

Northern Ireland Assembly Secretariat

Review Report



Steering Group Membership

The Steering Group was as follows:

The Rt Hon George Reid - Chair

Alban Maginness MLA - Member of the Assembly Commission

Stephen Moutray MLA - Member of the Assembly Commission

Diane Hill - House of Commons Internal Review Service

Paul Haran - University College Dublin

Review Team Membership

The review team was as follows:

John Hunter - Review Director

Gerry O'Neill - Project Manager, Northern Ireland Civil Service

Rodney Allen - Northern Ireland Audit Office

Eugene McGoldrick - Northern Ireland Civil Service

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Irwin Turbitt - Consultant

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**The Rt Hon George Reid
STEERING GROUP
SECRETARIAT REVIEW
NORTHERN IRELAND ASSEMBLY
STORMONT**

**William Hay MLA
Speaker
The Northern Ireland Assembly
Stormont
Belfast
29 October 2007**

Dear Mr Speaker,

I enclose the Review Report on the Secretariat of the Northern Ireland Assembly.

The Report, prepared by the team of experts headed by John Hunter, was considered in detail and agreed by the Steering Group today.

I wish to record my gratitude to my colleagues on the Steering Group – Paul Haran of University College Dublin, Diane Hill of the Internal Review Service of the House of Commons, Alban Maginness MLA and Stephen Moutray MLA – for the time and thought they have given to our conclusions . Through three plenary meetings and regular contacts by phone and email, they have brought experience of good governance and knowledge of the Assembly to the review process.

My particular thanks to John Hunter and his colleagues on the Review Team, for their dedication and professionalism in analysing the issues of management, structure and governance in the Stormont Secretariat and in producing both clear recommendations and an implementation plan.

This Report is independent and robust. It addresses the key issues of management within the Secretariat. And it provides a route map to the highest level of governance at Stormont, improved support for Members, a clear career path for staff, and engagement with the people of Northern Ireland.

I commend the Report to you and your colleagues on the Commission.

Yours sincerely

GEORGE REID

NORTHERN IRELAND ASSEMBLY SECRETARIAT REVIEW REPORT

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EXECUTIVE SUMMARY

Within this report we have carefully considered a wide range of issues affecting the day-to-day operational activity of the Secretariat, and how best it can support the longer term strategic objectives of the Commission.

To date the organisation has had to respond and adapt to a myriad of circumstances, be it through periods of suspension or brief periods of political activity. The effect has been that the organisation has not had the normal stability in which most senior management teams work.

The Secretariat is however now positioned in an era of expected political stability, and the recent appointment of a new Commission has brought with it the creation of a new vision, a renewed sense of purpose and new strategic objectives.

We would commend the staff for continuing to deliver at the operational end. We were impressed by the strength of commitment and dedication to the Assembly displayed by staff. There is an evident pride shown by employees, a real sense of belonging and a genuine desire to be a part of a fully functioning Secretariat equipped in the strongest possible way to discharge its functions and to face the challenges and opportunities that will come its way.

We consider these staff attributes to be the key strengths of the organisation. They provide a firm foundation for re-shaping of the Secretariat as it moves forward in a climate of greater political stability.

We have responded to the emerging strategic intentions of the Commission by providing an analysis of the Secretariat's senior management capability to meet the challenges facing the organisation. Our analysis has had to take into account many strategic, operational, and cultural issues.

We have taken into account the views expressed by external reviewers, principally focused on the key issue of corporate governance. The most recent evaluation conducted in July 2007 prior to the commencement of our review, pointed to significant weaknesses in the strategic management and corporate governance of the organisation. The conclusion reached was that no meaningful level of assurance could be given on governance arrangements in relation to compliance with good practice. We have made recommendations which will address the deficiencies.

In our assessment, we have concluded that there has been an absence of dynamic corporate leadership and strong strategic management. A great deal of work is therefore required in order to enhance the capability of the organisation to meet the key challenges and opportunities posed by the Commission, Government and civil society.

We believe that the scale and nature of the challenge involved in setting up and running the Assembly was not fully recognised at the outset, but the management challenge now is to move forward out of a 'care and maintenance' environment. In our view, the leadership will need exceptional skills to deliver successfully on the twin

challenges of building a new organisation and managing the political/procedural interface with 108 MLAs and their staff. The Secretariat should be striving for excellence and exceptional leadership should be seen as an absolute premium.

In our brief comparative study of other legislatures, we were impressed by the emphasis placed on engagement and outreach by both the Scottish Parliament and the Oireachtas in the Republic of Ireland. In both jurisdictions there is substantial investment in outreach activities including the appointment of outreach staff to work with schools and community groups across their respective jurisdictions. We have concluded that participation and engagement are essential in 21st century politics to provide proper democratic accountability.

This vision of a democratic society in which the Assembly and citizens are equally committed to working together for the good of all, has helped frame our recommendations. We have therefore built into our proposed structure an engagement and outreach capacity, alongside the core activities in support of the parliamentary processes, including support for individual MLAs.

This report also provides the basis for robust and sustainable corporate governance that reflects the standards expected from a devolved legislature including appropriate delegations from the Commission to the Secretariat. It provides advice on corporate planning and performance management systems and on the direction required to move forward long standing internal organisational issues such as pay and grading and communication. It recommends a new de-layered organisational structure, with a new management board, based on four directorates: Clerking; Resources; Properties; and Engagement. We also recommend the appointment of a Non-Executive Director.

In summary, we believe this report provides the Commission with a framework within which the Secretariat can make a fresh start. The implementation of our recommendations (summarised at Appendix A), will enable the Secretariat to become an exemplar of modern 21st century public service and to be recognised both nationally and internationally as such.

1 THE ASSEMBLY IN TRANSITION

- 1.1 The Northern Ireland Assembly (the Assembly) was established following the signing of the Belfast Agreement (also known as the Good Friday Agreement) in April 1998. The Agreement was the result of extended talks between the political parties in Northern Ireland and the governments of the United Kingdom and Ireland. The talks covered how Northern Ireland should be governed in the future to ensure that the aspirations of all communities could be democratically accommodated.
- 1.2 The electorate of Northern Ireland endorsed the Belfast Agreement in a referendum in May 1998 and this paved the way for the Northern Ireland Act 1998, which defined the future institutions of government in Northern Ireland, and for the collaboration between the governments of the United Kingdom, Northern Ireland and the Republic of Ireland.
- 1.3 The referendum was followed by elections to the Assembly on 25 June 1998, when 108 members were elected. Those elected members are known as Members of the Legislative Assembly (MLAs).
- 1.4 The Assembly, to which Ministers and their Departments are accountable in carrying out executive functions, has legislative authority for policy in such areas as education, health, agriculture and environment.
- 1.5 There is an Executive Committee (the Executive) headed up by the First Minister and Deputy First Minister and the Ministers for each of the other ten government departments. The Executive brings forward proposals for new primary legislation in the form of Bills, for introduction in the Assembly, and subordinate legislation in the form of statutory rules. It also establishes the Programme for Government each year, which is presented to the Assembly for approval.

The Assembly Commission

- 1.6 Within the Assembly there is an Assembly Commission (the Commission) whose role in Section 40(4) of the Northern Ireland Act 1998 is “to provide the Assembly, or ensure that the Assembly is provided with, the property, staff and services required for the Assembly to carry out its work”. The Commission is chaired by the Speaker of the Assembly, together with four other elected members. The Commission acts as the board of trustees for the Assembly Secretariat (its administrative body) and the focus of this review. The Commission sets out the Secretariat’s strategic direction and purpose which its Chief Executive is required to deliver.

The Assembly Secretariat

- 1.7 The Assembly Secretariat (the Secretariat) is headed by a Chief Executive who is also technically the Clerk to the Assembly and the Accounting Officer for the Secretariat. It is made up of a number of constituent parts - Clerking Committees, Information and Research and Corporate Services. It has a

staffing complement of 463 posts, with approximately 282 (Full Time Equivalent) staff currently in post, who have been appointed directly by the Assembly, seconded from the Northern Ireland Civil Service, or recruited through Agencies.

- 1.8 Currently the Secretariat is headed by an interim Chief Executive, appointed to lead the organisation through the process of change over the next six months, and pending an open competition for a permanent post holder. In support of the interim Chief Executive, a Director of Implementation has been appointed to manage the change programme.

2 PROJECT OUTLINE

Context

- 2.1 The Review of the Secretariat was conducted in conjunction with a simultaneous programme of activity undertaken by the Commission to redefine its vision, purpose, aims, values and strategic priorities.
- 2.2 The starting point for this exercise was the definition of the Commission's role in Section 40(4) of the Northern Ireland Act 1998:

“to provide the Assembly, or ensure that the Assembly is provided with, the property, staff and services required for the Assembly to carry out its work”.
- 2.3 Traditionally this role has been interpreted primarily in terms of the Assembly's discharge of its legislative functions, including the important statutory and policy roles of Assembly Committees. However, the Commission also believes there is a clear role for the Assembly in engaging with the public, involving the development of a formal engagement and outreach policy and programme, driven by this vision of a vibrant civil society working in partnership with its politicians.
- 2.4 We welcome the Commission's progress in developing its strategic priorities for the next three or four years. Its priorities will determine the Secretariat's business objectives in its future corporate and business plans, which should include the implementation of the recommendations in this Review. We found particularly helpful the Commission's commitment to improve the support available to members in their work in plenary sessions, committees and constituencies, as well as its interest in the provision of new facilities which will enhance its outreach activities and engagement with civil society.
- 2.5 Finally we welcome the Commission's intention to articulate a set of values which Members would expect all Secretariat staff to adopt and demonstrate in all their activities. We are conscious that many staff already demonstrate the values set out in the Secretariat's annual corporate plan but believe there would be merit in this formal definition by the Commission itself.
- 2.6 Prior to restoration of devolved administration in May 2007, the Assembly was suspended for over four years. For the new Commission there was a determination to reconsider its priorities and goals and to address issues that were unresolved both prior to and during suspension.
- 2.7 Given the significant change in the political environment, the Commission wished to undertake a comprehensive review of the management structures, governance arrangements, strategic priorities and capability of the Secretariat to respond to its priorities.
- 2.8 Thus, the Commission's work to define its vision, aims, values and strategic priorities has constituted the broad context within which our conclusions and recommendations are set. We wish to acknowledge the value of this work in framing our recommendations.

Terms of Reference

2.9 The terms of reference of the Review are detailed in Appendix B. The Commission summarised these as follows:-

1. To examine the purpose, aims and objectives of the Assembly Secretariat, and identify exceptional strategic projects that may require additional resources and particular approaches above and beyond what would normally be expected of the organisation;
2. To identify the appropriate organisational and management structures, policies and governance arrangements necessary to provide the Assembly with the property, staff and services required and to the standards expected;
3. To conduct a Capability Review, based on the model used by the UK Cabinet Office, to assess the Assembly Secretariat's capability to address current and future challenges; and
4. To identify recommendations arising from 1-3 above and devise an implementation plan and timetable.

Project Structure and Methodology

2.10 To explore and achieve the objectives outlined in the terms of reference, a review team was established. John Hunter, recently retired NICS Permanent Secretary led the team as Review Director, while a Review Steering Group with membership drawn from the Assembly Commission, independent experts and chaired by the Rt Hon George Reid (former Presiding Officer of the Scottish Parliament) acted as Project Board. Project management arrangements (PRINCE II), including risk frameworks were developed. A Project Initiation Document was authorised by the Steering Group.

2.11 The capability review framework (see Appendix C), developed for use in assessing Whitehall Departments, was adapted and deployed by the Review Team. This provided the mechanism to validate key lines of enquiry and to collect the baseline evidence. We then used this evidence to reach conclusions about the future capability of the SMB to meet the challenges presented by its strategic management agenda, including the Commission's own strategic priorities. We also used this evidence to develop recommendations for future structures and management of the Secretariat.

2.12 Our review was informed by:

- ◆ an electronic survey of secretariat staff (issued to all staff with a 51% participation rate in a four day response period);
- ◆ one-to-one interviews with senior staff (42 interviews completed with staff at NICS grade 7 equivalent and above);

- ◆ evidence gathering focus groups with a cross section of staff (all staff at grades equivalent to NICS Deputy Principal level and below were invited to nominate and all those who nominated were invited to one of three focus groups held);
- ◆ interviews with five Party Leaders (led by the Chair of the Steering Group), three Commission members not on the Steering Group, the five Chief Whips, two Committee Chairs, one Deputy Speaker and one MLA; and
- ◆ desk-based research and analysis of various documents (including corporate plans, business plans, risk register, job descriptions, minutes of various meetings etc.).

Comparative Visits

2.13 During this review we undertook visits to the Scottish Parliament, Edinburgh and the House Commission in the Oireachtas, Dublin. The purpose of the visits was to gain an understanding of the operational environment that governed legislative and parliamentary bodies. It was also important to understand the commonality of the pressures and expectations placed upon such organisations.

