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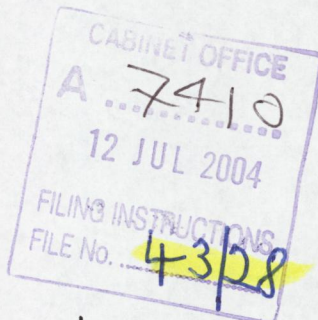
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*l.c. Britton*

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

**Confidential – 2004 Spending Review**

The Rt Hon Paul Murphy MP  
Secretary of State  
Northern Ireland Office  
11 Millbank  
London SW1P 4PN



12<sup>th</sup> July 2004

*[Handwritten signature]*

**Northern Ireland Executive: 2004 Spending Review  
settlement**

This letter records for future reference the 2004 Spending Review (SR2004) settlement for the Northern Ireland Executive (NIE), covering financial years 2005-06 to 2007-08. It sets out your budgetary settlement, how I propose to handle your Public Service Agreement (PSA), an efficiency target reflecting Sir Peter Gershon's review, and the reforms on which the settlement is conditional. This settlement is final and will not be reopened. The settlement takes into account that devolution is suspended. When devolution returns, it will be for the devolved Assembly to make policy decisions in devolved areas within this settlement. The settlement takes no account of any possible transfer of responsibility of Northern Ireland Office (NIO) law and order





### **Confidential – 2004 Spending Review**

functions to NIE in the SR2004 period, but the terms of a baseline transfer may need to be agreed in due course if there is sufficient progress in the peace process.

### **Summary**

2. Improving efficiency and modernising the workings of government is, as you are aware, central to this Spending Review. Delivering a step change in performance here is crucial if we are to meet our ambitions for front line public services such as health and education in Northern Ireland.

3. Reflecting the ambitious agenda that the NIE will need to take on over the SR2004 period, this settlement provides you with additional resources of £0/511/876 million above your agreed baseline, including PEACE. This represents real growth in your budget over the SR2004 period of around 3 per cent in real terms from a 2004-05 baseline. Combined with the efficiency gains identified in the Gershon review and reprioritisation within your baseline where programmes are not delivering, this settlement will enable you to maintain services in most areas, and to enhance provision in those areas where the impact on outcomes has been shown to be the greatest. The settlement





### **Confidential – 2004 Spending Review**

includes health and education consequentials already announced.

4. The SR2004 budgets section of this letter sets out your budgetary settlement in more detail, including consequences for your DEL and for AME, and ringfences within the settlement.

5. While the capital and resource DEL split is indicative and you are able to switch between them, if you switch more than 3% of capital DEL (net of switches into capital grants within resource DEL) the excess will be deducted from the following year's resource EYF/DEL to offset the impact on the fiscal rules taking one year with another, in line with the reference in the Statement of Funding Policy about protecting the fiscal rules. I reserve the right to introduce a published limit and to reduce the 3% figure if necessary. This applies from 2004-05 onwards and may be subject to review in SR2006.

6. More generally I am concerned to ensure improvements in financial management throughout the public sector. I welcome the progress which has already been made but I would ask you to give this priority and would be happy for





### **Confidential – 2004 Spending Review**

our officials to continue to work together closely on improving your financial management systems.

7. Devolution is currently suspended. However the terms of the settlement will continue to apply when devolution returns and the funding has been calculated according to the normal devolved funding arrangements. If sufficient progress is made in the peace process, it may become necessary to consider the terms of a transfer of resources from NIO to NIE for law and order functions to be devolved under the peace process, but in the meantime the NIO settlement assumes that NIO functions will remain reserved during the SR2004 period.

### **Priorities for investment**

8. The bulk of the settlement reflects the application of the Barnett formula to increases in provision of UK government departments, based on the revised Statement of Funding Policy on which you have been consulted, which is being published at the same time as the Spending Review White Paper.

9. There is one DEL item additional to the Barnett block. I am willing to provide an additional £0/59/30 million for the





### **Confidential – 2004 Spending Review**

PEACE programme, over the Barnett formula. This is on top of £80 million included in SR2002 plans for 2005-06, which includes an extension of £30/30 million (excluding match funding which is to be within existing DEL as you propose) to end in 2006, on the assumption that the Commission agrees this extension and £29 million to cover the remaining costs of the existing PEACE programme falling in 2006-07.

10. This is subject to the PEACE programme ending at that date, with no above-Barnett funding after 2007-08 and no new EU programme funding being sought after 2006; to the successful elements being thereafter mainstreamed within the domestic Barnett determined block; if justified and to our agreeing the details of the extended PEACE programme to ensure that it delivers value for money and is in line with our economic and social priorities. You also have structural funds EYF to draw on. Exchange rates may vary in either direction over the SR2004 period and as normal the consequences of this variation must be absorbed within your settlement. The PEACE programme, excluding the above extension, has cost some one billion euro and it is vital that you should be able to demonstrate the quantified benefits which this huge programme is delivering.





### **Confidential – 2004 Spending Review**

11. CAP modulation match funding is now in the Barnett block, but subject to possible review in the future if the CAP regime changes substantially.

#### **Rates reform**

11. I am broadly content with your proposals subject to the following points.

12. I have some reservations about the use of discrete capital values rather than banding as in GB. I am content to accept your judgement provided the necessary steps are taken to avoid excessive administrative costs (which fall within existing DEL) and limit the extent of appeals reducing the buoyancy of the rate base. On rate reliefs I am pleased that you propose to put a cap on these as a proportion of revenue, that the system will be self-financing, and that you will not be introducing repercussive elements in relation to pensioners. I am disappointed that you are not immediately introducing rating of vacant property and my agreement is conditional on taking powers to do so in the medium term.

13. More generally, it is important that the reform is presented as being equitable between tax payers and ratepayers (the balance of funding shifting towards





### **Confidential – 2004 Spending Review**

ratepayers) as well as between groups of ratepayers (horizontal equity); and that the economic case for reform is emphasised in terms of creating a less distortionary tax base. Also, we should not rule out the possibility of further reform in the medium term, both in light of the outcome of the ODPM balance of funding review in England, and of the outcome of the review of public administration and proposals to reform local government in Northern Ireland, on which I look forward to a progress report in September.

14. I am grateful for your letter of 8 July. I am sorry you have decided to postpone the announcement of rating reform. However, having considered the issues carefully my view remains that water charges should not support AME RRI borrowing once the GoCo is introduced. You have already explained that rating reform is necessary to increase rates sufficiently to support RRI AME borrowing. My agreement to rolling forward RRI borrowing at a level of £200 million a year is therefore conditional on your going ahead with rating reform. I have already made clear that I am not pressing for consultants to examine a privatisation option in 2006 because that is not technically feasible, apart from the political considerations with which you are concerned. My view therefore also remains that my agreement to a write down of water assets is conditional on





### **Confidential – 2004 Spending Review**

a study of options for involving the private sector in the GoCo, with no options ruled out except privatisation in 2006. I can confirm that on the basis that you accept these conditions I am prepared to roll forward the £200 million RRI.

### **Water reform and RRI**

15. I am broadly content with your proposals subject to the points below.

16. I am prepared to confirm an AME RRI borrowing profile of up to £200/200/200 million subject to the points above, financed by qualifying revenue based on above England rate increases and the other principles that have been agreed between officials, including in relation to application of EYF to qualifying revenue, inclusion of exceptional England BT payments and separate calculation of domestic and non-domestic qualifying revenue. My officials will work with yours to conclude agreement on the concordat based on these principles which will determine the calculation of qualifying revenue for RRI purposes, ensuring no cross-subsidisation between water charges and rates. The RRI AME borrowing financed by rates will finance water and non-water investment prior to the establishment of the GoCo, which will then become responsible for water





### **Confidential – 2004 Spending Review**

investment financed by water charges; and, thereafter, the NIE RRI AME will include non-water investment only, when water investment will become the responsibility of the GoCo. The rate increases over the SR2004 period necessary to support this level of borrowing should be announced in your draft spending plans in September and agreed in advance with my officials. The amounts of RRI borrowing after the creation of the GoCo (based on the principles set out above) may need to be considered further in the light of more detailed examination of private sector funding options and testing of the financial model, and decided ahead of the Pre-Budget Report in the autumn.

17. My settlement letter at the conclusion of SR2002 envisaged full-cost domestic charging for water in 2006, and my approach to this issue has been on that basis since then. I am, however, prepared to agree a phasing in of water charges from April 2006 when the GoCo is expected to come into being of one-third/two-thirds in 2006-07 and 2007-8 with full cost recovery in 2008-09. The NIE subsidy to the GoCo to support this less-than-full-cost recovery will score in your DEL, as will any NIE lending to the GoCo.

18. I note your concerns about the rate of increase of household bills from rate and water charge increases. I am willing to consider a write down in the value of NIE water





### **Confidential – 2004 Spending Review**

assets of approximately £4.7 billion ahead of its transfer to the GoCo on the grounds that the existing valuation based on replacement cost would be unrealistic for the GoCo. This will result in lower non-cash charges and hence lower water charges. My agreement is subject to an external assessment of the correct valuation of the assets and the NIE financial model.

19. My agreement is also conditional on your engaging consultants to advise on all the options for involving the private sector in the financing and management of the GoCo, excluding full privatisation in the short term (but not the medium term) as this would not be technically feasible or politically attractive to you, but including private sector minority stake holding. My expectation is that this study will identify value-for-money options for bringing in private finance and reducing the GoCo's costs below those currently being assumed, thereby reducing pressures on water charges. We will need to agree the preferred GoCo financing option in the light of the consultant's recommendations. I share your concerns that the consultant's costs should not be excessive. The terms of reference and appointment of consultants should be agreed with the SIB, the Cabinet Office Shareholder Executive and the Treasury.





### **Confidential – 2004 Spending Review**

20. The settlement is based on the GoCo starting in April 2006. I am concerned that a delay in setting up the GoCo to April 2007 may become unavoidable. I would ask you to make every effort to avoid such a delay. However, I should make clear that if there is a delay, or if a returning Assembly decided to review these plans, I would not extend beyond 1 April 2006 the concession that the non-cash water depreciation and capital charges are treated as AME. Our officials would need to agree the details. In addition it is of course the case that any EU infraction costs would need to be met from your DEL as well as all the costs of the NIE water agency, including the investment programme needed to avoid infraction proceedings. If the planned NIE PPP water schemes are deemed to be on balance sheet by your auditors, these will score in your DEL. I also reserve the right to review the RRI AME borrowing facility if there is a delay beyond April 2007 or if the Assembly decides to review these water reform plans.

21. More generally, the context of the proposed increases in household bills is that at present people in Northern Ireland make no contribution for domestic water, rates are about a third or so of the level in England (the recent increases have largely been on non-domestic rates towards England levels) and there are no local authority precepts for policing costs, which are borne entirely by UK taxpayers.





### **Confidential – 2004 Spending Review**

These low receipts contribute to the huge fiscal deficit which Northern Ireland has with the rest of the UK. It is our agreed policy that this is inequitable and that the rate gap should be narrowed over time and that water charges should be introduced. When law and order functions are transferred to NIE under the restoration of devolution we will need to consider how best to introduce normalised funding arrangements for policing.

22. On vulnerable groups I am pleased that you are not proposing repercussive DEL water subsidies. I am content with your proposals on economic regulation.

23. I realise that rating, water reform and RRI will be contentious in Northern Ireland and I am happy to lend you my full support in presenting this essential reform programme positively. I am willing to treat the transfer of the water agency to the GoCo as a policy change rather than as a classification change, which means that I am not seeking to reduce your DEL in respect of the headroom created within your DEL for other spending by establishing a self financing GoCo. In addition you have been underspending your capital DEL and RRI AME. You have EYF to carry forward, which, along with your agreed ability to switch from resource to capital DEL, means that the overall NIE SR2004 settlement offers the prospect of a large





### **Confidential – 2004 Spending Review**

and ambitious programme of infrastructure modernisation in Northern Ireland which will benefit all households.

#### **Public Service Agreement**

24. On the basis that devolution remains suspended I propose that we agree a relatively small number (e.g. 15 or so) high-level NIE PSA targets prior to publication of your draft budget in September, on a similar basis, as far as possible, to England (although the actual figures will of course reflect your circumstances). I would also encourage you to reduce the overall number of NIE PSA targets.

25. I also look forward to seeing your investment strategy and pay and workforce strategy in the autumn.

26. As we agreed at the May finance ministers meeting, I also propose that we track on a UK-wide basis a small number of public service indicators to enable the four administrations and the public to be assured that service delivery is improving across all the countries and regions of the UK. Further details are set out in a paper which my officials are sending to yours at the same time as this settlement letter. We can discuss this and the SR2004





### **Confidential – 2004 Spending Review**

targets which the four administrations are setting at the next finance ministers' meeting.

#### **Efficiency review**

27. I am very grateful for the constructive and cooperative way in which you have engaged with the efficiency review. The key challenge for your administration will be to take forward the actions identified by the review to ensure that our key shared priorities are delivered. This will be crucial if you are to live within the challenging settlement while delivering your enhanced agenda.

28. In particular you will need to have set out by the autumn a credible action plan for releasing efficiency savings by 2007-08 of at least 2.5 per cent per annum, i.e. some £535 million in 2007-08, of which at least half should be cash releasing. I would also expect you to roll forward 2005-06 administration costs flat or less in cash terms in your September spending plans, using broadly similar definitions to central government departments. I would expect that the % back office staff savings should be at least as large as in UK Government departments. I would be grateful for sight of your proposals for reforming public





### **Confidential – 2004 Spending Review**

administration in Northern Ireland in September, including reducing the number of public bodies.

#### **Budget reviews**

29. Consistent with block finance principles, this settlement is not subject to the same sort of detailed conditions as for UK government departments. However, I do attach particular priority to making progress on water reform, rate reform (all the costs of which should be accommodated within your DEL), the RRI including PPPs, the review of public administration (which I wish to see reflected in the efficiency action plan to reduce the size of the public sector and the number of public bodies in Northern Ireland), health reform (on which we have agreed an independent review), and economic development (where I would like to agree an updated Northern Ireland economic strategy by the end of the year). I look forward to seeing your proposals in these areas in the draft spending plans in September.

30. The remainder of this letter sets out the budgetary settlement for the NIE for the financial years 2005-06 to 2007-08; and sets out a number of detailed implications for the NIE arising from UK settlements. My officials will provide yours with details of the Barnett formula





**Confidential – 2004 Spending Review**

calculations and will explain the basis of settlements for UK Government departments.

31. I would be grateful if you would clear your draft NIE spending plans with me in September.

32. I am copying this letter to the Prime Minister and Gordon Brown, and to Sir Andrew Turnbull.

A handwritten signature in dark ink, appearing to be 'P. Boateng', written over a horizontal line.

**PAUL BOATENG**





## Confidential – 2004 Spending Review

### SR2004 BUDGETS

This section sets out the NIE's SR2004 budgetary settlement. This settlement is final and will not be reopened. Access to the Reserve will be considered only for large, genuinely unforeseeable and unavoidable contingencies, and then only as a last resort after your ability to absorb such new pressures within your settlement has been fully taken into account.

#### Northern Ireland Executive control totals

Table 1 sets out your agreed 2005-06 total resource DEL and capital DEL baselines and total additions to these baselines in 2006-07 and 2007-08.

All figures presented here include VAT.

**Table 1: Northern Ireland Executive total resource and capital DEL**

Resource DEL				
Total	6,699	7,077	477	785
<i>o/w capital grants</i>	420	428	36	28
Capital DEL				
Total	373	412	64	122

NB. There will also be additions in 2005-06, £1 million in each of resource and capital DEL for 'add-back' of CMF and ISB DEL consequentials, plus £80 million resource DEL for PEACE and £62m for PEACE in 2004-05.

#### Budgeting flexibilities – capital

You will not be allowed to switch funding from capital DEL into resource DEL (except as set out below in respect of capital grants).

I will, however, continue to allow unlimited budgetary flexibility to transfer from resource DEL into capital DEL to support additional





### **Confidential – 2004 Spending Review**

investment, although the non-cash consequences will need to be provided for from within your existing resource DEL.

To ensure that expenditure plans remain consistent with the fiscal rules, if you wish to switch funding from capital DEL into resource DEL, the excess over 3 per cent will be deducted from your following year's resource DEL/EYF.

Capital grants to the private sector and to public corporations continue to score in your resource DEL, but are treated as investment in National Accounts and hence for the purposes of measuring performance against the fiscal rules. Accordingly, overall capital grants allocations set out in Table 1 are ring-fenced and cannot be switched into other current spending within your resource DEL subject to the 3% flexibility above. However, the following flexibilities will remain available:

- you will have unlimited flexibility to switch from capital grants in resource DEL to capital DEL to fund other forms of investment;
- I am willing to consider proposals to increase capital grants spending in resource DEL through transfers from capital DEL, but only where this will increase the level of capital grants above that set out in Table 1.

### **Departmental Investment Strategies**

The NIE will, following the Spending Review, be expected to publish a Departmental Investment Strategy (DIS). A PES paper providing further information will be issued shortly.

### **Private Finance Initiative**

PFI plays an important role in service delivery and will continue to do so across the SR2004 period. In determining specific capital allocations, you will need to ensure that there is a level playing field between PFI and conventional forms of procurement: the choice of procurement route must be based solely on value for money rather than on expectations of balance sheet treatment. As part of this process, you will wish to adopt the new value for money appraisal





## Confidential – 2004 Spending Review

guidance for PFI that has been the subject of recent consultation. In planning and managing investment programmes, departments will need to maintain appropriate flexibility to manage any risks, including changes in balance sheet treatment and changes to procurement routes following the application of the value for money appraisal guidance, within the spending plans set out in this letter.

Departments will also need to reflect the conclusions of the other policy changes arising from the publication of "PFI: Meeting the Investment Challenge" in 2003, which have been the subject of separate consultation with departments. This includes the implementation of minimum thresholds for PFI projects (where PFI projects must have a capital value of £20 million or above, unless specific agreement has been reached with the Treasury) and the discontinuation of PFI for information technology projects.

### Near-cash consequences of this settlement

**Table 2: Near-cash consequences of this settlement**

	2003-04	2004-05	2005-06	2006-07
Resource DEL	6,699	7,077	7554	7862
o/w depreciation	68	69	99	100
o/w cost of capital	107	109	111	114
o/w provisions	3	3	7	13
Cash paid out against provisions	0	0	49	50
Capital DEL	373	412	476	534
Total near cash spending	6895	7309	7810	8168

Note: numbers may not sum due to roundings.





### **Confidential – 2004 Spending Review**

Table 2 indicates the proportion of your overall resource DEL that has been allocated to enable you to manage your main non-cash costs. These increases are based on Barnett consequentials.

Departments and devolved administrations are expected to manage these costs with the same rigour as all other elements of their budgets. Where ongoing savings in the level of non-cash are made as a result of improved decision-making then departments have some flexibility to redeploy these resources. Departments should bear in mind that such flexibility is only available within the context of the fiscal rules. Departments must therefore discuss and agree any material proposals with the Treasury before making any commitments based on this flexibility. Departments are also reminded that they should seek agreement from both the Treasury and their Auditors before changing their accounting policies due to the potential impact on their budgets.

Table 2 also shows where appropriate the movements in provisions which impact on resource DEL. These figures are based on the use of 3.5% real as the discount rate for long-term liabilities. This discount rate will be reducing to 2.2% with effect from 1 April 2005 and the impact of this change has not been taken into account within this settlement due to its timing and complexity. Detailed guidance on managing the impact of this change is provided in PES (2004)04.

### **Other technical points**

The updated Statement of Funding Policy incorporates updating of the Barnett formula comparability factors and population shares and other changes since the last version.

You may also wish to note the following points:

- officials will need to consider any implications for the NIE of the outcome of the rail review;
- the AME provision for Education Maintenance Allowances is £22.5/28.8/30.6 million, based on introducing the same scheme and forecasting methodology as England;
- alongside the Spending Review the Government has published a ten-year Investment Framework for Science and Innovation. To the extent that research funding (e.g., through the Research Councils) is





### **Confidential – 2004 Spending Review**

UK wide, I would encourage devolved counterparts to continue to work with their colleagues in England on taking the strategy forward. Other research funding (for example that through the DfES, including increases for knowledge transfer funding in England), is devolved and for the DAs themselves to determine;

- the settlement includes DEL Barnett consequentials of DEFRA and LG provision in 2006-07 and 2007-08 for public expenditure elements of increases in the standard rate of landfill tax (£4/7 million included in the table above). In 2005-06 the NIE will be able to take up landfill tax-financed Barnett consequentials of £2 million from the Reserve (not included in the table above). Budget 2003 announced that landfill tax rate increases would be revenue-neutral to business and local government as a whole. The devolved administrations are strongly urged to meet this commitment through appropriate additional spending as in England;

- your officials have provided LASFE AME forecasts. Any changes to these forecasts should be cleared with my officials;

- the allocation of the THB element of AME Supporting People funding for NI in 2005-06, 2006-07 and 2007-08 is £44/45/46 million based on similar adjustments in England. As in England this may leave a gap from 2004-05 levels although final decisions on the size of the Supporting People programme in England will be made in the autumn with possible consequences for Northern Ireland. If NIE wish to fully close this gap they will need to look to efficiencies and if they wish, contribute from elsewhere within their DEL. It remains our intention that all Supporting People funding should be consolidated into NIE DEL when this happens in England;

- in this Review the Government has confirmed its intention to extend the policy of promoting free access to museums and galleries, and the VAT scheme that helps deliver it, to university museums. It is our intention that the benefits of the extension of the VAT refund scheme that helps deliver free access should be felt across the United Kingdom, as is the case for the existing S33a VAT refund scheme for the national museums and galleries. The extended scheme will operate in a similar way, with the resultant costs flowing through Annually Managed Expenditure. The costs will not affect your DEL or AME settlement. The Secretary of State for Culture, Media and Sport leads on the free access commitment in England. I hope that your officials will work with the DCMS over the coming months, as her





### **Confidential – 2004 Spending Review**

officials draw up a list of institutions to come within the extended scheme;

- the NIE did not submit proposals in the Gershon review and therefore was not eligible to bid for the Gershon Efficiency Challenge funding for exceptionally high efficiency savings;

- no allowance has been made at this stage for pension reforms mentioned in your April letter, pending further work;

- other AME forecast numbers are, for 2005-06, as follows: CAP £210 million, social security £3,763 million, pensions £153 million, regional rates £168 million, AME non-cash charges (roads, water etc.) £1,087 million;

- consistent with private sector best practice, government departments are requested to ensure that in principle all public sector procurement should be (i) via a process (e.g., a framework agreement, catalogue, procurement card) that has been put in place by a professional procurement specialist; and/or (ii) have the support of procurement professionals. Departments are agreeing with the OGC by December 2004 plans for implementing this principle within those public sector bodies that they fund, and the NIE may wish to adopt a similar approach;

- effective financial management is a critical enabler of efficiency and effective control of expenditure across the public sector. It is a priority to continue to drive forward recent reforms and improve financial management further. Specifically, departments should have professional Finance Directors reporting to the Permanent Secretary with a seat on the departmental board. The devolved administrations may also wish to take this forward. The Treasury will conduct a department-by-department review of the effectiveness of financial management and officials will liaise in relation to the devolved administrations. The Treasury will use its existing quarterly devolved officials' quadrilaterals to monitor devolved spending.





## Confidential – 2004 Spending Review

### Presentation

In presenting this settlement you may wish to focus on the numbers outlined in the tables below:

**Table 3: Total DEL additions**

	2004-05	2005-06	2006-07	2007-08
Resource DEL	6699	7077	477	785
DEL Depreciation	68	69	30	31
Capital DEL	373	412	64	122
<b>Total DEL</b>	<b>7004</b>	<b>7420</b>	<b>511</b>	<b>876</b>

<sup>1</sup>Resource DEL plus capital DEL less depreciation

**Table 4: Total DEL presentation**

	2004-05	2005-06	2006-07	2007-08	2008-09
Resource DEL	6699	7077	477	785	785
DEL Depreciation	68	69	30	31	31
Capital DEL	373	412	64	122	122
<b>Total DEL</b>	<b>7004</b>	<b>7420</b>	<b>511</b>	<b>876</b>	<b>876</b>
<b>Real terms growth rate</b>					<b>3.1%</b>

<sup>1</sup>Resource DEL plus capital DEL less depreciation

NB If £62 and £80 million PEACE provision is added in 2004-05 and 2005-06 the SR2004 average annual real terms growth rate is 2.8%.



