

Consultation Response

An Ambitious Future?

Alliance Party Consultation Response

Programme for Government 2008-11

Budget 2008-11

Investment Strategy 2008-18

January 2008

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o. Summary

0.1 This response from the Alliance Party applies to all of the draft Programme for Government (PfG) 2008-11, draft Budget 2008-11, and draft Investment Strategy (ISNI) 2008-18. It does not take the form of line-by-line analysis, but rather focuses on the structure and process (including consultation) behind the documents, and on the key themes and policy areas it contains or omits.

0.2 The restoration of devolution is welcome, but the overall Programme is disappointing. It fails to tackle major concerns; fails to match targets to actions or actions to funding; and fails to put forward clear policy commitments with evidence of how they will be delivered. We propose revision of the documents, including analysis of the challenges to be faced, and policy proofing across departments to tackle them. The PfG must contain clear policy direction, the Budget must promote a genuine step change in economic policy, and the ISNI must be made more integrated and coherent. Most of all, the meaningless theme '*a better future*' must be replaced with a commitment across all areas to tackle the sectarianism and segregation which continue to hold back our society.

Tackling Sectarianism and Segregation

Commitments to transforming our society, growing our economy and delivering high-quality public services are meaningless without a commitment to tackling the issue which continues to define Northern Ireland above any other – sectarianism and segregation.

0.3 The documents themselves lack clarity of definition, linkages or actual policy commitments. The phrase '*new ethnic minorities*' is a notable example of misleading phraseology, and targets on road safety are an example of outdated thinking. This is because the overall development of the documents has lacked proper analysis, ambition and coherence; and therefore the key challenges (tackling sectarianism, re-balancing the economy, and delivering integrated and sustainable public services) are either ignored or under-resourced. The Budget is unclear on proposals to free up further resources (such as what happens to money gained from land sales) and lacks any new thinking on how to free up further resources – for example, through addressing the costs of division, reduction in government departments, or more appropriate tax breaks. The overall Programme fails to make appropriate economic linkages (for example with community relations, efficient government, or sustainable business practice). What is required is a coherent analysis of the key challenges, and a coherent vision for tackling them.

0.4 Themes should not just take the form of a list of priorities, but of a commitment to proof policies. Policies may be proofed for their effect on good relations, key quality-of-life issues (the arts, mental health, public transport), and the environment. They must be resourced accordingly. Most of all, the Executive must show ambition, not just settle for a second-rate country to be compared only with the poorer regions of Great Britain. To demonstrate this, economic policy must tackle the costs of division, ensure public services (including education at all levels) are properly resourced, and ensure the finance required is available. The Executive's current cross-cutting themes bear no relation to key issues such as the multi-sports stadium, reform of local government and reform of library services – clarity of policy direction is required here also.

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Re-balancing the economy

Economic policy must be based on a proper, updated understanding of globalisation. This goes beyond merely repeating direct-rule strategies and comparing Northern Ireland to unsuccessful regions, and beyond mere 'cost-cutting'. It will involve addressing the costs of division, ending the reliance on foreign investment (at the expense of local companies) and grant-aiding (at the expense of risk-taking), and more efficient delivery of public services.

0.5 The biggest difficulty in the documents is not what they contain, but what they omit. Key areas – integrated education, single Health Authority, reform of Education and Library Boards – are missing. Alliance proposals such as a Single Equality Act, Football Offences Act and Environmental Protection Agency are not addressed. Reports on the costs of segregation, the school estate and housing are ignored. Issues such as the Victims Commissioner, corporation tax and mental health are not tackled. Commitments to efficiency, economic development, and the environment are directly contradicted by policy on public service reform in the PfG, economic grant aid in the Budget, and transport in the ISNI. There are significant failings in all departments (including failure to plan for devolution of policing and justice). These are most notable in those receiving the most money, namely health (inappropriate actions on efficiency savings, inadequate budget, and lack of delivery on key promises) and education (no integrated education targets, no agreement on changes to the post-primary transfer system, and no reference to reform of the school estate).

Integrated and sustainable public services

High-quality public services require not just adequate funding, but innovative proposals for freeing up further resources and prioritising investment. The health sector in particular is suffering pressures to meet existing demands, never mind new ones. This requires not just a higher budget allocation, but also new efficiencies and clear recognition of priority areas where investment now will pay off in the future (such as mental health and wellbeing).

0.6 Fundamental revisions are required for all three documents if the Executive is not to condemn Northern Ireland to a 'second-rate future'. A revised PfG must contain new ideas and policy direction to tackle divisions, re-balance the economy, and provide sustainable and integrated public services, matched by appropriate funding allocations in the Budget and a new investment strategy. Otherwise, our contention that the Executive has so far delivered nothing but a 'disjointed programme for a disjointed government' will stick.

