

CIPFA BRIEFING

February 2017

five point plan for Northern Ireland

The background to the 2017 election, coming less than one year after the previous election, is characterised by the governance failures. The most recent being the Renewable Heat Incentive scheme (RHI) overspend which could cost £485m, but these have been preceded by a number of other governance issues. These include ministerial influence in outsourced housing maintenance contracts with Red Sky, alleged corruption in property deals with Cerberus and NAMA (project Eagle), public resources going to fund community groups linked with paramilitaries such as Charter NI, and a lack of cultural respect in cutting funding for language projects.

Good governance in practice is just as much about the relevant behaviours of individuals as well as the supporting framework. At its core is ensuring that there is a clear understanding of what behaviours are required to ensure that the public interest is at the heart of good governance and decision making within the administration of public services. The people of Northern Ireland deserve nothing less.

CIPFA advocates that the immediate challenge following the election is to re-establish the principles that underpin good governance behaviours within a new shared Executive. This is vital to ensuring that confidence in the institutions can be regained going forward and that the job of providing modern, progressive public services that focus on the needs of the people of Northern Ireland can be taken forward.

The longer-term public financial challenges faced by the Northern Ireland Executive should not be understated either. The new Executive will have to budget for a real terms cut in its day to day spending to 2019/20 of 5.3%. The 2016 Autumn Statement provided some good news in that an additional £250m will be available for capital investment through to 2019/21.

Since the 2016 election the referendum on Britain's EU membership has determined that the UK will leave the EU. Northern Ireland is uniquely challenged amongst the UK nations due to its land border with the Republic of Ireland, a eurozone member, and its close trading and political relations.

The Executive has gained the ability to implement corporation tax powers locally dependent on having a medium-term balanced budget. CIPFA believes that these increased devolved powers will require strengthening of long-term financial planning and reporting as well as a robust fiscal framework to be in place.

There is also the important and urgent matter of dealing with the need to reform and modernise health and social care

provision in Northern Ireland as outlined in the recent expert panel report (the Bengoa report) published in October 2016. This report highlighted the future financial pressures on the service where it highlighted the estimated doubling of the budget for health by 2026/27. This is a budget that currently takes up 46% of the available non ring-fenced resource budget for Northern Ireland.

CIPFA's vision for Northern Ireland remains for it to be a country with modern, progressive public services that focus on the needs of the people. However our call to the new Northern Ireland Executive is that the focus will now be on how our politicians embrace the principles of good governance as the basis to adopt CIPFA's five point plan for Northern Ireland.

CIPFA is calling for:

1. Actively delivering good governance to the people of Northern Ireland

In establishing a new Executive CIPFA believes that common ground must be established to ensure that the principles and behaviours supporting good governance are re-asserted at the outset. Fundamental to the proper functioning of good governance is that the new Executive must ensure that people and entities work towards achieving intended outcomes while acting in the public interest of the people of Northern Ireland at all times.

This means that our elected politicians must:

- behave with integrity, demonstrate strong commitment to ethical values, and respect the rule of law
- ensure openness and comprehensive stakeholder engagement.

The challenge for the incoming executive is one of implementation of these principles to ensure behaviours are fully in-line with the public interest principles above. In order to fully embed these principles the incoming executive must also take account of the need to monitor and review that the behaviours and practices that underpin these principles are in place and fully effective through the public service delivery system.

2. Development of strategic outcomes and service alignment

CIPFA advocates that the incoming Executive should continue the work of the last Executive in setting out strategic outcomes. The outcomes to be achieved must be supported by relevant identifiable measures of performance.

Planning for measurable improvements in outcomes will facilitate public bodies in their efforts to further collaborate

on delivering improved outcomes. We believe that there are more likely to be improvements in the efficiency of service delivery and the effectiveness of outcomes if the programme for government fully supports this approach. Given the need for further fiscal constraint over the coming assembly period, there is a need to identify and measure the priorities that are set while also creating the environment for reduced duplication and overlap within public bodies as well as addressing any service gaps.

3. A citizen centred approach to public services in Northern Ireland

Northern Ireland has completed a range of reforms to public bodies over recent years in order to adapt to current restraints on available budgets. This means that further cuts in budgets will make it progressively harder to realise those savings and maintain confidence in public services if more innovative methods and approaches are not considered. To achieve fiscal sustainability in the long-term there does need to be consideration of rebalancing the relationship that currently exists between the people of Northern Ireland and the devolved government. This should include clear transparency on the available resources and how those resources will best be applied to deliver services including the delivery of health and social care.

Within this approach there will need to be a recognition of the concept of dual policy interventions. Firstly, Northern Ireland's public services will have a core responsibility for improvements in outcomes for citizens. Secondly however, we see a Northern Ireland where citizens themselves are empowered to take more personal responsibility and to help shape the achievement of outcomes.

4. Implementing a fiscal framework and improving long-term financial planning

The Fresh Start Agreement contains the proposal to set-up a Fiscal Council for Northern Ireland. CIPFA believes that the incoming Executive should seek to outline the remit for this body and its powers over reporting upon and scrutinising the Executive's financial forecasts. This is particularly important to underpin future sustainability and to provide independent review of the devolved administrations finances.

We believe that a fiscal council should have its remit and powers established in the form of a robust fiscal framework. Further, the council should have the ability and capacity to develop its own long-term forecasts independent of the Executive.

Increased devolved fiscal powers for the Executive, such as the potential further tax powers and current increased borrowing powers, strengthen the case for improved medium to longer-term financial planning to ensure sustainability of services and intergenerational equity. The incoming Executive should pursue the development of devolved forecast balance sheets and related fiscal measures for debt and treasury management to control borrowing, measure the affordability and sustainability of the assembly's finances.

5. Reassess the devolved powers and funding mechanisms required post Brexit

CIPFA supports the principle that powers and decision making should be devolved closer to people directly affected by those decisions. Brexit provides an opportunity for a review of the current piecemeal approach to devolved powers across the UK. CIPFA advocates that the incoming assembly should plan for and fully consider post Brexit the level and range of devolved powers required to manage public services and grow the local economy. This should include powers that will revert back to the UK post Brexit from Europe as well as further tax and spending powers not currently held.

CIPFA believes that the temporary population based Barnett formula in its current form is no longer fit for purpose and should be replaced. The incoming executive must consider options for the future funding mechanism that take account of local need and tax devolution measures and their impact locally.



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