

**GD: 07/10**



**Isle of Man**  
**Government**

*Reiltys Ellan Vannin*

**REPORT**

**of the**

**COUNCIL OF MINISTERS**

**on the**

**THE REVIEW OF THE SCOPE AND STRUCTURE OF  
THE ISLE OF MAN GOVERNMENT**

**January 2010**

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**To: The Hon. Noel Q. Cringle, President of Tynwald, and the Honourable Council and Keys in Tynwald assembled.**

**REPORT OF THE COUNCIL OF MINISTERS**

**ON THE**

**REVIEW OF THE SCOPE AND STRUCTURE OF ISLE OF MAN**

**GOVERNMENT**

In Tynwald February 2010

The Chief Minister to move:

That Tynwald notes the conclusions of the Council of Ministers Governance Committee in Part 2 of this report on the Independent Review of the Scope and Structure of Government and that the recommendation as set out in paragraph 3.4.1 of Part 3 of the this report be approved.

# 1. PART ONE:

## 1.1 INTRODUCTION BY THE CHIEF MINISTER

1.1.1 In my written statement to Tynwald in December 2006 during the election process for Chief Minister, I declared my position with regard to the Independent Review into the Scope and Structure of Government Report (the Report), which had been undertaken on the instructions of the former Administration, when following its publication, determined not to progress consideration of the Report, when I stated that:

*"The recent independent report on the Structure and Scope of Government which recommends a major restructuring merits careful consideration. However, I do not support the Corporatisation or Privatisation of the bodies as proposed. I intend to undertake early and full consideration of the report and to report back to Tynwald."*

1.1.2 Due to more pressing matters facing the Island since 2007, predominately external issues, progress on consideration of the Report has not been as I had hoped as clearly our priority has had to be protecting the Island economy, securing employment and the delivery of Government services.

1.1.3 I referred the Report to the Council of Ministers Governance Committee (the Committee) for consideration of the recommendations contained therein and asked the Committee to report back to the Council of Ministers. The Committee subsequently reported back to the Council of Ministers in January 2010.

1.1.4 The Council of Ministers has considered the report of the Governance Committee and Council's recommendations are now put before Tynwald for consideration and determination in this report.

1.1.5 It should be noted that the Independent Review Team in its deliberations took into account two very specific criteria:

- the scope of Isle of Man Government and whether or not the current scope of Government was fit for purpose, the Review Team made recommendations for a reduced scope of Government and;
- a shape and structure of Government which would facilitate the reduced scope which was being recommended.

1.1.6 As outlined above, my previously held position in relation to the scope of Isle of Man Government in relation to privatisation and corporatisation of Government services generally remains unchanged. The Council of Ministers report therefore recommends changes to the structure of Government, taking into account some of the issues raised by the Review Team, as well as changes that are considered necessary to provide a departmental structure for the future which will be fit for purpose in the current very competitive and global environment in which we now live.

1.1.7 The nine new Departments proposed by the Council of Ministers will we believe, better reflect and meet today's needs, and will enable Government to develop and deliver its services to the public in the coming years in an effective and efficient manner.

1.1.8 This report also outlines the Committee's response to the 48 recommendations of the Review Team together with the recommendations of the Council of Ministers for refining the current structure of Isle of Man Government.

1.1.9 I am pleased therefore to put forward this report on behalf of the Council of Ministers which provides Council's response to the recommendations of the Review Team relating to the scope of Government services (which remains ongoing) and proposes a new departmental structure for Government for the future.

Hon J A Brown MHK  
Chief Minister

**Terms used within the report.**

In this report:

- (i) "Review Team" refers to the Independent Review Team appointed by the Council of Ministers in 2005
- (ii) "Review Report" refers to the Report of the Independent Review Team on the Scope and Structure of Government – September 2006
- (iii) "Committee" refers to the Governance Committee of the Council of Ministers.
- (iv) "Report" refers to the Review Team report

## 1.2 THE COUNCIL OF MINISTERS GOVERNANCE COMMITTEE

1.2.1 The review of the 48 recommendations of the Independent Review of the Scope and Structure of Government was undertaken by the Council of Ministers Governance Committee at the request of the Chief Minister.