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1. Introduction

1.1 The Alliance Party welcomes this opportunity to respond to the Northern Ireland Executive's draft Programme for Government (PfG) 2008-11, draft Budget 2008-11, and draft Investment Strategy (ISNI) 2008-18. This response applies to all three documents collectively.

1.2 We stated after the Assembly election in March 2007 that we looked forward to becoming a constructive Opposition to what, we trusted, would be a constructive Executive.

1.3 Broadly, our response sets out the grounds for real disappointment with the Executive's efforts so far.

1.4 Our response includes:

- overview of the overall Programme (i.e. all three documents taken together);
- discussion of the processes and structures involved;
- overview of themes included in, and omitted from, the overall Programme; and
- discussion of key policy areas.

1.5 We do not put forward a line-by-line analysis of the documents, largely because our disappointment focuses on what is missing from them. Rather, we offer an overview of the key themes and policy areas, and add brief analysis boxes of certain aspects of the Programme. We include three specific, detailed analysis pieces on our priority areas identified at **3.5** (tackling sectarianism, re-balancing the economy, and integrated and sustainable public services). We do this with a view to promoting constructively the fundamental re-assessment of the Executive's priorities we believe is required.

1.6 We would immediately place on record our view, in line with several other respondents, that the consultation process and timescale is inadequate. This applies both to the length of time set aside for responses (only a few weeks including the Christmas/New Year period), and the length of time set aside for consideration of those responses by the Executive. This is indicative of a 'window-dressing exercise' rather than a serious attempt to take on board public comment.

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2. Overview

2.1 We welcome the restoration of devolution and the presentation of a Programme for Government, Budget and Investment Strategy by locally elected representatives. We recognise that this is an important step towards making Northern Ireland a truly accountable democracy in a way it never before has been.

2.2 Generally, the Programme itself fails to confront the issues of most concern, fails to match targets to actions, and fails to match actions to resources. As such, it can best be described as a *'disjointed programme for a disjointed government'*.

Tackling Sectarianism and Segregation – A Shared Future

The use of the term 'a better future' lies in stark contrast with the concept of 'a shared future'. The Executive must recognise that Northern Ireland remains fundamentally defined by sectarianism and segregation – indeed this consultation takes place against a background of continued attacks on churches, Orange Halls and on people simply because of perceived background. These problems carry considerable human, social and economic costs. The Deloitte & Touche report, entitled 'The Cost of the Divide', only began to set out the nature and extent of these costs. This report was commissioned by OFMDFM, but has now been unacceptably sidelined by the Executive.

Not a single concrete action, or even a process commitment, in the PfG or Budget relates to sectarianism or segregation. Even more fundamentally, despite substantial work that led to significant targets being established with the first 'Shared Future Triennial Action Plan' in April 2006, there are no targets for ending divisions and building a shared society within the Public Service Agreements in the PfG Annex.

This marginalisation of the issue runs contrary to the statutory Pledge of Office to 'promote the interests of the whole community towards the goal of a shared future'. It also runs contrary to the Executive's own stated aim of prioritising the economy, because ending segregation and creating a shared future are necessary to deliver the conditions for economic growth – divisions and violence create disincentives for investment, and segregation distorts the local labour market, and sectarianism adds to business costs.

Those who wish to transform society, grow our economy, and deliver best-value public services must recognise that none of these is possible without making tackling sectarianism and ending segregation top priority. This must be fundamental to government policy and central to government strategy at all levels.

Promoting Access to Culture (PfG Annex, p17):

The disregard shown by the Executive in its documents to tackling sectarianism is illustrated by its disregard for the arts. The Budget leaves arts spending in Northern Ireland at barely half the per-capita figure of Scotland and the Republic of Ireland. Executive policy actions are limited to the appallingly weak *'promote the Arts Council Corporate Plan 2007-10'*. In reality, the arts are a way to promote social inclusion, economic improvement and skills development in a way that is effortlessly cross-community. They need strategic direction, effective funding and real policy initiatives.

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2.3 The documents are confusing because they contain no read-across between targets and actions, or between actions and funding allocations. There are few actual policy commitments, and little evidence of how actions will be delivered. It is unclear how OFMDFM will deliver its leadership and coordination role. What comes across is an impression of Ministers rubber-stamping policy presented to them by civil servants, driven by process rather than vision.

Growing a Dynamic, Innovative Economy (PfG, p5):

This is an example of confusing drafting:

- *'work with business sector to deliver widespread access to a next generation Broadband network by 2011'* does not clarify what the nature of the partnership is, what type of network is meant, or what the benefits of this are;
- *'increase by 300 the number of PhD research students'* does not clarify whether this objective means on top of the 150 to be lost due to withdrawal of EU Social Funds in Spring 2008 (as these are not mentioned); and
- in any case, as there appears to be no Budget allocation specifically to meet this objective, how is it to be delivered?