2.14 During these visits, we met senior management team members, were provided with significant strategic documents, and explored the issues of:

- ◆ public accessibility and public engagement;
- ◆ strategy and business planning;
- ◆ organisational structures; and
- ◆ governance.

2.15 We were impressed by the progressiveness of each Parliament visited, while acknowledging that they had developed in a stable political environment. Both in Scotland and Ireland there was a widespread view of the requirement to have a formalised and policy driven outreach programme that demonstrated an engagement process with civil society. The Scottish Parliament has been widely recognised as a European leader in this field.

2.16 Strategy and business planning underpinned by good internal two-way communications was evident. There was also an appreciation that robust performance measurement assisted the Chief Executive in the overall management of the organisations and in the Oireachtas, a balanced scorecard approach had been adopted.

2.17 While there were differences in the organisation structures, the primary focus of both secretariats was the provision of services to Members in the Chamber, in Committees, and in their constituencies. Both recognised that good governance arrangements needed to be at the highest level, as to do otherwise presented a significant reputational risk.

2.18 We did not visit the Welsh Assembly, but we were able to schedule a meeting with the Presiding Officer and Chief Executive during a visit to the Northern Ireland Assembly. Again we discussed the issues outlined above and follow-up discussion took place by phone and email.

2.19 Our initial interviews identified seven key lines of enquiry. These were validated during interviews conducted with senior staff, three focus groups, plus the staff survey and in discussions with key customers, i.e. politicians. The key lines of enquiry can be summarised as follows:

<p>1. Leadership & Strategy</p> <ul style="list-style-type: none"> ◆ corporacy; ◆ purpose and vision; ◆ corporate planning and prioritisation; ◆ culture/morale; and ◆ customer focus and the need for change. <p>2. Governance</p> <ul style="list-style-type: none"> ◆ delegations; ◆ SMB and Audit Committee membership; and ◆ role of CMT. <p>3. Organisation</p> <ul style="list-style-type: none"> ◆ structure/complexity; and ◆ opportunities for rationalisation. 	<p>4. Performance</p> <ul style="list-style-type: none"> ◆ objectives / targets / metrics; ◆ value for money; and ◆ financial and management control. <p>5. Building Capability</p> <ul style="list-style-type: none"> ◆ competence frameworks; and ◆ induction arrangements. <p>6. Human Resources</p> <ul style="list-style-type: none"> ◆ pay and grading; ◆ terms and conditions; ◆ separation project; ◆ staff numbers; and ◆ grievances. <p>7. Accommodation Project</p> <ul style="list-style-type: none"> ◆ needs of staff; and ◆ future needs of Assembly.
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Acknowledgement

- 2.20 We wish to express appreciation to all who contributed to the evidence gathering and exploratory phase of this Review. All gave of their time willingly and displayed a welcome commitment to the future development of the Secretariat. It is appropriate to include a particular word of thanks to colleagues in Edinburgh, Cardiff and Dublin who provided not only much helpful advice but also relevant documents. There is much best practice in other jurisdictions for the Northern Ireland Assembly Secretariat to emulate as it seeks to develop its own exemplary parliamentary service.
- 2.21 The Review Team wish to acknowledge the leadership and support given to the Team by the Steering Group. The expertise and interest in the review, not least on the part of its Chairman, has been of significant value to the Team as we undertook our analysis and framed our recommendations.

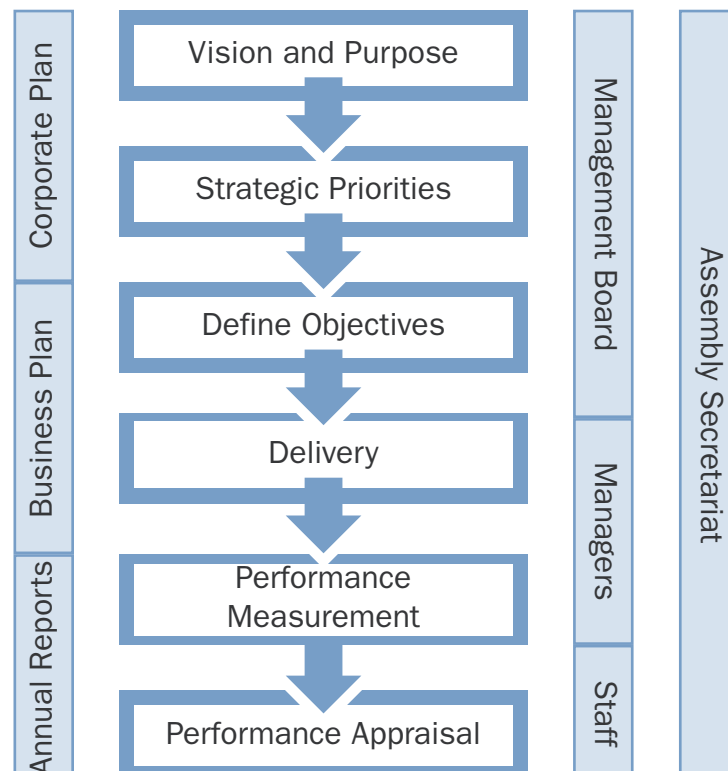


FINDINGS AND RECOMMENDATIONS

3 STRATEGIC AND BUSINESS PLANNING

Purpose, Aims and Objectives

- 3.1 Outside SMB, there is no real understanding of the overall strategy of the Secretariat. It has not been translated from a strategic plan into a useable set of business plans. At a Business Unit level people reflected that they understood the purpose of their individual unit, but failed to appreciate the value of making a wider impact. This overall finding reflects a silo mentality (which is a symptom of a suboptimal level of organisational effectiveness) between business units within the Secretariat. This is reinforced by the perceived remoteness of SMB from the rest of the organisation
- 3.2 During the course of this Review, the Commission completed its work on its vision, purpose, values and strategic priorities. That work will shape the Secretariat's strategic priorities and provide a clear mandate. It will enable the Secretariat to be clear about its core purpose of assisting Members to fulfil their constitutional role in the Assembly.
- 3.3 Overall there is a requirement for the Commission and all Secretariat managers to understand their role in the strategic and business planning process and to ensure there is a common understanding among all staff about what the Commission requires and how the Secretariat will deliver that. The following diagram sets out the appropriate route from the Commission's Vision and Purpose (to be set out in the Corporate Plan) to the Secretariat's operational activity (in the Business Plan), through to staff appraisals.



Corporate and Business Planning

- 3.4 During the review we tested the understanding of the Secretariat Corporate Plan 2007 - 2011 and what relationship, if any, existed between it and individual units business plans. We discovered a widespread view amongst staff that the corporate planning process used by SMB hindered any organisational buy-in or acceptance of the Corporate Plan and the key objectives therein. Consequently business plans tended to be established without regard to the Corporate Plan.
- 3.5 The emergence of a fully functioning Assembly has brought an urgency to have a corporate plan that sets out clearly the strategic priorities of the Commission for the next 3 years. Consequently **we recommend the:**
- ◆ **early publication by the Commission of the vision, purpose, values and management priorities for the Secretariat; and**
 - ◆ **Management Board and Commission commence the process to ensure a new Corporate Plan is developed and authorised to ensure delivery commencing in April 2008. Responsibility for the establishment of the Plan should rest with the Chief Executive's Office.**
- 3.6 This process will require several months to finalise and must also be timetabled to allow Unit managers the time to develop annual business plans, again to be operational from 1 April 2008.
- 3.7 In the course of the review we found little evidence of performance measurement or key performance indicators that would enable the Commission to judge how the Secretariat was performing and delivering. **We recommend a strengthened business planning process that is underpinned by sound performance measurement.** The purpose of any business planning and performance management process is to ensure that the correct activities are being monitored (quarterly or six-monthly), to enable improved strategic management of the business by the Management Board. It will focus attention on those areas where targets are not being achieved and will allow for corrective action. Many successful organisations use a balanced scorecard process as a means of ensuring the whole organisation remains strategically focussed to enable delivery and we see no reason why this would not work for the Secretariat's functional areas. Vital to securing the commitment and enthusiasm of staff is their engagement in the development of the Corporate and Business Plan. Staff must therefore be given every opportunity to participate at every stage of the planning process.
- 3.8 The importance of developing corporate and business plans that involve the staff of the organisation should not be underestimated. *In our recent staff survey over three quarters (76%) said they were not consulted on the draft Corporate Plan, with three in five (61.2%) saying they were not consulted on the draft Directorate Business Plan.*

3.9 It is important staff are committed to the plan and communication between the Management Board and staff will be an important element in achieving this. **We recommend that senior managers provide a commitment to, and the establishment of, a clear participation and communication policy within the planning process.**

3.10 In general we found existing communication channels weak and somewhat discredited, e.g. Core Brief. **We recommend improved communication through the implementation of an informed, time-bounded, team briefing approach to transmit information upwards and downwards in the organisation and to communicate matters of strategic and operational importance.** We have seen a report, dated September 2006, on an internal communications audit. That report highlighted matters that were confirmed as a result of our review, for example, discontent with the lack of leadership and decision making from the Strategic Management Board. **We recommend the Management Board to look afresh at that report, its recommendations and actions.**

66.2% of respondents to the staff survey said they were not content with the communication methods used in the Secretariat with 58.8% highlighting that they feel the flow of information from senior management is ineffective/very ineffective.

“Communication is effective at team level and with my immediate line manager. Beyond that it is extremely poor and virtually non-existent at a Senior Management level.” (Staff Survey)

3.11 Within many organisations there is a varying degree of knowledge about the process for business planning, performance measurement and identifying suitable performance indicators. The Assembly Secretariat is no different in this respect. However, in excellent organisations all managers understand and are involved in business planning and performance management. **We therefore recommend that, following the redesign of the business planning and performance management system and before its implementation, all staff are appropriately trained.** The design and implementation process, including training, needs to be owned in-house by senior management who should in turn deliver to their staff. There may be a need for external support but ownership for delivery must remain within the line management structure.

Strategic Projects

Separation

3.12 Key recommendations from the Review of Terms and Conditions conducted by PricewaterhouseCoopers for the Commission in 2002 were that the Commission should develop its own terms and conditions of service and pay and grading arrangements as a forerunner to the establishment of a dedicated Secretariat independent of the Northern Ireland Civil Service (NICS), i.e. a separate free standing body.

3.13 In its first mandate the then Commission also recognised the need for political stability before serious consideration could be given to the establishment of a

stand alone Parliamentary Service.

3.14 The Scottish Parliament has successfully achieved its own separate status and the Welsh Assembly is currently considering a similar pathway. In Dublin, the Oireachtas is content with its current arrangements whereby it is serviced from within its Civil Service.

3.15 **We recommend the Commission should reaffirm its intent to pursue a programme which would give effect to separation and the establishment of an independent Parliamentary Service by 2010.** This would require the Management Board to develop a strategic programme to manage the separation effectively. Such a programme would involve the resolution of the outstanding issues of terms and conditions, grading and pay in negotiation with TUS and the development of a manpower plan to ensure continuity of resourcing given current dependence on NICS secondments.

Accommodation

3.16 The terms of reference asked us to examine the Assembly's future accommodation requirements and to develop options for filling them, taking into account the earlier Accommodation Outline Business Case. At the time the terms of reference were drafted it was expected that the task would involve a new examination of the projected accommodation requirements.

3.17 However, by the time the Review Team had been appointed events had moved on. Following a meeting of Ministers with the Speaker in the early summer it was agreed to form an inter-departmental group of senior officials, including Secretariat staff, to review the way forward. The Review Director was then asked to Chair this group, with a view to the development of an outline business case and, ultimately, a full business case.

3.18 There are a number of strands to the business case, including the use or sale of Ormiston House and its extensive grounds, the development of a service requirement for facilities in the Parliamentary Estate and the option for a new build close to Parliament Buildings. In regard to the service requirement, it is increasingly clear that this goes well beyond the provision of office accommodation for those staff who cannot be accommodated within Parliament Buildings.

3.19 Engagement with civil society is a necessity in 21st Century politics. Citizens are showing increasing interest in single issue politics. The Commission is very conscious that the Assembly must engage with civil society and promote public knowledge of and, most importantly, participation in the democratic process. The degree of public interest in the Assembly can be gauged from the number of visits (for example, between 8 May and 12 October 2007, 151 groups comprising 4,735 visitors have visited the Parliament Buildings), while the Secretariat's Education Service also offers opportunities for substantial development and expansion. However, the cramped accommodation for Committees in Parliament Buildings offers limited opportunity for public attendance. We note future opportunities could include holding committee meetings across Northern Ireland. We are also conscious of the unsatisfactory

nature of the press facilities in Parliament Buildings. They also compare poorly with the facilities in other legislatures.