**Bilbrough Jeanne - Cabinet Secretary's Office -**

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**From:** Office, CST's [CSTs.Office@hm-treasury.x.gsi.gov.uk]  
**Sent:** 12 July 2004 12:51  
**To:** 10 Downing Street (E-mail)  
**Cc:** Cabinet Secretary (E-mail); Chancellor's, Action; Parkinson, Mark; Passman, Elizabeth; Aitken, James; Office, CST's  
**Subject:** SR2004 Northern Ireland Executive settlement CST to Murphy



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2004 Spend...

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Please see attached letter

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*R c.d. Broughton*

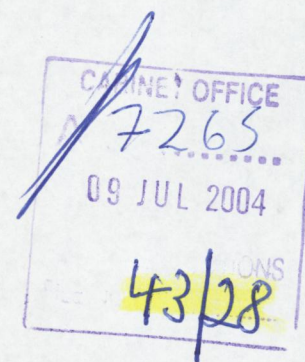
*Chris Marsh*

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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Confidential – 2004 Spending Review

The Rt Hon Paul Murphy MP  
Secretary of State  
Northern Ireland Office  
11 Millbank  
London SW1P 4PN

8 July 2004

A handwritten signature in black ink, appearing to read 'Paul Murphy', written over the title of the document.

**NORTHERN IRELAND OFFICE – 2004 SPENDING  
REVIEW SETTLEMENT**

This letter records for future reference the 2004 Spending Review (SR2004) settlement for the Northern Ireland Office (NIO), covering financial years 2005-06 to 2007-08. It sets out your budgetary settlement, your Public Service Agreement (PSA), an efficiency target reflecting the findings of Sir Peter Gershon's review, and reforms on which the settlement is conditional. The settlement is final and will not be reopened. The settlement takes no account of any possible transfer of NIO functions to Northern Ireland Executive (NIE) in the SR2004 period depending on the progress of the peace process.





## Confidential – 2004 Spending Review

### **Summary**

2. Improving efficiency and modernising the workings of government is, as you are aware, central to this Spending Review. This settlement will enable the Northern Ireland Office to continue to make progress towards its aim of securing a lasting peace in Northern Ireland, based on the Good Friday Agreement.

3. Recognising the current constraints on public expenditure growth and the fact that public spending per head in Northern Ireland on public order and safety is over double the UK average notwithstanding normalisation, the settlement provides reductions to your baseline of £0/50/60 million. This represents a nominal terms increase of 9 per cent in 2007-08 over the 2003-04 estimated outturn. The settlement – combined with the efficiency gains identified in the Gershon review (which will realise annual efficiencies of £91 million by 2007-08), your EYF of £381 million (equivalent to around one-third of your annual spending), reprioritisation within your baseline where programmes are declining (e.g., the ending of the Bloody Sunday Inquiry (BSI) which has cost around £28 million in 2003-04 and around £155 million in total), and the declining requirements for compensation claims – will enable you to





Confidential – 2004 Spending Review

maintain services in most areas and to enhance provision in those areas where the impact on outcomes has been shown to be greatest.

4. The SR2004 budgets section of this letter sets out your budgetary settlement in more detail, including consequences for your DEL. I am not proposing any ringfences in your settlement other than in respect of the existing £18 million EYF for prison officers' severance.

5. I can confirm that I am not proposing to cut your EYF entitlement. I would expect your EYF to help to finance items such as the post-Cory public inquiries, costs such as new severance schemes to deliver efficiency savings, costs of Acts of Completion and all other spending pressures arising over the SR2004 period. I would not expect there to be any NIO Reserve claims over the SR2004 period.

6. This settlement assumes that NIO functions will not be devolved to the NIE in the SR2004 period. If sufficient progress is made in the peace process, we will need to consider further the terms of a transfer of resources from the NIO to the NIE.





## Confidential – 2004 Spending Review

7. I am very grateful for all the information and evidence which you and your officials have provided in SR2004, which have helped to inform this settlement.

### **Priorities for investment**

8. The resources this settlement provides are intended to build on the significant investments we have made in previous Spending Reviews to enable solid progress towards the achievement of the Government's agenda in Northern Ireland. Combined with resources released from efficiency savings and reprioritisations within your baseline, I will expect the additional investment to be focused on the following priorities.

- **Law and order:** spending pressures such as implementation of Cory recommendations on inquiries and costs of Acts of Completion will be kept to the minimum necessary and offset through prioritisation and efficiency savings. Your officials have outlined the steps you are taking to control the costs of the Cory inquiries. We must identify the reasons why the BSI has cost over £155 million and what lessons can be learned for the future. While I recognise the difficulty of announcing a formal limit





Confidential – 2004 Spending Review

on aggregate costs I would expect the cost of the four Cory inquiries – including Finucane, assuming that goes ahead – to be well under £50 million in total and for proper project and risk management arrangements to be put in place to ensure overspends are avoided, including liaising with the DCA public inquiry team. We shall be looking for savings from Patten police severance, disbandment of the Full Time Reserve, prison officers' severance, reduced criminal injuries compensation costs and administration cost reductions (e.g., from implementation of the Causeway and Flax projects). There is considerable scope in the settlement for strengthening front line delivery, in particular for the police to bring down crime rates.

- **Reform** – the Northern Ireland Office is implementing a substantial reform programme following from the Good Friday agreement and criminal justice reforms set out in your April letter. We need to quantify the benefits as well as the costs of these reforms, which are allowed for in this settlement. I am concerned at the growing prisoner numbers in Northern Ireland and the associated costs, and we must take forward initiatives for





### Confidential – 2004 Spending Review

reform of the prison service without delay. I would ask you to commission in consultation with my officials a wide-ranging, independent review of the NIO's prison strategy covering issues such as reducing costs, the role of the private sector, what actions can be taken to reduce rising prisoner numbers, and closer integration with the rest of the criminal justice system, drawing on the Carter review in England and Wales, while recognising the current pressures brought about by the implementation of Steele report proposals. Our officials can agree the terms of reference with a view to the report being completed by next March. More generally, we should make progress on any read-across or best-practice benchmarking there may be for Northern Ireland from Home Office criminal justice reforms (including in joining up the criminal justice system in NI) and vice versa.

### **Public Service Agreement**

9. Changes to your Public Service Agreement reflect discussions at PSX, which recognised the particular pressures under which the Northern Ireland Office operates. In particular it is considered that combining the confidence





### Confidential – 2004 Spending Review

in police and Catholic representation in the police targets, and introducing separate targets for confidence in the criminal justice system and crime reduction, will enable better monitoring of progress towards delivery of PSA targets. As regards the cost per prisoner place target, I have agreed with you annual limits for forward years as set out in the PSA target, in pursuit of our aim to reduce the cost in Northern Ireland towards that in the rest of the UK and I would expect further progress in the light of the prison review. I am pleased that the outturn for the cPPP target was £1500 below the target in 2003-04, and in order to demonstrate a continuing downward trend I would expect the targets for the future years to be met by a similar margin.

10. More generally, I am concerned to ensure greater progress in delivering NIO objectives and targets. I attach importance to reducing the justice gap in Northern Ireland by increasing the proportion of crimes brought to a successful prosecution, on which we are agreed that progress should be reported in the annual NIO departmental report, and I would like to see more progress in bringing all police districts in Northern Ireland up to the standards of the best. I also attach importance to close





Confidential – 2004 Spending Review

working with the NIE in advance of devolving law and order, in order to tackle the causes of crime more effectively.

11. At present only one of the four PSA targets is clearly on track. Devolution is suspended, confidence in the police and criminal justice system are not clearly on an upwards trajectory, crime rates for many crimes are rising and the cost per prisoner place is rising. While I recognise and welcome that in some respects law and order conditions in Northern Ireland are better than those in England, the progress being made on Patten recruitment, the progress towards normalization and reduction in paramilitary crime, we must identify why targets are not on course and what action is necessary to rectify this. I look forward to the next PSA delivery report setting this out.

12. I was grateful for the evidence on law and order trends which you provided. There is some good news here in particular, Northern Ireland has a comparatively low prison population and some crime rates are below average. However, it is a matter of concern that many of the trends are in the wrong direction and I am concerned that you should take all the steps necessary to ensure that serious crime, including financial crime, is tackled more effectively.





## Confidential – 2004 Spending Review

Paramilitary crime, while lower than in the past, remains unacceptably high.

### **Efficiency Review**

I am very grateful for the constructive and cooperative way in which the Northern Ireland Office has engaged with the Efficiency Review. The key challenge for the Northern Ireland Office will be to take forward the actions identified by the review, as set out in the Efficiency section of this letter, to ensure that our key shared priorities are delivered. This will be crucial if you are to live within this challenging settlement while delivering your agenda. In particular you will need to have a credible action plan for releasing efficiency savings of £35/73/91 million (of which at least £18/44/54 million is cash releasing) and to identify further savings. I attach particular importance to efficiency savings in police, prisons and your own administration costs. The Chancellor and Prime Minister are writing separately to set out some general conditions on efficiency, on which your settlement is conditional.

13. Your administration costs provision for the three SR2004 years is £193/188/186 million. I am concerned that you plan to increase NIO staff over the SR2004 period





Confidential – 2004 Spending Review

and I expect you to revisit these plans. By 2007-08 you should achieve a total reduction of at least 128 Civil Service posts in the core NIO and the Compensation Agency, and more should be possible. Although Northern Ireland Police Service (NIPS) posts are currently planned to rise by 264 (implying an overall rise in NIO posts of 136), this should be eliminated by 2007-08 by the further work on efficiency in order to achieve a substantial reduction in the core NIO and NIPS staff. Including the wider public sector (such as the PSNI), there will be a total net reduction of at least 1,446 posts according to your present plans, with 1,138 posts redeployed to strengthen front line delivery.

14. On prisons, I would ask that the independent review considers the scope for greater use of the private sector, including outsourcing and benchmarking. The present levels of cost efficiency need to be improved substantially.

15. I attach importance to improving financial management and information systems across the public sector, including in the NIO, and our officials will need to monitor your spending closely over the SR2004 period.





## Confidential – 2004 Spending Review

### **Risk management**

16. It is important that you continue to develop your assessment and management of risks (especially risks to the delivery of PSAs and the reform agenda), and to ensure that you have the capability to handle the aggregate level of risk you are taking on. Improvements should be made by the time of SR2006, in line with plans agreed as part of the Risk Programme. In particular, you should address the issues and challenges identified in your June 2004 report, including:

- further embedding risk management into the mainstream of delivery; and
- introducing robust internal monitoring to ensure that risks are reviewed and acted on, and outcomes analysed to identify progress and improvement in performance.

17. I am grateful for your contributions to other cross-cutting reviews, including the key work of the NIO in tackling terrorism, which should be implemented over the SR2004 period. I welcome your contribution to the counter-terrorism cross cutting review and the priority which you will continue to attach to countering terrorism and





Confidential – 2004 Spending Review

paramilitary crime in Northern Ireland and more widely. Maintaining and building still further the UK's wider counter-terrorism capability and resilience against attack is a key cross-government priority. In particular you will need to make adequate provision from within this settlement to fund your contribution to the Information Assurance project and any protective security requirements for work on the Government Secure Zone. For Information Assurance, I would expect you to agree your contributions with the Cabinet Office by the end of September 2004 to facilitate project planning. The Cabinet Office will contact relevant departments in due course.

18. The remainder of this letter consists of four sections:

- Section A: SR2004 Budgets, which sets out the budgetary settlement for the Northern Ireland Office for the financial years 2005-06 to 2007-08;
- Section B: Public Service Agreement, which sets out the new PSA for the Northern Ireland Office for the financial years 2005-06 to 2007-08;
- Section C: Efficiency, which sets out your department's efficiency target for the SR2004 period and summarizes the high level implementation plans you have prepared in consultation with Sir Peter Gershon; and





Confidential – 2004 Spending Review

- Section D: Settlement Implementation and Reform, which details the policy conditions and reforms which I expect to be taken forward by your department in implementing this settlement.

19. I should be grateful if all supporting briefing material and statements on the outcome of the Review could be cleared with my officials.

20. I am copying this to the Prime Minister and Gordon Brown, and to Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to read 'Paul Boateng', written over the text of paragraph 20.

**PAUL BOATENG**





Confidential – 2004 Spending Review

**SECTION A: SR2004 BUDGETS**

This section sets out the NIO's SR2004 budgetary settlement. This settlement is final and will not be reopened. Access to the Reserve will be considered only for large, genuinely unforeseeable and unavoidable contingencies, and then only as a last resort after your ability to absorb such new pressures within your settlement has been fully taken into account.

**Northern Ireland Office control totals**

Table 1 sets out your agreed 2005-06 total resource DEL and capital DEL baselines and total changes to these baselines in 2006-07 and 2007-08.

All figures presented here include VAT.

**Table 1: Northern Ireland Office total resource and capital DEL**

£m nominal	Plans	Baseline	Changes	
	2004-05	2005-06	2006-07	2007-08
Resource DEL				
Total	1,151	1,191	-50	-60
<i>o/w capital grants</i>				
Capital DEL				
Total	57	72	0	0

Table 2 sets out changes in the net administration budget within resource DEL for the Northern Ireland Office in 2006-07 and 2007-08.





Confidential – 2004 Spending Review

**Table 2: Net administration budget in resource DEL**

£m nominal	Plans	Baseline	Changes	
	2004-05	2005-06	2006-07	2007-08
Net administration budget in resource DEL				
Total	176	193	-5	-7

**Budgeting flexibilities – capital**

You will not be allowed to switch funding from capital DEL into resource DEL. I will, however, continue to allow unlimited budgetary flexibility to transfer from resource DEL into capital DEL to support additional investment, although the non-cash consequences will need to be provided for from within your existing Resource DEL.

**Departmental Investment Strategies**

The NIO will, as usual, following the Spending Review, be required to publish a Departmental Investment Strategy (DIS). A PES paper providing further information will be issued shortly.

**Private Finance Initiative**

PFI plays an important role in service delivery and will continue to do so across the SR2004 period. In determining specific capital allocations, the NIO will need to ensure that there is a level playing field between PFI and conventional forms of procurement: the choice of procurement route must be based solely on value for money rather than on expectations of balance sheet treatment. As part of this





### Confidential – 2004 Spending Review

process, the NIO must adopt the new value for money appraisal guidance for PFI that has been the subject of recent consultation. In planning and managing investment programmes, departments will need to maintain appropriate flexibility to manage any risks, including changes in balance sheet treatment and changes to procurement routes following the application of the value for money appraisal guidance, within the spending plans set out in this letter.

The NIO will also need to reflect the conclusions of the other policy changes arising from the publication of "PFI: Meeting the Investment Challenge" in 2003, which have been the subject of separate consultation with departments. This includes the implementation of minimum thresholds for PFI projects (where PFI projects must have a capital value of £20 million or above, unless specific agreement has been reached with the Treasury) and the discontinuation of PFI for information technology projects.





Confidential – 2004 Spending Review

**Near-cash consequences of this settlement**

**Table 3: Near-cash consequences of this settlement**

<b>£m nominal</b>	<b>Plans</b>	<b>Baseline</b>	<b>Settlement <sup>1</sup></b>	
	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Resource DEL	1,151	1,191	1,141	1,131
<i>o/w depreciation</i>	49	49	49	49
<i>o/w cost of capital</i>	23	23	23	23
<i>o/w provisions</i>	23	23	23	23
Cash paid out against provisions	66	72	72	72
Capital DEL	57	72	72	72
Total near cash spending	1,179	1,240	1,190	1,180

<sup>1</sup> This represents actual budgets i.e. baseline and additions

Table 3 indicates the proportion of your overall resource DEL that has been allocated to enable you to manage your main non-cash costs. These numbers are based on the information provided in your Forecast Balance Sheet Analysis.

Departments are expected to manage these costs with the same rigour as all other elements of their budgets. Where ongoing savings in the level of non-cash are made as a result of improved decision-making then departments have some flexibility to redeploy these resources. Departments





## Confidential – 2004 Spending Review

should bear in mind that such flexibility is only available where it is consistent with the fiscal rules. Departments must therefore discuss and agree any material proposals with the Treasury before making any commitments based on this flexibility. Departments are also reminded that they should seek agreement from both the Treasury and their Auditors before changing their accounting policies due to the potential impact on their budgets.

Table 3 also shows, where appropriate, the movements in provisions which impact on resource DEL. These figures are based on the use of 3.5% real as the discount rate for long-term liabilities. This discount rate will be reducing to 2.2% with effect from 1 April 2005, and the impact of this change has not been taken into account within this settlement due to its timing and complexity. Detailed guidance on managing the impact of this change is provided in PES (2004) 04.

### **Presentation**

In presenting this settlement you may wish to focus on the numbers outlined in the tables below:

**Table 4: Total DEL additions**

£m	Plans	Baseline	Additions	
	2004-05	2005-06	2006-07	2007-08
Resource DEL	1151	1191	-50	-60
<i>o/w depreciation</i>	49	49	0	0
Capital DEL	57	72	0	0
Total DEL <sup>1</sup>	<b>1159</b>	<b>1214</b>	<b>-50</b>	<b>-60</b>

<sup>1</sup>Resource DEL plus capital DEL less depreciation





Confidential – 2004 Spending Review

**Table 5: total DEL presentation**

£m	Plans	Baseline	New plans		SR2004 average annual growth rate
	2004-05	2005-06	2006-07	2007-08	
Total DEL <sup>1</sup>	1159	1214	1164	1154	-2.7%

<sup>1</sup>Resource DEL plus capital DEL less depreciation





Confidential – 2004 Spending Review

## **SECTION B: PUBLIC SERVICE AGREEMENT**

### **SR2004 PUBLIC SERVICE AGREEMENT**

This section sets out your PSA for the SR2004 period.

#### **Aim**

To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.

#### **Objective I**

To support the devolved institutions in Northern Ireland when devolution returns and encourage further political development through positive and constructive relations with the Assembly and Executive and the Irish Government and effective contributions to the British-Irish Council and British-Irish Intergovernmental Conference.

#### **Objective II**

To build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland.

#### **Target 1**

*Increase confidence in the police throughout all parts of the community in Northern Ireland by 3% by April 2008, to be measured by a composite suite of measures on public views on the fairness and effectiveness of the police and policing arrangements. In addition increase the Catholic representation in the police service to 30% by December 2010 as proposed by Patten, with an interim target of 18.5% by March 2006.*





## Confidential – 2004 Spending Review

### **Objective III**

To promote and build confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement.

#### Target 2

*Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland by 3% by April 2008 measured by a composite suite of measures of public views on the fairness and effectiveness of the criminal justice system.*

### **Objective IV**

To uphold and maintain the rule of law by developing and maintaining a policy, legislative and strategic framework that takes account of the need to secure justice and the rights of the individual, that provides for a sufficient counter-terrorist capability and seeks to minimise the potential for, and causes and effects of, public order disturbances and community strife.

### **Objective V**

To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat, fear and incidence of crime, and to provide support for the victims of crime.

#### Target 3

*The Northern Ireland Office, working in conjunction with other agencies, will:*





### Confidential – 2004 Spending Review

- *reduce domestic burglary by 2% by April 2005 and by 15% by April 2007;*
- *reduce theft of and from vehicles by 6% by April 2005 and by 10% by April 2007; and*
- *by April 2008, reduce the rate of re-conviction by 5% compared to the predicted rate.*

#### **Objective VI**

To ensure that the supervisory and custodial sentences imposed by the courts are delivered appropriately to protect the people of Northern Ireland and help reduce the risk of re-offending

#### **Objective VII**

To ensure that the prison service is cost-effective.

##### Target 4

*Ensure that the annual cost per prisoner place in Northern Ireland falls to £82,500 by 2007-08 with interim targets of £86,290 by 2005-06 and £85,250 by 2006-07.*

As the Secretary of State for Northern Ireland, you are the Minister responsible for delivery of the PSA, and will be expected to appear before PSX – generally twice a year – to report on progress against the PSA targets.

The PSA remains in place for the Spending Review period, 2005-06 to 2007-08. As a general rule, amendments to targets can only be made as part of the Spending Review process. In exceptional circumstances, where it is considered that a target needs to be amended or refined before the next Spending Review, any proposals for change would need to be agreed by PSX.

Alongside the headline PSA, we have agreed Technical Notes for these targets. These should be published on the Northern Ireland Office's website by 30 July 2004.





Confidential – 2004 Spending Review

Revisions to Technical Notes after this date can only be made with HMT and PSX approval.

You will continue to report regularly on performance against these targets, and any outstanding targets from previous Spending Reviews, in line with guidance issued by the Treasury. I also ask that your officials work with mine to ensure that the PSA performance website is kept up to date.





Confidential – 2004 Spending Review

**SECTION C: EFFICIENCY**

Based on the recommendations of Sir Peter Gershon's review of public sector efficiency, the Northern Ireland Office has been set a challenging but achievable target of at least 2.5% per year, equivalent to at least £91 million in annual efficiencies by 2007-08. At least half of these efficiencies must be cash-releasing; this element is at least £54 million in 2007-08, allowing resources to be recycled to the department's priority programmes.

This efficiency target is against a 2004-05 baseline of £1208 million. To score against this efficiency target, reforms must be consistent with delivery of PSA targets and must:

- (i) reduce inputs whilst maintaining (or enhancing) the quantity and quality of the department's outputs; or
- (ii) improve the quality or quantity of the department's outputs whilst holding inputs constant; or
- (iii) reduce the price (e.g., procurement or labour costs) of inputs; and/or
- (iv) improve cost/output ratios (e.g., lower unit costs).

Consistent with the high-level efficiency proposals included with the Northern Ireland Office's SR04 submission, and on the advice of Sir Peter Gershon, the department should seek to achieve the majority of its efficiency gains by:

- achieving a total reduction of 128 Civil Service posts in the core department and Compensation Agency, as well as a total reduction of 1,446 public sector posts. At least 8 posts will be relocated out of London and the south east by 2007-08;





### Confidential – 2004 Spending Review

- rationalising back office functions, to deliver around £10 million savings;
- restructuring headquarters directorates (£17 million savings);
- delivering savings of around £22 million through improved procurement, including by the coordinated approach to procurement across the Northern Ireland Office and other Northern Ireland departments;
- other cash-releasing savings of £72 million, mainly in PSNI; and
- delivering productivity gains of £96 million, mainly in PSNI and NIPS, including increasing front line policing as a share of police time from 60 to 70% over the SR2004 period.

The Northern Ireland Office has included efficiency savings arising from disbandment of the Full Time Reserve (FTR), which was announced prior to the Efficiency Review. It is also committed to searching for further efficiency savings, including the possibility of bringing forward more radical proposals. It is therefore expected that higher efficiency savings will be identified before the end of 2004-05 and the delivery plan will be updated accordingly.

Effective financial management is a critical enabler of efficiency and effective control of expenditure across the public sector. We must as a priority continue to drive forward recent reforms and improve financial management further.

As already agreed by our officials your officials, should provide the Treasury with quarterly in-year expenditure monitoring reports for discussion at quarterly meetings of officials on expenditure monitoring and PSA delivery progress.





Confidential – 2004 Spending Review

## **SECTION D: SETTLEMENT IMPLEMENTATION AND REFORM**

This section sets out the policy conditions attached to this settlement, and the reforms that I expect you to take forward in implementing this settlement.

### **Patten reforms**

Continued progress is expected in the implementation of the Patten reform package aimed at building an effective police force which enjoys the full confidence of all sections of the community in Northern Ireland. Continued progress is also expected towards achievement of the Catholic representation target. Cost-effective implementation of disbandment of the Full Time Reserve will be achieved within severance terms agreed with the Treasury.