2.4 What appears in the PfG, a remarkably short document, largely reiterates international treaty obligations or New Labour policy. There is nothing new about targets for government efficiency, emissions reductions or cancer screening. Some of the actions may, in themselves, be laudable, but they demonstrate neither innovation nor evidence that devolved government is earning its keep. We would call on the Executive to reconsider the PfG and other documents, starting with a clear analysis of the priority issues faced by the people of Northern Ireland. The Programme must tackle these through clear policy proofing and direction.

Overview of Public Service Agreements (PfG Annex, p4):

It is unclear to us, and many other respondents, why the 23 Public Service Agreements do not fall into line with the five 'priorities', the 11 departments, or the budget allocations. It is strange, for example, that *'productivity growth'*, *'skills for prosperity'* and *'increasing employment'* do not form part of a single set of commitments on economic development. Some of the associated wording is baffling. Why *'manufacturing and private services productivity'* (and not just *'productivity'*), why the broad aim of *'right skills'* with specific comment on *'STEM subjects'*, and why *'increase employment levels and reduce economic inactivity'* (and not just one or the other)? What is meant by *'barriers to employment'*, *'causes of poor health'* or *'formal and non formal education'*? It is hard for the public to understand such objectives without accompanying analysis of the current position.

2.5 The Budget illustrates the Executive's failure to match its words on priorities with innovative policy and funding commitments. Most issues are deemed 'priority', but there is scant evidence in funding allocations or action points about which have priority over which – by definition, not everything can be 'priority'! The Executive does describe the economy as 'top priority', yet we are presented with an economic policy fundamentally unchanged from direct rule – far from challenging UK regional policy which is based on the economic primacy of South East England, the Executive meekly removes South East England from its comparisons. We would call on the Executive to reconsider its Budget

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and other documents, starting with a clear analysis of the failings of current economic policy. The Programme must present a change of direction on the economy, with appropriate policy proofing and direction.

Strategic Priorities (PfG, p2):

These are, in fact, neither strategic nor priorities. Any government would seek to 'build a peaceful, fair and prosperous society' and 'pursue a productive economy'. Strategy, however, requires clearly defined 'SMART' objectives, with clear policy commitments (accompanied by timescales and funds) to meet them. These do not appear anywhere in the document.

- 2.6 The ISNI further illustrates a lack of coherence. As (not exhaustive) examples:
- commitments on the A8 and A5 routes do not appear to form part of an integrated, sustainable transport policy;
 - school-related actions do not match the Education Minister's stated commitment to fundamental reform of post-primary education nor to a integrated, sustainable school estate; or
 - health policies do not correspond to each other to deliver an integrated, sustainable model of health and social services.

We would call on the Executive to re-structure its investment plans to illustrate how they have been proofed for integrated, sustainable public service delivery (based therefore on environmental good practice and best value for public money).

Invest to Build our Infrastructure (PfG, p12; also ISNI, p5):

The reasoning behind the infrastructure commitments (almost all of which were already in programmed under direct rule) is not given. What is an '*international communications link to North America*' and why does the North West needs its own? Where is the detail on a '*Rapid Transit line*', and what constitutes '*starting work*' on it? Why is so much being invested in cultural and sporting capital projects and where is the guarantee that these will be accessible to everyone?

2.7 Overall, and most importantly, there is no specific overarching theme for the Programme. All governments set out to deliver '*a better future*', but there is no sense of any direction or purpose. What currently appears is a series of disjointed, stand-alone action points, which ultimately reflect a weak and divided government beset by deep ideological disagreement. We would call on the Executive to accept that Northern Ireland remains fundamentally defined by sectarianism and segregation, and that tackling sectarianism and segregation must therefore be its first priority. To achieve this, all action points, budget allocations and policy commitments should be proofed for their impact on sectarianism and segregation.

2.8 We therefore call on the Executive to show evidence of some analysis behind its policy priorities, and to reconsider its Programme on this basis. We would wish to see a set of clear policy commitments backed by appropriate funding allocations and investment, proofed to re-balance the economy, deliver integrated and sustainable public services, and tackle the sectarianism and segregation which continue to define our society.

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3. Structure

3.1 As noted at [2.3](#), the documents themselves are confusing. There are notable difficulties, which include, but are not limited to:

- lack of clarity and definition concerning precise nature of targets and actions, and how these differ from those which existed under direct rule;
- failure to link targets to actions, and funding allocations to targets; and
- lack of specific policy commitments and responsibilities.

This appears to be because the documents consist almost exclusively of a series of actions, targets and policies left over from direct rule, without any coherent analysis, vision or new direction behind them.

Protect and Enhance our Environment (PfG, p10):

This is an example of targets not being met by actions and lacking clarity. Objectives such as *'deliver a fundamental overhaul of the planning system'*, *'reducing our carbon footprint'* and *'reduce landfill significantly'* are worthy, but are not matched by clear policy commitments and so it is unclear how they will be attained; the worthiness of *'increase to 50% the area of agricultural land'*, *'declaring 200 new areas of Special Scientific Interest'* and *'ensuring 12% of our electricity generation is from indigenous renewable sources'* cannot be assessed as the current baseline indicators are not given; it should also be made clear that many of the goals, such as *'delivering a new sewer project for central Belfast'*, were already well underway under direct rule.