Membership of the Committee is as follows:

Hon J A Brown, MHK, Chief Minister, Chairman

Hon A R Bell, MHK, Minister for the Treasury

Hon J P Shimmin, MHK, Minister for Local Government and the Environment

Hon W E Teare, MHK, Minister for Health and Social Security

1.2.2 Although the Committee has appraised all of the recommendations contained within the Report, it should be accepted that in certain areas at least, matters have moved on. As reported in March 2007 by the Chief Minister, when he advised Tynwald that "*some of the matters raised in the report have been dealt with by decisions the new administration has already made.*" Examples of these include:

- Closure of the Experimental Farm at Knockaloe (**Recommendation 2**)
- Changes to the operation of the Saw Mills (**Recommendation 2**)
- Early introduction of legislation to facilitate the Ombudsman service and the Auditor General (**Recommendation 12**);
- Designation of a Department responsible for culture and heritage (**Recommendation 36**);
- Transferral of the Training functions of the Department of Trade and Industry to the Department of Education (**Recommendation 31**).
- Abolition of the Board of Education (**Recommendation 32**)



## 2. PART TWO:

### 2.1 THE REVIEW REPORT

- 2.1.1 The Committee initiated its deliberations by considering the Report and the 48 recommendations therein and agreeing whether or not they were compliant and consistent with the policy objectives outlined in the Government Strategic Plan 2007 – 2011. The Plan's overall strategic aim is "*to protect and promote the well-being of the family and provide for the economic and social inclusion of the entire Island's community*". The Committee was therefore mindful of this policy direction when considering the recommendations of the Review.
- 2.1.2 The Committee would like to put on record its appreciation of the commitment and work undertaken by the Review Team. The Review of the Scope and Structure of the Isle of Man Government Report represented the first comprehensive review of the structure of Government since the introduction of the Ministerial system in 1987.
- 2.1.3 For ease of reference the structure of this document is based on the structure of the Report and sets out the Committee's response (**in bold type**) to each of the review team's 48 recommendations (*highlighted in italic type*) accordingly.
- 2.1.4 To effectively consider and make recommendations for improvement regarding the scope and structure of Isle of Man Government, the Review Team identified five general themes:
- Reducing the Scope of Government;
  - Efficiency and Value for Money;
  - Improving Corporate Government;
  - Separating Policy from Operations; and
  - Transparency.
- 2.1.5 In seeking to address the five general themes, the Review Team considered issues and responses under eight separate possible reform headings, as follows:
- Alternative Means of Service Delivery
  - Improving Service Delivery
  - Local Government
  - Accountability
  - Human Resources
  - IT
  - Strengthening the Centre
  - Refining the Structure
- 2.1.6 As previously stated the Governance Committee has structured this report so that these eight areas can be commented on in the sequence they appeared in the Report.

## **2.2 ALTERNATIVE MEANS OF SERVICE DELIVERY**

### **2.2.1 Review Report Recommendation 1**

2.2.2 *“For the purposes of contingency planning, to assist its policy planning and budget processes and in the interests of efficiency, Government should undertake a review of the whole range of its activities. This review should seek to identify and agree Government’s core services and establish an order of relative priority for its remaining services. This review should be repeated at regular intervals.”*

2.2.3 **The Government Strategic Plan 2007 – 2011, published and presented to Tynwald in October 2007 identified the key aims and objectives of Government to be delivered in the life of the then new administration. The Plan identifies Government’s priorities across the whole range of the services it delivers and the actions that will be taken to deliver those aims and objectives. In addition planning for the possibility of pandemic flu, each Department, Board and Office of Government has now determined its “critical” and “core” activities and actively planned for their continuation in an emergency situation.**

### **2.2.4 Review Report Recommendation 2**

2.2.5 *“Government should:–*

- seek to reduce the proportion of public services which it provides through direct delivery by making greater use of the alternative delivery mechanisms of privatisation, corporatisation, contracting-out and commercialisation;*
- conduct in-depth appraisals into the possibility of using alternative delivery mechanisms for those services identified in paragraphs 8.4 to 8.17 in this report; and*
- take forward those cases where, after in-depth appraisal, alternative delivery mechanisms have been shown to be justified, as the beginning of a rolling programme of change across a wider range of services.”*

Note: For ease of reference the definitions used by the Review Team in this section are as follows;

**Privatisation:** where Government transfers to private ownership, by sale or otherwise, the right and/or the assets used to provide a service, normally with an understanding or an agreement that the new owners will continue to provide the service under contract to, or on terms directly controlled by, and regulated by Government.

