressed, but it would also raise the fear that it was pushing more towards a model that is similar to the Audit Office whereby it would be independent and subject to external critique. The value of PEDU's being in the system is that it is staffed by people who understand that system, who have experience and knowledge and who can work closely and quickly with people.

There is an element of swings and roundabouts with that idea. I believe that given that PEDU is attached to DFP, the fear is that, if we were to go to a Department ostensibly to help it, we would find something that might manifest itself as a DFP critique of a Department. That is my personal genuine belief, and I certainly would not want to attribute it to my Minister.

That is not what PEDU is about, and we will demonstrate that only by carrying out some reviews. A couple of Ministers are, I hope, very close to inviting us in, and our Minister is happy to give them any and all assurances that the recipient Minister will be the only person to comment on any work that we do. Once that is seen to happen, Ministers will become more comfortable and we might make the sort of progress to which we all aspire.

Mr McNarry:

Welcome, gentlemen. Your optimism about PEDU reforming itself appears to be everlasting. Every time you sit in front of us to tell us about PEDU and what it is doing, you seem to be repeating yourself. Therefore, although I respect your view, it is quite alarming to hear the same thing, albeit with one or two minor improvements. If we were to pick up on what the Chairperson and Mitchel McLaughlin said, could you tell us whether PEDU is now ready to be reviewed? Is such a call needed? Indeed, should the Committee itself ask the question and recommend a review that is based on the evidence that it has heard?

Mr Pengelly:

That is for others to judge. You mentioned my everlasting optimism, but my optimism is well founded and evidence based. One can look, for example, at the performance of the Planning Service and at the comments of the Minister who was responsible for planning and at those of the Finance Minister at the time. The Planning Service's performance information has been published and audited, subject to verification, and it shows that following a six-week PEDU review, there was a quantum leap forward, which the service is happy to attribute to the work of the review. As I said, it is not just down to PEDU; it is down to the collaborative nature of that review, of which individuals from the Planning Service formed a part.

Mr McNarry:

Maybe it is for others to call for a review, and maybe we are the others who should consider whether PEDU is ready to be reviewed. Have you identified external advisers that Departments could use? Perhaps that would bring another professional angle to what PEDU is trying to do.

Mr Pengelly:

We have not identified external advisers for other Departments. It is for them to consider whether they need external advisers. At the moment, we are saying that PEDU is a source of expertise, so Departments can come to us. If a Department were to invite us to look at a specific area, and as we develop the terms of reference for that piece of work, it is quite possible that we would both conclude that that engagement would benefit from external advice and support, which we could then draw on and incorporate in a review. However, in the absence of a detailed review, it is hard to identify the sorts of expert advice that would be appropriate.

Mr McNarry:

I wonder whether there is a gap there. In September 2007, when Peter Robinson was the Finance Minister, he suggested that PEDU would:

“be asked to identify radical options to produce deliverable efficiency savings over and above the 3% level already set by direct rule Ministers.”

What role is PEDU playing in the drive for increased efficiency savings across the Northern Ireland public sector?

Mr Pengelly:

The then Minister’s statement, and the whole basis for PEDU, is based on specific and detailed reviews, so coming at it with innovative approaches is predicated on going into an individual Department or area, looking at how it does business and coming up with innovative approaches in that context. We have not been invited in to do any of that. PEDU is not about scanning the horizon. Innovation must be tailored and specific, and one cannot take a generic approach to it.

Mr McNarry:

I am just saying what was said then, namely that the unit would be “asked to identify radical options”. Are you telling me that you need to be asked to do that?

Mr Pengelly:

That reference was to radical options in the context of the working methodology for PEDU, which is providing detailed reviews.

Mr McNarry:

I am trying to focus on the difficulties that you are explaining to us. We have to take whatever information we are given on the ability of Departments to reach the 3% level of efficiency savings. It is no secret that, within a few weeks, perhaps, there will be greater pain in efficiencies. I wonder what the point is if you find that you are not asked to become involved in that process. Things may get harder and tougher all round, but here we are with a body that was established in 2007, so if there is little or no response to you on the 3% level, I am trying to find out how we can improve that situation. Perhaps we need to consider other avenues, unless you tell me, with your the super optimism, that all of a sudden people will say that they need to bring

in PEDU to identify radical options.