3.2 The phrase *'new ethnic minorities'* is the worst of many examples of poor and misleading phraseology. Why exclude ethnic minorities who are not 'new' (say, Indians who arrived in the 1960s), or new minorities who are not 'ethnic minorities' (e.g. thousands of recent white immigrants from Central and Eastern Europe)? The determination to 'label' people in this way is symptomatic of the very problem the Executive should be trying to solve – good governments do not make such daft and offensive mistakes.

3.3 The road safety target for reductions in fatalities and casualties is one of many presented as if new to the current Executive, when in fact it is pre-existing. In this case, the target appeared in the seriously flawed 2001 Road Safety Strategy (a target which is less ambitious than that for Great Britain, despite Northern Ireland's comparatively higher casualty rate), and is now outdated. This is just one of many areas where we wish to see updated analysis, stiffer targets, and innovative policy actions.

Skills for Prosperity (PfG Annex, p9):

This section is just one of many which presents processes as actions, for example:

- *Publication of a report of a review...;*
- *Skills Export Group develop, regional Employment and Skills Action Plans [sic];*
- *Take steps to increase uptake in stem subjects; and*
- *Consider projects...*

What is required is not a series of processes based on publications, action plans, 'steps' and 'considerations' (some of which do not even make grammatical sense), but clear policy direction. This obsession with process undercuts some of the Executive's own

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strategy. For example, the Performance and Efficiency Delivery Units, themselves a reheating of what was modish in Whitehall a few years ago, are intended to focus Departments on delivery. However, this will surely be undercut by targets which are all about process. The Executive risks undermining its credibility with the public by focusing on internal paper chases rather than visible service delivery.

- 3.4 The process behind the preparation of the PfG and Budget has so far lacked:
- analysis – nowhere are the key political, social and economic priorities laid out;
 - ambition – the PfG appears to consist of the ‘lowest common denominator’, consisting only of the limited number of actions upon which the Executive could agree; and
 - coherence – the only vision apparent is one of cost-cutting in the Budget, but there is no sense of common political vision even on the economy.

Growing a Dynamic, Innovative Economy – Key Goals (PfG, p6):

This is an example of the total lack of ambition, analysis and coherence. Excluding South East England from the figures serves to ignore the central plank of UK regional economic policy; increasing the employment rate to a figure still below the UK average by 2020 is insufficient to out-perform neighbouring economies; and supporting only 45 new businesses will not come close to re-balancing the economy in the way necessary – these are all lacking in ambition. No analysis is given to support these goals, nor is there any funding allocation in the Budget for many of them (e.g. the creative industries). Furthermore, there is no clarity about how these goals vary from the previous (direct-rule) Programme.

- 3.5 Firstly, the Executive must set out what it views the key challenges are. Ideally this would take the form of three key areas – we would suggest:
- tackling sectarianism;
 - re-balancing the economy; and
 - sustainable and integrated public services.

Strategic Priorities (PfG, p3):

The Executive recognises the need to ‘transform society’, ‘grow a dynamic economy’ and prioritise ‘sustainability’ – but then shirks the actions truly required. ‘*A better future*’ substitutes for ‘*a shared future*’ as a means of avoiding the single key issue in our society (tackling sectarianism); reference to ‘*building a strong economy*’ hints at the Executive’s failure to understand that it must create the conditions for businesses to grow the economy; and comments on ‘*sustainability*’ are not met by any serious new policy on preparing for population growth, providing resources for social/affordable housing, or putting in place clear policies on planning reform.

- 3.6 Secondly, the Executive must free up resources in ambitious ways going well beyond ‘efficiency targets’ which merely match those in Great Britain. We would express caution on:
- departmental ‘silos’ – OFMDFM must set out how it will provide leadership and guidance to Executive (for example, by calculating the total amounts spent by the Executive on cross-cutting issues such as community relations, tackling poverty, and environmental protection);

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- abolition of Executive Programme Funds – these cannot just be ‘thrown back into the pot’ (we do not seek ‘ring-fencing’, but they do need to be demarcated for clarity about what is being spent not just by department, but by issue); and
- land sales – these can be considered only:
 - on the basis of long-term strategy (for once they are sold, they are gone);
 - after consideration of other options for government assets (including leasing, so that land remains available if needs be); and
 - where there is clarification whether money so gained goes to meet the highest priority needs in government.