3.20 We have noted with interest the efforts made by the Scottish Parliament through its extensive schools programme and public outreach programme to engage the public in Scotland. We have also explored plans in the Republic of Ireland for “promoting an understanding of the work of our Parliament”. Over the next three years the Oireachtas has a target of educating 40,000 young voters about its work and for enabling the citizen to have a better understanding of the work of a TD or Senator. Both countries are appointing outreach staff to work with schools and community groups outside their Parliaments.

3.21 The Commission clearly recognises its responsibilities in these areas, as reflected in its new purpose, vision and strategic priorities. Translating these aspirations into a plan of action, including the specification of accommodation requirements which can then feed into the business plan, is a major challenge. However, we have concluded that the current accommodation in Ormiston House, even extended, is unsuitable for the Commission’s emerging requirement for engagement and outreach facilities, which by definition could best be provided in close proximity to Parliament Buildings. **We therefore recommend that planning for new accommodation proceeds on the assumption that any new building will be on the Stormont Estate and should make specific provision for extended public engagement there.**

4 GOVERNANCE ARRANGEMENTS

Functions and Responsibilities of the Commission

- 4.1 The Commission is the body charged under the Northern Ireland Act with overseeing the administration of services to the Assembly. Its role is as a Board of Governors or Trustees which sets the strategic framework for the organisation but should be removed from the day to day management decisions once proper delegations are established and operational. It will of course hold the Chief Executive to account for delivery.
- 4.2 The Northern Ireland Act 1998 states “there shall be a body corporate known as the Northern Ireland Assembly Commission (the Commission) to perform:
- ◆ the functions conferred on the Commission by virtue of any enactment; and
 - ◆ any functions conferred on the Commission by resolution of the Assembly.”
- 4.3 During our review the Commission looked afresh at its purpose, vision and strategic priorities.
- 4.4 The Commission has responsibility, under Section 40(4) of the Act, to ensure that the Assembly is provided with the property, staff and services required for the Assembly to carry out its work. The Commission may delegate any of its functions to the Speaker or a member of the staff of the Assembly and may determine its own procedures. In practice however, there has been no formal delegated authority from the Commission to the Secretariat Chief Executive. We cover this matter and the need for delegations within our comments on governance matters (paragraph 4.17 refers).
- 4.5 When the current Commission held its first meeting in May 2007, a useful paper was tabled on its roles and responsibilities. In our comparison of other legislatures we had sight of a Handbook for Commission members. **We would recommend the further development of the roles and responsibilities paper into a similar handbook for members of the Commission. We would also recommend appropriate corporate governance training be made available to Commission members upon appointment. It should be subject to annual evaluation.**
- 4.6 There is a portfolio system in place whereby the Commission has allocated members to ‘shadow’ certain Directorates. We understand the Clerk to the Commission has briefed individual members on these portfolio arrangements. **We would recommend that written terms of reference be put in place for these portfolio arrangements.** This is to ensure there is clear understanding amongst members and staff and a clear fit with delegations, governance arrangements and accountability.
- 4.7 We found a lack of clarity amongst staff in understanding the responsibilities of the Commission and the SMB in terms of the day to day running of the organisation. **We therefore recommend that once delegations are in place, the Commission, either directly or through the Speaker, should communicate clearly, to all staff through a statement of primary responsibilities, the remit that has**

been provided to the Chief Executive, the responsibilities retained by the Commission and how the Chief Executive can delegate responsibility to members of the Management Board.

4.8 We reviewed documentation supporting meetings of the Commission held since devolved government was restored on 8 May 2007. We found evidence that excessive Commission time had been taken up by some matters, for example, equal pay, starting pay policy and grievance matters. This seems to have occurred because of differences of opinion amongst SMB members on papers which then subsequently had to be reconsidered and re-presented. This raises concerns about the quality of some papers being presented to the Commission. On the other hand, there was clear evidence of some good, well reasoned papers being presented which were appropriate for the attention of the Commission.

4.9 We also noted that the Chief Executive's brief needs to be much more focused on Secretariat performance and matters of interest to the Commission, although we would acknowledge there were some changes to this effect made in more recent briefs. We were surprised that none of the meetings considered minutes of the Audit Advisory Committee. We would view those minutes as important material for the Commission to review.

4.10 The first published report of the Assembly was produced to cover the period December 1999 to March 2002. The report was comprehensive and informative. Unfortunately due to the period of suspension, this was the only report produced in this format. There followed only brief annual reports to the Secretary of State. With the Assembly now fully restored **we recommend the production of an Annual Report by the Commission which should reflect, in some detail, its achievements against corporate and business plan targets.** This should be presented in a thematic way and careful consideration should be given on how best it should be disseminated to the population at large as part of the Assembly's engagement with its citizens.

CORPORATE GOVERNANCE ARRANGEMENTS

4.11 We commend the Assembly on undertaking the following reviews of corporate governance:

- ◆ Internal Corporate Governance review (2005);
- ◆ Consideration by Internal Review of compliance with the Treasury Code of Good Practice;
- ◆ House of Commons Internal Review Service compliance health check of corporate governance (July 2007); and
- ◆ Internal report on VFM benchmarking (Sept 2007).

4.12 We view the report from the House of Commons Internal Review Service as particularly helpful. We note that when it was considered by the Assembly's Audit Advisory Committee on 21 September the Head of the Assembly's Internal

Review reflected that, in light of the findings, he was unable to give any meaningful level of assurance to the Accounting Officer on the governance arrangements within the Assembly in relation to compliance with the code of good practice. We endorse that concern and urge remedial action.

4.13 In paragraphs 4.14 to 4.31 we set out the findings, conclusions and recommendations regarding corporate governance that we view as most important. We have sought to place considerable reliance on the incisive work of the House of Commons Internal Review Service supported by our own research and analysis. Aside from the specific recommendations in the following paragraphs, **we recommend the Management Board be asked by the Commission to consider these reviews and to report back to the Commission on the appropriate response to these reviews along with its proposed implementation plan.** In so doing, the Management Board should be suitably empowered by the Commission to put in place robust governance arrangements.

4.14 We believe the Secretariat must be seen to be carrying out its duties to the highest public sector standards. The organisation should be at the leading edge of governance, internal control and financial management. Therefore, in general, **we recommend that the Assembly adopts the Treasury Code of Good Practice on Corporate Governance.** We acknowledge that this guidance was developed primarily for Central Government Departments; however it contains a set of principles (see www.hm-treasury.gov.uk/media/4/8/daocorpgovernancecode.pdf) that the Secretariat should apply in a way that is proportionate to the organisation, its responsibilities and its circumstances. In so doing we would expect to see a much more corporate and business-like approach applied to running the organisation.

Delegation of Authority

4.15 The “Corporate Governance Review” (2005) included as a recommendation “*The Commission should clarify the accountability relationship, and the extent of delegation, and produce guidance outlining how the relationships of accountability work in practice and how these relationships of accountability might influence the actions of the governing body.*” This recommendation was not actioned but noted as a matter for the Commission after restoration.

4.16 A further review of governance, conducted by the Assembly’s Internal Review function, compared existing arrangements with the Treasury Code of Good Practice, and also noted that delegations were not in place. It commented that, on restoration, the Commission would be asked to clarify delegated authority.

4.17 In August 2006, the Chief Executive issued draft letters of delegation to each member of SMB. The letters noted that functions were being delegated on a pilot basis until the Assembly was restored and that the process would be evaluated with a view to presenting observations to a returning Commission. In turn, members of SMB issued draft sub-delegation letters to directors and some

heads of units. It is our understanding that this was never presented to the Commission for consideration.

4.18 The House of Commons Internal Review Service commented that:

“... one significant matter that weakens the formal accountability arrangements of the Assembly is the lack of formal delegation of responsibilities to the Accounting Officer/Chief Executive. ... There is a need to progress the implementation of a system of agreed delegations which cascade to every level in the Secretariat. An instrument of delegation from the Commission to the Accounting Officer/Chief Executive should be put in place.”

4.19 The Commission has agreed to this in principle but it has not yet happened. It is our view that there is an urgent need to secure this cornerstone of accountability and put in place proper delegations. **We recommend that the Commission ensures that agreed delegations are implemented immediately by providing an instrument of delegation to the Chief Executive. In turn, the Chief Executive should put in place sub-delegations to the members of the Management Board.** In recommending formal delegations, we acknowledge also the personal and special responsibilities that rest with the Chief Executive as Accounting Officer. These are set out in the Treasury’s publication *Managing Public Money* and in the Accounting Officer’s letter of appointment.

Non-Executive Director Representation

4.20 The Management Board needs to have a balance of skills and experience including relevant financial accounting expertise to ensure it is fully competent with regard to the financial management of the Assembly’s operations (see the recommended Management Board at paragraph 5.4). **We recommend the Management Board should include appropriate non-executive director representation. It is our opinion, in light of the proposed size of the Management Board that, in the short term at least, one non-executive director should be appointed. This person should be suitably qualified to also fulfil the role of Chair of the Audit Advisory Committee.** The Management Board requires a performance management process that includes financial, operational, and corporate matters.

Corporate Engagement

4.21 The Management Board, once properly constituted, will be in a position to take executive decisions without the need for the subordinate management tier (i.e. the Corporate Management Team) which exists in the present arrangements. Each member of the Management Board should of course be advised by their respective staff and should have cascading communication flows in place. We therefore see no merit in the Corporate Management Team continuing in its present format. We acknowledge however the benefits to corporacy in some form of liaison forum at the management level immediately below the Management Board. **We recommend the Management Board puts in place a number of fora to engage staff at all levels.** This will allow early input to decision making and build collegiality.

Audit Advisory Committee

4.22 **We recommend the Secretariat adopt the Treasury's Audit Committee Handbook.**

We do however acknowledge that not all the detailed requirements of the Handbook may be relevant to the organisation given its relative size and complexity. Therefore an assessment should be undertaken and agreement reached between the Chief Executive and the Commission with regard to the appropriate level of compliance. It is vital that there is effective challenge and scrutiny in the Audit Advisory Committee and therefore **we recommend a reconstituted membership of the Audit Advisory Committee comprising three non-executive advisors.** The three non-executive members should include a suitably qualified Chair (see para 4.20) and we would encourage the organisation to look to other legislatures, perhaps in Scotland or Wales, for an appropriately experienced individual to fill a position. **We recommend the Chair should attend at least one meeting of the Commission each year to report in private, without the presence of members of the Secretariat. All minutes of the Audit Advisory Committee should be circulated to the Commission.** In the longer term it may be appropriate for the second non-executive member to also hold a non-executive position on the Management Board. We consider the terms of reference for the Audit Advisory Committee to be outdated when compared against good practice and **we recommend that the terms of reference for the Audit Advisory Committee should be reviewed against current good practice and revised accordingly.**

4.23 It is good practice for secretarial support to be supervised by the Management Board secretariat. At present Secretarial support for the Audit Advisory Committee is provided by the Internal Review function. **We would recommend that in future secretarial support for the Audit Advisory Committee be provided by the Office of the Chief Executive.**

4.24 We encourage the Secretariat to consider for implementation these audit committee recommendations as a matter of urgency.

Internal Audit

4.25 **We recommend that the remit of the Internal Review function should be examined. It is our view that it be re-branded as "Internal Audit" fulfilling an internal audit function in line with Government Internal Audit Standards. The head of the function should have a direct reporting line to the Chief Executive. We further recommend that an external quality review be commissioned of the internal audit function.** This should be conducted by appropriately qualified and independent reviewers and should consider appropriate future staffing levels benchmarked against other appropriate legislative bodies. Our research indicates that the Scottish Parliamentary Corporate Body, the National Assembly for Wales Commission and the Houses of the Oireachtas Commission each use a smaller internal audit resource than the Northern Ireland Assembly. Pending an independent review we are not in a position to draw any conclusion on staffing levels. However we note that some of these other bodies employ a bought-in audit service.