**Corporatisation:** the establishment of an undertaking which is beneficially owned by Government, but which is incorporated under and is subject to the Companies Acts. The undertaking is expected to operate commercially, although some Government subvention to support non-viable activities may be involved and there may be particular restrictions placed upon the company by Government. The assets of the undertaking are transferred into the ownership of the wholly owned company.

**Contracting out:** where a service or part of a service which is provided by Government is delivered under contract by a third party.

**Commercialisation:** where a Government entity, other than a company, sells goods or services to the public at a price which wholly or largely covers the costs of providing that service.

2.2.6 The Review Report identified the following areas of Government activity as suitable for alternative means of delivery, subject to further and more detailed work:

Activity	Preferred Option
Buses	Corporatise/Privatise
NSC	Contract out
Tourism Events	Contract out
Villa Marina/Gaiety Theatre	Contract out
Airport	Corporatise
Harbours	Corporatise
Works Division	Contract Out
Quarries	Contract Out
Knockaloe Experimental Farm	Contract out
Commercial Forestry	Contract out
Fish Hatcheries	Contract out
Water Authority	Corporatise
MEA	Corporatise/Privatise
Post Office	Corporatise/Privatise

2.2.7 Notwithstanding the Chief Minister's pre-determined position with regard to corporatisation the Committee nonetheless gave consideration to each of the above areas and would comment as follows:

#### 2.2.8 **Buses**

2.2.9 The Isle of Man bus system undoubtedly provides a valuable service to the community. It should be noted however that 51% of journeys taken are free of charge. Acceptance of the Review Team's recommendations in this area could require a reversal of the current political view that certain sections of our community should travel free or alternatively Government would have to fund the service via a private operator.

2.2.10 **The Committee does not believe that a sufficiently strong case has been made to support the Review team's recommendation.**

#### 2.2.11 **National Sports Centre**

2.2.12 The Review Report suggests that there is scope for greater cost efficiency if elements of the NSC were subject to contracting out arrangements. The current focus of the NSC is to provide a high quality sports and leisure facility for the community. Whilst cost efficiencies are of importance in all aspects of Government's service delivery, it is the Committee's view that the provision of the services of the NSC, as well as its valuable service to the community, enables Island-based sportsmen and women to compete at high levels both nationally and internationally.

2.2.13 The Review Report also noted that should the NSC be contracted out to the private sector, the imperative to make a profitable return would be the priority. Given this, it is the view of the Committee that the priorities and usage of the facilities by all in our community would be considerably compromised. This would therefore have an inevitable negative impact upon the Government priorities of "the family and the community".

2.2.14 **The Committee does not believe that a sufficiently strong case has been made to support the Review team's recommendation.**

### 2.2.15 **Tourism Events**

2.2.16 The Review Report recommended that the scheduling and organisation of tourism events could be carried out by private operators under contracting out arrangements. The Committee considered this recommendation and researched the current position with the Department of Tourism and Leisure.

2.2.17 The Department of Tourism and Leisure's Events Team works with both private and public organisers in a facilitative and advisory capacity for a number of events to differing degrees. The service provided to these organisations can include: -

- Underwriting funding for events that make a contribution to the tourist economy
- Providing funding for off-Island event marketing and PR
- Providing off-Island organisers with advice regarding local suppliers and facilities.
- Advising organisers on Marketing and PR opportunities available through the Tourism Division and developing marketing plans with them.
- Advising organisers on securing sponsorship for their events.
- Providing organisers with an internet presence through [www.visitisleofman.com](http://www.visitisleofman.com)

2.2.18 The level of involvement of the Department varies depending on a number of factors, including the financial viability of the event and the marketing expertise of the organiser concerned. Organisers themselves vary widely and can be individuals, clubs or businesses. The role the Events Team plays is tailored to each event. The Governance Committee noted that with effect from January 2008 the remit of the Events Team was broadened, to focus on meetings, incentives, conferences and events, with a firm focus to develop business tourism. It would appear therefore that to a large extent the recommendation is already current practice within the Department of Tourism and Leisure.