Making People’s Lives Better (PfG Annex, p14):

This section includes the incredible Executive commitment to ‘*achieve agreement by the Northern Ireland Executive Committee (i.e. itself!) on the adoption of a strategy*’. In other words, the Executive appears to have no understanding of the nature of poverty, social exclusion and deprivation in Northern Ireland, hence bizarre further actions such as ‘*ensure all benefit claimants receive payment in line with targets*’ (without any clarification of what the targets are), ‘*oversee an action plan to promote social inclusion for older people*’ (without any clarification about who will implement this), and ‘*develop strategic recommendations to tackle poverty*’. It is truly shocking, after months in government and a year of special advisers paid from the public purse, that the Executive has no idea what actions it will take immediately to combat poverty and promote social inclusion. Stranger still is the Executive’s apparent belief that tinkering and paper-chasing by bureaucrats are ‘making people’s lives better’; after less than a year in power, this degree of detachment from the real concerns of the people of Northern Ireland is disturbing.

- 3.7 Practical means of freeing up additional resources include:
- addressing the costs of division;
 - more radical approaches to public service reform (including reducing the number of government departments and MLAs); and
 - reconsideration of tax breaks where supporting analysis is lacking (e.g. de-rating).

Promote Tolerance, Key Goals (PfG, p8):

The goals set for tackling child poverty are an example of where funds need to be demarcated. OFMDFM or DFP need to be able, at every stage, to present details of what money is being spent on this objective, regardless of which department or agency is spending it. While the money need not specifically be ‘ring-fenced’, it is essential that the funding for this objective is marked so that progress can be assessed by the Executive and by the public.

- 3.8 Thirdly, the Executive must provide a coherent vision which reflects the reality of key linkages between its ‘top priority’ and other key policy areas, for example:
- economic development and community relations;
 - private-sector growth and more efficient government (including fewer departments); and
 - sustainability and good business practice.

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3.9 There is therefore significant work to do on clarifying targets and definitions, making appropriate linkages between policy areas, freeing up further resources, and setting out clear policy commitments rather than vague process-based actions. This cannot be done without first providing a coherent analysis of the main challenges, and a coherent vision and coherent new policy direction for tackling them.

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4. Themes

4.1 We propose that rather than merely listing ‘priorities’ and then a series of disjointed actions and targets along departmental lines, the Executive should highlight key policy themes and areas be highlighted and then ‘proof’ policies to ensure they are prioritised. Significant further analysis and innovative policy development is required on the Executive’s stated ‘top priority’ across all departments.

4.2 Some themes should form an inescapable part of policy proofing throughout the lifetime of the PfG and Budget. It should be clear that:

- the need to tackle division and promote good relations is essential to social transformation, a strong economy, and world-class public services;
- areas such as the arts, mental health and wellbeing, and public transport, which have a basic impact on people’s quality of life, need more resources than under direct rule, not fewer; and
- the urban and rural environment in which people live are central issues, and clarity is required on the level at which urban regeneration, community development and planning will be delivered (local or regional), as well as the specific resources to be allocated to them.

Unfortunately, all these basic quality-of-life issues are left either under-resourced or ignored by the PfG and Budget.

Housing and Urban Regeneration (PfG Annex, p20):

The actions proposed currently by the Executive are merely to ‘*take forward the issues of Affordability*’ as set out by Semple, but specific actions on tackling these issues do not appear. It is not even clear whether these are to be dealt with by central government or local authorities. If specific policies are not set out now, people can have little faith that appropriate resources will be allocated to them. In the final PfG, the Executive must clarify its position on the Semple review and what funding it is prepared to make available to implement it.

4.3 The Executive’s ‘cross-cutting’ themes are meaningless. Instead, our view is that the overall theme for the PfG and Budget should be *ambition*. The only comparator used in this document is Great Britain minus its most economically successful parts, meaning the Executive sees the height of Northern Ireland’s ambition as competing with the economically stagnant parts of one island. The Executive therefore assumes that Northern Ireland is a second-rate country with a second-rate economy, desperately seeking a few crumbs from the rest of the UK or North America. There is no sense of trying to match the blistering pace of social and economic development in the Republic; nor of trying to learn from other small EU countries which have been successful despite lacking natural resources (Denmark, Estonia, Slovenia etc); nor of understanding that, in a globalised world, many of Northern Ireland’s competitors and potential partners are in Asia, the Middle East or Eastern Europe. Desperately seeking Treasury money and attracting a few Irish-American investors to provide low-value jobs is no longer a viable strategy, and indicates a complete lack of faith in the people of Northern Ireland. In fact, there is no reason why the people of Northern Ireland cannot deliver and enjoy a world-beating society, if led by a Government determined to achieve it. However, given the ferocity of economic competition, the Executive’s lack of ambition is a dangerous flirtation rather than a secure bet.

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Tolerance (PfG, p7):

The section on promoting 'tolerance' is confusing, one of many examples of the Executive's lack of ambition. The worthy intention of tackling social exclusion and marginalisation is rendered meaningless by the failure even to mention the segregation which defines our society. Furthermore, the actions proposed in this section constitute a piecemeal hand-out rather than a co-ordinated vision to promote inclusion. Why does free public transport not apply to students? Why is the overall careers advice service not being reformed? What is the £10 million package to combat rural social exclusion to be spent on specifically? It is baffling that a target for bowel cancer screening – one no more ambitious than the equivalent in England – is included under this section at all.