Financial Management, Budgetary Control and Risk Management

- 4.26 **We recommend improvements to financial management and budgetary control through the provision of regular management accounts which should be considered by the Management Board and relevant budget holders.** This will be particularly important where the organisation is undertaking large (multi million pound) projects such as the accommodation project. **We recommend that a formal project management methodology be adopted incorporating financial management for the management and oversight of such large multi million pound projects, with clear governance reporting.** This should not be regarded as merely an issue for the finance team, particularly as developments in International Financial Reporting Standards will ripple through the setting and measurement of performance targets to budgeting and forecasting as well as financial reporting.
- 4.27 The Assembly has a framework in place for managing risk, including a corporate risk register and stewardship statements on internal controls and compliance statements on legislation. Attention has also been given to risk management and corporate governance arrangements in the Assembly Secretariat Corporate Plan 2007-2011. However, during our interviews we found a lack of understanding and ownership of risk which suggests to us a clear need for the Secretariat to embed risk management in the culture of the organisation. This is especially important as the Assembly faces a number of key risks, not least reputational risk. Risk Management is key to making organisations successful in delivering their objectives whilst protecting the interests of stakeholders and increasing their confidence in corporate governance and the ability to deliver. We would acknowledge the past difficulty of embedding risk management during a period of suspension but following restoration of devolution the opportunity needs to be taken now to make cultural change and **we would recommend the Management Board puts in place first class risk assessment and management arrangements, which cover stewardship requirements, including statements of internal control.** The Management Board may wish to look at training providers running accredited risk management courses as one step in this cultural change process.
- 4.28 In summary, we found much scope to improve accountability in the organisation, for instance, business and performance management and reporting systems are in need of an overhaul. There needs to be a clear strategic annual business plan with supporting directorate business plans and a transparent process of regular reporting on performance and holding managers at all levels to account for delivery.
- 4.29 During our interviews, we found a surprising lack of recognition of value for money (VFM) and efficiency. This was despite VFM being highlighted in the Secretariat Corporate and Business Plans. However we note the recent report on value for money benchmarking which is a useful exercise and **we recommend the continued development of arrangements for measuring and demonstrating VFM.**

- 4.30 We have examined the current policy in place for hospitality received and given by staff. We note that a revised policy exists in draft format and covers hospitality and gifts. A key control in the policy is the retention of registers of interests and gifts/hospitality by each directorate. We have not sought to consider compliance with this control but as it is an important area of good governance with associated reputational risk, **we recommend there be a review of compliance with the policy on hospitality and gifts by internal audit.**
- 4.31 **We recommend that when revised governance arrangements are put in place these are fully reviewed and endorsed by the Chief Executive and the Commission. The Chief Executive should present a paper to the Commission, through the Audit Advisory Committee, which summarises the principles and supporting provisions that will underpin governance and assist the process of managing key risks in the organisation.**

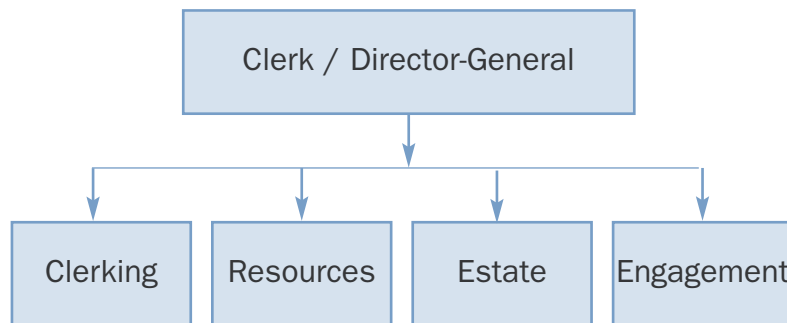


5 ORGANISATIONAL STRUCTURE

Management Board

- 5.1 We have concluded that the present design of the senior management structure is not appropriate to meet the future challenges of the organisation. To reflect the delegation of responsibilities between the Commission, as the Board of Trustees, and the Secretariat, **we recommend the adoption of the title Director-General for the Chief Executive.** We have used this term throughout the remainder of this report.
- 5.2 Key factors that influenced our thinking included:
- ◆ the emergence of a new purpose and vision for the Assembly articulated by the Assembly Commission;
 - ◆ the requirement to deliver the Assembly Commission's new key strategic priorities;
 - ◆ the evidence from the Review of a requirement for demonstrable change that will deliver those priorities and meet other challenges; and
 - ◆ the failure of the current Strategic Management Board to demonstrate the leadership required to meet the challenges facing the Secretariat as shown by the Capability Review.
- 5.3 The following paragraphs set out our findings and conclusions on the composition of the Management Board, based on four Directorates supported by an enhanced Office of the Director-General covering Strategic and Business Services. We have brigaded common functional areas and have sought where possible to ensure a balance in the scale of responsibilities. We are also conscious of the importance of the need for the new Management Board to be responsive to emerging needs and evolve structures which are capable of development.
- 5.4 **We recommend membership of the Management Board should be as follows:**
- ◆ Clerk / Director-General
 - ◆ Director of Clerking
 - ◆ Director of Resources
 - ◆ Director of Properties
 - ◆ Director of Engagement
 - ◆ Non Executive Director (see para 4.20)

5.5 We recommend the Clerk / Director-General is supported by four Directorates as follows:

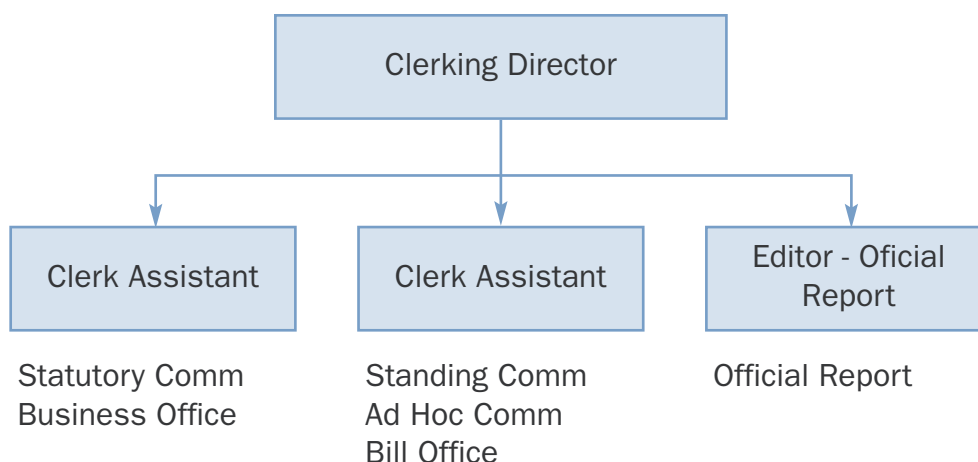


5.6 We consider the main benefits of this structure to be:

1. it preserves and reflects the status of the Clerking as the central core business of the Secretariat;
2. it reflects the strategic intent of the Commission on Engagement;
3. it provides scope and capacity for future strategic projects in Properties (Accommodation) and Resources (Separation);
4. it supports wider involvement in the Secretariat strategic decision making process; and
5. it provides for the inclusion of a Non-Executive Director to bring specific strategic management expertise and provide a challenge function to the Management Board.

Clerking Directorate

5.7 We recommend the Clerking Directorate is as follows:



5.8 This primary focus of this Directorate is meeting the clerking and official reporting needs of the Assembly. The role is already well established, reflecting the core responsibility of the Assembly as a legislature. The precise division of responsibilities should be determined by the Director-General.

Clerking Function

5.9 During our interviews with Committee Clerks we sensed real pride and vocation in serving Committees. However, we were concerned at the number of managerial layers in place to deliver the service, a function that is largely self-sustaining and proceduralised i.e. Clerk; Deputy Clerk; Clerk Assistant; Principal Clerk; Committee Clerk and Assistant Clerk. We consider that a de-layering through the removal of the Principal Clerk level would not dilute the quality of the service delivered.

Clerk Assistant

5.10 Given the wide responsibilities of the Directorate we believe there would be merit in appointing a second Clerk Assistant. This would provide:

- ◆ a greater degree of flexibility for providing clerking assistance to the Speaker;
- ◆ suitable managerial cover for the de-layering of the Principal Clerk;
- ◆ for a more realistic managerial function (in terms of numbers managed); and
- ◆ enable the post holders, as senior managers, to provide assistance to the Director in the strategic management of the Directorate.

Senior Assistant Clerk

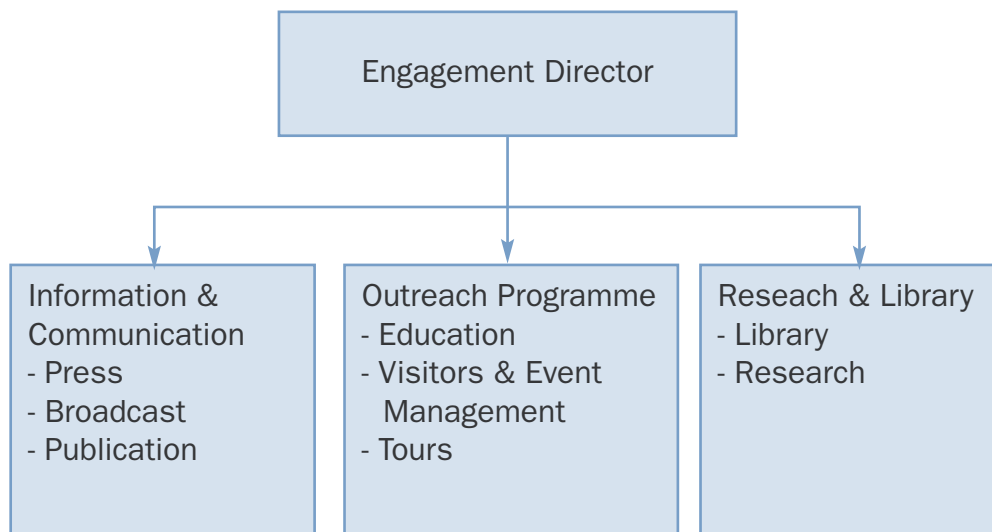
5.11 We are not convinced of the merits of the arguments put to us for the creation of a new grade of Senior Assistant Clerk post to bridge the perceived gap between the Committee Clerk and Assistant Clerk grades. We believe that the development of a detailed training and competency framework for the current Clerking grades is a more appropriate way of ensuring that the requisite skills are available. To that end, we are sympathetic to current discussions across several legislatures on the possible development of a 'clerking diploma'.

5.12 **We recommend:**

- ◆ **the Directorate is headed by a Director, who has a place on the Management Board;**
- ◆ **the creation of an additional Clerk Assistant post to cover the day-to-day management of the members' business in Committees; and**
- ◆ **the removal of the Principal Clerk level.**

Engagement Directorate

5.13 We recommend the Engagement Directorate is as follows:



5.14 This Directorate should focus on the engagement and outreach role of the Assembly to the wider society. This is of increasing significance as the Assembly develops its interface with a democratic society as envisaged by the Assembly Commission in its emerging vision and strategic priorities.

Citizen Engagement

5.15 Citizen engagement is a vital component in ensuring that the Assembly's business is conducted in line with the expectations of the democratic society which elected its members. The new Directorate should develop new policies for securing greater citizen engagement, not least in its already popular Education Service mirroring the steps already taken by other legislatures, particularly in Scotland and the Republic of Ireland (see Accommodation Project). Measurable outputs of a properly resourced engagement and outreach strategy could include an increased percentage of the public being more aware of the important role of the Assembly and its members, resulting in greater participation in politics and improved education and awareness amongst younger members of society in particular.

5.16 In the short term, the initial focus of the Directorate should be on developing the policy to reflect the Commission's strategic priority. We have noted that in the Republic of Ireland, the planning process commenced in March 2005 but final approval for the strategy, implementation plan and the additional resourcing required to deliver the plan was only provided by the House Commission in March 2007.

5.17 The Directorate should aim to develop a strategic plan for engagement and outreach by December 2008. This should be a key milestone within the 2008-09 Business Plan. This will involve extensive consultation with interested organisations, including political parties, and should include the development of

a fully costed business plan which, inter-alia, details the facilities and staff required. This should then feed into the specification for new Assembly accommodation.

5.18 We recommend that the Directorate should develop a strategic plan for engagement and outreach.

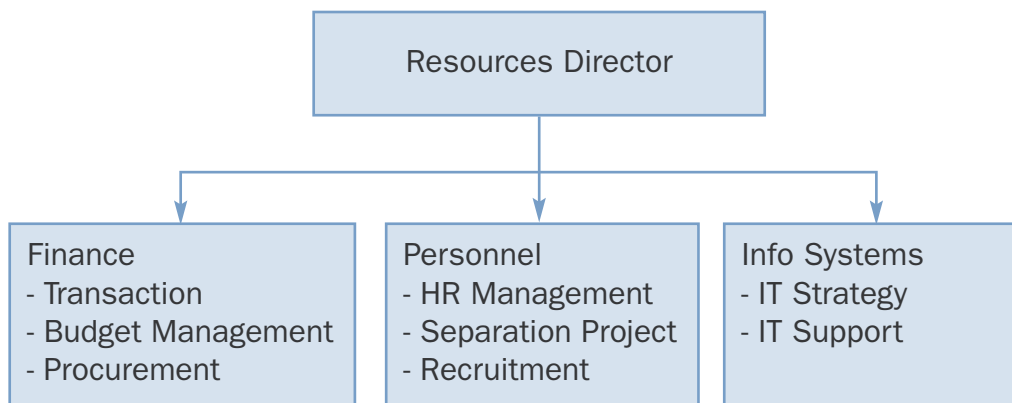
5.19 This will involve extensive consultation with interested organisations, including political parties, and should include establishment of strategic partnerships, the development of a fully costed business plan which, inter-alia, details the facilities and staff required. This should then feed into the specification for new Assembly accommodation.