2.2.19 **With specific reference to section 8.6.2 of the Report, the Committee would not agree with the findings of the Review Team that the Department of Tourism and Leisure organised events are unprofessional. The Committee does not support the Review Report recommendation.**

### 2.2.20 **Villa Marina/Gaiety Theatre**

2.2.21 The Government has invested heavily in the refurbishment and on-going maintenance of the National Arts and Entertainment Centre (NAEC) based around the Villa Marina and Gaiety Theatre Complex. Both buildings provide the Isle of Man with top class venues which promote arts culture and leisure activities for all our community.

2.2.22 The Review Report highlighted that in 2005/6 the NAEC was operating at a loss of £1.7m and considered a more professional and effective approach would be operation of both venues by private contractors.

2.2.23 The Review Team did not suggest how a loss making venue could be marketed or assess the effect of any changes to the status quo. The Committee accepts that currently the NAEC operates at a trading loss, however the value to the community of these facilities and the events held within them at this time outweigh any argument that the status quo should be changed and agrees that more should be done by the current Department of Tourism and Leisure continue to maximise use of the facilities to reduce Government's financial deficiency. The Committee does not accept that after substantial investment by Government the complex should be passed over for operation by a private company.

2.2.24 **The Committee does not believe that a sufficiently strong case has been made to support the Review team's recommendation.**

2.2.25 **Airport (Department of Transport)**

2.2.26 The Review Report recommended that there was a case to be made for the airport to be run on a commercial basis and this was the norm throughout Europe. The Report recognised that a large amount of capital expenditure was required to extend the runway and upgrade the infrastructure generally and that it was unlikely that this could be funded by a private sector company. Furthermore, the Report recognised the strategic importance of the airport as a critical lifeline in the event of an emergency, and as such, its retention within Government ownership was considered essential.

2.2.27 However, the Report considered that there was scope for considering the corporatisation of the airport, which could bring benefits to Government through encouraging a more commercial approach, reducing dependency on Government revenue funding and enabling a more competitive approach in respect of staff terms and conditions of service.

2.2.28 The Committee is of the view that the Department of Transport has considerable experience and expertise in this area. The Committee has noted that it is the strategic objective of the Department of Transport that the Airport moves towards a cost-neutral position over the coming years. The Committee considers that the Island's airport should be directly controlled and operated by Government owing to its national strategic importance to all the Island's community.

2.2.29 **The Committee does not support the Review Report recommendation.**

2.2.30 **Harbours (Department of Transport)**

2.2.31 The Review Report highlighted that many UK harbours are run by the private sector, with exceptions including the Highlands and Islands and that Jersey had recently transferred its harbour board to a government owned company, wholly owned by the States of Jersey. The Review report compared that position to the Isle of Man where responsibility for harbours and provision of the port services is the responsibility of the Department of Transport and with the exception of some security services are directly provided by Government personnel. As with the airport, the review report recommended the possible corporatisation of Ports and Harbours to provide greater flexibility to react to user requirements and develop sites on a commercial basis.

2.2.32 The Committee noted that similar levels of experience and expertise to the provision of the Airport services also exist within the Harbours Division of the Department of Transport, although the services provided are significantly different. As with the airport however, the Committee considers that the Island's harbours should be directly controlled by Government owing to their strategic importance and as a critical lifeline in the event of an emergency, for all of the Island's community.

2.2.33 **The Committee does not support the Review Report recommendation.**

2.2.34 **Works Division (Department of Transport)**

2.2.35 The Works Division within the Department of Transport does not have a budget of its own, but instead its costs are charged out to other divisions of the Department, or to Government Departments, as and when work is carried out, under direct labour

organisation arrangements. The Works Division has five individually managed functions and these are outlined as follows:

Engineering Works:	Highways/Drainage, Airport, Harbour Projects, and Maintenance.
Building Works:	Projects, Maintenance, Electrical and Electronic, Garden and Ground Maintenance.
Transport & Plant:	Vehicle and Plant Hire, Maintenance, Blacksmiths, Divers and Cranes.
Quarries:	Stone Products, Bitumen coated, Macadam's, Dry stone aggregates, Rock Armour.
Support Services:	Purchasing, Stores, Job costing, Charging, Administration and wages.