Mr Pengelly:

You used the term “super optimism”, but I prefer to call it realism. The then Minister’s September 2007 statement put how PEDU would operate into the context. Innovative approaches can be developed only in the context of specific circumstances.

As to dialogue with Departments, if there are two strings to the PEDU bow, one is to look at delivery and the other is to look at efficiency. To be honest, the dialogue that I have with Departments at present is much more focused on delivery. The points that we discussed earlier, such as the fear factor in Departments, mean that if I turn up at a Department and say that I am from PEDU and I am there to make that Department more efficient, I am not sure that the Department would hear those words. It would hear me say that I am from DFP and I am there to cut its budget.

Mr McNarry:

It may not be. I can only go back again to what the then Finance Minister said, and I have not heard any subsequent Finance Minister change the emphasis. He described what the unit would be asked to do. As an elected representative, I see that. I now hear you tell me that you may not go that way exactly. That is fine if you produce results. I do not really care how you go about it, as long as we get the results. I understand what you tell me about the difficulties of the reception that you — perhaps not you personally — and your job would get, because you might be seen as Mr DFP. You have told this Committee that.

Mr Pengelly:

I do not want to give the impression that I am concerned about the reception that I would get. The nature of my job means that I have become used to hostile receptions across Departments.

Mr McNarry:

I am not interested in what you have become used to; I am interested only in how this job works out for you and what the Committee can do to help you.

Mr Pengelly:

My point is that it is not about reception, but your point is that you are not as interested in how we

do things as in our getting results. The two are inextricably linked. How we do any piece of PEDU work fundamentally impacts on results. If we try to do PEDU work as an external imposition or critique, we do not stand a snowball's chance of getting the sort of results that we get by adopting an approach of collaboration and being present through invitation. That is not within our gift. All we can do is what we have been doing, which is to work with Departments, explain how we will work and point to the results we have had.

Mr McNarry:

On that issue, I am trying to make a point, snowballs and all. I am saying and hearing is that the reception to PEDU, in terms of uptake, is not as great as it should be. After three years, it should be better. Therefore, we need to have another look at it.

Given the limited resources that PEDU has, is the unit unable to effectively scrutinise performance and delivery in broader areas in the Health Department, for example, or in efficiencies on a cross-departmental basis? I have been told that that is the case, but you can tell me if it is not. If that is the case, how could we help to have that addressed?

Mr Pengelly:

Just to clarify, are you asking about the capacity and size of PEDU as opposed to whether we are able to physically obtain the information?

Mr McNarry:

I am concerned about the unit's effectiveness in scrutinising performance. You will have to do that to be able to advise and make recommendations to anybody who seeks your help. Are your limited resources affecting your effectiveness and efficiency in scrutinising performance and delivery? Will you take the Department of Health, Social Services and Public Safety as an example and outline the situation with it?

Mr Pengelly:

We have no role in the Health Department because we have never been invited into it. We will not do anything unless and until we are invited. Our only piece of work that touches on health issues is the work with our colleagues in the Office of the First Minister and deputy First Minister (OFMDFM) to consider the Executive's delivery report through which we assess the Health Department's performance against the Programme for Government PSA targets. It is not an

efficiency space that you talk to.

Mr McNarry:

We have established that you have not been invited into the Health Department. What other Departments have you not been invited into?

Mr Pengelly:

I did not single out the Health Department; I used that example only because you asked me about it.

Mr McNarry:

I appreciate that.

Mr Pengelly:

The only two Departments that we have been invited into are the Department of the Environment (DOE) and DFP.

Mr McNarry:

Your own Department invited you in, as you would expect, and the only other one that has done is DOE. Have no other Departments invited PEDU in since it was established?

Mr Pengelly:

No.

