

STRICT EMBARGO UNTIL 11.00AM TUESDAY 22 NOVEMBER

**SPEECH BY SECRETARY OF STATE ON OUTCOME OF REVIEW
OF PUBLIC ADMINISTRATION**

22 November 2005, Hilton Hotel Belfast

CHECK AGAINST DELIVERY

INTRODUCTION

This is an important and defining day for public administration in Northern Ireland.

Today concludes the Review of Public Administration as we set out our proposals for the shape of the public sector.

Later today Jeff Rooker, Angela Smith and Shaun Woodward will set out in more detail what these changes mean for local government, education, and for health and social services. But I wanted first to set out in broad terms the decisions we have taken.

The Review was started by the Assembly and Executive over three years ago and it would have been my wish that locally elected politicians were here making this announcement today. But, throughout the review, we have been told there is an urgent need for change and we must now take decisions.

For a place the size of Northern Ireland, 5,400 square miles with a population of 1.7million people, we are both over-governed and over-administered. Public expenditure per head is nearly one third higher than in the UK overall. But public spending is not matched in many areas by the levels of performance such spending should achieve.

At the same time Northern Ireland is prospering in other areas. Unemployment is down and the economy is growing faster than other regions of the UK. This

economic performance must be matched by a vibrant public sector, with a greater focus on outcomes, operating at no greater size than it needs to be.

At present we are wasting resources on the structures of administration rather than putting the time, energy and money where it is needed most – into front-line services.

We have adopted four guiding principles to the decisions I am setting out today:

First, subsidiarity: the need to balance the efficiency of regional service delivery against local democracy and responsiveness;

Second: equality and good relations;

Third: common boundaries, to make it easier for organisations to deliver real joined-up services;

Fourth: strong local government.

LOCAL GOVERNMENT

Historically in Northern Ireland there has been a fundamental lack of trust in Local Government and a belief that it cannot fairly and equitably deliver services free from political bias.

This mindset and a strong centralising tendency influenced the Macrory Review in the early 1970s which brought about the current structure.

Councils have a limited range of responsibilities and most public administration has been handled by appointed boards and their Quangos.

In many ways they have served the citizens of Northern Ireland well over the past 35 years - making a vital contribution to holding civic life together and delivering public services during the most difficult years of the Troubles. Councils, in particular, continued to operate when the surrounding political environment could not have been more difficult.

But Northern Ireland has changed dramatically in recent years, for the better. And the time has come for a stronger, reinvigorated structure of local government.

I have considered the evidence of the research commissioned as part of the Review, and the analysis of the further consultation.

All this pointed to seven Councils as the optimum for service delivery and I have decided that this should be the model for the future.

We propose to bring back to Local Government a number of major functions such as planning, local roads, physical regeneration and local economic development.

It is right that, as far as possible, services and functions which affect only the people in an area should come under the control of representatives elected by the citizens who live there. Where economies of scale make transfer of functions to the local level impractical, elected representatives must have meaningful input into the local delivery of regional services.

I also want Councils to have the central role in delivering joined-up services in their area. That will be achieved through a new system of Community Planning with a statutory duty on Councils to develop and co-ordinate the delivery of a plan to address the requirement of their communities.

Whichever configuration of councils had been chosen it is clear that all political parties need the confidence to make these arrangements work. With the new larger Councils delivering a wider range of functions, it would be wrong if the majority party were able to dominate.

All parties and many others who responded to the consultation said there must be a system of checks and balances to protect minorities. I totally accept this.

But there are differences between the parties on how this should be achieved and one of the first tasks in implementation will be to work with the political parties to develop an agreed set of confidence measures. The Review Team has today published research on models of governance to begin this debate in earnest.

I also know that many Councillors listening to this statement today will want to think carefully about the new arrangements and their personal position within them.

I want to pay tribute to those Councillors who have served many years in local Government through the most difficult of times.

I have looked carefully at the number of councillors which will be needed under the new arrangements. I have considered the need for appropriate representation, taking account of the role of the Assembly and the MLAs. I also want to ensure that the number of councillors is sufficiently small to ensure efficient working and decision making.

Weighing these factors, I have reached the view that there should be a maximum of 50 councillors per council.

Jeff Rooker will be saying more about councillors including a commitment to a more appropriate level of remuneration and a severance scheme to recognise long-serving councillors who opt not to stand at the next Local Government elections. Finally, on Local Government, I want to turn to the issue of what is known as the dual mandate.

At present 69 of the 108 MLAs are sitting Councillors. In the future, the Assembly will have a role in overseeing the performance and financing of local government. I believe, in these circumstances, there is an unacceptable conflict of interest if the same people are sitting in both the Assembly and Councils.

Jeff Rooker has discussed this with the major political parties and they are agreed that, following the resumption of Devolution - and not before - the issue of the dual mandate should be quickly addressed in legislation.

HEALTH AND SOCIAL SERVICES

Turning to health, my overriding concern in reforming health structures is the improved delivery of services for patients. We need services which promote health and well-being in communities while at the same time supporting people who are ill

or who need care. Services which are driven by, planned for, and responsive to, the needs of patients.