- 2.2.36 The Review Report mentioned that concerns had been expressed regarding the cost to Government of these services compared with prices available in the private sector and considered that opportunities existed to achieve financial benefits if the functions of the Works Division were contracted out.
- 2.2.37 The Committee has noted that the operations of the Division are kept under review on an ongoing basis, and that whilst it is accepted that for a number of reasons, the costs of using the Works Division can be high, it has to be recognised that the terms and conditions of the works staff impacts on costs. However the staff are generally trained to high standards and that the standard of work produced is normally to appropriate standards.
- 2.2.38 **The Committee does not believe that a sufficiently strong case has been made to support the Review team's recommendation**
- 2.2.39 **Quarries (Department of Transport)**
- 2.2.40 The Review Report questioned whether or not it should be a core function of Government to operate a quarry. As with the Works Division the review team recommended that there should be a presumption that Government will not compete with private sector suppliers and that where such competition currently exists, alternative provision should generally be considered. On the Island, a number of quarries are operated privately and so the Review Report considered that the possibility of at least contracting-out the Government owned quarries section should be explored.
- 2.2.41 Ownership of all the Island's minerals is vested in the Department of Trade & Industry under the Minerals Act 2006. The Department issues licences under the Act for the extraction of minerals subject to planning and other conditions.
- 2.2.42 Poortown Quarry (currently owned and operated by the Department of Transport) is the only supplier of gabbro on the Island, gabbro being the essential stone required for road building and other major engineering works. In the past, Government has investigated the implications of the on-Island supply of gabbro being cut off and it was estimated at that time that costs would be extremely high.
- 2.2.43 **The Committee considers that the self-sustainability of the Island regarding the supply of gabbro for highways construction demonstrates the national strategic importance of Government's continuation of the operation by the Department of Transport of Poortown Quarry and would not support private ownership of such a national strategic asset. The Committee does not support the Review Report recommendation.**

2.2.44 **Knockaloe Experimental Farm (Department of Agriculture Fisheries and Forestry)**

2.2.45 The Review Report noted that the Knockaloe farm site covers 346 acres (140 ha) including 18 acres of forestry and initially the farm's main purpose was to act as a livestock breeding station, supplying breeding cattle, sheep, pigs and poultry to the Island's farmers. Over time the provision of breeding livestock ceased and the emphasis was placed on farming demonstrations. However, in recent times the farm has been unable to create much in the way of technology transfer opportunities to the farming industry and it is recognised that the Department could maintain its commitment to promote, assist and develop instruction in agriculture and rural industries without the need to actively farm Knockaloe.

2.2.46 The farming enterprise was losing money (approx £40k annually) and based on the assumption that the farm has no long term use, the Department has already identified and implemented an action plan to provide a short term (2-year) holding position for the site until a longer term solution is identified, agreed and implemented. The holding plan has been devised to protect both the core Departmental use of the Knockaloe site (principally the office suite) as well as the environmental features of the site while fundamentally seeking to reduce the losses and retaining the options for the farm in the future.

2.2.47 The Review Report supported the work being conducted to find alternative uses for the Knockaloe site, and further supported the decision to cease government operated farming on the site.

2.2.48 A subsequent review by the Department of Agriculture Fisheries and Forestry concluded that Knockaloe Experimental Farm is no longer required as research and data is readily available elsewhere.

2.2.49 **The Committee supports the Department in investigating alternative uses for the farm following cessation of existing activities in early 2010.**

2.2.50 **Commercial Forestry (Department of Agriculture Fisheries and Forestry)**

2.2.51 Commercial forestry is managed by the Forestry, Amenity and Lands Division of the Department of Agriculture, Fisheries & Forestry. Commercial forestry includes harvesting, saw-milling and production of timber goods and is viewed by the Department as being both an essential and integral part of the long term management of the Island's forestry plantations. The Division manages 57 plantations of which around 25% are relatively small (less than 10 hectares).

2.2.52 When the Review Team was producing its Report, an external review of the Forestry, Amenity and Lands Division of the Department of Agriculture, Fisheries and Forestry had made recommendations regarding business efficiencies of the Division.

2.2.53 **The Committee noted that since the publication of the Review Report, a number of important decisions have been taken by Government, in particular, the decision to reduce the significant losses accruing at the Saw Mill. It was the view of the Department that while outsourcing timber-processing was an option, the Saw Mill's losses could be addressed internally.**

2.2.54 A business plan was prepared in respect of the requirement to replace the main items of cutting equipment at the Saw Mill, which was approved by Government and included within the 2007 Budget.