The final part of the question was about capacity. PEDU has four full-time staff, excluding me. They are fully occupied with the ongoing parallel work. I want PEDU to have a number of staff in excess of four and to be in position where it runs a portfolio of studies and works in parallel with other Departments. Given our position at the moment, it would be the wrong approach to build PEDU to the preferred size and scale in the hope that work will follow. I want the work to suck PEDU up to size. The existing four staff are fully occupied with the work with colleagues in OFMDFM on the analysis of the delivery report. As and when we are invited to do a piece of work, such as when the LPS work arose, we will quickly redeploy. However, any piece of work, by its nature, is short and time limited.

Mr McNarry:

Are you justifying your existence, and that of the four good people who work with you, on the basis of your work with OFMDFM?

Mr Pengelly:

We have done two reviews —

Mr McNarry:

That is basically how you are justifying your existence.

Mr Pengelly:

No; I am saying that we have completed two very important value-added reviews in DOE and in LPS. We are doing other work on the performance management framework with OFMDFM. The Executive are committed to the fundamental importance of that piece of work. It is driving forward the performance agenda on a generic, rather than on a targeted, basis.

Mr McNarry:

I accept your point. LPS's evidence in the previous session made it very clear how helpful and useful PEDU has been. The Committee recognises that. That work is more or less finished.

Mr Pengelly:

PEDU has an ongoing oversight role.

Mr McNarry:

I understand that oversight role. However, LPS was able to say that PEDU has made the situation there much better than it was previously. Your own Department and DOE have utilised your services, but no other Departments have. Is it in order, Chairman, for the Committee to ask the other Departments why that is the case? I think that it is reasonable for us to ask that. We might be able to assist in some way.

Mr Pengelly:

That would be helpful from our perspective; I appreciate that.

Mr McNarry:

That is a first, Mr Pengelly. Thank you very much for that.

The Chairperson:

We can ask the other Committees about that.

Mr McNarry:

I am disturbed at what Mr Pengelly said. I share Mitchel's view in not understanding why anybody wants to turn down PEDU's offer of assistance. It does not cost the Departments anything. Therefore, that issue is part of a bigger picture.

Ms Purvis:

In your paper, you said that there had been some recent expressions of interest from other Departments. Can you elaborate on that?

Mr Pengelly:

Unfortunately, I cannot, because —

Ms Purvis:

Are you afraid of scaring them off?

Mr Pengelly:

Yes, exactly. I know that our Minister has spoken to at least one other ministerial colleague in detail and that that Minister is actively considering it. We have identified a couple of areas in that Department where we think that we can help. However, given that that Minister is considering the offer, I do not think that we should say anything. He or she may feel that we came out of the box a bit quickly.

Ms Purvis:

In the final paragraph of your submission, you say that the outcome of the scope of the work and whether PEDU is the best partner to add value to such work remains uncertain. Why is that the case?

Mr Pengelly:

That is to do with the specific nature of the work. We are trying to develop our expertise in, and experience of, focused delivery reviews and the examination of those issues. Some of the expressions of interest have come more from official level than ministerial level. As a consequence of Departments' being under pressure to achieve efficiencies, I think that they are seeking, what looks like management consultancy work from us. However, that is not our area of expertise. We were concerned that PEDU would be put in a place where it did not want to be. Perhaps that Department thinks that we should speak with more expertise and authority than we do, but, if we did, we could end up with a suboptimal outcome from both perspectives. The delivery and innovation (DID) capacity in DFP is an internal management consultancy organisation that is a much better at that; that is its mission. We, therefore, try to point organisations in that direction instead of to PEDU.

Mr O'Loan:

If I am critical, as I am about to be, it is not because I wish to score points over officials or even over a Minister. It is because I am disappointed with the PEDU report. I am particularly disappointed because I had such high hopes for PEDU, and I strongly supported it from the outset. The present state of play is almost farcical, and that is reflected in the brevity and lateness of the report that you gave us today and the fact that you were not able to provide us with your forward work plan. That calls for fundamental rethinking. We must be realistic about the environment, including the political environment, in which we are operating and about how that environment is clearly contributing to what I would go as far as describing as the failure of PEDU. However, I accept that PEDU has achieved successes in the narrow areas in which it has operated.