Information, Communication and Research and Library

5.20 In support of this work area, we have brought together a number of communication related business activities from across the organisation i.e. Information, Communications and Research and Library. In passing we endorse plans to improve the Assembly's website and ensure it is continuously updated.

Resources Directorate

5.21 We recommend the Resources Directorate is as follows:



5.22 This new Directorate brings together various administrative back-office functions covering Finance, Personnel and Information Systems. Although smaller in staff numbers than the other proposed Directorates, these functions provide important and heavily weighted policy and transactional services for and on behalf of the Assembly and its staff. They include a raft of issues that requires significant strategic long term attention, including: Pay; Grading; Procurement; Financial Management; and HR policy; plus the Separation Project.

Grievances

5.23 A particular issue that the Director(ate) will have to deal with is the perceived grievance culture that permeates the Secretariat. We are not in a position to comment on the rights and wrongs of each grievance raised over the past few years. However we believe there is a disproportionately high number of

grievances in comparison to other government organisations. We would expect the Director charged with managing this Directorate to make this particular issue a priority.

Shared Services

- 5.24 Importantly, we have brought together those business areas that, in the NICS, are being reshaped as a consequence of the Civil Service reform programme. **We would recommend that any future Management Board faced with the pressures of identifying efficient and modern business solutions, should look to an external service provider for the possible delivery of these services to the Assembly on an outsourced basis.**

Recruitment

- 5.25 In respect of the organisation of the personnel function we are conscious that currently there is a division between HR and recruitment. **We recommend that recruitment should be an integral part of the HR function and that there should be a unified structure.**

Procurement

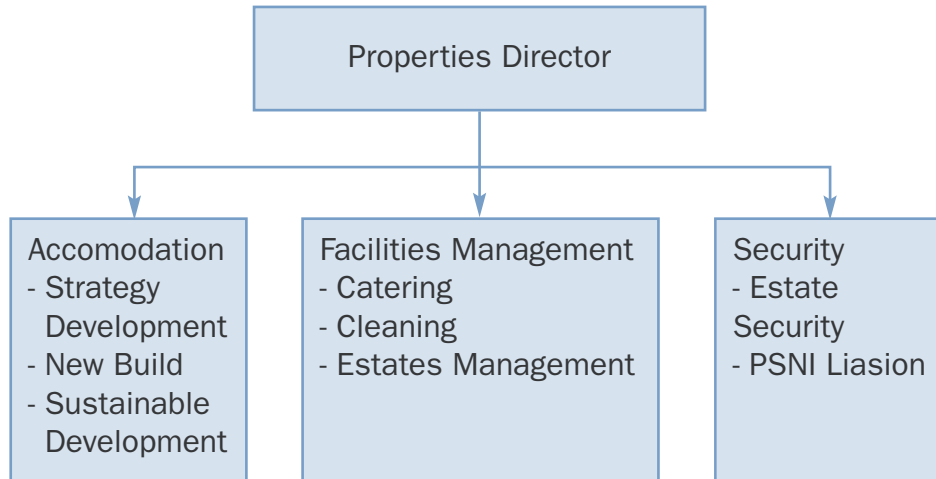
- 5.26 We note that the Assembly has a dedicated procurement unit to oversee the procurement of a relatively small spend of £7m pa (compared to a recognised Centre of Procurement Expertise (COPE) in the NICS with a minimum procurement spend of £80m pa). We welcome the Secretariat's desire to ensure that proper policy and procedure is developed and put in place, commensurate with best procurement practice, thus providing suitable protections for the Commission and the Accounting Officer.
- 5.27 However given that the main procurement purchases are standard items (and on long term contracts) to maintain the business, (printing, publishing, catering, and broadcasting etc.) consideration should be given to whether a dedicated unit is justified. We note that in the Assembly Review of Procurement Expenditure 2005-06 there was an expected increase in the procurement activity and that the need for additional resources was highlighted, in addition to the introduction of a purchase order and e-procurement system. We consider there is a need to ensure such actions provide maximum value for money and are therefore justifiable. Alternatively, the Commission might wish to look to a recognised COPE, e.g. Central Procurement Directorate within the NICS, to provide services from existing frameworks, without the overheads of a free-standing unit.
- 5.28 Whether or not the Commission decides in favour of a free-standing unit we believe that the procurement function would best be located within the Finance business unit with suitable controls which satisfy audit requirements. It should also link to the Properties Directorate in respect of the contribution of procurement to the sustainable development agenda.

5.29 We recommend:

- ◆ a Resources Directorate comprised of Finance, Personnel and Information Systems;
- ◆ the Directorate is headed by a Director, who has a place on the Management Board;
- ◆ each of the 3 business units that make up the Directorate will be headed at suitably qualified role holders broadly equivalent at NICS Grade 7 level;
- ◆ Recruitment Section should be subsumed into the main Personnel Unit;
- ◆ consideration should be given to having the Assembly procurement requirements delivered using a Centre of Procurement Expertise (COPE) such as Central Procurement Directorate in DFP; and
- ◆ the new Management Board consider, longer term, the potential for future provision of service from the NICS shared services.

Properties Directorate

5.30 We recommend the Properties Directorate is as follows:



5.31 The overall purpose of this Directorate is to ensure a safe modern and efficient working environment for both members and the general public. It will also be responsible for the provision of services, catering, cleaning etc. and provide the necessary security services.

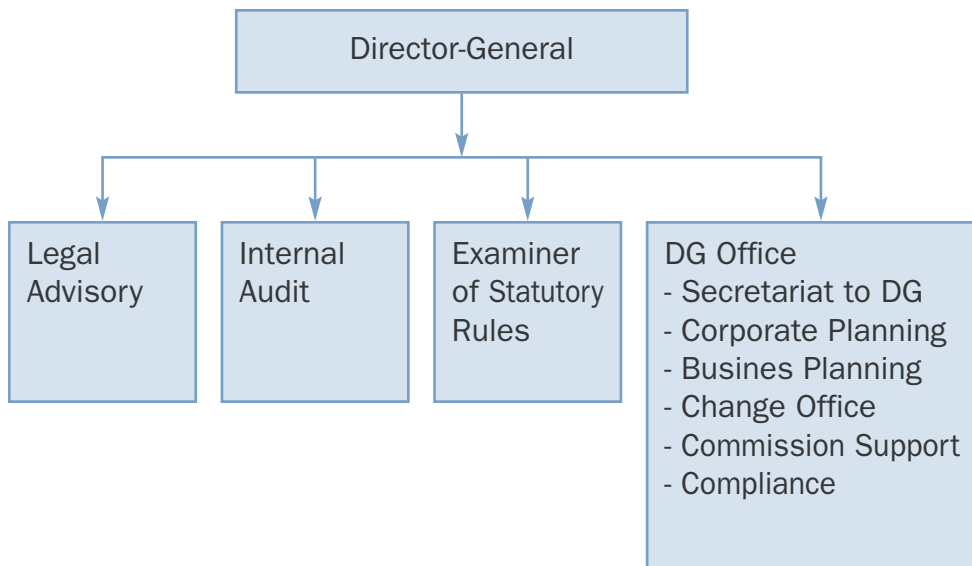
5.32 Sustainable Development has become a significant government priority in both the UK and Ireland and is at the forefront of many Departmental strategic plans. **We recommend the Assembly becoming an exemplar organisation in respect of sustainable development. Sustainable development should be a key consideration in any new accommodation project.**

5.33 Within this Directorate there is an obvious fit for the potential accommodation project which we anticipate will be a large responsibility of the Directorate. There is a considered widespread view that more appropriate accommodation is required not only to house the Secretariat staffing but more importantly, to cater for the facilities and staff required as a result of an Engagement/Outreach strategy.

5.34 Finally, within this Directorate we have included the security of the Assembly estate. In doing so, we have however split the function of the Office of the Keeper which had responsibility for a wide range of activities including security, visitors and events (the latter two functions being moved to the new Engagement and Procedures Directorate). By implication we no longer see a requirement for the post of Office of the Keeper, in its current role.

Strategy and Business Services

5.35 We recommend the Strategy and Business Services unit is as follows:



5.36 There exist a number of standalone business services which do not belong comfortably within the new proposed Directorates, yet the functions have a key role in the future development of the Secretariat. In addition the existing reporting lines require more effective co-ordination. We have brought these under the Strategy and Business Services which should be directly managed by the Director-General.

5.37 A primary activity of the senior manager within the office (at a level broadly equivalent to NICS Grade 6 level) will be to exercise a 'Chief of Staff' role on behalf of the Director-General. **We recommend that the Office should:**

- ◆ **provide the necessary administrative assistance to the Director of Implementation of the Review recommendations;**
- ◆ **centrally manage and co-ordinate the corporate and business planning process;**
- ◆ **set in place systems of business performance management, measurement and compliance;**
- ◆ **be responsible for all aspects of information management (FOI, Data Protection etc);**
- ◆ **become the programme office for any future change management programme;**
- ◆ **provide the necessary secretariat support for the Commission - currently provided by the Clerk to the Commission; and**
- ◆ **the principal adviser to the Commission should be the Director-General and it is vitally important that his or her office should coordinate whatever advice and papers are required by the Commission.**

Legal Advisory

5.38 We do not consider that the Legal Advisory function is required to be part of the Management Board. The role is advisory in nature and we do not foresee any executive authority being exercised. **We recommend the legal advisory unit reports to the Director-General and provides advice and guidance as necessary to other Directors. Participation in the collective strategic management should be governed by business specific issues only.**

Internal Audit

5.39 In paragraph 4.25 we have commented upon the remit of the Internal Audit and to help preserve the integrity of the service provided, we have also recommended that the Internal Audit function reports directly to the Director-General.



6 PAY AND GRADING AND TERMS AND CONDITIONS

6.1 We examined work previously authorised by the Commission to be delivered by the SMB in respect of:

- ◆ the Review of Terms and Conditions of Service under which staff are employed; and
- ◆ the Review of Pay and Grading Structures commissioned from Whitmuir¹.

We also considered issues around the policy on starting pay.

The Terms and Conditions Project

6.2 This project together with the development of a human resources strategy for the Secretariat and the development of a job specification for a Head of Human Resources was procured as a consultancy contract. In 2003 the consultant had delivered the following:

- ◆ draft proposals for Terms and Conditions of Service to be included in a Staff Handbook. These were developed through a series of joint working groups with Local Trade Union Side (LTUS), reviewed by the Corporate Management Team (CMT) and issued to LTUS as a basis for consultation/negotiation;
- ◆ a draft job description and selection strategy for the appointment of a Human Resources Director - still outstanding; and
- ◆ a draft 3 year Human Resources Strategy.

6.3 In the intervening period since 2003 and prior to the restoration of the Assembly in May 2007, the Personnel Unit has had work ongoing to complete and update these drafts. However, we found no evidence of SMB progressing matters to agreement and implementation.

6.4 It is clear from TUS comments to us that it regards the involvement of LTUS members in the development of initial drafts as having been on a 'without prejudice' basis. TUS has been awaiting formal consultation and negotiation with management on proposed changes, using the normal conventions of the Whitley Constitution. TUS has advised us it does not accept that any of the matters concerned have been agreed. Management considers agreement has been achieved on much of this work.

6.5 Furthermore, TUS indicated it would expect negotiation and implementation of required changes to take 12-18 months from the outset but stressed the importance of settling, as a priority, key issues of concern, such as recruitment and starting pay policy.

¹Whitmuir is the subcontractor which undertook the pay and grading review work under the contract let to Cornwell Management Consultants plc.

- 6.6 It is clear from discussions with TUS that while it is unlikely many of the proposed Terms and Conditions will vary greatly from those currently in place, there are three key areas which require urgent consideration given their importance and potential impact on resource costs. These need to be negotiated sensitively. They are:
- ◆ Starting pay policy;
 - ◆ Annualised hours; and
 - ◆ 24/7 working arrangements and pay for door keeping and security staff.
- 6.7 In view of these findings, it is our opinion, that the Terms and Conditions Project has not been delivered by SMB as required by the Commission and can only be regarded as ‘work in progress’. It needs to be finalised, negotiated and implemented on a prioritised basis.
- 6.8 In order to provide a stable basis from which to engage in the negotiation of approved changes, **we recommend the Commission formally reaffirms that, in the interim, pending completion of the Separation Project by 2010, the Terms and Conditions of Service which will apply to the staff of the Assembly will be consistent with those within the NICS.** This should apply except where they have been varied by formal agreement of the Commission.
- 6.9 **We also recommend the Management Board develops costed proposals for a programme to negotiate the necessary changes as part of the implementation process.**

Starting Pay Policy

- 6.10 There has been an inconsistent approach to policies applied to the determination of starting pay across grades and in relation to specific posts to which appointments have been made.
- 6.11 The application of these policies has, in part, sought to integrate the general application of ‘pay on promotion’ terms to appointments with the general thrust being to try to attract high calibre candidates. The approach has therefore been to accept salary in previous employment as a proxy measure of skills and experience. This has given rise to differences in the levels of starting pay and resulted in a series of claims from staff.
- 6.12 The Commission has recently agreed the terms of reference for an Equal Pay Audit to report on the organisation’s application of equal pay and to assist in identifying any potential vulnerability. TUS has agreed the terms of reference for the audit and discussions are ongoing on its commencement. Acknowledging this audit and any potential vulnerability which it may serve to identify, **we would recommend that the Commission should adopt the current starting pay policy used by the Northern Ireland Civil Service as its benchmark.** This policy provides

sufficient flexibility, where necessary to offer starting pay beyond the minimum scale point, subject to approval of a consistent business case based on market forces or exceptional skills and experience. It will be for the Management Board to consider the parameters under which business cases for higher than minimum point would be considered on a consistent basis.