### **Criminal justice reforms**

The following list sets out the key Criminal Justice reforms which should be achieved over the SR2004 period:

- implementation of criminal justice review recommendations, including establishment of a Public Prosecution Service and Youth Conferencing Service;
- bring Northern Ireland levels of criminal injury and damage compensation fully into line with those in Great Britain by April 2010 and complete agreed reviews;
- deliver a more integrated criminal justice system; and
- increase the proportion of crimes brought to justice.

### **Prison Service**

In order to deliver a more effective prison service you are required to bring forward in 2004-05 proposals for a value-for-money prison officer severance package; and conduct an





## Confidential – 2004 Spending Review

independent review of the prison service to report by March 2005.

### **Forensic Science Northern Ireland**

I expect you to ensure implementation of Trading Fund status for FSNI by April 2006.

### **Pay and workforce strategy; investment strategy**

The three separate strands for police, prisons and HQ need to be combined into a single departmental strategy by the autumn, taking into account the Government's regional/local pay policy. The draft investment strategy needs to be finalised in the light of the SR2004 outcome.

### **Cory inquiries; 'drawing a line under the past'; Acts of Completion**

The costs of the Cory inquiries should be much lower than those suggested in the NIO's April SR2004 assessment of requirements through rigorous control of costs and risk management. We should expect less than £25 million for the costs of the three inquiries so far announced. Any 'drawing a line under the past' initiative should be cost effective, e.g., of the order of £2 million and agreed with the Treasury. The costs of Acts of Completion should be kept to the minimum necessary, agreed with the Treasury and less than £50 million.

### **Recovered criminal assets**

I accept the case that Northern Ireland should benefit from receipts from domestic drug confiscations, civil forfeiture, criminal confiscation and criminal forfeiture in line with England and Wales. I note that you propose to introduce a scheme of community drug projects funded from seized





Confidential – 2004 Spending Review

assets in line with the Home Office, which is entitled to retain these receipts up to a ceiling of £170 million. I am content that from 2005-06 the Northern Ireland Office should retain these receipts up to a ceiling of 3.2% of the Home Office ceiling (i.e., £5.5 million).





*J. Britton*

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Rt Hon Paul Murphy MP  
Secretary of State for Northern Ireland  
Northern Ireland Office  
11 Millbank  
London SW1P 4PN

*Dear Secretary of State,*

10 June 2004



**NIO/NIE mini PSX**

I wish to suggest that we discuss the following issues at our mini PSX meeting in June:

- NIO: PSA, spending proposals, reforms and efficiency
- NIE: PSA, spending proposals, reforms and efficiency.

2. Our discussion will of course need to take account of the fact that, although the Northern Ireland Assembly remains suspended, the normal devolved funding arrangements apply to NIE.

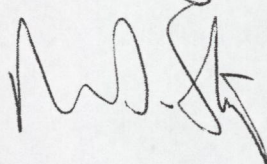
3. The papers for the meeting are the SR2004 submissions which you kindly sent me in April for the NIO and the NIE.





4. I am copying this letter to Baroness Amos, Ian Pearson and Sir Andrew Turnbull.

Yours sincerely,

p.p. 

**PAUL BOATENG**

(Approved by the Chief Secretary and signed in his absence)



## Sharpe Dale - Cabinet Secretary's Office -

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**From:** Office, CST's [CSTs.Office@hm-treasury.x.gsi.gov.uk]  
**Sent:** 10 June 2004 16:46  
**To:** Northern Ireland Secretary (E-mail)  
**Cc:** Cabinet Secretary (E-mail); Leader of the Lords (E-mail); Office, CST's; Style, Matthew;  
NI Parliamentary Under Secretary (E-mail)  
**Subject:** NIO NIE mini PSX CST to Murphy



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Please see attached letter

Donna Brice  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

Tel 020 7270 4671  
Fax 020 7270 5456

\*\*\*\*\*  
If you have received this email and it was not intended for you,  
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emails and other data on these systems may be examined,  
in exceptional circumstances, for the purpose of investigating  
or detecting any unauthorised use.



## Sharpe Dale - Cabinet Secretary's Office -

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**From:** Fletcher Ian - Cabinet Secretary's Office -  
**Sent:** 15 April 2004 12:07  
**To:** PS Sir Andrew Turnbull  
**Subject:** FW: Fair Employment in Northern Ireland: Article 52 Annual Monitoring Return 2004  
  
**Importance:** High  
**Sensitivity:** Confidential

-----  
**From:** Hyde Fynn Karen - Corporate Development Group -  
**Sent:** Thursday, April 15, 2004 12:06:58 PM  
**To:** Fletcher Ian - Cabinet Secretary's Office -  
**Cc:** Michelle Stephenson (E-mail)  
**Subject:** Fair Employment in Northern Ireland: Article 52 Annual Monitoring Return 2004  
**Importance:** High  
**Sensitivity:** Confidential  
**Auto forwarded by a Rule**

Ian,  
I have been in contact with Brian Redford at Inland Revenue regarding the proposed reduction of Inland Revenue staff and it's impact on Fair Employment figures for Northern Ireland. He replied in the following manner:

"Recent announcements by the Chancellor on the number and pace of Civil Service staff reductions are being closely looked at by the Inland Revenue. We are undertaking and planning for a number of initiatives with the aim of investing to modernise the Department and one of the outcomes of that modernisation is increased efficiency. We do not yet have a firm view of when and where those efficiencies will arise and we are currently in discussions with Ministers over the shape of the department in the medium and long term. Diversity and equality issues across the UK will be a key factor in those discussions."

Kind regards

*Karen Hyde Fynn*

Statistical Officer  
Personnel Statistics 1  
Corporate Development Group,  
Cabinet Office,  
Admiralty Arch,  
Room G6,

Tel: 020 7276 1537

For more information on Civil Service statistics and diversity within the Civil Service visit:

[<http://www.civil-service.gov.uk/statistics/>](http://www.civil-service.gov.uk/statistics/)

and

[<http://www.diversity-whatworks.gov.uk/>](http://www.diversity-whatworks.gov.uk/)





Karen Hyde Fynn  
Personnel Statistics  
Room G.06  
Admiralty Arch

Tel: 7276 1537

14<sup>th</sup> April 2004

PS/ Douglas Alexander

PS/ Secretary of State for Northern Ireland

PS/ Sir Andrew Turnbull

Colin Balmer

Alice Perkins

Anne-Marie Lawlor

Simon Fryer

Theresa Middleton

Sarah Kissack

Andy Roberts

Jennifer Hutton

Sameena Khan

Andrew,  
See email at back. I'd  
asked about the likely  
impact of E.F. Review +  
Revenue Dept cuts + N.I.  
Not a big issue, but worth  
watching.

Q

## FAIR EMPLOYMENT IN NORTHERN IRELAND: ARTICLE 52 ANNUAL MONITORING RETURN 2004

### Issue

1. Submission of the Annual Statutory Monitoring return (Article 52) to the Equality Commission for Northern Ireland, for Home Civil Servants working in Northern Ireland.
2. Publication of information from the 2004 monitoring return.

### Recommendation/Action

3. The Minister is asked to:
  - i. confirm he is content for officials to respond as indicated to the Equality Commission, and
  - ii. offer his views about publishing information from the 2004 monitoring return.

### Timing

4. The Commission's deadline is 1 May 2004. It would be helpful to have clearance from the Minister by **Monday 26 April 2004** at the latest.



14. Went to home 200  
at night and made notes  
of the birds in the  
house and garden. 1021  
- 1022



Submission of the Annual Statutory Monitoring return to the Equality Commission for Northern Ireland, for Home Civil Servants working in Northern Ireland

**Background and argument**

5. Since 1990 registered employers in Northern Ireland have had a legal duty under Northern Ireland fair employment legislation to monitor the composition of their workforce and of those applying to fill vacancies. The number of promotees and leavers is also monitored.

6. All specified public authorities and registered employers are required to submit to the Commission an annual monitoring return of staff in post. Failure to supply this information is a criminal offence, as is failure to supply it within the prescribed period.

7. For those Home Civil Service departments and agencies operating in Northern Ireland this duty rests with the Prime Minister. In practice, the Minister for the Cabinet Office undertakes this on the Prime Minister's behalf.

8. There are nine Home Civil Service Departments and Agencies in Northern Ireland: HM Customs and Excise, Immigration and Nationality Directorate, Inland Revenue, Maritime and Coastguard Agency, Ministry of Defence, Northern Ireland Court Service, Northern Ireland Office, the United Kingdom Passport Service & the Food Standards Agency.

**Key Points**

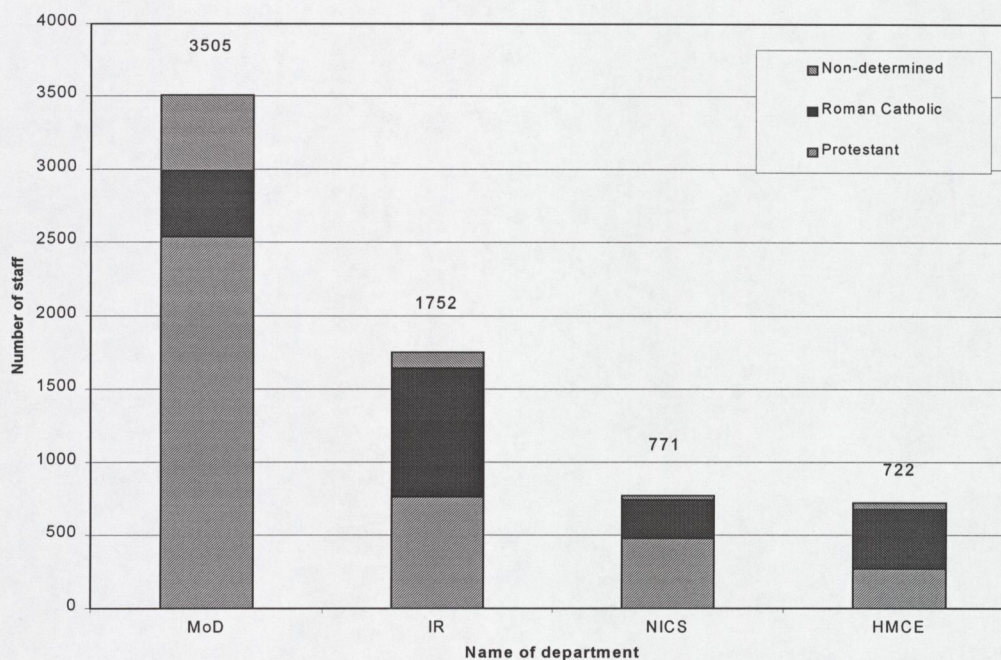
9. The key points from this annual exercise are:

- as at 1 January 2004, the Northern Ireland Home Civil Service (NIHCS) employed 7037 staff; of these, 99 per cent were full-time employees;
- for those staff whose community background was known, 67 per cent were Protestant and 33 per cent Roman Catholic. These figures show little change from 1 January 2003. The 2001 Census figures for the Province suggest that where community background has been determined, Protestants represented 58 per cent and Roman Catholics 42 per cent of the economically active population aged 16 to 74;
- approximately 96 per cent of staff are located in the four largest Departments: the Ministry of Defence, Inland Revenue, HM Customs and Excise and the Northern Ireland Court Service;
- of the four largest NIHCS departments, Roman Catholic under representation remains most pronounced in the MoD (see chart overleaf). Of those staff in the MoD whose community background is known, 85 per cent are Protestants and 15 per cent are Roman Catholics. Despite affirmative action, the situation is unlikely to change substantially in the short term because outflow will continue to deplete the number of Roman Catholics in the MoD over the next 6 years. Roman Catholics (who joined before the onset of the troubles) are disproportionately represented amongst staff due to retire in the next 5-6



years. Meanwhile, the profile of applicants to the MoD remains similar to the existing overall staff profile;

Community Background of Staff in the  
Largest Four NIHCS Departments



- the Equality Commission is very supportive of the efforts being made by Departments to improve the balance of representation. Measures taken include the publication of Affirmative Action Plans, increasing Outreach measures in under represented sectors of the community, setting recruitment and promotion goals and detailed monitoring of job applications from each community.

### Publication of a summary of the 2004 statutory monitoring return

#### Background and argument

10. The Equality Commission publishes an annual report summarising employment trends in Northern Ireland. This includes composite data on the NIHCS Departments and the Northern Ireland Civil Service. It is not possible to disaggregate NIHCS data as numbers are small within particular departments or agencies, and the monitoring regulations prohibit the release of any information from which it would be possible to identify the community background of an individual employee. For the NIHCS, in practice, this means not publishing information where there are less than 50 employees.

11. In August 2005, the Equality Commission will publish information obtained from the 2004 monitoring return. The reason for the time lapse is that those organisations with a December registration have until May the following year to submit the annual monitoring return to the Commission.

12. We provide a link to the Equality Commission's publications on the Cabinet Office Diversity website (<http://www.diversity-whatworks.gov.uk>).



13. Following consultation with colleagues in the NIHCS, Northern Ireland Office, Equality Commission and the Cabinet Office Press Office, the Minister agreed to publish on the Cabinet Office Diversity website, accompanied by a press release, a summary of the triennial monitoring review (Article 55). Our submission to the Minister of 11 March 2002 refers.

14. The summary was published on 19 December 2002 and was the first time that information from the triennial review of the NIHCS had been published. The report did not receive any press coverage, negative or otherwise.

15. We are now seeking the Minister's views on whether the Cabinet Office should publish information from the annual monitoring return for this year. In arriving at his decision, the Minister may want to consider:

- that the NIHCS Network discussed this at their meeting on 25 March 2004 and were in favour of publishing
- the numerical and percentage breakdown by perceived community origin of staff employed in the Network's 3 largest Departments as at 1 January 2003 is already in the public domain by way of a PQ (see Annex A) (advice sought from the Equality Commission favoured publication)
- publication will send positive signals about openness, transparency, and sharing good practice thereby encouraging applications from under represented groups
- we have already published a summary of the Article 55 review
- the timing of publication

### Recommendation

16. Our recommendation to the Minister would be to publish information from the Article 52 monitoring return. We would welcome the Minister's views.

17. Subject to agreement with this recommendation, Cabinet Office officials will liaise with the Equality Commission, NIHCS departments, Northern Ireland Office, and Cabinet Office Press Office to agree draft text for publication.

18. We are happy to provide more information if required.

Karen Hyde Fynn



**ANNEX A****Hansard Tuesday 25 February 2003: Column 385W**

Mr. McNamara: To ask the Chancellor of the Exchequer what the (a) numerical and (b) percentage breakdown by perceived community origin are of (i) Inland Revenue and (ii) Customs and Excise staff employed in Northern Ireland. [97791]

John Healey: The information is as follows:

***HM Customs and Excise***

Out of the total number of 631 the numerical (a) and percentage (b) breakdown by perceived community origin of HM Customs and Excise staff employed in Northern Ireland as at 1 January 2003 is:

	Number	Percentage
Protestant	229	36
Roman Catholic	355	57

It has not been possible to determine the community origin of 7 per cent. of staff.

***Inland Revenue***

Out of the total number of 1,703 the numerical (a) and percentage (b) breakdown by perceived community origin of Inland Revenue staff employed in Northern Ireland as at 1 January 2003 is:

	Number	Percentage
Protestant	745	44
Roman Catholic	838	49

It has not been possible to determine the community origin of 7 per cent. of staff.

**Hansard Monday 24 February 2003: Columns 132/133W**

Mr. Kevin McNamara: To ask the Secretary of State for Defence what the (a) numerical and (b) percentage breakdown by perceived community origin are of his civilian staff employed in Northern Ireland. [97692]

Dr. Moonie: The numerical and percentage breakdown of the civilian staff employed by the Ministry of Defence in Northern Ireland as at 1 January 2003 is set out in the table below.

***Ministry of Defence***

	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Protestant	1,462	42.8	992	29.1	2,454	71.9
Roman Catholic	254	7.4	192	5.6	446	13.1
Others	344	10.1	170	5.0	514	15.0
Total	2,060	60.3	1,354	39.7	3,414	



## Ni Holls Sarah - Cabinet Secretary's Office -

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**From:** Hyde Fynn Karen - Corporate Development Group -  
**Sent:** 14 April 2004 14:37  
**To:** PS Douglas Alexander  
**Cc:** PS Sir Andrew Turnbull; Balmer Colin - Managing Director -; Perkins Alice - Corporate Development Group -; Lawlor Anne-Marie - Corporate Development Group -; Fryer Simon - Corporate Development Group -; Middleton Theresa - Corporate Development Group -; Kissack Sarah - Corporate Development Group -; Roberts Andrew - Corporate Development Group -; Hutton Jennifer - Diversity Division -; Khan Sameena - Communications Group -  
**Subject:** Fair Employment in Northern Ireland: Article 52 Annual Monitoring Return 2004  
**Importance:** High

Please see attached Ministers Submission.



Article 52 2004 Return  
submiss...

*Karen Hyde Fynn*

Statistical Officer  
Personnel Statistics  
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For more information on Civil Service statistics and diversity within the Civil Service visit:

[<http://www.civil-service.gov.uk/statistics/>](http://www.civil-service.gov.uk/statistics/)

and

[<http://www.diversity-whatworks.gov.uk/>](http://www.diversity-whatworks.gov.uk/)



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# HM TREASURY

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Northern Ireland Office  
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15 March 2004

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Dear Joe

## NORTHERN IRELAND OFFICE: DELIVERY REPORT

I enclose the second Delivery Report on the Northern Ireland Office's progress towards delivering its four SR2002 PSA targets, together with a traffic light assessment on the likelihood of delivery of the targets. I am grateful for the work undertaken by your officials to compile a self-assessment of your progress on delivery, and your co-operation with my colleagues in producing this HMT assessment. The conclusions and recommended actions were arrived at through consideration by a panel of officials from HM Treasury (both the Spending Team and the Better Public Services Team), the Prime Minister's Delivery Unit and the Cabinet Office Performance Partnership Unit, with an independent perspective provided by David Macleod in his capacity as a PMDU Associate.

2. The purposes of HMT Delivery Reports are to assess the progress being made towards achievement of PSA targets, and to highlight the key delivery issues which we believe the department's senior management will need to address during the next 6-12 months. This also provides a basis for identifying how we in Treasury can best work with you, and external stakeholders as appropriate, to improve the likelihood of delivery. I am pleased that the preparation of the assessment for this delivery report has involved a greater degree of dialogue between our officials. I am also pleased that we are developing a greater degree of clarity about the respective roles of the Treasury and Cabinet Office, which I understand has been a concern to you.

### Departmental approach

3. We recognise that your work on delivery of your PSA targets is taking place against a background of continuing political uncertainty in Northern Ireland. We welcome the importance which you and your Departmental Board colleagues attach to delivery issues, as reflected in the Board's decision to consider progress quarterly against the four targets.



INVESTOR IN PEOPLE



4. Looking ahead to the SR2004 period, we see the major challenges to your department as being to work towards establishing the conditions for the return of devolution; to secure the availability of funds for front line delivery in a tight public expenditure settlement by achieving greater efficiency in NIO and its agencies; and effective risk management of, for example, costs of possible public enquiries and Acts of Completion, ensuring that such costs are kept to the minimum necessary and represent value for money.

### **Key Outcomes**

5. This Delivery Report forms part of the wider HMT programme of work with NIO in SR2004. This should result in three key outcomes over the next six months, reflecting discussion at December's mini PSX meeting. First, we hope for early progress in setting the outstanding SR2002 targets proposed in the Chief Secretary's letter of 8 January to your Secretary of State, together with a delivery plan for the cost per prisoner place (cPPP) target. Second, we need to press forward jointly with the SR2004 work programme agreed between our officials, including a series of meetings to ensure that momentum is maintained. It is intended that the programme will include consideration of a range of options for savings in police, prisons, compensation and NIO administration costs. In particular we would hope to agree SR2004 targets for reducing the justice gap as part of the criminal justice system target, which is as important in Northern Ireland as the rest of the UK; and to develop police and NIO administration cost reduction targets on similar lines to the cost per prisoner place target; and roll forward the existing four targets. Delivering the peace process will continue to be a key objective. Third, we hope that the trajectories of performance against your targets will show improvement by the time of the next delivery report, while recognising the very good progress on target 2.

### **The Report**

6. As previously the report has been prepared after consideration of the updated delivery plans provided by your officials, the web based reporting data which Ministers had before them at the mini PSX meeting (annexed to the report), together with updated information from the Community Attitudes Survey on levels of confidence in the police, and the assessments of likelihood of delivery drawn up by your and our officials. The HMT assessment was moderated by the Panel referred to above.

### **Key messages**

7. The following key messages are included in the report:

Shared sense of ownership of targets: it is vital that the NIO builds on the work already underway to ensure a shared sense of ownership of and commitment to achievement of the PSA targets, not just among senior management but also among front line delivery agents and external stakeholders. The department should also continue to work closely with the Northern Ireland Executive in



determining the best ways of tackling underlying causes of crime, and with the Home Office where appropriate to exchange best practice. The conclusions of the Devolved Decision Making Review, which I anticipate will be published in the Budget, will be relevant in informing the relationship between the NIO and its agencies.

Confidence levels in police and criminal justice system and reduction in crime levels: the trends are mixed and it will be important to ensure that continued efforts are made to bring performance into line with the required trajectory for target achievement, responding as necessary to external events. \_

Catholic representation in police: it will be important to maintain the existing rate of progress.

Cost per prisoner place: the high and rising costs are a matter of concern. More progress needs to be made towards implementation of a prison officer severance scheme in 2005-06, and in bringing about a cultural change in the prison service linked to more efficient deployment of staff and reduced staff numbers.

Improved trajectories: it is important that you can both develop, and demonstrate, a deeper understanding of what is driving the trends in performance, what action will be required to bring about change, and what the trajectory of improved performance is expected to be.

#### **Traffic light assessment**

8. The traffic light assessment is attached. Progress towards likelihood of delivery has been assessed as follows:

**Target 1 (increase confidence in the police)** has been assessed as amber/red (although your officials have assessed this as amber/green) given that confidence is not yet on a clearly rising trend, although recent evidence is encouraging.



**Target 2 (progressive increase in Catholic representation in police)** has been assessed as amber/green, as progress towards 30% Catholic representation in the police by 2011 is currently in line with the trajectory for achieving the target.

**Target 3 (increase confidence in criminal justice system and reduce crime)** whilst acknowledging some progress being made here, this has been assessed as amber/red (although your officials have assessed this as amber/green), as the evidence from the performance against trajectories is mixed, and there is concern about rising crime levels

**Target 4 (ensure cost per prisoner place does not exceed annual limits)** has been assessed as not enough evidence to assess. Although NIO is on target to meet the 2003-04 limit of £83,275, we have no basis for assessing what progress will be achieved in 2004/5 and 2005/6. We recognise the difficult industrial relations climate surrounding this target, and the uncertain impact of implementing the recommendations of the Steele review. We attach priority to agreeing a stretching target in SR2004 for reducing the cost per prisoner place, which provides the basis for a delivery plan resulting in effective action.

#### **Next steps**

9. Our Delivery Reports are intended to be of assistance to departments in moving forward. The Panel recommended some specific actions in respect of each PSA target. I know that you already have much work in hand on delivery, and for the most part the cited actions reflect discussion with your target owners. I hope that this report provides not only a recognisable picture, but also clear and workable proposals for action. It should provide an effective foundation for continuing work by my colleagues with yours to ensure delivery of your targets. We will be very happy to discuss these proposals with you further. I would, of course, be happy to meet you to discuss anything in this assessment and report if you would find it useful



10. We have now completed two rounds of Delivery Reports. Over the next six months we will be looking to build on the delivery assessment process developed in 2003, with a particular emphasis on self-assessment. We will be asking departments to conduct a thorough self-assessment, using the PMDU framework, later in the summer. The Treasury will support this process as appropriate, and the assessment should include an external validation to which HMT has an input. I anticipate that we will want to carry out a further Treasury assessment of progress on delivery in autumn 2004, underpinned by a self-assessment, as the basis for a further Delivery Report. We will provide guidance on this nearer the time.