4.4 Both the PfG and Budget are presented as recipes for major changes in the Northern Ireland economy. This focus is fine, but it is far from clear that the policies mooted will be effective. In many respects, the PfG and Budget are in fact about creating a low-tax society rather than promoting economic growth. In the absence of other economic policies, the former is being taken as a cover for the latter – but they are different concepts. Nowhere in the PfG or Budget are the major structural problems in the economy clearly addressed. Significant failings include, but are not limited to:

- absence of actions or targets to tackle segregation (and the accompanying costs of business in terms of inefficient government and lack of labour mobility);
- focus on cutting costs at expense of essential public services, not least adequate resources for developing skills required by the economy through higher and further education;
- lack of overall finance available due to budget freezes (we are also committed to such freezes, but these were on the basis of saving money from tackling segregation, which the Budget totally fails to do).

It appears the Executive feels there is a wedge between economic promotion on one hand and improving quality of life through adequately funded public services on the other. In fact, both are complementary.

Re-balancing the Economy

Despite the economic growth and investment of recent years, major structural problems remain. The economy is relatively small, at around £25 bn per annum, and has not fully adapted to the realities of globalisation. The latest figure for the public sector share of GDP is 71%, the highest in the Western world. Public finances are hugely dependent on a financial subvention from the UK Treasury of £7 bn per annum, equating to over £4,000 for every person, funding half of local services. This leaves Northern Ireland reliant on the whims of a UK Government which does not even stand for election here.

The overarching economic imperative has been rightly identified as closure of the productivity gap between Northern Ireland and the UK average, measured in terms of Gross Value Added (GVA). This has stubbornly stuck at around 80% for several years. To shift this, Northern Ireland requires much more high value added investment, the promotion of exports, and more high-paid jobs.

The Executive has made an already tight budgetary situation even tighter through freezing the regional rate, maintaining industrial de-rating at 30%, and also bringing

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water charges back into the ambit of that rate. Northern Ireland is not subject to the same level of local taxation as elsewhere in the United Kingdom. While this low taxation approach may have its merits, it does carry consequences in terms of the available resources. These are not addressed in the documents.

Rather than tackling the steep financial costs of managing a divided society, everything is left to depend upon 3% efficiency savings to be found across all Departments. These can be achieved, but this is the same objective as for all UK Departments – they offer no new advantage to Northern Ireland. Furthermore, the implementation of the budget is entirely dependent upon these savings being realised purely from internal running costs, which in the case of some departments may mean cutting into core services, rather than a hard look at how public services could be delivered in a more sustainable and integrated way.

The Executive has recognised that it must also pursue wealth creation. However, the PfG and Budget continue to rely upon the same, insular economic drivers. In the absence of fiscal powers, especially the ability to vary corporation tax – now denied to Northern Ireland as a consequence of the Varney Review – Executive policies offer nothing new. More resources are to be poured into the grant-aiding strategies pursued by Invest NI, focused on attracting low-value foreign investment, when strategies should focus on innovation, new technologies and promoting local businesses. The one fiscal tool in this area at the disposal of the executive, industrial de-rating, is essentially anachronistic, and if anything is geared to subsidising a low-value-added economy rather than attracting high-value jobs in new industries. Therefore, the current policies of the Executive will not generate the necessary step change in the economy.

In an increasingly tight financial situation, the imperative of making changes to the traditional way of doing things to free up cash for new investments has never been stronger. The Executive needs to take a more radical approach to tackling the fundamental economic problems facing Northern Ireland before it can legitimately claim it is 'top priority' and before it can deliver true value for public money. This will involve addressing the costs of division, ending the reliance on grant-aiding and the work of a single agency, and more efficient delivery of public services beyond mere cost-cutting.

Productivity Growth (PfG Annex, p7):

The actions proposed mostly start 'Invest NI will' and are frequently vague (e.g. 'undertake a range of broadband stimulation activities'), and targets are often processes rather than goals (e.g. 'increase number of consulate representations'). There is no evidence as to why these actions are proposed, or how the targets relate to the stated economic objectives. Most of all, there is scant evidence that these actions are anything other than a continuation of direct-rule policy – rendering false the claim that the Budget is 'made in Northern Ireland'.

4.5 There are other areas where we would seek clarity from the Executive about what its precise intentions are, because the 'cross-cutting themes' bear no apparent relation to them. These include, but are not limited to:

- multi-sports stadium – the Executive must explain the absence of any reference to the stadium but a clear reference to the Maze site in the ISNI, as this may be

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- taken to mean that Maze is the only site under consideration for a stadium or indeed that no stadium is under consideration;
- public-sector reform – no reference is made to departmental reform, which could be taken to mean that the Executive does not expect devolution of policing/justice in short term and does not consider reform of central government part of the Review or Public Administration; and
 - single Library Board – this could be taken to mean that discussion of allocation of that function (and others) to local government is now closed.