Whitmuir Report on Pay and Grading

6.13 Under the authority provided by the Commission in 2002 to SMB, a consultancy contract was advertised and subsequently awarded to Whitmuir.

6.14 The contractor was required to deliver:

- ◆ a job evaluation system with customised factors to reflect the Assembly's unique environment;
- ◆ weightings for each job factor to ensure that all Assembly posts are evaluated on a fair and equitable basis;
- ◆ evaluation of approximately 120 posts;
- ◆ development of a grading system which covered all Assembly posts;
- ◆ pay scales for all posts using pay benchmarking data from the wider public service and parliamentary institutions; and
- ◆ a draft report setting out grading and structural recommendations for consideration by the Commission.

6.15 In addition, the consultants were subsequently asked by SMB to provide advice on a range of issues, including equal opportunities and the avoidance of unfair bias in job evaluation exercises, equal pay, conduct of grading appeals and the potential future application of the evaluation profiles. This additional work, plus increased consultancy involvement in the development and moderation of all job evaluations, resulted in the cost (to date) of this work being more than double the initial contracted cost.

6.16 In its oversight of the contract SMB agreed the job factors and individual job weightings to be used in the evaluation process and approved the pay comparator data sources to be used in formulating proposals for grading and pay. It also agreed the process whereby job evaluations were undertaken by two trained in-house panels representative of a cross section of staff including LTUS representatives, facilitated by the principal consultants. Moderation of panel outcomes was provided by a third principal consultant.

6.17 The consultants reported in 2003, but since then we understand there has been no substantive discussions between SMB and the consultants regarding their proposals. We found no evidence of detailed consideration of the proposals by SMB or how they might be progressed in the absence of an Assembly and

Commission. It is our opinion that the absence of a Commission does not justify the failure to progress the initial report and proposals by the consultants. Moreover, we believe that the evaluation process agreed by SMB was flawed due to the inadequate challenge function exercised by personnel resulting in questions over the validity of the initial assessment of gradings.

- 6.18 Failure by SMB to engage in discussion of the outcomes or a way forward on the Whitmuir Report has had the effect of creating a climate of distrust for the methodology used.
- 6.19 In light of the time lapsed since 2003, the impact of organisational changes recommended in this report and other changes to roles and posts which have and continue to emerge, the grading assessments provided in the initial report would, at least, need to be revisited. Pay comparator data and proposals for salary scales are similarly outdated and require to be considered afresh.
- 6.20 However taking into account the successful deployment of the Whitmuir methodology by the Scottish Parliament, we consider that it provides a basis for the evaluation and grading of posts within the Assembly, if the separation project is pursued.
- 6.21 In summary, as with the 'Terms and Conditions' project, the 'Whitmuir Report' work has not been delivered by SMB as mandated by the Commission and can only be regarded as 'work in progress'.
- 6.22 In the meantime, **we recommend that the Commission acknowledges that grading and pay within the Secretariat should be based on NICS comparators, validated by the use of JEGS and JESP methodology².**
- 6.23 In preparation for separation, **we recommend that the Management Board brings forward a business case for consideration by the Commission based on negotiated costs to:**
- ◆ **conclude the consideration of proposals from Whitmuir;**
 - ◆ **effect the transfer of skills from Whitmuir to the Secretariat for the grading and evaluation of posts using the Whitmuir methodology; and**
 - ◆ **deliver the updated version of the licensed software package which underpins the job evaluation process.**

Other Human Resources Issues

- 6.24 During our interviews, many staff raised concerns regarding recruitment processes, temporary promotions and the continued dependence on long term agency staff. We note that, the overall staffing complement was 463 posts and recently there were 282 full time equivalent staff in post, including 67 agency staff.

²HM Treasury Job Evaluation Methodologies.

6.25 In the absence of clarity in this area, **we recommend that the Management Board immediately reviews the human resource/manpower strategy with particular reference to current complement requirements on which vacancy positions and temporary promotions are based, and the appropriate use of agency staff.**

6.26 We were concerned to note the significant number of cases where annual staff performance appraisal reviews have not been completed. This was particularly evident in senior grades (broadly equivalent to NICS deputy principal level and above) where in many cases reports has not been completed for two, three or four years, This in turn generated a culture of informal box markings being provided so that pay awards could be processed. **We recommend:**

- ◆ **the Management Board ensures all performance appraisal reports for the year 2006-07 are brought up to date as a matter of priority and in order to properly support pay increases made;**
- ◆ **a review of the current performance appraisal system to ensure its future fitness for purpose; and**
- ◆ **proper monitoring of compliance with performance management and appraisal systems.**

6.27 We view the identification and harvesting of high calibre performance skills in the organisation as key to future success and **we therefore recommend the development of a process for identifying and managing talent with clear linkage to personal, team and organisational contribution to corporate achievement.**



7 CAPABILITY REVIEW - FINDINGS AND CONCLUSION

- 7.1 The findings of the Capability Review, which focuses on senior management give rise to serious concerns about SMB's capability to deliver. Most MLAs interviewed expressed general satisfaction with the day-to-day services provided to the Secretariat and spoke in generally positive terms of the desire of staff to meet the needs of the Assembly and its Members. However, some felt, nonetheless, the culture of the Secretariat could be less bureaucratic and more customer focussed. A few Members, with detailed insight to Secretariat business, stated that the leadership of the organisation lacked common purpose and had failed to give effective strategic direction, not least during the suspension of the Assembly when opportunities to develop and implement policies, for example in the Human Resources field, were missed.
- 7.2 The Model of Capability focuses on the key areas of leadership, strategy and delivery. Assessment is carried out against ten elements of the model (see Appendix C figure 1) with descriptors or scores ascribed as: strong; well placed; development area; urgent development area; and serious concern. A summary of assessed scores for the Secretariat is shown in Appendix C figure 2.
- 7.3 The capability of SMB for future delivery was assessed across the ten elements of the Capability Review model. We found the leadership and delivery elements to be particularly weak. We were unable to assess any elements to be 'strong' or 'well placed'. Two elements, 'set direction' and 'focus on outcomes' were assessed as 'development areas'. Four elements were assessed as 'urgent development areas'. These were 'building capability', 'base choices on evidence', 'build common purpose' and 'plan resources, prioritise'. Four elements were assessed as 'serious concern', 'ignite passion, pace and drive', 'take responsibility for leading delivery and change', 'develop clear roles, responsibilities and business models' and 'manage performance.'

Leadership

- 7.4 Our assessment of the leadership elements can be summarised as follows:

L1	Set Direction	Development Area
L2	Ignite passion, pace and drive	Serious Concern
L3	Take responsibility for leading delivery and change	Serious Concern
L4	Building Capability	Urgent Development Area

- 7.5 A common understanding across the organisation of purpose and vision was not evident. While a corporate planning exercise had taken place to develop a corporate strategic plan and business plan the process lacked a comprehensive, inclusive approach. Consequently there was little understanding, ownership or buy-in across the organisation.

- 7.6 Many interviewees pointed to a lack of visibility of senior staff, a failure to take action on feedback and a lack of dynamism or collective enthusiasm. Interviewees observed that some papers provided to SMB were not always acted upon, e.g. the Whitmuir Report, signing off business plans and the communications audit. Significantly and importantly the aggregate effect of such instances has led to a lack of confidence in SMB by staff.
- 7.7 Significant evidence emerged to suggest a lack of corporacy among SMB. Members of SMB themselves described the group as 'dysfunctional'. Comments referred to: SMB's lack of collegiality; its failure to 'live the Values' it had set for itself; and its failure to embed the values across the organisation. 'In-fighting' within SMB was repeatedly referred to throughout the interview process by SMB members and other interviewees reflecting a lack of collective responsibility and a culture of individual blame. On occasion, papers which purported to reflect an SMB view were openly challenged by individual SMB members at Commission meetings.

71.2 % of respondents indicated that they had no confidence in the strategic management of the Assembly. (Staff Survey)

- 7.8 Staff references to a 'black hole' at SMB suggested to us a reluctance or failure to take responsibility for delivery or lead change. Deficiencies in corporate and business area planning have in our opinion obvious implications for the identification of development needs and skills gaps in achieving corporate objectives. Typical evidence from staff interviews, surveys and focus groups included:

73.7% of respondents to the staff survey indicated that they did not have a clear understanding of the role of the Strategic Management Board. (Staff Survey)

"There is a passion among the Secretariat for the work of the organisation and the organisation operates (rather than works) as a result of this and, in many instances, in spite of the 'leadership' provided at senior levels". (Staff Survey)

"Where questions are raised for senior management, they disappear into the black hole, so the norm becomes no point in raising issues or asking questions". (Staff Survey)

"The total absence of leadership and the dysfunctional nature of senior management are demotivating. Senior management add limited value and offer no support". (Staff Survey)

7.9 We found little evidence of a planned, coordinated and comprehensive approach to building capability within the Secretariat. A number of staff suggested that the creation of Principal Clerk grades as a repository of procedural knowledge represented a failure to develop competence across the Clerking grades. Some interviewees noted the need for greater professional competence in particular functional areas, notably Human Resources. A formal induction programme for staff new to the Secretariat is in place. However we found no evidence of evaluation of the contribution made by the programme to individual understanding and improved performance as a result. Staff new to roles within the Secretariat reported a ‘deep ending’ approach to new roles with a reliance on informal support and networking with colleagues to develop competence.

Strategy

7.10 Our assessment of the strategy element can be summarised as follows:

S1	<i>Focus on outcomes</i>	Development Area
S2	<i>Base choices on evidence</i>	Urgent Development Area
S3	<i>Building common purpose</i>	Urgent Development Area

7.11 Corporate planning appeared to be largely ineffective with a distinct lack of either specific objectives or achievement measures and insufficient evidence of linkage to business area plans. Key performance indicators with a clear focus on outcomes to be achieved (rather than functional outputs) were not evident

7.12 At business levels, interviewees reported little connection between corporate level planning and business area operational plans. A number of directorate level plans had yet to be agreed by SMB thereby implying to us that they are not seen as an important element in the planning, resourcing, monitoring or reporting framework.

“There is a silo mentality in the Assembly meaning that different Directorates do not communicate effectively with each other.”

“There appears to be little by way of joined up thinking at a senior management level and it is evident to this organisation that there is little cohesion between directorates even though we are all working to the same mission, values and aims.” (Staff Survey)

7.13 We identified poor morale and dysfunctional organisation culture issues. While staff at all levels felt loyalty to the Assembly and believed they are providing a high quality service to Members, they articulated a sense of frustration, and exhibited low morale, alongside an appetite for change.

“Senior management are rarely seen or heard”. (Staff Survey)

“Information from Senior Management is never timely, always well-known long before it is ‘officially’ released, often counter to business need and rarely supported by a sound, well-informed business basis. Worst of all - consultation is avoided.” (Staff Survey)

7.14 We found staff across the organisation willing and enthusiastic about their role and that of their team. However beyond team level we found little evidence to suggest common purpose in achieving strategic aims. A silo mentality was clearly evident to us.

7.15 While some cross functional projects were initiated, such as the communications audit, a lack of progress on delivery has adversely affected any opportunity to build and harness common purpose. Communication systems are seen as ‘too little, too late’ and instil little confidence among staff.

7.16 Secretariat staff are currently accommodated between Parliament Buildings and Annex C, Dundonald House. Bi-location presents a number of barriers to reducing isolation and building common purpose only partly overcome by provision of an ongoing ‘people carrier’ resource.

7.17 We believe the future needs of the Assembly in relation to accommodating better public access to committee meetings, democratic engagement and outreach activities and revised structures for the Secretariat will require careful consideration and collective action.

Delivery

7.18 Our assessment of the delivery element can be summarised as follows:

D1	Plan Resource Prioritise	Urgent Development Area
D2	Develop clear roles, responsibilities and business models	Serious Concern
D3	Manage performance	Serious Concern

7.19 Interviewees often referred to a ‘cash rich’ organisation with little requirement to demonstrate value for money in delivery of services or identify priorities.