We will establish a strong statutorily separate Strategic Health and Social Services Authority which will have a responsibility for ensuring strong, system-wide performance management and the effective allocation of valuable health and social services resources.

The new Authority will replace the existing four Health and Social Services Boards, which will be abolished. A number of the functions of the Department of Health and Personal Social Services will also transfer to this Authority and as a result the Department will be significantly reduced in size.

Hospital and community-based services are currently delivered through 18 HPSS Trusts in Northern Ireland, and we plan to reduce this to five.

To bring decision making closer to communities and also to empower them, there will be seven Local Commissioning Groups, operating as local offices of the Regional Health Authority. These Groups will be coterminous with the new Councils and will participate fully in the community planning process which I have described.

In support of this, I plan to replace the existing four Health and Social Services Councils with a single Patient and Client Council.

EDUCATION

Education provides the cornerstone for the future prosperity of the Northern Ireland economy and is the key platform upon which to build long-term peace based on mutual respect.

The hub of future administration for education will be built upon a new Education Authority which will bring together all the direct support functions currently undertaken by the Education and Library Boards and the range of other

organisations funded by Government. This body will incorporate curriculum and teacher support functions.

The fundamental role of the Education Authority is to serve those at the front-line. The role of Boards of Governors will continue much as at present and the distinctive ethos of the school and its autonomy will be preserved under the new arrangements. The school principal, teacher or youth worker will see the benefit of greater flexibility offered by a single authority, without facing unnecessary encroachment in day to day decision-making.

I have given careful consideration to the position of youth services and have concluded that these should remain under the control of the Department of Education. I have also decided libraries should not transfer to Local Government. The Department of Education itself will undergo significant change to enable it to better focus on policy development and on the translation of policy into improved outcomes at the front line – therefore many of its functions will transfer to the Education Authority.

Finally, I have asked Angela Smith to look at how the new Education authority could also take a strategic role on our wider skills agenda – enabling us to provide a genuinely joined up approach, specifically to 14-19 education. This will be a matter of how, not if, we do this.

The decisions we have taken on health and social services, and on education, will mean that we can achieve coterminosity with the new seven councils.

We also see an advantage in achieving coterminosity with policing. The reduction in the number of local authorities will therefore have a direct impact on policing structures, and on the arrangements for improving community safety through community safety partnerships. We will take forward changes in these areas in parallel with the work to implement the RPA, in partnership with the PSNI, Policing Board and other stakeholders who play an important part in the CSP arrangements.

QUANGOS

These three sectors, local government, health and education account for the bulk of expenditure by public bodies in Northern Ireland. I have today announced my decisions on the future arrangement for these sectors.

Beyond these, the review was asked to look at the remaining Quangos and the executive agencies within Departments. Now that I have taken decisions on Local Government, I want to take a little more time to consider the future of these bodies. I will make a further announcement on these before the end of March 2006. I can, however, say that I expect this announcement to include the transfer of further functions to Local Government.

IMPLEMENTATION

I am under no illusions about the size and scale of this radical reform programme. But I want to move quickly across a number of areas.

In Local Government I want to appoint a Local Government Boundary Commissioner as quickly as possible to determine the boundaries of the seven new councils. Jeff Rooker will be announcing the configuration of existing councils that we will expect the Boundary Commissioner to use as the starting point for the boundary review.

In health and social services, I have asked Shaun Woodward to press ahead with the amalgamation of the present 18 health and social services Trusts to a new configuration of five.

In the light of this announcement, all existing organisations and Councils will have a clear picture of the changes envisaged for them. Given this, they will wish to consider all areas of capital expenditure to ensure that this will be fully justified by the future arrangements and not prove to be an unnecessary burden on tax and rate-payers.

The RPA has never been a cost-cutting exercise. The Terms of Reference set by the Executive made it clear that the objective is to provide better, more accountable services to citizens. Nonetheless, I do expect the streamlining of structures to result in significant savings.

These cannot be quantified precisely at this stage but the necessarily tentative estimates I have received indicate savings of up to £200m per annum as possible. The money released will stay in Northern Ireland and be available for reallocation to front-line services.

For many people working in local government, health and social services, and in education, today's announcement will cause concerns for their own future.

I can promise them that every effort will be made to address their concerns. I intend to establish an independent advisory public sector commission to ensure the smooth transfer of staff to new organisations and to advise government on guiding principles which would apply to all sectors.

CONCLUSION

Finally, I'd like to say something about an issue that was excluded from the terms of reference of the RPA - the number and configuration of Northern Ireland Departments.

The outcome of this Review will have significant implications for Departments, and call into question the number and nature of the present structure. I therefore intend to include this issue in my further discussions with all the political parties in Northern Ireland.

As a result of the decisions I have announced today the total number of public bodies in health and social services, education and local government will be reduced from 67 to 20. This is a very significant reduction, shifting the emphasis from administration to front line services.

This morning I have begun to set out a vision of change for public administration in Northern Ireland that will represent the greatest single challenge to the public sector here for over 30 years. Few parts of the public sector will remain untouched by these reforms.

But if you believe, as I do, that Northern Ireland can truly be a world-class contender, then the reforms I have outlined this morning must take place. It will take strong visionary leadership in each sector, as well as by politicians, to make these vital reforms a reality.

ENDS