11. I am copying this letter to Sir Andrew Turnbull and to Michael Barber.

***Yours Nick***

**Nick Macpherson**  
**Managing Director, Public Services Directorate**





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# **Northern Ireland Office Delivery Report**

**February 2004**





## CONTENTS

1. Introduction
2. Executive Summary:
  - 2.1. Progress since last Delivery Report
  - 2.2. Key department-wide messages
  - 2.3. Key messages on PSAs
3. Department-wide issues:
  - 3.1. Summary
  - 3.2. Critical delivery issues.
4. PSA areas:
  - 4.1. Progress
  - 4.2. PSA 1 Increase confidence in policing
  - PSA 2 Progressive increase in Catholic representation in police
  - PSA 3 Increase confidence in criminal justice system and reduce crime
  - PSA 4 Cost per prisoner place not to exceed annual limits





## 1.0 INTRODUCTION

This is the second Delivery Report HMT has prepared on the Northern Ireland Office. Its purpose is to:

- Provide formal feedback on progress in driving delivery;
- Set out the range of issues and actions we believe need to be addressed over the next 6-12 months.

The report is divided into a number of sections:

- progress since the last Delivery Report
- Department-wide messages.
- PSA level messages.

We would like to use this Report as a basis for discussion and agreement about:

- What the Department can do to strengthen delivery in the next six months.
- How HMT might work with you (and other bodies as appropriate).
- Any other actions that need to be taken to improve confidence and the likelihood that PSA targets will be delivered.





## 2.1 EXECUTIVE SUMMARY

Progress since the last Delivery Report



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### Summary of last report and progress:

- Three broad issues affecting policing & criminal justice targets could benefit from further focus and attention – public consultation/customer surveys, stakeholder engagement, and communications
- Corporate issues common to planning on all targets include maintaining and increasing momentum, coordination of departmental plans & strategies with delivery plan, political dimension & normalisation, leadership, resources & skills

#### • Progress since last report:

##### Police

- steps to strengthen coordination in hand
- organisational change under way, but problems in some areas
- cultural/attitudinal change being delivered
- continuing attempts to engage all partner organizations

##### Criminal justice

- key policies in place and early implementation beginning
- communication of objectives underway
- some good and strategic measures selected based on community attitude surveys

##### Prisons

- on course for 2003-04 target

### Core issues that need to be addressed over the next six months include:

- Work towards return of devolution and progress on implementing peace process
- Continue efforts to increase confidence levels in police and to continue to engage external stakeholders in change agenda
- Maintain progressive increase in Catholic representation in police
- Increase confidence levels in criminal justice system and reduce levels of crime
- Progress towards introduction of prison officer severance scheme in 2005-06, and agreeing 2005-06 to 2007-08 cost per prisoner place targets below 2004-05 level, and agree delivery plans
- Agree SR2004 PSA targets in light of December PSX meeting
- Implement SR2004 work programme including efficiency review of NIO, police and prisons
- Agree outstanding SR2002 interim targets
- Develop improved trajectories for confidence in police/criminal justice to illustrate what is to be achieved and by when





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## 2.2 EXECUTIVE SUMMARY

Key department-wide messages

- Need to agree a number of SR2002 targets which have not yet been set – ie interim target for reducing theft of/from vehicles and domestic burglary by April 2005, and a baseline and target to reduce the rate of reconviction. Need to agree cost per prisoner place target for 2004-05 and make progress towards introduction of a prison officer severance scheme in 2005-06. The Chief Secretary has written following December mini PSX.
- Need to ensure that corporate issues identified in first delivery report are being addressed
- Address core issues identified in section 2.1





## 2.3 EXECUTIVE SUMMARY

### Key messages on PSAs

- **Target 1 : Increase confidence in the police through out all parts of the community in Northern Ireland, based on a suite of measures of public views on contact with the police and the fairness and effectiveness of policing and policing arrangements. Results will be published annually.**
- **Target 2: A progressive increase in the Catholic representation in the police service towards a target of 30% Catholic representation by 2011 as proposed by Patten with an interim target of 13.5% by March 2004, and a challenging new target for March 2006 to be published in autumn 2002.**
- **Target 3: Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on the**

#### **Comments:**

Continued efforts needed to increase confidence levels. Need to continue to encourage external stakeholders to embrace change agenda. . Continue development of risk management process. Identify action to bring confidence trends on track.

#### **Comments:**

On target but continue to address risk of threat to continued increase

#### **Comments:**

Continue to engage with stakeholders and take forward cultural changes needed in the light of a return to a more peaceful environment. Manage interdependencies which impact on delivery and remedy communication gaps in delivery chain. Evaluate whether actions are having intended effect. Make progress in building good practice in delivery planning, monitoring and reporting. Concern that some crime rates rising, and reconviction rate target needs to be set.





- **fairness, effectiveness and accessibility of the criminal justice system. Results will be published annually. In support of this target, the Northern Ireland Office working in conjunction with other agencies, will by April 2007 reduce:**
    - **Domestic burglary by 15%**
    - **Vehicle theft by 10% and**
    - **Theft from vehicles by 10%****with an interim target for April 2005 to be published in autumn 2002. In addition the Northern Ireland Office, working in conjunction with other agencies, will reduce the rate of reconviction, to be measured annually by a system and against baselines and challenging targets to be published by December 2002.**
- Target 4: Ensure that annual cost per prisoner place in Northern Ireland does not exceed annual limits for each of the three financial years of the 2002 Spending Review period, namely 2003-04, 2004-05 and 2005-06. The annual limits will be published in autumn 2002.**



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**Comments:**

Agree 2004-05 cppp target. Make progress towards implementation in 2005-06 of prison officer severance scheme and in agreeing cppp targets for 2005-06 to 2007-08 below 2004-05 level. Take action to bring about cultural change in NIPS linked to more efficient staff deployment and reduced staff numbers. Bring forward exit package to counter trade union opposition.





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### 3.1 DEPARTMENT-WIDE ISSUES

This page deals more generally with NIO delivery issues.

The overall law and order situation in Northern Ireland is quite good. There is a relatively small number of prisoners, no overcrowding, and relatively low crime rates compared to England and Wales apart from paramilitary crime, although there is an increase in the levels of some non terrorist crime. Overall, the Northern Ireland Office is taking public service reform and the delivery agenda seriously against a background of very difficult circumstances.

Against this background NIO needs to continue to ensure that there is a shared sense of ownership of the department's PSA targets, not just within NIO senior management but also among front line delivery agents and external stakeholders generally. NIO also needs to continue to work closely with the Northern Ireland Executive to determine how best to tackle the underlying causes of crime, and with the Home Office where appropriate to compare best practice on criminal justice reform.

Three major challenges for the SR2004 period will be, first, establishing the conditions necessary for the restoration of devolution (and subsequent devolution of law and order functions to NIE) and achieving greater efficiency within NIO and its agencies to ensure that there are sufficient funds for improved front line delivery within a tight public expenditure settlement, and to monitor risks effectively eg public inquiries, Acts of Completion etc.





## 3.2 Critical delivery issues

### Critical delivery issues:

- Understand comparative trends in law and order and their causes ie improve evidence base
- Improve efficiency
- Devolve PSA targets to, and engage, front line
- Reform police, prisons and criminal justice system
- Set improved SR2004 PSA targets
- At the Treasury's suggestion, NIO has considered establishing a NIO delivery unit. The PSA is reflected in the NIO suite of cascading business plans. Delivery plans for PSA targets are owned by lead directors who report directly to the Board. NIO is working up an improved reporting mechanism for 2004-05. The NIO corporate centre acts as the focus for tracking progress and for ensuring that the process runs smoothly and also coordinates reporting to HMT.

All these issues are important although the top priority is probably reducing costs/improving efficiency.

### Action needed

- Implement SR2004 work programme by April
- Agree SR2004 PSA targets by April
- Engage key stakeholders in eform processes
- Ensure close working between NIO, HMT and Cabinet Office on PSA delivery and performance partnership
- Develop by April improved trajectories for confidence in police & criminal justice system
- Agree 2004-05 cost per prisoner place target by end March





## 4.1 PSA AREAS – Progress



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- **Progress since last report:**

### **Police**

- steps to strengthen coordination in hand
- organisational change under way, but problems in some areas
- cultural/attitudinal change being delivered
- increasing engagement of all partner organizations

### **Criminal justice**

- key policies in place and early implementation beginning
- communication of objectives underway
- some good and strategic measures selected based on community attitude surveys

### **Prisons**

- on course for 2003-04 target

### **Recent Performance**

People in N Ireland who think the police deal fairly with everyone in ordinary police problems – down from 67% (2002) to 64% (2003)

People in N Ireland who think the police in their area do a good job - down from 57% in 2002 to 56% in 2003

NIO and Treasury have agreed in principle on the desirability of switching from the Community Attitudes Survey to the Omnibus Survey for measuring confidence in the police, and are currently considering a change to the Technical Note. NIO now has October 2003 figures. These show that:

- 68% (up from 64% in April and 67% in 2002) of people in Northern Ireland think that the police deal fairly with everyone in ordinary police problems (in Northern Ireland as a whole)
- the figure for Catholics is now 52% (up from 50% in April) and for Protestants 80% (up from 76%)

So the trajectory is rather better, although there are still bumpy times ahead as Cory and other past-related issues hit the headlines.





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Catholic representation in PSNI – up from 11.69% in December 2002 to 13.96% in December 2003

People in N Ireland who feel confident about fairness of the criminal justice system – up from 71% in 2001 to 72% in 2002

People in N Ireland who believe the courts treat fairly Catholics and Protestants accused of non terrorist offences – down from 82% in 2001 to 81% in 2002

Domestic burglaries up 12% from 9064 in 2001-02 to 10,125 in 2002-03

Thefts of vehicles down 6% from 9005 in 2001-02 to 8317 in 2002-03

Thefts from vehicles up 8% from 6584 in 2001-02 to 7140 in 2002-03

Cost per prisoner place – 2001-02 target of 5.7% reduction and 2002-03 target of 11.3% reduction achieved.

Devolution currently suspended.

N.B. PSA trajectories are entered in the Annex





## 4.2 PSA 1 Increase confidence in policing

### Issue: Falling confidence levels and need to engage external stakeholders in change agenda

#### What the issue is

##### **Falling confidence levels and need to engage stakeholders in change agenda**

Sections of the Northern Ireland community have withheld support from police, who themselves have been subject to terrorist attack and intimidation. The different views of the two communities are reflected in confidence levels surveys. Patten reforms intended to tackle the problem and improve police efficiency.

Confidence in policing depends on political situation and security steps to normalisation.

Limited scope to influence outcome due to reliance on outside stakeholders (PSNI, Policing Board, Police Ombudsman, as well as political and community leaders and the public).

Progress to date: Good progress made on legislative, structural & symbolic change eg appointment of Oversight Commissioner, establishment of Policing Board, new badge, flags & emblem for police, 1820 officers have left under voluntary severance scheme, 26 District Policing Partnerships established

Effort being put into reversing downward confidence levels  
External stakeholders being encouraged to embrace change agenda

Organisational problems in some areas being resolved

Problem of risk to key projects due to change burden on key managers being resolved

#### Why this is important

Maintaining and improving confidence in the police service in Northern Ireland is a crucial part of the peace process and a key challenge for the Government and Northern Ireland Office.

**Failure to deliver the target will seriously undermine normalisation**

#### Action needed

- Build on work underway to ensure shared sense of ownership and commitment to targets and work with NIE to determine best ways of tackling crime
- Continue to develop risk management process
- Develop understanding of reasons explaining confidence trends, and identify action to bring trends on track by April
- Ensure greater clarity in SR04 target on what increase in confidence levels is being aimed at and by when





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## 4.2 PSA 2 Progressive increase in Catholic representation in police

Issue: Contingency plans in the event of political downturn or terrorist threats and violence against new recruits and/or their families

### What the issue is

**Contingency plans in the event of political downturn or terrorist threats and violence against new recruits and/or their families**

Patten target of 30% Catholic representation in police by 2011. This is achievable if political and security situations remain stable.

PSNI is statutorily independent from NIO; this is a key component of the reform agenda. Confidence in police recruitment could be undermined by too heavy handed attempts at Government control.

Progress to date: Code of Ethics was published February 2003 and has been incorporated by NIO into police conduct regulations. Chief Constable's membership of Secretary of State led Law and Order Action Group enables police to feed in proposals at the highest level for beneficial changes to the law. Interim target for April 2004 already achieved ahead of schedule. Risk of threat to police resilience during normalisation programme and dismantling of current security apparatus being addressed. Discussion continuing with Irish Government on joint action to prevent upsurge of dissident republican violence, in context of acts of completion

### Why this is important

Achievement of target is an essential component of delivery of the Government's Good Friday Agreement pledges

### Action needed

- Ensure that current rate of progress is maintained in period up to 2011







February-04

### NIO Summary at sub-target /lead indicator level

[illegible]

## Quality of planning, implementation and performance management / Capacity to drive progress / Likelihood of Delivery

Red	Highly problematic - requires urgent and decisive action
Amber/Red	Problematic - requires substantial attention, some aspects need urgent action
Amber/Green	Mixed - aspect(s) require substantial attention, some good
Green	Good - requires refinement and systematic implementation
N	Not enough evidence

### Stage of Delivery

1	Policy development
2	Implementation
3	Embedding change
4	Irreversible progress
N	Not enough evidence

(NB Where justified combinations of the above may be used eg 1&2)



## Bilbrough Jeanne - Cabinet Secretary's Office -

---

**From:** Fletcher Ian - Cabinet Secretary's Office -  
**Sent:** 15 March 2004 18:45  
**To:** PS Sir Andrew Turnbull  
**Subject:** FW: NORTHERN IRELAND OFFICE: DELIVERY REPORT



040315 - nick  
macpherson to jo...



040315 - nick  
macpherson - nor...



040315 - nick  
macpherson asses...

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**From:** Macpherson, Nicholas[SMTP:NICHOLAS.MACPHERSON@HM-TREASURY.X.GSI.GOV.UK]  
**Sent:** Monday, March 15, 2004 6:42:09 PM  
**To:** ruth.sloan@nio.x.gsi.gov.uk  
**Cc:** zzCO\_Barber, Michael; ian.fletcher@cabinet-office.x.gsi.gov.uk  
**Subject:** NORTHERN IRELAND OFFICE: DELIVERY REPORT  
Auto forwarded by a Rule

Joe

I attach the latest delivery report on the NIO's targets. I am sorry to have missed you on the phone this evening but Ray Shostak and Paul Priestly discussed it at some length at the end of last week and I would be happy to discuss it further in due course.

best wishes.

Nick

\*\*\*\*\*  
If you have received this email and it was not intended for you,  
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Minister of State

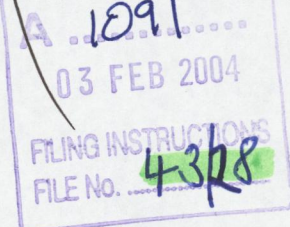
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Tel: (028) 9056 9216



Our ref: COR/34/2004

29 January 2004

The Rt Hon John Prescott MP  
Deputy Prime Minister  
26 Whitehall  
LONDON  
SW1A 2WH

Dear Mr Prescott

I have read Andrew Smith's letter of 21 January and I am content with his proposals.

My officials in the Department for Social Development are proceeding on the basis that the proposals will also be introduced in Northern Ireland. It is important that Andrew's officials work closely with officials in Northern Ireland to ensure the successful implementation of the proposals across the UK.

Copies of this letter go to the Prime Minister, Andrew Smith, Paul Murphy, Members of DA Committee and Sir Andrew Turnbull.

*John F. Spellar*

**THE RT HON JOHN SPELLAR MP**  
**Minister of State at the Northern Ireland Office**



### Introduction

1. You have received a revised copy of the draft performance partnership agreement from NIO, with a covering letter from Joe Pilling. This firms up slightly the draft which was discussed at the D & R Team meeting on 20 May. Colleagues were broadly content with the proposals.
2. In the light of comments made at DRT, I suggest key priority areas for discussion should be;

#### **i Criminal Justice System and Policing – taking the opportunity to reform now to make sure they are in good shape to hand over**

You indicated that NIO should use the current circumstance to ensure that the CJS and policing in NI are in good shape to hand over. The majority of NIO's PSA targets are based around this agenda, and the Treasury are not wholly confident that targets will be met, based on NIO's mixed track record.

The Department's own assessment of progress against PSA targets (attached at Annex A) records some achievements; these are not immediately striking but need to be set against the context of the continued difficult political situation. In addition, spending per head on law and order is far higher than on the mainland. This may be understandable, but normalisation should provide the impetus to start to tackle costs in this area. **NIO has recognised the need for change in CJS and policing (as reflected in delivery priorities 2 and 3).** It has set itself a very challenging agenda, which is summarised in Annex A of Joe Pilling's 30 May letter to you.

#### **ii Change programme**

We don't have much evidence other than from No 10's interface on the political process (which is positive). NIO's proposed capacity priorities are featherweight.

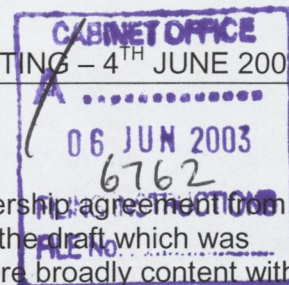
I suggest that at the meeting you cover the following:

- **Be positive about steps NIO is taking to build a change programme**

NIO have built the performance partnership process into their own review and change programme, completing a fairly honest self-assessment against the fitness for purpose principles. Although progress to date has been rather low key compared to others, there are signs that the Department is beginning to recognise the need to change both in anticipation of its new role post-devolution and to become more aligned with the Government's delivery agenda. **Joe Pilling is pleased with the work put into the self-assessment and change programme and will bring the change manager, Elaine Wilkinson, to the meeting.**

- **Looking forward**

There is continuing uncertainty about NIO's future, with devolution switched on and off regularly. NIO currently does not have responsibility for much policy and what it has is often at the mercy of the NI peace process. Post-devolution responsibilities would be even less. This makes it very difficult for the Department to develop a clearly defined sense of strategic direction into which it could tie its key stakeholders including staff and delivery agents. In addition, the NIO is reliant on a few key senior officials whose focus is the political process rather than setting longer term direction. Whilst all this is understandable, there is a sense that the difficulties of the political situation have been an excuse not to





move things forward. NIO should make the most of the opportunities offered by normalisation to:

- **make sure it has the right people at the top to deliver change in priority areas** - NIO's self-assessment and PPA identify the need to develop leadership both at Board level and at SCS and below. Although the Board is seen as relatively strong and developing well, there has been a tendency to over-rely on a limited number of key people;
- **develop a more open culture** - The SCS is small (only 47 in March 2002), but only the Board have much visibility in Whitehall. There is scope to develop a more open culture and an increase in interchange and secondment is planned. Sir David Omand, a key stakeholder of NIO, feels that it could do more to be open with the rest of Whitehall.

### Conclusion

4. NIO have been positive about the PP approach but may need some convincing that it is a real two-way partnership. It would be useful to ask Joe to set out how he considers the Centre can help.

Paul Kirby  
3 June 2003



OUTCOMES ON PSA OBJECTIVES 2002-03

Source: as yet unpublished Departmental Report.

NB: each PSA Objective corresponds to a PPA Delivery Priority.

**PSA I: political development**

The Executive and Assembly were suspended in October 2002. At the time of writing Direct Rule continues, and the scheduled elections for a new Assembly have been postponed. Political mistrust remains high.

**PSA II: confidence in police**

Policing Board continues to meet.

Police (Northern Ireland) Act 2003, which implements more fully the Patten recommendations, received Royal Assent.

Overall confidence levels in police fell very slightly (71% from 72% on 'fairness'; 67% from 69% on 'doing a good job').

Proportion of Catholics in police up to 12.2% from 8.6% in previous year. Roughly a third of applicants to PSNI are now Catholic.

**PSA III: confidence in criminal justice system**

72% overall expressed confidence in fairness of criminal justice system (up from 71% in 2001 and 69% in 2000). Gap between Catholics and Protestants is narrowing.

81% overall believed courts treat equally Protestants and Catholics accused of non-terrorist offences – slightly down on 2001 but up on 2000. Gap between the communities is narrowing.

**PSA IV: maintain rule of law**

Reduction in security-related deaths over 3-year period, but overall increase in major incidents.

Dissident republicans remain an active threat.

Breaches of public order remain high, but 2002 marching season quietest in five years.

Changes have been made to the gathering of information in order better to track progress.

**PSA V: lessen the impact of crime**

Baselines have now been set in the categories that are to be monitored.

A network of Community Safety Partnerships is being established.

Community Safety Strategy published.



#### PSA VI: supervisory and custodial sentences

No prison escapes.

Increased co-working between NIPS and PBNI.

#### PSA VII: value for money

3% efficiency target has been met.

Target of 11.3% cumulative reduction in Cost Per Prisoner Place by March 03 was achieved.

#### Change Programme Action Plan (CPAP) Outcomes

As a result of the Peer Review in 2001, 15 projects were undertaken throughout 2002/03. These have impacted on all areas of work, but most significantly:

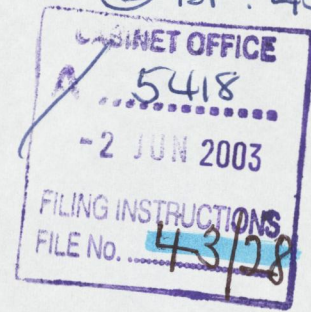
- The role and functioning of the Departmental Board has been reviewed and improved.
- New arrangements for performance management have been introduced.
- A new training and development strategy is being developed.
- There are new internal communication tools.
- A new integrated business planning process has been developed.

The Performance Partnership will roll the change agenda forward.



*For folder in include  
the story of papers a  
Pen for removal*

Sir Andrew Turnbull KCB CVO  
Cabinet Secretary  
70 Whitehall  
LONDON



30 May 2003

*e-mailed to  
P Kirby.*

**PERFORMANCE PARTNERSHIP AGREEMENT MEETING – 4 JUNE 2003**

*LS  
2.6.03*

We are due to meet on 4 June to discuss the Performance Partnership Agreement (PPA) between the NIO and the combined Centre. I understand that you are giving highest priority to the areas of policing and criminal justice and have extracted a summary (Annex A) of the actions proposed and outcomes planned for these areas from our PPA, which may help to shape our discussions when we meet.

As you know our most important delivery priority is securing the stability and full operation of the devolved institutions and fostering growing preparedness for further devolution. Success or failure in this area affects on all other priorities, and imperatives in this area can affect the planning of other delivery priorities, particularly developments in policing and criminal justice which are inextricably linked to the political process.

I also attach a copy of the current draft of our PPA (Annex B) which has been completed in the format proposed by the centre. The delivery priorities are largely populated from the business plans and delivery plans and the timescales set in these are reasonably accurate.

The capacity priorities are populated from our refreshed Departmental Change Agenda which has emerged from our self assessment exercise. This exercise was completed by a relatively new member of the SCS who had only worked in the Prison Service within the Department, and has a private sector background. This brought two major benefits. First she was looking at the Department with fresh eyes and to some extent was acting as an independent



management consultant for me. Second this was a development opportunity providing a real insight into the Department in preparation for her next posting as Head of Financial Services Division. The approach included –

- individual discussions with Departmental Board members, the Secretary of State and Junior Ministers, and major stakeholders, including the Chief Constable, GOC, Policing Board Chairman and Vice-Chairman, Probation Board Chairman and Chief Electoral Officer;
- group discussions with all grades of staff; and
- reviewing other research material, including the Staff Survey and Peer Review.

The material from all of these was analysed into positive and less positive findings under the criteria of right leadership, strategic focus, engagement of delivery stakeholders and management of delivery. These findings are attached at Annex C. This was extremely useful and we plan to repeat it in about 15 to 18 months time. This will be the best way to measure progress, but at this stage we do not wish to be too precise on the details or scale of the next review, and will judge what is required closer to the time.

Learning from past experience and the evaluation of our last Change Programme Action Plan (CPAP), which resulted from the Peer Review, we recognise the need to have a smaller number of projects (max 5), and the benefits of having a Departmental Board member sponsor each project. This ensures buy-in from the top of the organisation and convinces staff that the Board are taking the programme seriously.