7.20 We believe that the Secretariat’s over reliance on temporary promotion and ongoing staff reflect a failure by SMB to tackle resourcing problems effectively.

7.21 We identified serious problems over the clarity of roles, responsibilities and accountabilities, including the absence of a formal delegation of responsibility between the Commission and Chief Executive. Further delegations between the Chief Executive, Deputies and Directors were not formalised. Serious concerns were raised about non-compliance with good practice in corporate governance arrangements, the extent of risk assessment and management and accountability. This led to the serious conclusion of the Head of the Assembly's Internal Review that he was unable to give any meaningful level of assurance to the Accounting Officer on the governance arrangements within the Assembly in relation to compliance with the code of good practice.

7.22 We noted an absence of effective performance management at an individual level with significant numbers of performance appraisals not completed and consequently no indication of assessed contribution to corporate or team performance.

7.23 Serious concerns were expressed by interviewees and focus group participants regarding HR policies and practice. The 2003 Whitmuir project on pay and grading was reported consistently as 'discredited' and 'unacceptable'. In our opinion this is largely due to the lack of professional management of the exercise by SMB.

"I feel undervalued, and much of the work I have done in line with 'key objectives' of my role has been sent up the line and no feedback has ever been had. I see no career progression and a lack of respect for me as a professional." (Staff Survey)

"I'm accountable for a service over which I have little ability to enable change - nor does senior management even attempt to engage with communication that could enable problem solving. Successful services are ignored, left to drift until problems occur." (Staff Survey)

7.24 Serious concerns were expressed by interviewees and focus group participants regarding Human Resource policies and practices.

"While we were suspended a lot of strategic direction could have been assigned to lack of a Commission - after restoration it is clear it is just a lack of leadership, professionalism and respect for staff." (Staff Survey)

"Frustration at lack of progress of pay and grading review." (Staff Survey)

"No internal promotion/wages/feel undervalued/lack of permanent staff at present/training agency staff takes up most of my time, then they leave for full-time jobs, then back to square one. Need more staff." (Staff Survey)

7.25 While future formal separation from NICS is seen in the main as a “good thing”, some staff reported concerns regarding the continuance of NICS secondments and guarantees of employment rights.

Almost two thirds (64.6%) of respondents to the staff survey feel the Secretariat should be an entity separate from the Northern Ireland Civil Service.

“I welcome this Review and hope that significant changes will follow. From our branch perspective some changes in working practice (e.g. structure) are now long overdue. The level of unpreparedness for devolution - what were people doing for 5 years”. (Staff Survey)

7.26 Conclusion:

The fitness for purpose of any organisation derives from its leadership. We have concluded across the ten elements of the Capability Review Model that the leadership shown by SMB has been deficient. It has failed to act corporately in setting effective direction and accepting responsibility for leading delivery and driving a substantial change agenda. SMB’s arrangements for corporate planning are weak and lack an adequate focus on outcomes, while a silo mentality undermines collective endeavour. Performance has not been robustly managed. SMB showed little sense of the importance of securing value for money or prioritisation, exacerbated by serious weaknesses in defining roles and responsibilities. In short, SMB has signally failed to provide the dynamic corporate leadership that will be required to carry forward the recommendations in this report and address the Commission’s strategic priorities.

8 WAY FORWARD

8.1 In the following two pages we have grouped recommendations and have provided a likely timeframe for implementation.

ACTIONS REQUIRED	REP REF	RESPONSIBILITY	DUE DATE	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
CORPORATE PLANNING												
Strategic Steer on vision etc	3.5	Commission	1/11/07	↑								
Corporate planning process commences	3.5	Management Board	1/12/07		↑							
Business Planning process commences (to include VFM & Risk)	3.5, 4.29	Management Board	15/12/07			↑						
Determine Performance Measurement system	3.7	Management Board	1/12/07		↑							
Communicate planning process	3.9	Management Board	1/12/07		↑							
Identify any training requirements	3.11	Management Board	15/12/07			↑						
Corporate Plan signed off	3.5	Commission	28/2/08				↑					
Business Plan developed and signed off		Management Board	15/3/08					↑				
Corporate/Unit plans in place		Management Board	31/3/08						↑			
STRATEGIC PROJECTS												
Declaration on Separation	3.15	Commission	15/11/07		↑							
Develop case to mandate separation		Management Board	31/12/07			↑						
Establish portfolio of Strategic Programmes	3.15	Management Board	31/1/08				↑					
Develop Engagement Strategy	3.21	Management Board	30/6/08									↑
ROLE OF THE COMMISSION												
Commission members Handbook developed	4.5	Management Board	1/12/07		↑							
Corporate Governance Training	4.5	Commission	31/12/07			↑						
Portfolios terms of reference established	4.6	Management Board	31/12/07			↑						
Statement to staff on delegations	4.7	Commission	31/1/08				↑					
Production of an annual report	4.10	Management Board	30/5/08								↑	
GOVERNANCE												
High level delegations to Dir Gen	4.19	Commission	1/11/07		↑							
Review and implementation of past governance reviews	4.13	Management Board	31/1/08			↑						
Management Board delegations in place	4.19	Dir General	31/12/07				↑					
Appointment of Non Exec Director (pending creation of the Management Board)	4.21	Commission	TBC								
CMT to be reviewed	4.21	Management Board	28/2/08					↑				
Establishment of a new Audit Advisory committee	4.22	Management Board	31/3/08						↑			
Review of Internal Audit remit	4.25	Management Board	31/3/08						↑			
Review of financial management information & budget planning	4.26	Management Board	31/3/08						↑			
Review of policy on hospitality and gifts	4.30	Management Board	31/3/08						↑			
Governance assurance provided	4.31	Dir General	30/6/08									↑
STRUCTURE												
Interim organisation structures agreed	5.50	Management Board	31/1/08				↑					
Set up Mgt Board Recruitment project		Dir of Impl	28/2/08					↑				
Recruitment of Management Board		Commission	15/4/08							↑		
Transition to new organisation structures	5.39	Management Board	1/6/08									↑

Consider external service provider for Procurement	5.29	Management Board	31/3/08	↑
Consider grading of the Head of Dir Gen Office	5.37	Management Board	31/1/08	↑
Commission support from Dir Gen Office	5.37	Management Board	1/11/07	↑
HR				
Terms and conditions programme proposal	6.90	Management Board	1/12/07	↑
Commission to adopt NICS starting pay policy	6.12	Commission	1/12/07	↑
Commission to continue with JEGS / JESP	6.12	Commission	1/12/07	↑
Develop Business Case continuance of Whitmuir	6.23	Management Board	31/3/08	↑
Review manpower planning strategies	6.25	Management Board	31/3/08	↑
Ensure 06/07 Performance Appraisal updated	6.26	Management Board	31/1/08	↑
Review Performance Appraisal System	6.26	Management Board	31/1/08	↑
Review methods of identifying talent	6.26	Management Board	31/1/08	↑
Other				
Communications Audit review	3.10	Management Board	31/12/07	↑

SUMMARY OF RECOMMENDATIONS

Appendix A

No	Recommendation	Para Ref
	Purpose, Aims & Objectives - we recommend:	
1	early publication by the Commission of the vision, purpose, values and management priorities for the Secretariat;	3.5
2	the Management Board and Commission commence the process to ensure a new Corporate Plan is developed and authorised to ensure delivery commencing in April 2008. Responsibility for the establishment of the Plan should rest with the Chief Executive's Office;	3.5
3	a strengthened business planning process that is underpinned by sound performance measurement;	3.7
4	senior managers provide a commitment to, and the establishment of, a clear communication policy within the planning process;	3.9
5	improved communication through the implementation of an informed, time-bounded, team briefing approach to transmit information upwards and downwards in the organisation and to communicate matters of strategic and operational importance;	3.10
6	the Management Board to look afresh at the 2006 internal Communications Audit report, its recommendations and actions; and	3.10
7	following the redesign of the business planning and performance management system and before its implementation all staff are appropriately trained.	3.11
	Strategic Projects - we recommend:	
8	the Commission should reaffirm its intent to pursue a programme which would give effect to separation and the establishment of an independent Parliamentary Service by 2010; and	3.15
9	planning for new accommodation proceeds on the assumption that any new building will be on the Stormont Estate.	3.21
	Functions and Responsibilities of the Commission - we recommend:	
10	further development of the roles and responsibilities paper into a similar handbook for members of the Assembly Commission;	4.5

- | | | |
|---|---|------|
| 11 | appropriate corporate governance training be made available to Commission members upon appointment; | 4.5 |
| 12 | written terms of reference be put in place for the portfolio arrangements by which Commission Members shadow certain directorates; | 4.6 |
| 13 | once delegations are in place, the Commission, either directly or through the Speaker, should communicate clearly, to all staff through a statement of primary responsibilities, the remit that has been provided to the Chief Executive, the responsibilities retained by the Commission and how the Chief Executive can delegate responsibility to members of the Management Board; and | 4.7 |
| 14 | production of an Annual Report by the Commission which should reflect, in some detail, its achievements against corporate and business plan targets; | 4.10 |
| Corporate Governance - we recommend: | | |
| 15 | the Management Board be asked by the Commission to consider these reviews and to report back to the Commission on the appropriate response to these reviews along with its proposed implementation plan; | 4.13 |
| 16 | the Assembly adopts the Treasury Code of Good Practice on Corporate Governance; | 4.14 |
| 17 | the Commission ensures that agreed delegations are implemented immediately by providing an instrument of delegation to the Chief Executive. In turn, the Chief Executive should put in place sub-delegations to the members of the Management Board; | 4.19 |
| 18 | the Management Board should include appropriate non-executive director representation. It is our opinion, in light of the proposed size of the Management Board that, in the short term at least, one non-executive director should be appointed. This person should be suitably qualified to also fulfil the role of Chair of the Audit Advisory Committee; | 4.20 |
| 19 | the Management Board puts in place a number of fora to engage staff at all levels; | 4.21 |
| 20 | the Secretariat adopt the Treasury's Audit Committee Handbook; | 4.22 |
| 21 | a reconstituted membership of the Audit Advisory Committee comprising three non-executive advisors; | 4.22 |

22	the chair of the Audit Advisory Committee should attend at least one meeting of the Commission each year to report in private, without the presence of the members of the Secretariat. All minutes of the Audit Advisory Committee should be circulated to the Commission;	4.22
23	the terms of reference for the Audit Advisory Committee should be reviewed against current good practice and revised accordingly;	4.22
24	secretarial support for the Audit Advisory Committee be provided by the Office of the Chief Executive;	4.23
25	the remit of the Internal Review function should be examined and the head of the function should have a direct reporting line to the Chief Executive;	4.25
26	an external quality review be commissioned of the internal audit function;	4.25
27	improvements to financial management and budgetary control through the provision of regular management accounts which should be considered by the Management Board and relevant budget holders;	4.26
28	a formal project management methodology be adopted incorporating financial management for the management and oversight of such large multi million pound projects, with clear governance reporting;	4.26
29	the Management Board puts in place first class risk assessment and management arrangements;	4.27
30	the continued development of arrangements for measuring and demonstrating VFM;	4.29
31	a review of compliance with the policy on hospitality and gifts by internal audit; and	4.30
32	when revised governance arrangements are put in place these are fully reviewed and endorsed by the Chief Executive and the Commission. The Chief Executive should present a paper to the Commission, through the Audit Advisory Committee, which summarises the principles and supporting provisions that will underpin governance and assist the process of managing key risks in the organisation.	4.31
Organisation Structures - we recommend:		
33	adoption of the title Director-General for the Chief Executive;	5.1
34	establishment of a new Management Board with Non-Executive director participation;	5.4 5.5

- 35 a Clerking Directorate headed by a Director, who has a place on the Management Board; the creation of an additional Clerk Assistant post to cover the day-to-day management of the members' business in Committees; and the removal of the Principal Clerk level. 5.12
- 36 an Engagement Directorate, comprising Outreach / Engagement, Information & Communication and Research & Library; the Directorate is headed by a Director, who has a place on the Management Board; and the creation of a strategic plan for Outreach & Engagement. 5.13
- 37 a Resources Directorate comprised of Finance, Personnel and Information Systems; the Directorate is headed by a Director, who has a place on the Management Board; each of the 3 business units that make up the Directorate will be headed at suitably qualified role holders broadly equivalent at NICS Grade 7 level; Recruitment Section should be subsumed into the main Personnel Unit; consideration should be given to having the Assembly procurement requirements delivered using a Centre of Procurement Expertise (COPE) such as Central Procurement Directorate in DFP; and the new Management Board consider, longer term, the potential for future provision of service from the NICS shared services; 5.21
5.29
- 38 a Properties Directorate to administer Sustainable Development Strategy; Accommodation Project; Facilities Management and Security; the Directorate is headed by a Director, who has a place on the Management Board; and the Assembly becomes an exemplar organisation in respect of sustainable development. 5.30
5.32
- 39 a Strategy and Business Services unit; Unit will comprise Legal Advisory; Internal Audit; Examiner of Statutory Rules, Director-General's Office; a Clerk / Director-General's Office to: provide the necessary administrative assistance to the Director of Implementation of the Review recommendations; centrally manage and co-ordinate the corporate and business planning process; set in place systems of business performance management, measurement and compliance; be responsible for all aspects of information management (FOI, Data Protection etc); become the programme office for any future change management programme; provide the necessary secretariat support for the Commission - currently provided by the Clerk to the Commission; and the principal adviser to the Commission should be the Director-General and it is vitally important that his or her office should coordinate whatever advice and papers are required by the Commission. 5.35
5.37