As a matter of urgency, we would seek publication of plans for the Maze site and clarity of the Executive's intentions for the Review of Public Administration – discussion of transfer of functions to local government makes no sense without clear direction on reform of central government.

Deliver Efficient Public Services (PfG, p14):

The '*review of the overall number of Government departments*' should not merely be '*by 2011*', but needs to form an immediate part of the efficiency savings, the Review of Public Administration, and the devolution of policing and justice. The Executive cannot just ignore these issues – its agreed position should appear in the PfG.

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5. Areas

5.1 Further to 4.5, the biggest difficulty many respondents have with the Programme for Government is not what it contains, but what it omits. It is an extraordinarily short document – 17 pages, double-spaced – missing significant policy areas completely. As noted at 3.4, the scarcity of proposals reflects lack of ambition for our society, absence of agreement on what the priority challenges are, and an inability to agree on any meaningful policy commitments. Therefore, decisions on most issues by the Executive will fall outside of the context of the Programme for Government and Budget – recipe for a piecemeal government, lacking in coherence.

Tourism (PfG Annex, p12):

Tourism is seen by many as a key growth industry, yet the Executive's actions amount to absolutely nothing – *'taking forward key projects'*, *'managing and developing'* things and *'specific actions'* (which are not, in fact, specified) are not real actions, but basic processes. What is required is a clear set of new actions designed to enhance tourism.

5.2 Key specific policy areas apparently totally absent from consideration by the Executive include, but are not limited to:

- integrated education (despite reference to all other sectors);
- single Health Authority; and
- details of how Education and Library Authorities will be made accountable.

Other core Alliance Party proposals also missing include, but are not limited to:

- Single Equality Act (despite a requirement for OFMDFM to act in this area);
- Football Offences Act (despite Assembly motion of support); and
- Environmental Protection Agency (and marine conservation).

Essential reviews which are also left ignored (and therefore unfunded) include, but are not limited to:

- Deloitte and Touche report on segregation (OFMDFM);
- Bain Review on the school estate (DE); and
- Semple Report on housing (DSD).

On key issues requiring action where no action is proposed (and therefore no action can be funded) include, but are not limited to:

- Victims Commissioner (OFMDFM);
- Varney Report on finance, including corporation tax (DFP); and
- Appleby Report on the health estate and Bamford Review on mental health (DHSSPS).

These are among many truly astonishing omissions. The Executive simply cannot be taken seriously if it fails to propose policy and allocate funding to these areas.

5.3 Even among the 'priorities' which do appear in the documents, there are significant contradictions, which include, but are not limited to:

- efficiency – contrary to what is stated in the Budget, maximum efficiency is impossible while tolerating the cost of division and retaining 11 Government departments for just 1.75 million people;
- economy – adherence in the PfG to the same grant-based economic model which has failed to close the Gross Value Added gap with Great Britain despite ten years of relative peace constitutes not a new, ambitious economic direction but a meek

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acceptance of the very regional policy (developed by the UK Government) which has failed Northern Ireland economically; and

- environment – further widening in the ratio of investment in private-to-public transport in the ISNI (to 81:19, compared to 33:67 in England and Wales) makes a mockery of claims to be environmentally friendly and commitments to meeting emissions targets.

ISNI pillars (ISNI, p6):

Our analysis of the ISNI identified not a single action that had not appeared or been due to appear in government statements under direct rule. This indicates there is no new thinking under devolution on our infrastructural requirements, or on innovating delivery methods, whatsoever. The logic of this is that the Executive is no more ambitious for Northern Ireland in 2018 than direct-rule Ministers were – this charge will stick unless devolved Ministers can point to revised, concrete commitments to illustrate this is not the case.

- 5.4 For guidance, our analysis of the key policy failings in each department would be:
- OFMDFM – complete absence of good relations from the documents, as well as lack of clear action on victims/survivors, tackling poverty and race relations;
 - DARD – absence of clear policy on removal of red tape for farmers and other rural businesses, and failure to connect with renewable energy targets;
 - DCAL – contradiction between lack of arts funding and targets for improving creative industries;
 - DE – lack of policy on key issues (e.g. transfer arrangements, literacy/numeracy) and resultant lack of consideration of budget issues to do with the school estate;
 - DEL – lack of funds to meet targets (most obviously the 300 new PhD places);
 - DETI – absence of policy on the social economy and appreciation of opportunities within the ‘green economy’;
 - DoE – failure to set out direction on future of local government (through Review of Public Administration), lack of commitment to the creation of an independent Environmental Protection Agency, and addressing Marine Conservation;
 - DFP – concerns that capital sales will not prove an effective way to raise funds, and that efficiency savings (only in line with GB) will not be realised;
 - DHSSPS – budget too low, but so is commitment to efficiencies, with specific problems in implementation of Bamford Review on mental health;
 - DRD – contradiction between environmental targets and public/private transport ratios;
 - DSD – lack of clear policy direction on affordable housing (and lack of funds to implement the Semple Report or anything similar); and
 - NIO – absence of apparent preparation (including relevant good relations policies, departmental reform strategies and budgetary allocations) for devolution of justice and policing.