The capacity priorities in the draft PPA set out what we are trying to achieve. How we get there and the likely timescales for achievement are still subject to change. We will be clearer about timescales before the summer break but until we get moving on each project, after our meeting, I am keen to keep



some room for the leader of each project to put a personal stamp on the detailed design and establish performance indicators for their own projects.

There won't be radical changes in substance after our meeting because our Board has been fully involved in getting us to where we have reached so far; it is the detail I want to sit lightly on for the next few weeks.

I will be accompanied by Doreen Brown, Director of Corporate Services and Elaine Wilkinson who has been taking the lead on developing our change agenda.

**JOE PILLING**



**NIO – PERFORMANCE PARTNERSHIP AGREEMENT (extract)**  
**POLICING AND CRIMINAL JUSTICE DELIVERY PRIORITIES**

Priorities	April 03 – September 03	October 03 to March 04	April 04 to September 04
<p><b>To build and sustain confidence in the effectiveness and efficiency of the police service, and the oversight and accountability arrangements.</b></p> <p><i>This includes implementing a range of measures designed to increase public confidence in the police. Success will be measured by public opinion surveys. The pace of progress may be affected by the security threat. It also includes securing 30% Catholic representation in the police by 2011, with an interim target of 13.5% by March 2004.</i></p>	<ul style="list-style-type: none"> <li>Secretary of State endorses detailed costed Policing Board Workforce Plan designed to help our delivery priorities.</li> <li>Endorse confidence targets for Policing Board, Police Ombudsman and PSNI</li> </ul>	<ul style="list-style-type: none"> <li>13.5% Catholic representation</li> <li>Policing Board set Policing Plan for 2004-07 reflecting Secretary of State's objectives.</li> <li>Report progress toward baton round alternative and consult widely.</li> <li>Implement revised Bail PACE order, bringing Northern Ireland into line with England and Wales, where appropriate.</li> <li>70% of people overall to indicate they think police do a good job (61% in 2002).</li> </ul>	<ul style="list-style-type: none"> <li>Police Oversight Commissioner to report that undertakings given in Patten Implementation Plan have been fulfilled.</li> <li>Policing Board publishes first report on PSNI human rights compliance.</li> </ul>



Priorities	April 03 – September 03	October 03 to March 04	April 04 to September 04
<p><b><u>Promote and build confidence in the criminal justice system</u></b></p> <p><i>This includes implementing the changes deriving from the accepted recommendations of the Criminal Justice Review. Success will be measured by a collecting public views on a range of questions to do with fairness, effectiveness and accessibility</i></p>	<ul style="list-style-type: none"> <li>• Independent Oversight Commissioner operational to monitor and oversee the implementation of the Criminal Justice Review.</li> <li>• Chief Inspector of Criminal Justice in post.</li> <li>• CAUSEWAY procurement phase successfully completed. (CAUSEWAY is a project to deliver significant improvements to the effectiveness and efficiency of the criminal justice system in Northern Ireland through improved information systems.)</li> </ul>	<ul style="list-style-type: none"> <li>• First published review of progress by Oversight Commissioner.</li> <li>• Pilot project for new Public Prosecution Service gets under way.</li> <li>• First benefits from CAUSEWAY: criminal records available to all criminal justice agencies; a criminal justice intranet; and secure e-mail between the different agencies.</li> <li>• Introduction of a new Justice (Northern Ireland) Bill further to implement the recommendations in the Criminal Justice Review.</li> <li>• Publication of Statements of Ethics for all criminal justice agencies that do not already have them, and of an updated statement of Purpose and Aims for the criminal justice system as a whole.</li> <li>• Completion of four pieces of legislation: a new Criminal Justice Order; the Financial Investigations Order; relevant parts of the Criminal Justice and Sentencing Bill; and relevant parts of the Sex Offences Bill (some of these may be done in the preceding period).</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of Criminal Justice Inspectorate.</li> <li>• Justice (Northern Ireland) Bill enacted.</li> <li>• Witness Support Schemes available in all areas.</li> </ul>



**DRAFT**

**PERFORMANCE PARTNERSHIP AGREEMENT**

**NORTHERN IRELAND OFFICE**

**AND**

**THE COMBINED CENTRE**

XX XXX 2003



DRAFT PERFORMANCE PARTNERSHIP AGREEMENT

DELIVERY PRIORITIES

All our work is focused on securing a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper. This is reflected in the seven PSA objectives: *Political development, confidence in policing, confidence in criminal justice, upholding and maintaining the rule of law, crime prevention, executing supervisory and custodial sentences and reducing the cost per prisoner place.*

In everything we do we need to be mindful of the political environment and any emerging plans for devolution. For the purposes of this 18 month performance partnership agreement, we have focussed on those targets and related activities where key milestones or actions fall within that 18 month period. We have not limited ourselves to PSA target milestones, but factored in other, relevant measures.

A characteristic of the NIO is the extent to which it relies on 'arm's-length' bodies, many of which are statutorily independent, for the delivery of its services. Such bodies serve to increase public confidence by distancing the particular service from Government.



<p><b><u>Delivery priority 1</u></b></p> <p><b><u>To support the devolved institutions in Northern Ireland and encourage further political development.</u></b></p> <p><i>This includes securing the stability and full operation of the institutions and fostering growing preparedness for further devolution. It also encompasses the maintenance of positive and constructive relations between HMG and the devolved Assembly.</i></p>	<p><b>Ongoing</b></p> <p>This is our most important delivery priority and success in this area impacts on all other priorities. [Similarly, imperatives in this area can affect the planning for other delivery priorities.]</p> <p>At this stage no specific milestones for the next 18 months can be set, but this section will be revisited when the way ahead becomes clearer.</p>
<p><b><u>Delivery priority 2</u></b></p> <p><b><u>To build and sustain confidence in the effectiveness and efficiency of the police service, and the oversight and accountability arrangements.</u></b></p> <p><i>This includes implementing a range of measures designed to increase public confidence in the police. Success will be measured by public</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"> <li>• Secretary of State endorses detailed costed Policing Board Workforce Plan designed to help our delivery priorities.</li> <li>• Endorse confidence targets for Policing Board, Police Ombudsman and PSNI.</li> <li>• The Police recruit new members of Part-Time Reserve.</li> </ul> <p><b>October 03 – April 04</b></p> <ul style="list-style-type: none"> <li>• Deployment of first new members of Part Time Reserve</li> </ul>



*opinion surveys. The pace of progress may be affected by the security threat. It also includes securing 30% Catholic representation in the police by 2011, with an interim target of 13.5% by March 2004.*

- Severance negotiations completed for Full Time Reserve
- Just under 1,950 officers to have departed under the voluntary early retirement/severance scheme.
- 540 officers recruited on 50:50 basis during 2003-04.
- 13.5% Catholic representation
- Review progress on implementation of Policing Board review of Special Branch (the Crompton Report of November 2002).
- Policing Board set Policing Plan for 2004-07 reflecting Secretary of State's objectives.
- Report progress toward baton round alternative and consult widely.
- Implement revised Bail PACE order, bringing Northern Ireland into line with England and Wales, where appropriate.
- 70% of people overall to indicate they think police do a good job (61% in 2002).

**April 04 – September 04**

- Policing Board to review operation of new District Policing Partnerships.
- Police Oversight Commissioner to report that undertakings given in Patten Implementation Plan have been fulfilled.
- Policing Board publishes first report on PSNI human rights compliance.



<p><b><u>Delivery priority 3</u></b></p> <p><b><u>Promote and build confidence in the criminal justice system</u></b></p> <p><i>This includes implementing the changes deriving from the accepted recommendations of the Criminal Justice Review. Success will be measured by a collecting public views on a range of questions to do with fairness, effectiveness and accessibility.</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"><li>• Independent Oversight Commissioner operational to monitor and oversee the implementation of the Criminal Justice Review.</li><li>• Chief Inspector of Criminal Justice in post.</li><li>• CAUSEWAY procurement phase successfully completed. (CAUSEWAY is a project to deliver significant improvements to the effectiveness and efficiency of the criminal justice system in Northern Ireland through improved information systems.)</li></ul> <p><b>October 03 – March 04</b></p> <ul style="list-style-type: none"><li>• First published review of progress by Oversight Commissioner.</li><li>• Pilot project for new Public Prosecution Service gets under way.</li><li>• First benefits from CAUSEWAY: criminal records available to all criminal justice agencies; a criminal justice intranet; and secure e-mail between the different agencies.</li><li>• Introduction of a new Justice (Northern Ireland) Bill further to implement the recommendations in the Criminal Justice Review.</li><li>• Publication of Statements of Ethics for all criminal justice agencies that do not already have them, and of an updated statement of Purpose and Aims for the criminal justice system as a whole.</li><li>• Completion of four pieces of legislation: a new Criminal Justice Order; the Financial Investigations Order; relevant parts of the Criminal Justice and Sentencing Bill; and relevant parts of the Sex Offences Bill (some of these may be done in the preceding</li></ul>
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	<p>period).</p> <p><b>April 04 – September 04</b></p> <ul style="list-style-type: none"> <li>• Launch of Criminal Justice Inspectorate.</li> <li>• Justice (Northern Ireland) Bill enacted.</li> <li>• Witness Support Schemes available in all areas.</li> </ul>
<p><b><u>Delivery priority 4</u></b></p> <p><b><u>Uphold and maintain the rule of law by developing and maintaining an appropriate policy, legislative and strategic framework</u></b></p> <p><i>This involves: balancing justice and the rights of the individual; the provision of a sufficient counter-terrorist capability; and minimising the potential for, and the causes and effects of, public order disturbances and community strife. It will be measured by improving trends in the relevant security indices.</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"> <li>• Introduce legislation to set up Independent Monitoring Body.</li> <li>• Make Firearms Order to strengthen in some respects law relating to possession of firearms in Northern Ireland and to make it more consistent with GB regime, where appropriate.</li> <li>• Secretary of State to indicate publicly the way forward on Quigley report on parades and marches. (Further more detailed targets to be set after Ministerial decisions taken).</li> </ul> <p><b>October 03-March 04</b></p> <ul style="list-style-type: none"> <li>• <i>Dependent on IRA acts of completion</i>, publish revised programme for normalisation and commence “Sinn Fein” sections in Police (Northern Ireland) Act 2003.</li> <li>• Review and extend, if appropriate, Part VII of Terrorism Act.</li> <li>• Put joint cross-border (Northern Ireland/ROI) organised crime threat assessment and strategy in place.</li> </ul>



	<ul style="list-style-type: none"> <li>• Develop links with Northern Ireland arm of Assets Recovery Agency in order to use their expertise to secure greater recovery of assets from NI criminals.</li> </ul> <p><b>April 04-September 04</b></p> <ul style="list-style-type: none"> <li>• Publish Northern Ireland organised crime threat assessment and strategy for 2004-05.</li> <li>• Increase in investigations into organised crime, in joint operations with Organised Crime Task Force partners and in number of networks disrupted.</li> </ul>
<p><b><u>Delivery priority 5</u></b></p> <p><b><u>Lessen the impact of crime</u></b></p> <p><i>This includes working in partnership with other agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime. It will be measured by the completion of community safety audits, increasing public confidence (reflected in an ongoing survey) and the efficient payment of compensation claims.</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"> <li>• Community safety strategy published and Unit established.</li> <li>• Crime Reduction Taskforce operational.</li> <li>• A range of domestic burglary and car crime projects launched.</li> <li>• New Juvenile Justice Centre commissioned.</li> <li>• Bail support network launched.</li> <li>• Prisoner Victim Scheme launched.</li> </ul> <p><b>October 03-March 04</b></p> <ul style="list-style-type: none"> <li>• Partnerships formed in all district council/police boundary areas.</li> </ul>



	<ul style="list-style-type: none"> <li>• Youth Conferencing pilot launched in Greater Belfast.</li> <li>• New community orders for juveniles introduced.</li> <li>• Prisoner Victim Scheme fully effective.</li> </ul> <p><b>April 04-September 04</b></p> <ul style="list-style-type: none"> <li>• Youth Conferencing pilot launched in one rural area.</li> <li>• New custody arrangements for 10-13 year olds.</li> </ul>
<p><b><u>Delivery priority 6</u></b></p> <p><b><u>Execute the supervisory and custodial sentences of the courts.</u></b></p> <p><i>This includes punishing offenders appropriately, protecting the public and reducing the risk of reoffending. It will be measured by the success of programmes delivered in prison and in the community.</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"> <li>• Establish baseline for the number of remand prisoners and prisoners serving less than six months who are working to a resettlement plan, and set targets and a system of measurement for 2004-05.</li> <li>• Work with life sentence prisoners is undertaken on the basis of protocols agreed with PBNI.</li> </ul> <p><b>October 03-March 04</b></p> <ul style="list-style-type: none"> <li>• Develop resettlement policy in consultation with relevant public and voluntary sector organisations.</li> <li>• 50% of prisoner constructive activity hours are in approved or accredited activities.</li> <li>• Further development of a mechanism to evaluate the effectiveness of programmes and interventions, using reconviction rates. Average of at least 20 hours</li> </ul>



	<p>constructive activity per week provided for each sentenced prisoner, and 12 hours for each remand prisoner.</p> <ul style="list-style-type: none"> <li>82.5% of prisoners serving six months or more, and 95% of lifers, are working to a resettlement plan, such plans being prepared no later than six months from date of sentence.</li> </ul> <p><b>April 04-September 04</b></p> <ul style="list-style-type: none"> <li>Continue to punish offenders appropriately, protect the public and reduce the risk of re-offending in accordance with a plan to be approved by Ministers.</li> </ul>
<p><u><b>Delivery priority 7</b></u></p> <p><u><b>Secure value for money</b></u></p> <p><i>This includes reducing the Cost Per Prisoner Place to limits agreed the HMT.</i></p>	<p><b>April 03-September 03</b></p> <ul style="list-style-type: none"> <li>Develop and implement a plan to review all existing workgroups within the current Framework working practices.</li> <li>Develop a new Corporate Framework and Working Code.</li> <li>Identify regime requirements.</li> </ul> <p><b>September 03-March 04</b></p> <ul style="list-style-type: none"> <li>Develop an evidence-based bid for future staffing requirements.</li> <li>Complete implementation plan for new staffing structures.</li> </ul> <p><b>April 04-September 04</b></p> <ul style="list-style-type: none"> <li>Begin implementation of new staffing structures and attendance arrangements.</li> </ul>



DRAFT OF 23 MAY  
RESTRICTED – MANAGEMENT

Annex B



## CAPACITY PRIORITIES

Our Capacity Priorities reflect our Departmental Change Agenda which is about building on our many strengths and developing our capacity to be proactive rather than reactive, when it is appropriate. We aim to create this capacity through developing the leadership and management skills within the Department and ensuring that a high priority is given to the development and empowerment of our people, giving recognition for delivery as well as policy work, managing performance rigorously, improving financial management and having clarity in relationships, roles and responsibilities with stakeholder organisations.

### Capacity priority 1: Leadership

#### Improving leadership and management skills in our senior staff

There are two strands –

a) Helping the top team to understand the team composition and collaborate more effectively to address the challenges ahead.

*This is about ensuring that we get the best out of the many skills in the Departmental Board, by understanding the individual characters within the team and ensuring better collaborative working to address the many challenges facing the Department.*

#### **April 03-September 03**

- Assessment of Departmental Board (DB) members individual leadership/character profiles resulting in -

- enhanced level of self awareness of DB members; and
- clarification of individual development needs.

*Leadership  
True finance  
understanding, stability  
Endly now, and stuff to  
internal communications*

#### **October 03-March 04**

- Sharing individual profiles and analysing the team profile to understand how the team or subsets of the team can work together more effectively.
- Application of the team profile to NIO challenges and future agenda.

#### **April 04-September 04**

- DB members place a high priority on -
  - how we lead, manage, develop and empower people, measure performance and manage finances across the Department; and
  - collaborating across the Department and with partner organisations to manage improvements in the delivery of services.



b) Improving leadership and management skills in SCS / Grade A.

*This is about increasing the management and leadership skills of our people in SCS and Grade A, developing our future leaders and giving them opportunities to experience working environments and cultures outside the NIO that have a stronger front line delivery focus. This will provide better role models for more junior staff and ensure recognition is given to the 'doer/ implementer' as well as the 'policy developer'. It is also about creating a culture of collaborative working below the Departmental Board and ensuring that we share our learning experiences for the benefit of the Department as a whole.*

**October 03-March 04**

- Diagnosis of leadership and management skills in SCS and Grade A.
- Identification of appropriate leadership/management programmes to address skills gaps.
- Team building event for SMG members to break down barriers, promote cohesion and develop an understanding of others' perspectives and points of view.
- x% participation in leadership/management programmes.
- y interchange/secondment opportunities undertaken.

**April 04-September 04**

- Senior Management Group (SMG) – adopting a more proactive role.
- Greater mix of skills and experience in SCS/Grade A, with senior staff having a real focus on monitoring and reviewing progress, measuring performance and delivering results.
- Measurable improvement in leadership and management skills identified in the next self assessment exercise, particularly -
  - Senior staff being visible and making a real effort to get to know people (staff/stakeholders), understanding what makes them tick, valuing their ideas and opinions and inspiring them to understand their fit in/with the organisation and contribution to goals; and
  - Senior staff encouraging staff to develop to their full potential, giving recognition for delivery as well as policy work and managing performance rigorously.



**Capacity Priority 2: Think Finance**

**Developing our financial awareness**

*This is about increasing the capacity of the organisation to manage finances, including improving financial awareness in everything we do, and particularly in the areas of policy development and managing delivery. This will lead to more effective budgeting, monitoring and control, better redeployment of resources to priority areas and improved value for money.*

**October 03-March 04**

- 'Think Finance' campaign designed to promote a culture change to a position where financial implications are recognised in everything we do.
- Effective budgeting for the 2004/5 financial year.

**April 04-September 04**

- Effective monitoring and control of budgets and improvements in value for money, with relevant staff trained in financial forecasting techniques to ensure decision making is informed by current and future year affordability considerations.
- SR2004 – Demonstrable change in attitudes to SR2004 with it viewed as responsibility of entire Department, not just FSD.
- Regular financial reports for DB and Director level ensuring financial position is considered in strategic decision making.
- Effective redeployment of resources to priority areas rather than new bids for new work, through the use of an easily understood booklet/process map on how to deal with pressures/easements in budgets ensuring that bids are only raised to a higher level when they cannot be absorbed within branch, division or directorate.



**Capacity Priority 4: Enabling people to contribute and perform to their full potential in delivering our business requirements**

*This is about developing a culture where staff at all grades are enabled to perform to their full potential and contribute to the delivery of the business requirements. This will be done in many ways, including:-*

- *Ensuring the performance management system is used effectively to address any gaps in staff skills and experience*
- *Maximising the benefits of our Peoplebank in the Mentoring Programme and Skills Exchange.*

**April 03-September 03**

- Peoplebank profile raised to facilitate staff with the opportunity of free exchange of knowledge and experiences across the NIO and provide real on the job development.
- Project Group established and detailed design work commenced.

**October 03-March 04**

- Full advantage taken of our internal “bank” of experience and our people provided with the flexibility to meet their needs, including -
  - Peoplebank Mentoring Programme - Effective mentoring relationships established to allow staff to actively learn from more experienced members of staff who can also provide advice, guidance and act as sounding boards; and
  - Peoplebank Skills Exchange – Matching a volunteer skill ‘coach’ with someone who is specifically interested in developing a particular skill or who wishes to tap into a colleague’s experience e.g. from managing a project to help in doing PQs well.

**April 04-September 04**

- Staff have confidence in the performance management system believing it to be meaningful and worthwhile.
- Staff inspired and motivated to make improvements in working practices and transform services, thereby releasing capacity within the organisation for more strategic thinking.
- Staff developing better management skills to deliver future strategic challenges, understanding the importance of monitoring and reviewing progress, measuring performance and delivering results.



**Capacity priority 5:**  
**Understanding all our major**  
**stakeholder relationships**

*This is about staff within the organisation having a clearer understanding of all the relationships that exist with other bodies. This will be done by completing a mapping exercise to produce a 'radar screen' of the networks. This will ensure a more joined up service internally avoiding duplication of work, maximising the benefits of any consultation exercises for the Department as a whole, and better understanding of customer needs and expectations.*

**April 03-September 03**

- Project team/working group established.

**October 03-March 04**

- Information gathered and draft mapping exercise completed setting out all the relationships that exist with other bodies (formal/informal).
- Radar screen/Map tested with stakeholders.

**April 04-September 04**

- Review of need for forums/contacts with a view to -
  - Avoiding duplication; and
  - Restructuring or reassigning responsibilities.
- Succession planning for key post-holders to ensure key relationships maintained.
- Improved programming of work, launches etc with better knowledge of what is going on across Department and partner organisations.
- Clarity in relationships and roles and responsibilities between Department and partner organisations.
- Challenging and being challenged by our stakeholders.





## Right Leadership

### Positive

- Well oiled machinery - Ministers/Officials working as strong and coherent team with shared agenda
- Seamless transition from devolution to direct rule
- Departmental Board focused, energised and making a real impact (surprising given history!)
- Intellectually strong top team with good skills mix – many external perspectives
- Prepared to roll sleeves up and deliver
- React and effect change well on political agenda - clear 'can do' attitude
- Stakeholders have great confidence in top team

### Less Positive

- Work overload /heavy reliance on key people
- Distracted by political agenda
- Limited collaborative working – not realising full benefits/skills from strong team (DB & SMG)
- Staff unclear on fit/contribution to goals
- Insufficient informal contact with/recognition by senior staff
- Emphasis on developing fast streamers & not others
- Middle management (SCS/A) - external experience missing





## Right Strategic Focus

### Positive

- Clarity in 'Peace' agenda
- Clear on future strategic challenges
- Effective analysis of future major challenge of devolution
- Purpose and aims widely recognised - some improvement in specifying outcomes ( what will be different when we deliver)
- Criminal Justice Review has improved clarity in purpose and link with partners
- Business planning improving through use of Balanced Scorecard throughout organisation

### Less Positive

- Customer focus sometimes overlooked
- Insufficient time for strategic considerations other than Peace agenda
- Training not always business focused
- Resource implications and vfm in policy development /delivery sometimes overlooked
- Covertness required in many issues means analysis, planning and buy-in by staff/stakeholders not always possible





## Right engagement of delivery stakeholders

### Positive

- Effective personal relationships
- Staff out on the ground – in touch with front-line delivery
- A culture of 'Consultation' on almost everything
- Cross-cutting forum / Criminal Justice Board
- Regular meetings with NDPBs, voluntary groups, community representatives, other interested parties
- Co-ordinating groups in security and policing
- Causeway Project - electronic sharing of information across CJOs
- Extensive social interaction and informal networks contribute to building trust and sound partnerships
- Stakeholders view Department as a catalyst and useful organisation that adds value
- Right level of communication at a strategic level with stakeholders having clarity about the political agenda and issues not always being within the Department's control

### Less Positive

- Heavy reliance on key personal relationships
- Approach to customer/stakeholder needs tend to be unstructured and informal
- Don't challenge 'can't do' attitudes enough
- Avoid some problems until they bite
- Not self-aware as a Department
- Over-consult but reluctant to let policy development be better informed by stakeholders (Control issue)
- Limited training and development of stakeholders on criminal justice issues



## Right management of delivery to achieve priorities

### Positive

- Finger on the pulse with the weekly Co-ordinating Group for the Peace Settlement (CGPS)
- Good at delivery but unstructured way and with limited good quality staff (team spirit gets us through)
- Inherently manage risk
- Totally flexible
- Delivery plans - developing
- Business planning being driven down through use of Balanced Scorecard at Departmental, Directorate, Divisional, Branch and Unit levels
- Media handling / external communications
- Flax programme development

### Less Positive


- Limited capacity to drive through change
- Financial implications of delivery not always considered
- Culture of not measuring
- Evaluation of delivery missing
- Limited stickability
- Not enough use of project working
- Current lack of intranet / effective IT systems
- Approach to managing risk unstructured in most areas
- Risk policed out of system leading to delays
- Succession planning in key posts to ensure stability and continuity





## Sheasgreen Lynne - Cabinet Secretary's Office -


**From:** Simpson, Arlene [Arlene.Simpson@nio.x.gsi.gov.uk]  
**Sent:** 30 May 2003 16:43  
**To:** psturnbull@cabinet-office.x.gsi.gov.uk  
**Subject:** FW: Performance Partnership Agreement


**Importance:** High


  
104 Annex C - Self  
Assessment ...

  
104 Minute to Joe  
Pilling 23 M...

  
104 Annex A Policing  
and CJ Ex...

  
104 Annex B - NIO  
Draft 23 May...

  
104 Annex B - NIO  
Draft 23 May...

  
Minute from Peter  
Russell.doc

*not required*

> -----Original Message-----

> From: Crew, Charlotte  
> Sent: 23 May 2003 11:39  
> To: Simpson, Arlene  
> Subject: FW: Performance Partnership Agreement

> -----Original Message-----

> From: Davis, Susan  
> Sent: 23 May 2003 10:13  
> To: Crew, Charlotte  
> Subject: Performance Partnership Agreement

> Charlotte

> For your information all of these papers have now been sent to Doreen.