The necessary task of fundamentally altering how we do business in the public sector here is huge, and that worries me greatly. Although there has been a great deal of discussion about budgetary pressures over the past three years, I sometimes wonder whether we have it so easy that we do not feel that we must really embrace change. I sometimes think that the significant budgetary cuts that will take place over the next three or four years might be good for us, because that will make us seriously reflect on those issues and change. However, I have a horror that, even then, we might not make the deep changes that are necessary and that we will instead end up making cuts here and there without doing things differently and better.

It is as stark as that. Although we talk about it, we are not really preparing for that future. We know that we will feel the impact of the colossal budgetary pressures facing the UK Government, but any prudent government would prepare for that situation. Although I have not read what is in the latest document, the Minister's proposals valued the invest to save project at £26 million, which is very modest considering the overall need.

There comes a point when we have to say that, although the idea about performance, efficiency and improvement is sound and all the words in PEDU's title are right, the unit is not doing the job. The political lead needs to be in accepting that the task and the strategic goal that have been presented are absolutely sound but that something has not worked. I look to the Minister to recognise the problems and to start to bring forward a different model. For example, some of the efficiency savings have been cosmetic. Some of them have been sound and have led to better ways of doing things, but that has not happened on the scale and at the deep level that I am looking for.

I have made a commentary and reflected what others have said, and you have reacted to some of that already. A discussion about the business consultancy service during yesterday's questions for oral answer to the Finance Minister got me thinking a bit. Is that service on similar ground to PEDU? The creation of a more independent unit has been suggested, and I find that appealing. Could we grow the business consultancy service as well?

This is not a political point, but to do the business and to have more success, we need to consider North/South inter-governmental approaches more seriously. The economies that come out of that may be at that level. If it is necessary to demonstrate that that is not merely a political point, I am open to having much more involvement with the Office of Government Commerce (OGC). As far as I know, that body has a lot of expertise.

We need to grow the model and recognise the challenge. We should recognise that the present model would be best used as a learning exercise and could be used to start to identify a much better model that will bite into the job much more seriously.

Mr Pengelly:

I will make a couple of points for clarification. You talked about PEDU not doing the job, but I differentiate between not doing the job and not being given the opportunity to do the job. The

latter is very much the case in my view, and Mr McNarry focused on that. You also made the point that the Minister needs to think about something else if it is accepted that PEDU has not worked. However, if the current Minister and both his predecessors have offered to take a collaborative approach, I am not sure that a response that is much more intrusive and has an imposition will have a greater chance of success.

The most interesting observation that you made concerned the business consultancy service. In my answer to Dawn, I spoke about the delivery and innovation division. The business consultancy service is the internal management consultancy in the delivery and innovation division, so it is the same unit. There is a stark contrast and, although it is still seen as a unit in DFP, all Departments use it widely. The last customer survey figures that I saw indicated that 100% of customers are either satisfied or very satisfied with that unit's work.

During Question Time yesterday, the Minister emphasised that that unit does not report to any other senior DFP officials or to the Minister. It engages only with the Department that initiates the piece of work on the terms of reference. That is exactly the model that PEDU aspires to follow. Although consultancy services' work is slightly different in that it is more mainstream management consultancy work, there is not a huge overlap. However, as a model of co-operation, collaboration and clear separation from the normal business of DFP, that model is a sound one that we can follow.

Dr Farry:

Welcome, gentlemen. The invitations are limited by the nature of government and the cohesion between Departments here compared with elsewhere. I have three questions. First, to what extent can PEDU help shape the debate on what is meant by efficiency savings and define what they should be? You should bear in mind that the Committee has received evidence from academics and others on that issue. There is a fear that, for some, the definition is based strictly on productivity gain based on inputs and outputs. In another sense, some people regard efficiencies as doing less or increasing the cost and charges for services. That does not make an organisation any more efficient; it reduces cost pressures by doing fewer or more closely targeting activities.