- 40 the legal advisory unit reports directly to the Director-General directly and provide advice and guidance as necessary to other Directors. Participation in the collective strategic management should be governed by business specific issues only. 5.38

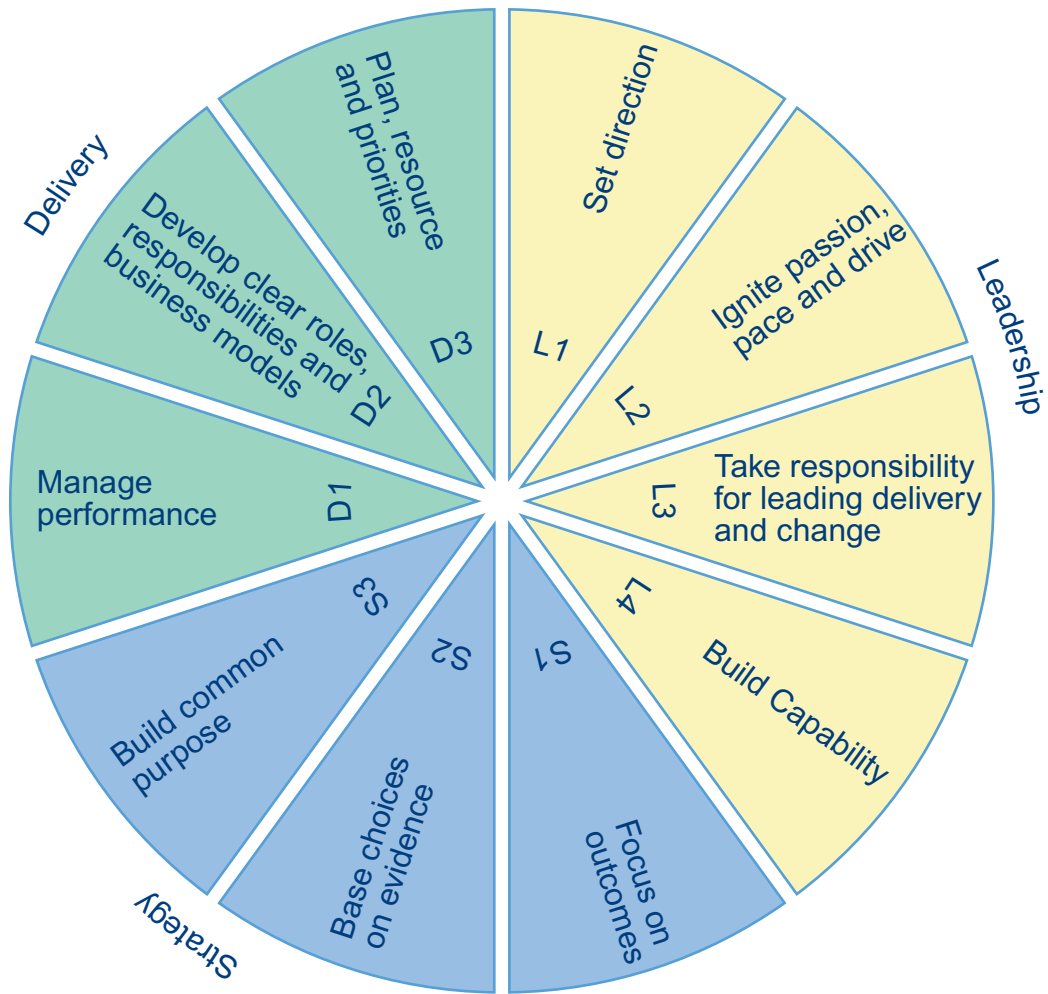
HR Recommendations - we recommend:

- 41 the Commission formally reaffirms that, in the interim, pending completion of the Separation Project by 2010, the Terms and Conditions of Service which will apply to the staff of the Assembly will be consistent with those within the NICS; 6.8
- 42 the Management Board develops costed proposals for a programme to negotiate the necessary changes as part of the implementation process; 6.9
- 43 the Commission should adopt the current starting pay policy used by the Northern Ireland Civil Service as its benchmark; 6.12
- 44 the Commission acknowledges that grading and pay within the Secretariat should be based on NICS comparators, validated by the use of JEGS and JESP methodology; 6.22
- 45 the Management Board brings forward a business case for consideration by the Commission based on negotiated costs to: conclude the consideration of proposals from Whitmuir; effect the transfer of skills from Whitmuir to the Secretariat for the grading and evaluation of posts using the Whitmuir methodology; and deliver the updated version of the licensed software package which underpins the job evaluation process. 6.23
- 46 the Management Board immediately reviews the human resource/manpower strategy with particular reference to current complement requirements on which vacancy positions and temporary promotions are based; 6.25
- 47 the Management Board ensures all performance appraisal reports for the year 2006-07 are brought up to date as a matter of priority and in order to properly support pay increases made; a review of the current performance appraisal system to ensure it's future fitness for purpose; and proper monitoring of compliance with performance management and appraisal systems. 6.26
- 48 development of a process for identifying and managing talent with clear linkage to personal, team and organisational contribution to corporate achievement. 6.27

1. **To examine the purpose, aims and objectives of the Assembly Secretariat, and identify exceptional strategic projects that may require additional resources and particular approaches above and beyond what would normally be expected of the organisation.**
 - 1.1 The review will take into account the Assembly Secretariat's existing Corporate and Business Plans; existing Assembly Commission policies; anticipated areas of development; forthcoming strategic policies, including the accommodation project and the separation project and a comparative review of the development of other legislatures.
2. **To identify the appropriate organisational and management structures, policies and governance arrangements necessary to provide the Assembly with the property, staff and services required and to the standards expected.**
 - 2.1 The review will examine the function and responsibilities of the Assembly Commission and its members; the role and composition of the Secretariat Audit Committee; formal delegation of the Assembly Commission's authorities to senior management; the structure of and relationship between the Strategic Management Board, Corporate Management Team and the various directorates.
 - 2.1.1 This aspect of the review will take into account a best practice review of other legislatures; previous internal and external audit reports, the structural recommendations of the Whitmuir report on Pay and Grading structures (2003); the internal Review of Corporate Governance (June 2005) and the current independent Corporate Governance Review being conducted by audit officials from the House of Commons.
 - 2.2 The review will also examine appropriate grading and pay arrangements; terms and conditions and starting pay policy.
 - 2.2.1 This aspect of the review will take into account the recommendations of the Whitmuir report on Pay and Grading structures (2003); work already undertaken in relation to terms and conditions; and appropriate legal advice.
 - 2.3 Additionally, the review will examine the Assembly's future accommodation requirements and options for fulfilling these.
 - 2.3.1 This aspect of the review will take into account the existing review of the Accommodation Outline Business Case prepared for the Commission by Deloitte MCS Ltd, and will involve a new examination of the projected accommodation requirements.
3. **To conduct a 'Capability Review', based on the model used by the UK Cabinet Office, to assess the Assembly Secretariat's capability to address current and future challenges.**

- 3.1 The review will take into account the unique environment and structure of the Assembly Secretariat; the impact of prolonged suspension and will focus on crucial areas of capability identified through the examination of secretariat aims and objectives, strategic projects, structures and policies.
4. **To identify recommendations arising from 1-3 above and devise an implementation plan and timetable.**
 - 4.1 The implementation plan will provide the Assembly Commission with a clear timetable of actions required to implement all the recommendations arising from the review, a detailed analysis of the resources required and anticipated expenditure, and a process of review to provide the Assembly Commission with assurance that implementation is being achieved.
 - 4.2 Issues to be addressed in the implementation plan will include any restructuring required, and a strategy to achieve separation of the Assembly Secretariat from the NICS, including a new Secretariat recruitment strategy.

Figure 1



The Model of Capability has been designed specifically for Capability Reviews. It was developed through consultation with senior leaders in Whitehall and external experts. The model is deliberately selective and designed to focus on the most crucial areas of capability - leadership, strategy and delivery.

Reviews provide an assessment of capability for departments, identify key areas for improvement and set out key actions to address these areas.

The scope of the reviews is to assess the capability of departments' senior leadership in the areas above, using the model of capability. The model enables judgements to be made against 10 elements across leadership, strategy and delivery.

The Capability Review elements and ascribed categories alongside our assessments for the Secretariat are shown below in Figure 2.

Figure 2

- Strong** - good capability for future delivery in place, in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.
- Well placed** - well placed to address any gaps in capability for future delivery through practical actions that are planned or already underway. Is making improvements in capability and is expected to improve further in the medium term.
- Development area** - the department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close those gaps and deliver improvements over the medium term.
- Urgent development area** - significant weaknesses in capability for future delivery the require urgent action. Not well placed to address weaknesses and needs significant additional action abd support to secure effective delivery. Not well places to deliver improvements over the medium term.
- Serious concerns** - serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. (NB only used infrequently, for the most serious gaps)

	Review Element	Assessment of the Secretariat
L1	Set direction	
L2	Ignite passion, pace & drive	
L3	Take responsibility for leading delivery and change	
L4	Building capability	
S1	Focus on outcomes	
S2	Base choices on evidence	
S3	Build common purpose	
D1	Plan, resource, prioritise	
D2	Develop clear roles, responsibilities and business models	
D3	Manage performance	

Secretariat staff were given the opportunity to complete the staff survey during week beginning 17 September 2007.

175 staff provided a response, yielding a response rate of **51.3%**.

Of the **175** respondents, **2** were senior managers or directors, **24** were Clerk, Principal Clerk or equivalent, **50** were Deputy Principal, Assistant Clerk or equivalent, **83** were Clerical Supervisor, Clerical Officer or equivalent, **10** were security or Door keeping staff and there were **6** at other grades.

Key findings

- The majority (**91.4%**) of respondents enjoy working for the Assembly Secretariat with **82.3%** saying they would encourage other people to work for the Assembly Secretariat.
- Overall, three quarters (**74%**) of respondents are satisfied with their job.
- The majority (**93.7%**) of respondents agreed or strongly agreed with the statement *'I have a clear understanding of what is expected of me in my job'* and **85.7%** feel their contribution to the team is recognised by their line manager or supervisor.
- Three quarters (**75.4%**) of respondents agreed or strongly agreed with the statement *'My role in delivering on business objectives is made clear by my line manager or supervisor'* and **84%** agreed or strongly agreed that their line manager or supervisor encourages improvement in the workplace.
- Seven in ten (**70.9%**) of respondents stated that their line manager discusses job objectives with them, and a similar proportion (**70.3%**) said they received a completed annual performance appraisal. However one third (**36%**) of respondents feel they did not receive an effective induction when they joined the organisation and almost one half (**46.3%**) of respondents stated they have not agreed a Personal Development Plan with their line manager.
- While over six in ten (**63.5%**) of respondents feel they are kept up to date on issues that affect their Branch or Directorate, over two thirds (**68%**) feel they are not kept up to date on issues that affect other parts of the Secretariat.
- Almost two thirds (**64.5%**) of respondents disagreed or strongly disagreed with the statement *'Communication methods exist which allow me to provide feedback to senior management.'*

- Two thirds (**66.2%**) of respondents are not content with the communication methods used in the Assembly Secretariat, with almost three fifths (**58.8%**) highlighting they feel the flow of information from senior management is ineffective or very ineffective.
- Respondents were asked if they had a clear understanding about the role of the Assembly Commission. Almost three quarters (**74.3%**) of respondents agreed or strongly agreed with this statement.
- However, **73.7%** of respondents disagreed or strongly disagreed that they have a clear understanding of the role of the Strategic Management Board. A similar proportion (**74.3%**) disagreed or strongly disagreed that they have a clear understanding of the Corporate Management Team.
- Over three quarters (**76%**) said they were not consulted on the draft Corporate Plan, with three in five (**61.2%**) saying they were not consulted on the draft Directorate Business Plan.
- Over seven in ten (**71.2%**) of respondents disagreed or strongly disagreed with the statement '*I have confidence in the strategic management of the Assembly.*'
- Almost two thirds (**64.6%**) of respondents feel the Secretariat should be an entity separate from the Northern Ireland Civil Service.