> -----Original Message-----

> From: Davis, Susan  
> Sent: 23 May 2003 10:09  
> To: Brown, Doreen  
> Subject: FW: URGENT PAPER - Performance Partnership Agreement  
> Importance: High

> -----Original Message-----

> From: Davis, Susan  
> Sent: 23 May 2003 09:50  
> To: Crew, Charlotte  
> Subject: URGENT PAPER - Performance Partnership Agreement  
> Importance: High

> <<104 Annex C - Self Assessment 23 May.doc>> <<104 Minute to Joe Pilling  
> 23 May.doc>> <<104 Annex A Policing and CJ Extract.doc>> <<104 Annex B -  
> NIO Draft 23 May Delivery.doc>> <<104 Annex B - NIO Draft 23 May  
> Capacity.doc>> <<Minute from Peter Russell.doc>>

> Charlotte

> Elaine would appreciate a word with Joe once he has had an opportunity to  
> look at these papers. "104 Minute to Joe Pilling" is the first document  
> followed by the various annexes.

> Thank you

> Susan

\*\*\*\*\*

Communications on the Northern Ireland Office's computer systems  
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of the system and for other lawful purposes.



R

Nassar Hameed  
Diversity Division  
Room 1.14  
Admiralty Arch

Tel: 7276 1570

10 April 2003

PS/ Douglas Alexander



AS AT  
Weekend  
S.

PS/ Lord MacDonald  
PS/ Secretary of State for Northern Ireland  
PS/ Sir Andrew Turnbull  
Alice Perkins  
Museji Takolia  
John Barker  
Simon Fryer  
Sarah Kissack  
Sean Hayes  
Jennifer Hutton  
Angela Merron  
Philippa Robinson

## FAIR EMPLOYMENT IN NORTHERN IRELAND: ARTICLE 52 ANNUAL MONITORING RETURN 2003

### Issues

1. Submission of the annual statutory monitoring return (Article 52) to the Equality Commission for Northern Ireland, for Home Civil Servants working in Northern Ireland.
2. Publication of information from the 2003 monitoring return

### Recommendation/Action

3. The Minister is asked to:
  - i. confirm he is content for officials to respond as indicated to the Equality Commission, and
  - ii. offer his views about publishing information from the 2003 monitoring return

### Timing

4. The Commission's deadline is 1 May 2002. It would be helpful to have clearance from the Minister by **Thursday 24 April** at the latest.



Submission of the annual statutory monitoring return to the Equality Commission for Northern Ireland, for Home Civil Servants working in Northern Ireland

**Background and argument**

5. Since 1990 registered employers in Northern Ireland have had a legal duty under Northern Ireland fair employment legislation to monitor the composition of their workforce and of those applying to fill vacancies. The number of promotees and leavers is also monitored.

6. All specified public authorities and registered employers are required to submit to the Commission an annual monitoring return of staff in post. Failure to supply this information is a criminal offence, as is failure to supply it within the prescribed period.

7. For those Home Civil Service departments and agencies operating in Northern Ireland this duty rests with the Prime Minister. In practice, the Parliamentary Secretary for the Cabinet Office undertakes this on the Prime Minister's behalf.

8. There are nine Home Civil Service Departments and Agencies in Northern Ireland: HM Customs and Excise, Immigration and Nationality Directorate, Inland Revenue, Maritime and Coastguard Agency, Ministry of Defence, Northern Ireland Court Service, Northern Ireland Office, Radiocommunications Agency and the United Kingdom Passport Service.

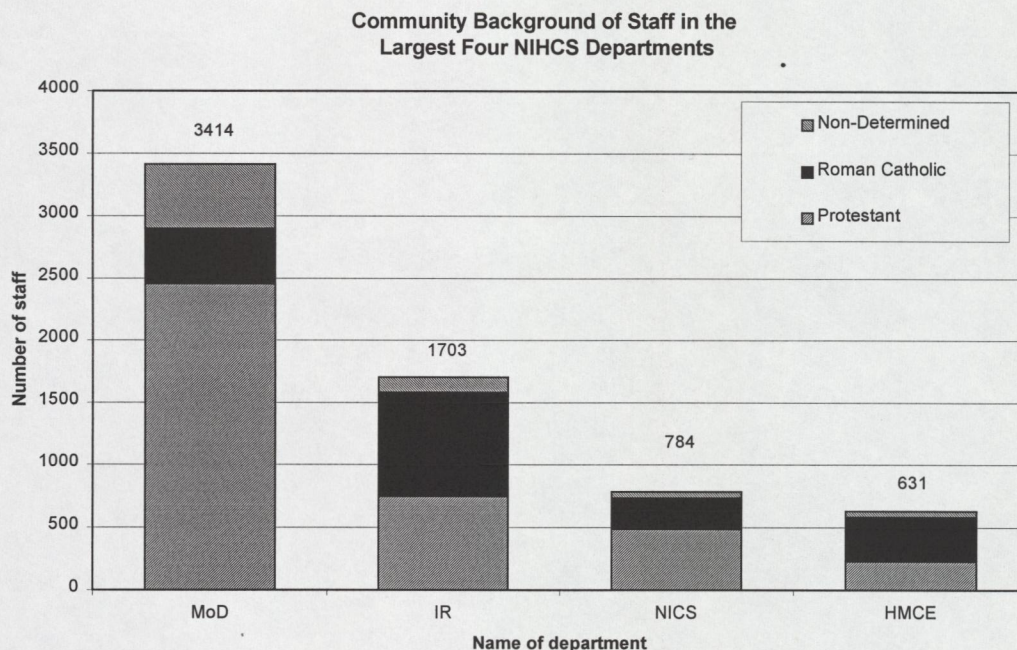
**Key Points**

9. The key points from this annual exercise are:

- as at 1 January 2003, the Northern Ireland Home Civil Service employed 6788 staff, of these 96% were full-time employees;
- for those staff whose community background was known, 67% were Protestant and 33% Roman Catholic. These figures show little change. The 2001 Census figures for the Province suggest that where community background has been determined, Protestants represented 58% and Roman Catholics 42% of the economically active population aged 16 to 74;
- approximately 96% of staff are located in the four largest Departments: the Ministry of Defence; Inland Revenue; Customs and Excise; and the Northern Ireland Court Service;
- of the four largest NIHCS departments, Roman Catholic under representation remains most pronounced in the MoD (see chart overleaf). Of those staff in the MoD whose community background is known, 85% are Protestants and 15% are Roman Catholics. Despite affirmative action, the situation is unlikely to change substantially in the short term because outflow will continue to deplete the number of Roman Catholics in the MoD over the next 5 years. Roman Catholics (who joined before the onset of the troubles) are disproportionately represented amongst staff due to retire in the next 5-6



years. Meanwhile, the profile of applicants to the MoD remains similar to the existing overall staff profile;



- the Equality Commission is very supportive of the efforts being made by Departments to improve the balance of representation. Measures taken include: the publication of Affirmative Action Plans; increasing Outreach measures in under represented sectors of the community; setting recruitment and promotion goals and detailed monitoring of job applications from each community.

### Publication of a summary the 2003 statutory monitoring return

#### Background and argument

10. The Equality Commission publishes an annual report summarising employment trends in Northern Ireland. This includes composite data on the Northern Ireland Home Civil Service Departments and the Northern Ireland Civil Service. It is not possible to disaggregate Northern Ireland Home Civil Service data as numbers are small within particular departments or agencies and the monitoring regulations prohibit the release of any information from which it would be possible to identify the community background of an individual employee. For the Network, in practice this means not publishing information where there are less than 50 employees.

11. The Equality Commission in August 2004 will publish information obtained from the 2003 monitoring return. The reason for the delay is that those organisations with a December registration have until May the following year to submit the annual monitoring return to the Commission.

12. We provide a link to the Equality Commission's publications on the Cabinet Office Diversity website (<http://www.diversity-whatworks.gov.uk>).



13. Following consultation with colleagues in the Northern Ireland Home Civil Service (NIHCS), Northern Ireland Office, Equality Commission and the Cabinet Office Press Office, the Minister agreed to publish on the Cabinet Office Diversity website accompanied by a press release a summary of the triennial monitoring review (Article 55). Our submission to the Minister of 11 March 2002 refers.

14. The summary was published on 19 December 2002 and was the first time that information from the triennial review of the NIHCS had been published. The report did not receive any press coverage, negative or otherwise.

15. We are now seeking the Minister's views on whether the Cabinet Office should publish information from the annual monitoring returns for this and subsequent years. In arriving at his decision, the Minister may want to consider:

- the Network discussed this at their meeting on 3 April and were in favour of publishing
- the numerical and percentage breakdown by perceived community origin of staff employed in the Network's 3 largest Departments as at 1 January 2003 is already in the public domain by way of a PQ (see Annex A) (advice sought from the Equality Commission favoured publication)
- publication will send positive signals about openness, transparency, and sharing good practice thereby encouraging applications from under represented groups
- we have already published a summary of the Article 55 review
- the timing of publication

### Recommendation

16. Our recommendation to the Minister would be to publish information from the Article 52 monitoring return. We would welcome the Minister's views.

17. Subject to agreement with this recommendation, Cabinet Office officials will liaise with the Equality Commission, Northern Ireland Home Civil Service (NIHCS) departments, Northern Ireland Office, and Cabinet Office Press Office to agree draft text for publication.

18. We are happy to provide more information if required.

Nassar Hameed



**ANNEX A****Hansard Tuesday 25 February 2003: Column 385W**

Mr. McNamara: To ask the Chancellor of the Exchequer what the (a) numerical and (b) percentage breakdown by perceived community origin are of (i) Inland Revenue and (ii) Customs and Excise staff employed in Northern Ireland. [97791]

John Healey: The information is as follows:

***HM Customs and Excise***

Out of the total number of 631 the numerical (a) and percentage (b) breakdown by perceived community origin of HM Customs and Excise staff employed in Northern Ireland as at 1 January 2003 is:

	Number	Percentage
Protestant	229	36
Roman Catholic	355	57

It has not been possible to determine the community origin of 7 per cent. of staff.

***Inland Revenue***

Out of the total number of 1,703 the numerical (a) and percentage (b) breakdown by perceived community origin of Inland Revenue staff employed in Northern Ireland as at 1 January 2003 is:

	Number	Percentage
Protestant	745	44
Roman Catholic	838	49

It has not been possible to determine the community origin of 7 per cent. of staff.

**Hansard Monday 24 February 2003: Columns 132/133W**

Mr. Kevin McNamara: To ask the Secretary of State for Defence what the (a) numerical and (b) percentage breakdowns by perceived community origin are of his civilian staff employed in Northern Ireland. [97692]

Dr. Moonie: The numerical and percentage breakdown of the civilian staff employed by the in Northern Ireland as at 1 January 2003 is set out in the table below.

***Ministry of Defence***

	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Protestant	1,462	59.6	992	40.4	2,454	71.9
Roman Catholic	254	57.0	192	43.0	446	13.1
Others	344	66.9	170	33.1	514	15.0
Total	2,060	60.3	1,354	39.7	3,414	100



*(Note: the figures in the table above are correct – the table published in Hansard is incorrect – action has been taken to rectify this)*





The Leader of the House of Lords

3 April 2003

The Rt Hon Paul Murphy MP  
Secretary of State  
Northern Ireland  
11 Millbank  
London SW1P 4PN



*c. Paul Batten  
Robin Fellgett  
Jim Drummond  
sw414*

*Dear Paul,*

#### **FUTURE NORTHERN IRELAND LEGISLATION**

Thank you for copying me your letter of 20 March to Ben Bradshaw about legislation arising from agreement in the current round of talks in Northern Ireland. While every effort will be made to deliver the legislation required, you will appreciate that the current session's programme is already full and this will add yet more pressure.

You said that two Bills were likely to be required during the current session: a Bill dealing with the issue of terrorist prisoners on the run, and a Bill to make arrangements for the monitoring of any agreement and sanctions for breach of commitments. I understand that they may need to be introduced very soon, in which case you will have to ensure that drafting instructions are sent to Parliamentary Counsel as a matter of urgency.

I understand that it may be difficult to be precise about your third session Bills at this stage, however you will appreciate that with a need for up to five pieces of legislation, this has the potential to cause quite significant problems for the business managers. If you need to obtain early Royal Assent for any of these measures, then you will have to ensure that the Bill is ready for introduction at the very start of the session. This means that instructions will have to be sent to Parliamentary Counsel sufficiently early to allow the Bill to be drafted in time.





You will also need to consider carefully the timing of the Parades Bill, should it be required in the third session. It may prove difficult to pass this legislation before the start of the marching season in 2004, particularly if the Bill is not ready for introduction at the very start of the session. Your officials should keep in touch with LP Secretariat about this and the other possible Bills.

I am copying this letter to the Prime Minister, Hilary Armstrong, Bruce Grocott, Ben Bradshaw, Sir Andrew Turnbull and First Parliamentary Counsel.

Yours ever,  
Justin





**Douglas Alexander MP**  
Minister of State

The Rt. Hon Paul Murphy MP  
Secretary of State for Northern Ireland  
Northern Ireland Office  
Castle Buildings  
BELFAST  
BT4 3SG



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Tel: 020 7276 0652  
Fax: 020 7276 0655

*C. Mr Butler*  
*26/3*  
*L.*

25 March 2003

*Dear Paul —*

Thank you for your letter of 22 February.

It was most helpful to have your clarification of the position in Northern Ireland and your strong endorsement of the service provided by the NIO communication machine.

At its recent meeting on 21 March, the review group decided to conduct over the next few weeks, a number of departmental studies to examine how different departments organise themselves to discharge their communication functions. The NIO is one of six Departments selected for study by the group. The plan is to interview the key players in the Department and the secretary of the review (David Wilkinson on 020 7276 3003) will be in touch with Robert Hannigan and Owen Smith to discuss the arrangements.

If it were possible for you to find time to meet the members of the review team, that would be a considerable bonus but I understand the pressures on your time.

I am copying this letter to Sir Andrew Turnbull and Sir Joseph Pilling.

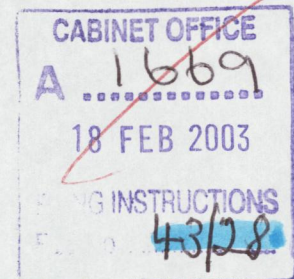
*Yours ever,*

*Douglas*

**DOUGLAS ALEXANDER**







HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Paul Batten  
SW18/2

The Rt. Hon. Paul Murphy MP  
Secretary of State  
Northern Ireland Office  
11 Millbank  
London SW1P 4PN

18 February 2003

A large, stylized handwritten signature in black ink, appearing to read "Paul Murphy".

**SR2002: NORTHERN IRELAND OFFICE SETTLEMENT  
AND RESERVE CLAIM IN 2002-03**

Thank you for your letters of 6 November and 7 January in which you explained the financial pressures you face in the Northern Ireland Office over the next number of years and sought access to the Reserve for £20.1 million in respect of Bloody Sunday Inquiry pressures in 2002-03.

2. As I said to John Reid during our SR2002 discussions, I attach the greatest importance to delivering in full our Belfast Agreement pledges and commitments and look forward to the early restoration of devolved government in Northern Ireland. I am sure you will agree that it just as important that, at the same time, we deliver our pledges in a way that also represents good value for money for the taxpayer.





### **SR2002 Settlement**

3. I was grateful for your recognition of the tight financial constraints we face in the allocation of limited public resources at a time when are making significant and qualitative improvements to the delivery of public services. I was therefore pleased to learn that you do not intend to make a claim on the Reserve next year or in 2004-05 and that, as part of the Northern Ireland Office's SR2002 settlement, the removal of all of the department's spending ring-fences has allowed you to utilise end-year flexibility to offset many of these pressures.

4. I note your concerns about pressures you may face in 2005-06. Of course, while you are free to draw my attention to those possible pressures both now and in the context of the next spending review, I would hope you will appreciate that, as part of the reform of moving to three-year deals, resource plans for 2005-06 were firmly set for departments last July.

5. This approach, as in previous spending reviews, will be our starting point for all departments in the next spending review and I will continue to look to colleagues to find suitable offsets from within their budgets to meet new





pressures in 2005-06. Indeed, I would hope that in the case of the Northern Ireland Office and the security situation permitting, the phasing out of the Police Full Time Reserve should release tens of millions of pounds a year by then, which undoubtedly would be of considerable assistance in meeting those pressures. And, I am aware that there is a need for substantially rationalising the Northern Ireland Prison Service in terms of prison officer levels in order to modernise the service and secure our PSA target. You might therefore also want to consider an early severance programme that could release significant savings to meet pressures as well as secure delivery of the cost per prisoner place targets. My officials are only too happy to discuss with yours, on a without commitment basis, scope for such an early programme.

6. I also hope that they will be able to take forward follow-up work arising from the spending review settlement itself, particularly in relation to financial arrangements in the event of devolution of law and order responsibilities to the Executive, delivery of challenging PSA targets and convergence of criminal injury and damage compensation levels in Northern Ireland with those in Great Britain.





7. On PSA delivery planning, I was pleased to learn of a joint Northern Ireland Office/Treasury/Prime Minister's Delivery Unit seminar held in Belfast on 8 January in which the commitment of your senior officials to our delivery agenda was clearly and unambiguously demonstrated. I am very grateful to them for this and look forward to finalising the delivery plans soon.

**Bloody Sunday Inquiry Reserve claim in 2002-03**

8. As my predecessors have said to yours in connexion with Bloody Sunday Inquiry claims on the Reserve, there can be no presumption that all of the costs of the Inquiry should be automatically met from the Reserve and, as with other departments, I would expect the Northern Ireland Office to find suitable offsets. I was therefore pleased that you were able to find some limited offsets of just under £1.6 million. On that basis and in recognition of the exceptional nature of the expenditure and the fact that all remaining EYF has been allocated to the department's more conventional law and order pressures, I can, in this instance, agree access to the Reserve for £18.5 million.





9. As for future years' Bloody Sunday Inquiry costs, I will still look to the department to identify and utilise suitable offsets where possible particularly in light of the removal of all of the ring-fences on the department's provision. It is very likely that had not the ring-fence on Patten spending been removed, I would have agreed that any Patten underspend should be directed towards offsetting Inquiry costs. I would hope therefore that the department would act equally pragmatically in the interests of the taxpayer who may ultimately be faced with a huge bill of £125 million or more for the total cost of the Inquiry.

10. I am copying this letter to the Prime Minister, Gordon Brown and to Sir Andrew Turnbull.

A handwritten signature in black ink, appearing to read 'Paul Boateng'. The signature is written in a cursive style with a large 'P' and 'B'.

**PAUL BOATENG**





Permanent Under-Secretary of State  
Sir Joseph Pilling KCB

Sir Andrew Turnbull KCB CVO  
Secretary of the Cabinet and  
Head of the Home Civil Service  
Cabinet Office  
70 Whitehall  
LONDON  
SW1A 2AS



① Andrew

NORTHERN IRELAND OFFICE  
CASTLE BUILDINGS  
STORMONT  
BELFAST BT4 3SG

Tel: 028 9052 8121  
Fax: 028 9052 2918

R

c: S Cerniakowski  
Chapman & Co  
7.2.03

4 February 2003

Dear Andrew,

Noted

#### e-TRANSFORMATION AND BUSINESS CHANGE

Thank you for sending me a copy of your letter of 29 January to Hayden.

I am due to be in Northern Ireland on 10 and 11 April and I am inclined to stick to those plans. I generally give priority to central events but on this occasion it feels wrong because I have had a very bad run of London-dominated weeks since Christmas, that looks set to continue for a bit and, on any view, the subject of the event is not central to the challenges facing the NIO at the moment. The business would be interesting personally but that doesn't seem quite enough to justify another two days away from here.

Yours ever,

Joe

JOE PILLING



Nassar Hameed  
Diversity Division  
Room 1.14  
Admiralty Arch

Tel: 7276 1570

9 December 2002

1. PS/ Douglas Alexander
2. PS/ Sir Andrew Turnbull

Andrew -  
Okay with  
statement & your quote?  
Sally 10/12



PS/ Lord MacDonald  
PS/ Secretary of State for  
Northern Ireland  
Alice Perkins  
Museji Takolia  
John Barker  
Simon Fryer  
Sarah Kissack  
Sean Hayes  
Craig Myers  
Angela Merron

## FAIR EMPLOYMENT IN NORTHERN IRELAND HOME CIVIL SERVICE

### Issue

1. Publication of a summary review of fair employment and treatment of staff employed in the Northern Ireland Home Civil Service (NIHCS) 1998-2001

### Action

2. To offer views on and clear the attached draft press release which will accompany the publication of the summary of the review, particularly proposed statements by Douglas Alexander and Sir Andrew Turnbull, and Question & Answer brief.

### Timing

3. Urgent. We would like clearance by **Friday 13 December**. The summary will be published on Wednesday 18 December 2002.

### Background and argument

4. Article 55 of the Fair Employment and Treatment (Northern Ireland) Order 1998 requires employers with staff in Northern Ireland to review their employment composition and practices at least once every three years. The purpose is to assess the extent to which Protestants and



Roman Catholics have and are likely to continue to enjoy fair participation in employment.

5. Some time ago a decision was taken at ministerial level to submit an aggregated return on behalf of all home civil servants working in Northern Ireland. This was to avoid identifying individual staff - most Home Civil Service departments have only a small number of employees in Northern Ireland, and the work of some departments is sensitive. As such the Prime Minister, as Minister for the Civil Service, is regarded as a public authority. Responsibility for meeting the monitoring duties was subsequently delegated to Cabinet Office Ministers.
6. On 1 January 2002 the Cabinet Office submitted the latest aggregated Northern Ireland Home Civil Service Article 55 review to the Equality Commission for Northern Ireland. Headline findings from this include:
  - Just over 6,400 staff were employed in the Northern Ireland Home Civil Service at January 2001.
  - Of those for whom a community background was known, 68% were Protestant and 32% were Roman Catholic.
  - This picture is similar to that in the previous review and is broadly representative of the proportions of both communities in the economically active population.
  - Departments and agencies are taking various measures to encourage fair participation in employment. They also review the impact of their HR policies
7. In clearing the full composite review the Minister's predecessor suggested that we publish its summary findings to help promote good practice. The principle of publication, and the text of the summary, was endorsed by the Northern Ireland Home Civil Service (NIHCS) departments, with advice from the Equality Commission and the Northern Ireland Civil Service.
8. Proposals for publication were reviewed following recent political developments in Northern Ireland, to avoid adding to any heightened sensitivities. The advice we have received from both the Northern Ireland Office and the Equality Commission was to publish. Publication will send positive signals about openness, transparency, and sharing good practice. The Northern Ireland Civil Service has already published their review and received generally positive responses. Based on this advice, the Minister agreed for a summary to be published.
9. The means of publication was also reviewed. Following consultation with colleagues in the NIHCS, Northern Ireland Office, Equality Commission and the Cabinet Office Press Office, the Minister agreed to publish on the Cabinet Office Diversity website accompanied by a



press release. The latest version of the press release and Question & Answer Brief is attached. Comments are invited.