It is our view that, as a bare minimum, revisions to all three documents are required to put forward concrete policy proposals designed to address each of these issues.

5.5 More than half the budget is spent on health and education – the two issues on which the Executive seems fundamentally divided, but upon which it must provide leadership. Significant controversy surrounds the health budget in particular. Notwithstanding health getting 48% of budget increases, and accounting for 51% overall,

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it is not keeping up with trends elsewhere in the UK. Northern Ireland does have a higher level of need. Increases in our local health budget are not keeping pace with changes elsewhere. In particular, our view is:

- most, but not all, bids made by the Minister could be met through efficiency savings including, but not limited to, abolition of Health Boards;
- despite this, the health budget is too low and does not reflect all-in nature of service (including social services and public safety functions); and
- specifically, sufficient resources have not been allocated to:
 - mental health and wellbeing (for example, 40% of those economically inactive suffer mental health problems);
 - free personal care (in breach of all Executive parties' promises); and
 - the fire service (a fundamental threat to public safety).

On education, we wish to see:

- actions, targets and policy commitments on promotion and development of integrated education;
- agreement on a new transfer system from primary to secondary schools and the means of funding it; and
- a clear strategy – including allocation of funds in the Budget and ISNI – on the reform of the school estate, including sustainable area planning.

Integrated, Sustainable Public Services – Health

Integrated, sustainable public services – matching appropriate funding with freeing up resources for re-investment – are the only way to meet existing demand and deliver improvements to people's quality of life. Health is the perfect example of this.

There are considerable demands in the health sector, including mental health and wellbeing, personal care for older people and many others (such as improved arthritis care, availability of drugs to counter Alzheimer's, research on autism etc). These need urgent attention but are not addressed in the PFG and Budget. Indeed, there are grounds for doubting that the current allocations to health can meet existing services, let alone new demands.

Healthcare is becoming more expensive due to demographic changes, the increased costs of specialised equipment, and more expensive medicines, among other things. Therefore, more than ever, efficiency savings are necessary within the health budget. However, these must not be about cutting costs, but about reinvesting resources.

There are financial advantages in investing up front in things such as mental health as this avoids greater costs down the line later. Similarly, a greater emphasis on public health and preventative measures makes strong financial sense.

Evidence of new policy and finance initiatives to meet all these challenges in a way which is integrated and sustainable must appear, in the form of concrete proposals and funding allocations, in the PFG and Budget.

5.6 We would draw attention again to the removal of the most important current policy document of all, 'A Shared Future', from the Executive's thinking. The Executive's stated aim of 'transformation of our society' is impossible without policy on improving community relations. This strategy is central to that – revision of it may be a reasonable course of action, but ignoring it completely is not.

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6. Conclusion

6.1 It has been illustrated in this response that the PfG, Budget and ISNI as currently drafted are based on an unsound structure, meaningless themes and unclear policies. Fundamental revisions are required to the Programme – not just to what is contained within it, but to the process which developed it and the themes which underlie it.

6.2 The process behind the preparation of the documents lacked the required analysis, ambition and coherence to deliver a Programme of real progress, vision and clarity. The whole basis of the Programme needs to be revised, focusing on the issue which defines Northern Ireland society – sectarianism and segregation.

6.3 Policy and legislation must be proofed under meaningful cross-cutting themes – not bland notions of *'a better future'*, but ideas which provide real direction to tackle divisions, re-balance the economy, and provide sustainable and integrated public services improving quality of life in key areas (e.g. the arts, mental health, public transport).

6.4 Actions, targets and funding allocations must be clearly matched, so that progress can be assessed and the value of various commitments can be judged. As they stand, targets lack actions and actions lack funding. There is more to governance than *'adopting strategies'*, *'publishing action plans'* and *'addressing barriers'*. Clear analysis, policy commitments and strategic direction is needed in the form of concrete proposals and funding allocations – government based on action, not process.

6.5 Finally, the Executive must not condemn Northern Ireland to a *'second-rate future'*. The aim of Alliance, in its role as the lead Opposition party in Northern Ireland, is not to match the poorer parts of Great Britain, but to compete with the very best in the world. We would have hoped the Executive would, at the very least, agree with us on that point – and develop a PfG, Budget and ISNI to match. We would add that this cannot be achieved without making tackling sectarianism and segregation the 'top priority' of every aspect of government at all levels.

6.6 As it stands, the documents are a *'disjointed programme for a disjointed government'*. Fundamental revisions are required, including and beyond those contained in this response, if that label is not to stick.

Alliance Assembly Party, 04-JAN-2008