On a related note, by definition, our Departments are set up arbitrarily in their functions and responsibilities. I appreciate that the Department must be set up in some way and that there will

always be difficulties. However, there is a real requirement for joined-up, interdepartmental government. True efficiencies in our type of government may be found through Departments working together more closely on issues and collaborating in areas to reduce the cost challenges that each faces. For example, the Department of Health may be able to do something that eases pressure on the Department of Education or vice versa. Secondly, therefore, how can PEDU help drive that debate and consideration?

My final question relates to your work on the Programme for Government and public service agreement (PSA) targets. The Department will appreciate that an earlier Audit Office report was quite critical of some of the definitions, measurability and vagueness of targets that were set in the original Programme for Government.

Mr Pengelly:

If I fail to adequately address your questions, please come back at me.

PEDU can add a lot to the debate on efficiency, however subtly. Individual Ministers and the Executive collectively are very clear that, although the Executive can agree a targeted level of efficiencies to be applied to individual Departments, it is for each Minister to determine how he or she delivers those efficiencies, hence the requirement to publish efficiency delivery plans that will be in the public domain and subject to scrutiny. PEDU's role is to work in a Department in seeking to deliver those efficiencies.

A natural consequence of that dialogue is that in some cases, PEDU should tell a Department that it does not regard a proposal as an efficiency in the universally accepted sense. That must also be part of the bilateral debate between PEDU and the relevant Department. However, PEDU must be ready, willing and able to say that to Departments.

Cross-departmental collaboration is another important area of work. The boundary between whether that is more about cross-departmental collaboration or having fewer Departments and getting business units working together is blurred. The departmental boundaries can sometimes cause the difficulties. The clearest example of where there might be scope in the independent review of economic performance in the Department of Enterprise, Trade and Investment (DETI) is where that report refers to a specifically designed Department of the economy. I believe that we are making the same point about the need for cross-departmental working or for the removal

of some of those boundaries. That is a vital component of delivery and efficiency on which PEDU can add value to those comments.

Dr Farry:

We must take political reasons into consideration. However, hypothetically, if DETI and the Department for Employment and Learning (DEL) were to merge and form a single Department of the economy, it would not avoid all the difficulties on where arbitrary lines are drawn between Departments, because there are difficulties between DEL and the Department of Education, where one Department's responsibility ends when people reach 16 or 18, depending on the situation, and another Department picks up that responsibility. Therefore, there would still be a need for Departments to work together even if there were rationalisation.

Mr Pengelly:

The recommendation for having a Department of the economy is far from being a simple merger of DETI and DEL. I was talking to a busy audience recently, and I said that there were probably more organisations in Northern Ireland that lay ownership to economic development than there were people in the room, and that is certainly true today. I think that the matter needs to go beyond DETI and DEL. I agree that you will never create a Department that is so self-contained that it brings in every one of those agencies, but cross-departmental working is an issue that we have always struggled with as a system, and we are not as good at it as we could be. However, there are massive gains to be made in cross-departmental collaboration.

The Programme for Government goes some way towards that by setting shared PSA targets, and some of the evidence that we have collected in the delivery report shows that there is genuine collaboration. However, we are starting from a pretty low base in Northern Ireland. We are getting better at it, but there is a long way to go. We continue to get better at it, but it is important that we put pressure on.

Finally, there is always a rush to critique the Audit Office. The Audit Office report, which was the subject of the PAC hearing, was based on the PSA position several years ago. Since then, it has been through at least two changes of government and three different iterations of structure. However, the Audit Office's view was that the comment in the report about some of the targets could have been better articulated. As officials we deal with the targets that the Executive agree, impose and ask Departments to deliver, and we help Departments to deliver

them.

Dr Farry:

I am sure that you and your colleagues in other Departments can advise the Minister on integrity or otherwise.

Mr Pengelly:

We can try.

The Chairperson:

Thank you very much for coming along.