**Publishing and Handling Arrangements**

10. The press release will be issued at 10 am on Wednesday 18 December 2002.
11. The summary will be posted on the Cabinet Office Diversity website [www.diversity-whatworks.gov.uk](http://www.diversity-whatworks.gov.uk). Hard copies will be available from Diversity Division and the Equality Commission's public library in Belfast.
13. Cabinet Office Press Office will field any press queries with help from Diversity Division. The Equality Commission has also agreed to support public handling.



**DRAFT**

**RESTRICTED UNTIL RELEASE AT 10.00 AM ON 18 DECEMBER 2002**



**CABINET OFFICE**

**NEWS RELEASE**

**18 December 2002**

**CAB [    ]**

### **FAIR EMPLOYMENT IN THE NORTHERN IRELAND HOME CIVIL SERVICE**

A summary assessment of the employment composition and practices of the Northern Ireland Home Civil Service (NIHCS) was published today by the Cabinet Office. This is the first time that information from the triennial review of the NIHCS has been made public.

The review found that across the NIHCS as a whole, the proportions of staff from all communities were broadly representative of the proportions of the economically active population.

**Douglas Alexander**, Cabinet Officer Minister with responsibilities for Civil Service issues, said:

"I am delighted that the results of the Article 55 Review have been judged by the Equality Commission for Northern Ireland to fully comply with the Fair Employment legislation and Fair Employment Code of Practice. I hope that publicly sharing a summary of our review will help to promote good practice in the area of equality of opportunity in Northern Ireland. It is imperative that the Northern Ireland Home Civil Service and other employers in Northern Ireland continue to do all they can to ensure fair participation".

**Sir Andrew Turnbull**, the new Head of the Home Civil Service, also welcomed the assessment:

"One of my key goals is to make the Civil Service more reflective of the communities we serve. We need a service that includes people from all communities as well as people with disabilities, women, and those of different ethnic backgrounds and lifestyles. I want to see a Civil Service that attracts, and is attractive, to applicants from every sector of our society, and which utilises all available talent. The Civil Service must have equality, mutual trust and respect for diversity at its core."

**DRAFT**

**RESTRICTED UNTIL RELEASE AT 10.00 AM ON 18 DECEMBER 2002**



# **DRAFT**

**RESTRICTED UNTIL RELEASE AT 10.00 AM ON 18 DECEMBER 2002**

The key findings of the report are:

- as at 1 January 2001 just over 6,400 staff were employed in Northern Ireland by the Home Civil Service (NIHCS)
- over 90% of NIHCS staff were employed by just four departments (Ministry of Defence, Inland Revenue, HM Customs and Excise, Northern Ireland Court Service)
- across the NIHCS as a whole the proportions of staff from Protestant and Roman Catholic backgrounds were broadly representative of the proportions in the economically active population aged 16-64 in Northern Ireland, although the breakdown of community backgrounds of staff varied across the different parts of NIHCS:
  - of those for whom a community background was known 68% were Protestant and 32% were Roman Catholic
  - overall distributions of community backgrounds of staff within the Standard Occupational Classification (SOC) groups varied
- almost half of all Northern Ireland Home Civil Service staff were women
- monitoring of the transfer and leaving patterns of staff showed no evidence of community bias
- in general the community background of people who gained promotion were broadly similar to the composition of the workforce as a whole
- affirmative action, including a variety of outreach measures, was taken by various departments to encourage applications from under-represented groups
- all staff were made aware of training and development opportunities, and specific equal opportunities training was available
- steps taken to ensure a harmonious working environment included reviewing relevant policies and procedures and ensuring that complaints were resolved in a more user-friendly way with the emphasis on the use of mediation to resolve them at an early stage
- voluntary goals and timetables had been set by departments and agencies which took account of their particular circumstances

## **NOTES TO EDITORS:**

1. The Northern Ireland Home Civil Service is made up of civil servants employed in Northern Ireland who work for the government of the United Kingdom. There are nine Home Civil Service departments and agencies that employ staff in Northern Ireland: HM Customs and Excise, Immigration and Nationality Directorate, Inland Revenue, Maritime and Coastguard Agency, Ministry of Defence, Northern Ireland Court Service, Northern Ireland Office, Radiocommunications Agency and the United Kingdom Passport Service. (Following a Transfer of Functions Order the War Pensions Agency (WPA) became an Executive Agency of MOD as at 3 December 2001. Information relating to WPA will be henceforth collected and submitted as part of MOD's submission).

**DRAFT**

**RESTRICTED UNTIL RELEASE AT 10.00 AM ON 18 DECEMBER 2002**



# DRAFT

RESTRICTED UNTIL RELEASE AT 10.00 AM ON 18 DECEMBER 2002

2. It is the policy of the Northern Ireland Home Civil Service that all eligible persons have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.
3. The Article 55 Review fulfils a statutory requirement to complete a review at least once every three years of the NIHCS employment composition and practices under the Fair Employment and Treatment (Northern Ireland) Order 1998. The purpose of the Review is to determine whether or not action is needed to ensure that Protestants and Roman Catholics are enjoying and are likely to continue to enjoy fair participation in employment. Where this is not the case the appropriateness of affirmative action must be considered.
4. Nine Home Civil Service departments employ staff in Northern Ireland. These include HM Customs and Excise, Immigration and Nationality Directorate, Inland Revenue, Maritime and Coastguard Agency, Ministry of Defence, Northern Ireland Court Service, Northern Ireland Office, Radiocommunications Agency and the United Kingdom Passport Service. (Following a Transfer of Functions Order the War Pensions Agency (WPA) became an Executive Agency of MOD as at 3 December 2001. Information relating to WPA will be henceforth collected and submitted as part of MOD's submission).
5. Under the 1998 Order, the Cabinet Office seeks contributions from departments in the NIHCS for the annual monitoring return (and the more detailed triennial return) and submits them, as an aggregated return, to the Equality Commission.
6. Cabinet Office has a statutory role of monitoring the employment composition and practices of the NIHCS. . It also liases between individual departments and the Equality Commission throughout the year and co-ordinates regular meetings of the NIHCS Cabinet Office also provides support and advice to the NIHCS departments on the range of equality and diversity issues. It has no responsibility for ensuring the NIHCS departments, who are required to do so, fulfil their obligations under Section 75 of the Northern Ireland Act 1998.
7. The Equality Commission for Northern Ireland already publishes the annual monitoring returns. Copies of the summary can be downloaded from the Cabinet Office Diversity website. Copies have also been deposited with the Equality Commission for Northern Ireland in Belfast.
8. For further information about the fair employment work of the Northern Ireland Home Civil Service please contact: whatworks@cabinet-office.x.gsi.gov.uk

**Cabinet Office Press Office, 70 Whitehall, LONDON SW1A 2AS**  
**Tel: 020 7276 0317 Fax: 020 7270 0618**

**Out of hours telephone 07699 113300 and ask for pager number 721338.**  
**Cabinet Office press notices are available on the World Wide Web:**  
<http://www.nds.coi.gov.uk/coi/coipress.nsf>



## **QUESTION AND ANSWER BRIEF**

### **SUMMARY OF ARTICLE 55 REVIEW (FAIR EMPLOYMENT IN THE NORTHERN IRELAND HOME CIVIL SERVICE) – PUBLISHED ON 18 DECEMBER 2002**

#### **What is the Northern Ireland Home Civil Service Net?**

The Net is comprised of colleagues working in fair employment and equal opportunities in departments and agencies in Northern Ireland. They are required to implement, monitor, review and report on fair employment activities on a regular basis to the Equality Commission for Northern Ireland according to their particular circumstances and statutory requirements, set out in the Fair Employment and Treatment (Northern Ireland) Order 1998.

The fair employment work of some NIHCS departments and agencies is linked to the equality and diversity work of their parent or mainland organisation.

In Northern Ireland day-to-day responsibility for a wide range of personnel issues is delegated to departments and agencies under the Civil Service (Management Functions) Act 1992. This is recognised, for example, by their standing as the employer for the purposes of complaints of discrimination under the Fair Employment and Treatment (Northern Ireland) Order 1998.

#### **Which Departments/Agencies make up the Northern Ireland Home Civil Service?**

There are nine Home Civil Service departments/agencies that employ staff in Northern Ireland. They are:

- HM Customs and Excise
- Immigration and Nationality Directorate
- Inland Revenue
- Maritime and Coastguard Agency
- Ministry of Defence
- Northern Ireland Court Service
- Northern Ireland Office
- Radiocommunications Agency
- United Kingdom Passport Service

Following a Transfer of Functions Order the War Pensions Agency (WPA) became an Executive Agency of MOD as at 3 December 2001. Information relating to WPA will be henceforth collected and submitted as part of MOD's submission.

#### **What is the role of the Cabinet Office?**

The Cabinet Office has two main roles:



- **Monitoring**

Under the 1998 Order the Cabinet Office seeks contributions from departments in the NIHCS for the annual monitoring return (and the more detailed triennial return) and submits them, as an aggregated return, to the Equality Commission. (The decision for the Cabinet Office to act in this way was taken several years ago at ministerial level. To this end the Fair Employment (Specification of Public Authority) Order Northern Ireland 1989 was passed making the Prime Minister a public authority in respect of the Act, and the legally held employer for all Home Civil Servants working in Northern Ireland). The decision to submit an aggregated return for all nine departments reflects various factors including their size and the possible identification of individual members of staff and the sensitive nature of the work of many departments.

- **Co-ordination**

In addition to the statutory monitoring role the Cabinet Office, also liaises between individual departments and the Equality Commission throughout the year and co-ordinates regular meetings of the NIHCS. These meetings provide opportunities for members to share good practice and discuss issues of common interest. Cabinet Office also provides support and advice to the NIHCS departments on the range of equality and diversity issues

### **What is Fair Employment?**

The Fair Employment (Northern Ireland) Act 1976 made unlawful direct discrimination in employment on the grounds of religious belief or political opinion. It established an agency with the duty of promoting equality of opportunity in employment between people of different religious beliefs. The Fair Employment (Northern Ireland) Act 1989 also made unlawful indirect discrimination and set up the Fair Employment Commission, now the Equality Commission to which a monitoring return showing the religious composition of all workforces has to be made annually.

### **What are Equality Schemes?**

Section 75 of the Northern Ireland Act 1998 further required public authorities to have due regard for the need to promote equality of opportunity over a range of categories: religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, disability, caring responsibilities. This requires them to produce an Equality Scheme which states how they propose to do this.

Although Cabinet Office has responsibility for monitoring, it has no responsibility for ensuring that NIHCS departments, who are required to do so, fulfil their obligations under Section 75 of the Northern Ireland Act 1998.



## **What is the role of the Equality Commission for Northern Ireland?**

The Equality Commission for Northern Ireland is an independent public body established under the Northern Ireland Act 1998. The Commission's general duties include:

- working towards the elimination of discrimination
- promoting equality of opportunity and encouraging good practice
- promoting affirmative / positive action
- promoting good relations between people of different racial groups
- overseeing the implementation and effectiveness of the statutory duty on public authorities.
- keeping the relevant legislation under review

On 1 October 1999 the commission took over the functions previously exercised by the Commission for Racial Equality for Northern Ireland, the Equal Opportunities Commission for Northern Ireland, the Fair Employment Commission and the Northern Ireland Disability Council.

## **What is an Article 55 Review?**

The Article 55 Review fulfils a statutory requirement on registered concerns to complete a review at least once every three years of their employment composition and practices under Article 55 of the Fair Employment and Treatment (Northern Ireland) Order 1998.

## **What is the purpose of an Article 55 Review?**

The purpose of the Review is to determine whether or not action is needed to ensure that Protestants and Roman Catholics are enjoying and are likely to continue to enjoy fair participation in employment. Where this is not the case the appropriateness of affirmative action and goals and timetables must be considered.

## **What period does the Review cover?**

The Review covers the three-year period ending 1 January 2001.

## **What was the key finding of the Review?**

The key finding of the report was that across the NIHCS as a whole, the proportions of staff from Protestant, Roman Catholic and non-determined backgrounds were broadly representative of the proportions in the economically active population aged 16-64 in Northern Ireland, although the breakdown of community backgrounds of staff varied across the different parts of NIHCS. Individual departments may have targets as part of their action plans to secure fair employment where necessary.



The Equality Commission is in the process of contacting the largest six departments to discuss their individual submissions.

**What was the Equality Commission for Northern Ireland's assessment of the report submitted by the Cabinet Office?**

The report was judged by the Equality Commission for Northern Ireland to fully address the core components of an Article 55 Review and therefore in compliance with the Fair Employment legislation and Fair Employment Code of Practice.

**Why publish only a summary of the Review and not the whole report?**

Civil Servants in Northern Ireland operate under a complex and sensitive legal and constitutional framework different from that of mainland Britain. Given this background, monitoring regulations prohibit the release of any information from which it would be possible to identify the community background of an individual employee. This can be a problem when cell numbers are small within particular departments or agencies.

Whether Departments publish their review or not is a matter for them, subject to confidentiality requirements - the Cabinet Office have no intentions to publish individual submissions or the full report.

**Why have you not published before?**

Cabinet Office and the NIHCS departments undertook to publish a summary of the review, which met the requirements of the monitoring regulations, in line with the Fair Employment Code of Practice and the Cabinet Office's commitment to openness and transparency. The present and former Cabinet Office Ministers responsible for Civil Service issues and the Equality Commission fully support our decision to publish.

The decision to publish is to help promote good practice in the area of equality of opportunity in Northern Ireland despite the suspension of devolution, and to make the Civil Service more reflective of the communities they serve. A dramatic increase in diversity is a central part of the programme to modernise the Civil Service. However, given the disparate nature of the constituent organisations it is not feasible to set NIHCS-wide goals, although individual departments may have targets as part of their action plans to secure fair employment.

Though the Cabinet Office have not published a summary of the review before, departments have discussed their own reviews internally.

Whether Departments publish their review or not is a matter for them, subject to confidentiality requirements - the Cabinet Office have no intentions to publish individual submissions or the full report.



The Equality Commission for Northern Ireland already publish a summary of our annual monitoring returns.

**Are the annual monitoring returns published?**

Yes. The Equality Commission for Northern Ireland publish a summary of the annual monitoring returns.

**Where I can find out further information about the fair employment work of the Northern Ireland Home Civil Service?**

You can either e-mail [whatworks@cabinet-office.x.gsi.gov.uk](mailto:whatworks@cabinet-office.x.gsi.gov.uk) [eq com web] or look at the websites of individual departments and agencies. For further information on fair employment issues in general you can go to the Equality Commission website [www.equalityni.org](http://www.equalityni.org)

December 2002



**Head of the Civil Service**

Head of the Office of the First Minister & Deputy First Minister  
Secretary to the Executive

Room F6, Stormont Castle, BELFAST BT4 3TT, NORTHERN IRELAND

Tel: 028 9037 8133 Fax: 028 9037 8205 Email: gerry.loughran@ofmdfmi.gov.uk

F.A.O AUBREY FOR FORWARDING.

TO: ..... Sir ..... Andrew ..... Turnbull .....

FROM: ..... Mr ..... Gerry ..... Loughran .....

DATE: ..... 8-8-02 .....

TIME: ..... 18-00 pm .....

NO OF PAGES TO FOLLOW: ..... 2 .....

**MESSAGE:**

..... Please ..... See ..... Attached ..... For ..... your .....  
..... information ..... regarding ..... the ..... Head ..... of .....  
..... the ..... Northern ..... Ireland ..... Civil ..... Service .....

..... Mary ..... Thanks .....

..... Angela .....



**Head of the Civil Service****Head of the Office of the First Minister & Deputy First Minister  
Secretary to the Executive**

Room F6, Stormont Castle, BELFAST BT4 3TT, NORTHERN IRELAND

Tel: 028 9037 8133 Fax: 028 9037 8205 Email: gerry.loughran@ofmdfmini.gov.uk

HCS/896/02

Sir Andrew Turnbull KCB CMG  
Secretary to the Cabinet  
Cabinet Office  
Room 101, 70 Whitehall  
LONDON  
SW1A 2AS



✓ 8 August 2002

Dear Andrew,

**HEAD OF THE NORTHERN IRELAND CIVIL SERVICE**

The First and Deputy First Ministers have endorsed the outcome of the recent competition to fill my post. The successful candidate is Nigel Hamilton – Pen Picture attached. You may wish to inform the Prime Minister.

I look forward to introducing Nigel to you.

Yours ever  
Gerry

**GERRY LOUGHRAN**

may attend  
Sunningdale. See  
also bilateral  
25 Sept in  
 diary/invitation file  
I 29.8.



## NIGEL HAMILTON

### Biographical Note

**Date of Birth: 19 March 1948**

Nigel Hamilton joined the Northern Ireland Civil Service in 1970 from Queen's University, Belfast.

He worked in the former DOE, on roads, transport, water, housing and local authority policies. In 1987 he transferred to Central Secretariat where he became the first Director of "Making Belfast Work" and was also involved in the development of community relations policies.

He became Permanent Secretary in the Department of Education on 6 July 1998 and in July 2001 moved to become Permanent Secretary at the Department for Regional Development. He has also studied at the Management College, Henley, and the Federal Executive Institute, Charlottesville, Virginia. He was President of the Ulster Society of Rugby Football Referees in 1996/97.

He is married with two sons.





SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

Paul Boateng Esq  
Chief Secretary to the Treasury  
Parliament Street  
LONDON  
SW1P 3AG



NORTHERN IRELAND OFFICE  
CASTLE BUILDINGS  
BELFAST BT4 3SG

*e Mr Patton*

*24/6*

24<sup>th</sup> June 2002

*Dear Paul,*  
SR2002: NIO BID

I found our discussion on 13 June very useful as, I think, it left neither of us in any doubt about the real difficulties the other faces.

In the light of our discussion I have looked again rigorously at my bid. I will turn to the outcome of that in a moment. I must, however, begin by repeating what I said when we met. In your letter of 10 June you sought my assistance in reaching a fair settlement for the NIO 'that will allow us to deliver the Government's commitments under the GFA', but then went on to talk of meeting only 'around a third' of the NIO's bid.

These two statements are, quite simply, incompatible. Such an outcome would leave us in an unsustainable position: indeed, even meeting two-thirds of our original bid would make it impossible to implement key elements of the Agreement fully, or meet the inescapable operational policing and other pressures we face. The reason our room for manoeuvre is so limited is explained below. The damage, both practically and politically, of failing to resource these commitments adequately is potentially extremely serious. I did indeed welcome the investment we are making in health. But it would be ironic if as a consequence of taking that bold step we ended up undermining another of the Government's key projects, the Northern Ireland peace process.

/JH



INVESTOR IN PEOPLE





However, as I undertook to do, I have reassessed the NIO's bid. I am able to offer offsets amounting to £68m (this assumes that you agree to my retaining the £18m compensation savings we had already identified in Year 3). Details are at Annex A. Discounting the effect of RAB Stage 2 charges (which represent over a sixth of our bid), this equates to an overall reduction of 10%, and includes removing £37m from Year 1. In several cases the proposed reductions involve accepting a degree of risk in the implementation of important projects which I am prepared to do only because I recognise the need for the NIO to make its contribution to meet the pressures you face. I hope you will recognise that I have made a genuine attempt to do so.

The reason I am not in a position to do more is, as I explained at our meeting, because the NIO's are not 'conventional' Departmental programmes. The bid is driven by the need to meet urgent police operational requirements and firm political commitments which we as a Government have formally entered into. This is particularly true of 2003/04, when Patten, the Criminal Justice Review and Bloody Sunday represent nearly 50% of the bid, and operational policing pressures/PNB a further 35%. The table at Annex B shows the bid's percentage breakdown, by programme.

Turning to the detail:

- on the police baseline, I have explained the inescapable operational pressures which the very stretched PSNI faces, with a decreasing number of officers. I have no scope for reducing further this element of my bid, which itself represents a significantly scaled back version of the one the police submitted to the Department. The fact that it assumes an average of 9,000 ADH across the period, when overtime levels for May this year alone stood at over 14,000 ADH, with the marching season yet to come, illustrates the tight judgements we are already exercising. As I also explained, I do not







have the scope to fund from my own resources the pay reforms which the Home Secretary has proposed. We discussed at some length the position on the Full Time Reserve when we met.

on both Patten and the Criminal Justice Review we are committed to published implementation plans, which in the case of Patten is monitored by an international (and hypercritical) observer. But it is not simply a case of major slippage being politically embarrassing or administratively awkward. There is a real risk here of serious damage to the entire process, by undermining the moderate pro-Agreement parties (eg the SDLP) and strengthening their critics through failure to deliver reform to agreed timescales; leaving ourselves open to accusations of bad faith, and damaging our credibility; and reducing the leverage we have on others to make them honour their commitments. The fragility of the process is such that it would find it hard to withstand blows of this kind. I have, nevertheless, managed to identify some adjustments – reductions of £17m in the Patten bid and £5m in the CJ Review bid – the details of which are at Annex A.

on BSI, the slippage in the Tribunal's work has created an inescapable £30m pressure next year, over which the NIO has no control.

the 'other' heading includes critically important programmes: preparing for further prisons rationalisation, key persons protection, addressing the victims issue, tackling electoral fraud, investing in important local community safety partnerships and regional crime prevention initiatives such as improving home security for the elderly (Northern Ireland is alone in the UK and Ireland in not having such a programme), and ensuring that the NIO is able to continue to function effectively. But again, by taking a degree of risk, and some pain, I have scaled back these bids by £28m in







total. In particular you will note the major restructuring of the victims bid – to which, as you know, I attach weight on both political and practical grounds – which reduces it by 40%. The detail, again, is at Annex A.

If your officials require any further information on the individual items, mine stand ready to provide it.

I have, as I have said, done my best to assist in meeting the problems I know you face. I hope, in turn, you will recognise how constrained I am, and how high the stakes are. The NIO is delivering the largest change programme relative to its size in Government, to politically-imperative timescales in an extremely volatile political and security environment. Failure to provide sufficient resources risks seriously destabilising a finely-balanced situation, for the sake of what would be relatively small levels of savings. We should all pause before taking that risk.

I am copying this letter to the Prime Minister, and to Sir Richard Wilson.

*Yours sincerely*  
*John Reid*  
JOHN REID





Annex A

## NIO SR2002 BID – PROPOSED OFFSETS

Programme	(£m)	03/04	04/05	05/06	Total
Patten		-20	+5	-2	-17
CJ Review		-4	-1	-	-5
Other CJ		-2	-	-	-2
Prisons		-2	+2	-6.5	-6.5
Victims		-4	-5	-6	-15
IT		-5	+1	-	-4
Savings		-	-	-18	-18
Total		-37	+2	-32.5	-67.5



Annex B**NIO AR RESOURCE BID – PERCENTAGE BY PROGRAMME**

<b>Bid</b>	<b>03/04</b>	<b>04/05</b>	<b>05/06</b>	<b>Total</b>
Police Baseline (incl PNB)	35%	48%	45%	43%
Patten	28%	15%	14%	19%
CJ Review	8%	8%	12%	9%
BSI	11%	-	-	4%
Other (incl Prisons)	18%	29%	29%	25%
<b>Total AR Bid (£m)</b>	<b>[280.7]</b>	<b>[254.6]</b>	<b>[258.6]</b>	<b>[793.8]</b>





Permanent Under-Secretary of State

Sir Joseph Pilling KCB

Sir Richard Wilson GCB  
Secretary of the Cabinet & Head of the Home Civil Service  
Cabinet Office  
70 Whitehall  
London SW1A 2AS

Dear Richard,

## PEER REVIEW OF THE NORTHERN IRELAND OFFICE

In October, Stephen Lander led a team which carried out a Peer Review of the Northern Ireland Office, examining our ways of working and taking the views of our staff and external stakeholders. As you may recall, Stephen couldn't come to Belfast but he exercised a big influence on the work from beginning to end.

The written report of the Review Team is now available, and a copy is enclosed.

Having gone through the Peer Review process, I can wholeheartedly endorse it as a highly effective way of identifying areas of strength and areas in need of change within an organisation. No doubt, much depends on the quality of the Peer Review Team – and NIO was fortunate in being able to draw into its Team a wide range of experience and skill. The end result has been a Report which has provided us with a clear map of the direction in which we need to move in order to build on our strengths and improve our operation. We have already devised a Change Programme to carry forward the recommendations of the Review, together with

*C. Aric Perkins (top.)*  
*You have this report - Sir*  
*Richard must be grateful for*  
*draft reply.*

*h*

*13/12*



*get the for draft reply.*

*14*  
*13/12*

NORTHERN IRELAND OFFICE  
CASTLE BUILDINGS  
STORMONT  
BELFAST BT4 3SG

Tel: 028 9052 8121

Fax: 028 9052 8201

*C. Aric Perkins*

7 December 2001



aspects of the Civil Service Reform programme and issues identified in our last Staff Attitude Survey.

I hope you find the Report of interest. I have also sent a copy to David Omand.

Yours ever,

Joe

JOE PILLING



# **Northern Ireland Office Peer Review**

November 2001



## CONTENTS

	<u>Page No.</u>
I      SUMMARY	3
II     BACKGROUND	4
III    CONTEXT	5
IV    STRENGTHS	6
V     STAKEHOLDER RELATIONS	7
VI    THE MANAGEMENT BOARD	8
VII   PLANNING	9
VIII  INTERNAL COMMUNICATION	11
Staff Attitude Survey	11
IX    MANAGING PEOPLE	12
NICS/HCS Interface	12
Delegation of Personnel	12
Appraisal	13
Promotion	13
Training and Development	14
Recruitment & Vacancies	14
Fast Stream	15
X     THE LONDON OFFICE	16
XI    IT/IS	17
XII   ACCOMMODATION	18
XIII  IMPLEMENTATION	19



## Northern Ireland Office Peer Review

### **SUMMARY**

1.1 The NIO has high calibre, dedicated people working in an interesting and challenging environment of enormous political importance to the UK as a whole. It is characterised by a sense of purpose and a determination to manage the uncertainty about its future which permeates all of its activities. It has a deserved reputation for the quality of its policy making, its flexibility and for the building of personal relationships with stakeholders in all areas.

1.2 However, the excellence of the people and the importance of the work is not always adequately supported by NIO systems and arrangements. Internal management - business planning, communication, people management, and IT - need to be of the same high standard as policy making. Stakeholders need to be treated in a more consistent and structured manner to bring them into policy making at an early stage and make them feel more part of the NIO's family.

1.3 Many of the issues we have identified in this regard have already been recognised by the NIO. We applaud the steps taken to improve business planning arrangements and introduce external expertise to the Management Board. The commissioning of this Peer Review is another indication of the NIO's determination to improve performance. Nevertheless, we hope that by gathering together all of the issues in one document, our findings will provide a useful focus for the management of what amounts to a significant programme of change.



## II BACKGROUND

2.1 The Northern Ireland Office invited Sir Stephen Lander to lead a Peer Review of its business planning arrangements and ways of working. The other members of the team were:

Ken Jarrold	Chief Executive, County Durham and Darlington Health Authority
June de Moller	Former Managing Director, Carlton Communications
Nigel Hamilton	Permanent Secretary, Northern Ireland Department for Regional Development
Jim McCusker	General Secretary, NIPSA
Jeremy Fleming	Ministry of Defence

2.2 Unfortunately, the fallout of the terrorist attacks in the United States on 11 September prevented Sir Stephen from accompanying the team during the consultation process in Belfast. Leadership of the team was then assumed by Ken Jarrold.

2.3 The Team's terms of reference were as follows:

- i. **Ways of Working** - how the NIO approaches the delivery of its objectives, the systems (including IT) which facilitate supporting processes, the effectiveness of its business planning arrangements and the balance between tactical and strategic work.
- ii. **Staff Views** - NIO staff perceptions, communications within the Department and the Board's profile.
- iii. **External Stakeholder Perceptions on NIO effectiveness**

2.4 We consulted 40 external stakeholders, 9 Whitehall Departments (including No.10) and spoke to over 120 staff in London and Belfast during the course of our review. We were universally impressed with the approach and quality of those people we met and were grateful for the efforts of all those involved in setting up and supporting the team during our week in Belfast.



### III THE CONTEXT

*'The only certainty is uncertainty'*

3.1 All of those we met (and at all levels) were acutely aware of the extraordinary environment within which the NIO carries out its business. The complexity of the issues it faces and their political importance within both Northern Ireland and the United Kingdom as a whole, makes the NIO an extremely challenging place to work and places unusual pressures on its relations with local and national stakeholders.

3.2 The importance of the political process and the personal interest of successive Prime Ministers has resulted in a very sharp focus on the NIO's political policy activities. We heard this called the 'political imperative' and recognise it as a mantra which pervades the NIO. This is a two-edged sword. It is part of what makes the NIO special and successful. However, staff and stakeholders at all levels acknowledge that it can also be an excuse for not taking the longer term view or for failing to address internal weaknesses.

3.3 That said, progress on the political front is changing the shape and balance of the NIO's work. This is most obvious where activities have been devolved and the NIO is acting in partnership with the devolved administration.

3.4 It is also reflected in the changing balance between secrecy and openness. In common with other parts of Government, there will always be areas of the NIO's activities which require security protection. But, we think that for the majority of the NIO's business the working assumption should now be towards greater openness. This is a cultural change that will require reinforcing if the NIO's role continues to evolve.

3.5 Taking this theme a step further, many of those we met realised that the NIO was entering a new phase in its existence that requires new solutions. We hope that this report will help the NIO to continue to meet this challenge.



## IV THE NIO'S STRENGTHS

*'an organisation driven by adrenalin'*

4.1 The strengths of the NIO were quickly apparent to the Review Team and were echoed by the external stakeholders we consulted or met. First and foremost was the quality of NIO staff. They would be the envy of many organisations in the public and private sectors. We were impressed by the intellect and personal qualities of those we consulted at all levels. They are committed, talented, friendly and extremely busy. These skills are complemented by a real sense of purpose, a desire to make a difference and a realisation that staff are involved in interesting work of great importance to Northern Ireland and the country as a whole. A sense of humour and a relaxed working environment completes the package!

4.2 The NIO is known throughout Whitehall for the effectiveness and speed of its policy making. Other UK Departments admire the NIO's fleetness of foot and its flexibility. It has the confidence and admiration of Whitehall and Ministers in this regard and a deserved reputation for delivering the goods. This reactivity is not the sole preserve of the Political Directorate. We heard of many examples of staff in other policy and support areas providing high quality and rapid response to internal and external requirements. Reacting quickly, informally and effectively is part of the NIO's culture, even though it may upset medium and long term plans.

4.3 Those we consulted suggested that the NIO was extremely good at building personal relationships. These relations - whether at senior or more junior levels - allowed individuals to consult informally and create a personal network of relevant contacts.

4.4 The NIO's appetite to change and to be effective in the future is a real area of strength. It was clear to the team that the NIO's staff are not afraid of change. Indeed, many would argue that their careers have been characterised by a constantly changing environment. There are many new initiatives underway, new areas of policy and an ongoing evolution of the NIO's role. These are generally managed with great professionalism and effectiveness. Staff want the Department to succeed and are prepared to demonstrate ongoing commitment to this end.

4.5 Despite these strengths, it is the nature of any review that the spotlight will inevitably fall on areas of weakness or where action is thought to be required. Our review has been no exception and we make no apologies for the range of issues we have identified. Nevertheless, it is important that they do not devalue recognition of the positive characteristics we have detailed above.



## V STAKEHOLDER RELATIONS

*'you have to work at getting the NIO to work with you'*

5.1 The Department's nimble nature and reliance on personal relationships has, on occasion, led to a failure to develop or utilise appropriate systems and processes. This has sometimes manifested itself in poor consultation with Whitehall and NI stakeholders on areas of policy development or strategic planning. It is also reflected in a lack of fall back arrangements in the absence of key members of staff.

5.2 In addition, some local stakeholders consider the NIO to be inward looking and detached from local reality. We note the efforts that many areas of the NIO have made to guard against this possibility and were unable during our review to judge its veracity. However, the fact that it exists is important and means that the NIO needs to redouble its efforts to ensure that relations are developed in a structured and appropriate manner.

5.3 We noticed that there appeared to be a lack of consistency in the treatment of the NIO's Agencies and other NDPBs. This related to consultation systems, reporting requirements and general levels of integration in the NIO's business. Of course, there may be good reasons why this is the case. However, as the political situation changes and the role of the NIO evolves, the NIO will be increasingly dependent on Agencies and NDPBs for effective implementation of policy. This dependence should be recognised in early and comprehensive involvement in policy formulation. In addition, it will be important to look at the requirements placed on these bodies, to improve consistency in relations, as well as making them feel more fully, a part of the 'NIO family'.

**We recommend that the NIO should review its dealings with NI and Whitehall stakeholders to:**

- **better integrate its Agencies and NDPBs into NIO planning, communication and consultation systems;**
- **improve consistency in treatment of stakeholders through the introduction of more systematic and formal systems and procedures; and**
- **develop consultation mechanisms to capture stakeholder and Whitehall views at an early stage in policy formulation.**



## VI THE MANAGEMENT BOARD

6.1 During the last year, the Board has taken several steps to increase its visibility and bring new experience to its deliberations. The publication of Board Minutes, the recruitment of Non-Executive Directors and the establishment of Open Board Forums are all positive initiatives which the review team commend. The requirement for quarterly monitoring of PSA/SDA targets will further aid the Board in obtaining a strategic perspective.

6.2 That said, there is evidence from our consultation at all levels that more needs to be done to clarify the role and purpose of the Board, to increase its visibility and to evolve supporting administrative arrangements.

**We recommend that the Board should review its purpose and arrangements with the aim of improving its:**

- **strategic focus**
- **cross-cutting deliberations** - especially in taking ownership of NIO-wide planning and personnel issues.
- **visibility** - through a widening of current initiatives.
- **accountability** - through the allocation of personal and collective responsibilities and the monitoring of action.
- **supporting mechanisms** - to ensure that papers are well presented, there is clarity on the decisions and action required and appropriate follow-through.
- **usage of the skills of Non-Executive Directors** - including the benchmarking of Board systems and arrangements with other public sector bodies.



## VII PLANNING

7.1 We were impressed with the progress made by the Department in the development of its strategic planning mechanisms. The PSA, SDA and new Departmental Plan have articulated the NIO's external objectives in a way which is consistent with central government and Treasury requirements. However, we would confirm the view of those involved in these developments that more needs to be done to make the process 'live', to improve its relevance to staff and to guide day to day behaviour in the Department .

7.2 In particular, there is a need for the Department to focus on risk management as a means of improving engagement in, and the effectiveness of, planning systems. The requirement to produce a Statement of Internal Control by 1 April 2002 is focusing minds. But, it is important that this is not seen as an audit or a financial section chore. In our view, risk management practices provide a means of harnessing the views of all members of staff to the planning process. At Board level strategic risk assessment will help to prioritise resource allocation, provide a lead for the planning process and help to factor in the impact of external events. At Division and working levels, it will provide a tool to evaluate risks and issues that have the potential to impact on the delivery of outcomes. In all areas, the process of assessing risk and of formally considering how it should be best managed will help to address the perception that the Department can be risk averse. It may also resolve some of the difficult issues relating to 'need to know' and secrecy. However, maximum benefit from these risk management exercises will only accrue if they are properly integrated with the NIO's business planning systems. They must not be seen as another add-on.

7.3 We also perceived a need more fully to integrate planning of core and support areas of the NIO's business. In particular, there is a need to take full account of the implications of change on people, IT and accommodation. The impact of new areas of responsibility, or policy must be looked at in a holistic way to identify dependencies and risks. The most obvious area of weakness in this regard appeared to be the link between work force planning and strategic planning. This could be improved by more formal consideration of the staffing implications of future strategic objectives - What skills and experience are required to do this work? Are the staff available? What training, development, recruitment or indeed, restructuring, is necessary? What is the impact on other resources (including budgets)? It was not obvious to us that these questions are routinely asked.

7.4 This need to 'join-up' strategic planning extends to consideration of the structural implications of change for the organisation of the NIO. Some stakeholders and staff admitted to a lack of understanding about the logic behind which bits of the NIO structure are responsible for taking the lead in new areas of policy (particularly in relation to Criminal Justice). The implication was that the NIO had allocated new pieces of work to existing structures without a review of the situation as a whole. This resulted in overlapping responsibilities with more than one branch/section responsible for similar work. While these arrangements may allow a greater degree of



flexibility to allocate work according to current priorities, they also makes it difficult for staff and stakeholders to identify who should be consulted. We stress the need to consider structural implications of change and suggest that a review of current arrangements would help to bring greater clarity of responsibility.

7.5 We were also concerned that there was not greater inclusion of thinking about the potential impact of any further devolution in the NIO's strategic plans. While we understand that this would require careful handling, consideration of various devolution scenarios in Departmental planning exercises (including looking at the practicality of creating a Criminal Justice Department with an eye to further devolution) could help to manage and share uncertainty about the future of the Department and staff. It could also allay the fears of some staff who think that the Board knows (but is not telling) what will happen next.

**In addition to ongoing initiatives, we recommend that planning systems could be improved by:**

- building on examples of best practice - the Criminal Justice Directorate's planning systems were well regarded by staff at all levels;
- increasing its relevance and usefulness to staff through the inclusion of internal as well as external objectives (possibly in the Departmental plan);
- embedding risk management techniques into the planning process and involving staff at all levels in risk identification;
- considering the impact of Departmental objectives on all areas of the NIO including key people, IT, accommodation, work force, structural planning and resourcing issues;
- reviewing the Department's existing structure with the aim of ensuring that there is clarity of responsibilities and where possible, that it will accommodate change arising from greater devolution; and
- scenario planning to take account of the possible impact of devolution (particularly on staff).



## VIII INTERNAL COMMUNICATION

*'the NIO is like a small town where people gossip over the fence - the trouble is that they believe what they hear'!*

8.1 Internal communication was an issue which came up in all of our discussions with staff. There was an appetite for more sophisticated and frequent communication using 'adult language'. Staff want to feel informed and included in the Department's core business. They are motivated by working in an organisation that is at the leading edge of politics and have an understandable aspiration to know what is going on - at least to a similar level as the NIO's media contacts. We underline the importance of improving communication and suggest that there may be a need for a cultural shift from an attitude where 'secrecy' was dominant to one where the working assumption is that 'staff need to know'.

8.2 The Board has recognised the need to improve in this area and has recently allocated responsibility for developing arrangements to the Director of Communication. This is clearly a step forward, but more thought needs to be given to the means of communication and the messages which require communicating. We sound a note of caution about reliance on OASIS (which is not available to all staff) in this regard.

**To maintain the focus on communication, we recommend that:**

- the Department should employ professional help in the development of an internal communication strategy and appropriate tools; and
- there should be more 'issues briefing' on contextual (political) and internal issues using a variety of means - face to face and written.

### **Staff Attitude Survey**

8.3 Communication, as well as many of the other issues we surfaced during our review, was identified as an area of concern in the Staff Attitude Survey. The length of time which has passed since the Survey and the cynicism about follow-through that staff feel, highlights the need to focus on managing expectations and communicating the right messages. There is an urgent need to capitalise on the findings of the Survey through the production of a realistic action plan.

**We recommend that:**

- the Staff Attitude Survey Action Plan is produced as a matter of urgency and that it should be integrated with the results of this review; and
- the NIO should draw on the wealth of experience elsewhere in the public sector regarding feedback on staff surveys.



## IX MANAGING PEOPLE

### *'experimenting in real time'*

9.1 The issues faced by the NIO's personnel section are among the most challenging for the Department as a whole. Some of these are unique to the NIO - especially the existence of two civil services. Others are faced by most public and private sector organisations (albeit with the latter able to take advantage of different levers). The Board - collectively and individually - needs to show leadership in this area. This means providing a strong sense of direction, monitoring outputs and taking responsibility for achieving the desired change. In addition, all staff (and their trade unions) should be involved in developing appropriate measures.

9.2 There is a widely held perception within the NIO that good policy skills are valued more (or at the expense of) good management skills. Both are required for the NIO to continue to meet its objectives. However, we recognise that the pursuit of good management may require greater championing. To this end, many of the recommendations we have made above are designed to increase the value the Department places (in promotion, selection and appraisal) on good management and in particular, on the good management of people.

### **Northern Ireland Civil Service/Home Civil Service interface.**

9.3 While we did not investigate the detail, we were told of several areas where differing arrangements for the two types of civil servants within the NIO introduced friction or inflexibilities. We appreciate the difficulty of addressing these differences. Nevertheless, there needs to be a recognition that staff from both services have an important contribution to make to the success of the NIO. It is in the Department's interest to seek ways of improving clarity, transparency and confidence in systems for job competition (including equality of flows between the two services), promotion and career management.

**We recommend that the NIO reviews job competition, promotion and career management systems to ensure that there is greater clarity and consistency in the treatment of NICS/HCS staff.**

### **Delegation of personnel functions.**

9.4 Staff (managers and the managed) are concerned about the impact of the planned delegation of personnel functions to line management. While in theory there is acceptance that delegation could improve ownership, flexibility and application of personnel arrangements, in practice staff are anxious that it will not be a priority for those concerned with (for example) important policy initiatives. We have sympathy for these views and suggest that if delegation is to advance there is a need for significant additional preparation to improve understanding, achieve a consensus and more fully assess whether sufficient resource exists in the line to take on this responsibility.



**We recommend that:**

- The Board should support an initiative in all Directorates to explain how delegation will work, what services will continue to be provided by the centre and to identify appropriate (current or additional) resources;
- comprehensive guidance and training is provided to line managers to enable them to dispense their responsibilities; and
- concordats are agreed between Personnel and Directorates on the division of responsibilities and the provision of ongoing central support.

Ultimately, Personnel Section should work to a 'self test' for delegated responsibilities - they should avoid delegating anything that as a line manager they would not wish to receive themselves!

### **Appraisal**

9.5 There is widespread cynicism within the NIO about the appraisal system, performance assessment and consistency of standards. We note that the NIO has recently introduced a new appraisal system and has plans to improve the distribution (through the use of indicative targets) and quality of performance assessment. For this to work and for staff to regain confidence in arrangements more needs to be done to train staff, set standards, and develop mechanisms to promote consistency throughout the NIO.

**We recommend that:**

- Personnel should develop a training package on appraisal for all staff;
- the Board should commission and approve standards for appraisal and set an example in their application; and
- there should be mechanisms for benchmarking performance measurement - including the establishment of moderation committees.

### **Promotion**

9.6 Staff - especially those at more junior levels - felt that the promotion system did not adequately take account of relevant skills, potential and experience. This amounted to a lack of confidence in the system and a widely held view that the focus on promotion board performance resulted in the promotion of those who spoke best, at the expense of those with proven ability. This is an area where the relative superficiality of our discussions prevented us from reaching an objective assessment. Nevertheless, the



frequency with which staff raised this issue shows that it is a perception that needs to be addressed.

**We recommend that to increase confidence in the system consideration should be given to the inclusion of a record of previous achievement (based on previous annual appraisals) which must be taken into account in the promotion process.**

### **Training and development**

9.7 Those we met said that the NIO places importance on (and allocates significant resources to) the training and development of staff. Most of the staff we consulted were content with this investment in their future. That said, there are two residual areas of concern. First, some staff referred to a lack of focus on the business benefit in the allocation and use of budgets. The implication was that budgets were ample, but not always effectively utilised. Second, numerous staff said that the pressure of work meant that attendance on courses was often cancelled at the last minute. In response to this concern we requested figures on the scale of cancellations. We were informed that approximately 5% of staff attending external courses, 20-30% of staff on internal courses and up to 40% of staff on induction courses, cancel in the week preceding the training. This appears to us to represent a wider problem than sheer pressure of work.

**We recommend that steps should be taken to:**

- review the allocation and utility of training budgets; and
- improve planning for the release of staff for training.

### **Recruitment and vacancy management**

9.8 Many managers within the NIO complained about difficulties in filling vacancies both through external recruitment and internal processes. We recognise that the requirement to demonstrate equality of opportunity places unusual pressures on the system in this regard and slows down the process. But, more could be done to reduce delays, increase understanding of processes and benchmark recruitment performance. In particular, there would be benefit in clarifying and communicating the procedures which govern the filling of internal vacancies.

**We recommend:**

- recruitment procedures should be reviewed with the aim of reducing delays;
- recruitment performance should be benchmarked against other large employers in NI; and
- staff should receive better visibility of the principles guiding the filling of internal vacancies.



## **Fast Steam**

9.9 There are wide variations within the NIO and in comparison to Whitehall in the career, training and development of fast stream graduates. This may be appropriate, however, those affected are conscious of the differences in treatment and would like more clarity about their development route in the short to medium term.

### **We recommend:**

- a review of induction and development arrangements for fast stream staff; and
- benchmarking with Whitehall to improve consistency of treatment.



## X THE LONDON OFFICE

10.1 The geographical separation of staff in the London Office from the bulk of the NIO, causes difficulties in both locations. These are not new, but we suggest that the uncertainty we refer to above, together with some circumstantial pressures peculiar to staff working in London have brought these into a sharper focus. There is a need to address low morale. However, we also think that the Board should try to bring clarity to the future shape and function of the London Office as a precursor for more general work on personnel, pay and communication issues.

**We recommend (in order of priority):**

- a review of the purpose and scale of the London Office;
- enhanced personnel representation - seniority as much as numbers; and
- the devotion of resources to the resolution (as far as practicable) of recruitment problems - this may involve a review of terms and conditions to attract and retain the right staff.



## XI IT/IS

11.1 In common with many other organisations the NIO has struggled to develop a strategic plan for the development of its IT capability. This has come to a head in the last twelve months and has been the subject of considerable external consultancy, as well as internal effort. We believe that the Department has now identified an appropriate strategic route-map for the provision of IT/IS services and we support the recent proposals for structures to oversee the challenging programme of change which will result. The use of a risk management approach will be particularly relevant.

11.2 The Team believe that the progress of the IT/IS strategy will be a touchstone for the progress of the Department as a whole. It impacts on all areas of the organisation and can have (as events have shown) a significant effect on morale and productivity. Consequently, it will be essential for the Board to demonstrate ongoing buy-in and involvement in the implementation and risk management of the IT/IS strategy.

### **We recommend:**

- **the Board should take ownership of the IT/IS strategy and oversight of significant risks; and**
- **an increased emphasis on the management of, and communication with ITSB - including reconsideration of plans to relocate ITSB.**

11.3 We noted some pressure to pursue the development of internet access and an internal intranet independently of the overall strategy. We share the views of those involved that this would not be prudent and emphasise that these developments (which are important) should be seen as part of the wider strategy



## XII ACCOMMODATION

12.1 Many areas of the organisation noted that accommodation was a particularly difficult subject for the Department as a whole. This resulted from a cultural disposition that the 'temporary' status of the NIO undermines the appropriateness of an accommodation strategy. In our view, the separation of devolved Departments and vesting of ownership of NIO premises in the DFP has increased the importance of addressing this situation.

**We recommend:**

- **the production of an accommodation strategy (in conjunction with NI Departments) based on an assumption of long term delivery of *services*.**



### XIII IMPLEMENTATION

*'the NIO is good at initiatives, but then they fall into a black hole'*

13.1 During the conduct of our consultation, the Review Team was often asked whether this process would make a difference. This was backed-up with a cynicism about follow through and a feeling of initiative overload. Of course, the impact of this Review will depend on the extent to which we have identified the right issues and appropriate recommendations. We are very conscious of the weaknesses that can creep into analysis carried out over such a short period of time. This said, what ever the Board thinks of the recommendations the fact that this review has taken place and has received wide internal publicity, will necessitate a structured and well communicated response.

**We recommend:**

- **the Board should take ownership of any resulting action plan;**
- **personal responsibilities and realistic targets should be set;**
- **resources should be allocated; and**
- **communication should start immediately.**

13.2 Finally, we would like to reiterate the offer made to the Board during the oral presentation of findings, that we would be content to return for a short review of progress if it would be helpful.



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