2.2.55 An audit was undertaken of all processes within the Saw Mill, including costings, scheduling of work, liaison with Forestry staff, tree-felling arrangements, products range and administrative procedures. Following this review, action points were identified across a range of processes and a number of important milestones have been achieved including:

- a) a levelling of the yard to minimise flooding issues;
- b) the installation of a weigh bridge facility;
- c) a rationalisation of product lines;
- d) installation of new equipment in the joiner's shop;
- e) a review of price lists;
- f) restrictions on credit facilities;
- g) a re-organisation of the office accommodation; and
- h) entering into contract with local harvesters for felling of trees.

The Saw Mill's deficit has been reduced by 40% and a plan is in place for it to move to profitability in the medium term future.

#### 2.2.56 **Fish Hatcheries (Department of Agriculture Fisheries and Forestry)**

2.2.57 The Freshwater Fisheries are located on two sites Lag Vollagh, Cornaa and Laxey Glen. The section has statutory obligations under the Inland Fisheries Act 1976 to be responsible for the supervision and protection of freshwater fisheries and for fostering the establishment and development of such fisheries. The section also works to enhance recreational angling facilities on the Island by rearing rainbow trout for stocking to the Island's reservoirs and is working towards the establishment of a comprehensive monitoring and development programme.

2.2.58 The Department has recently concluded a negotiation to lease the Cornaa site. The lease will be in place by April 2010.

#### 2.2.59 **Water Authority**

2.2.60 With regard to the Water Authority the Review Report suggests that corporatisation is an option which should be considered by Government to provide a degree of separation from the political environment, enable the authority to operate on a more commercial basis.

2.2.61 It is normal for most small jurisdictions to have control of their water companies either as part of a Department of Works or similar (as in Guernsey), or as a corporate entity (as in Jersey 74% Government ownership). The Isle of Man Water Authority currently functions effectively as a Statutory Board, it has a clear strategy for the future and a management plan to implement that strategy.

2.2.62 As previously stated the Committee is not of the view that corporatisation of the Island's strategic infrastructure services is an appropriate route for the Isle of Man Government to take.

#### 2.2.63 **The Committee does not support the Review Report recommendation**

#### 2.2.64 **Manx Electricity Authority**

2.2.65 The Review Report concludes that given the present financial state of the Manx Electricity Authority there is likely to be little public or political enthusiasm to make significant change at present. However, the review report suggests that corporatisation should take place



now and the current Board stay in office as Directors of a wholly owned Government company and goes on to argue that corporatisation, and the controls imposed by the Companies Acts arguably require greater levels of corporate governance and personal liability for directors than currently exists with the Statutory Board status. Further, in the longer term, the possibility of privatisation should not be ruled out.

2.2.66 Regardless of any other considerations, the Review Report recommends that Government should seriously question the need for the MEA's retail operations.

2.2.67 The Review Team recommended a move to a corporate structure, with a long term plan of privatisation. With regard to paragraph 8.16.3 of the Review Report concerning the MEA's retail operations the Committee understands that the MEA has undertaken a review into their retail operations and the Council of Ministers will be keeping a watching brief regarding any developments in this area. The Department of Trade and Industry has also recently undertaken a study into the Isle of Man retail sector and further consultation is being undertaken regarding its findings, one of which was that the study was supportive of continued MEA retail outlets.

**As an Island community, the Committee considers that the security of our electricity supply is paramount. The Committee does not support the Review Report recommendation.**

#### 2.2.68 **Post Office**

2.2.69 In January 2006 Tynwald approved the report "Strategic Direction of the Isle of Man Post Office" which recommended that the Post Office should remain as a Statutory Board albeit that it should be allowed to diversify subject to the authority of the DTI under Section 4(g) of the Post Office Act 1993. A new mechanism for the approval/authorisation process also had to be agreed between DTI and Treasury to speed up the process and Treasury was requested to give consideration and report to the Council of Ministers on the Response for bespoke Financial Regulations to apply to the Post Office, and other Statutory Boards.

2.2.70 The Review Team recommended that if the Post Office was to survive in an increasingly global and competitive market place its adoption of a stronger commercial approach was necessary and that the corporatisation of the Post Office should be reconsidered, with a view to it being privatised in the longer term.

2.2.71 Government has no plans to privatise the Post Office. It is deemed to be an important part of the Government's service delivery infrastructure and should remain under Government control.

2.2.72 **The Committee does not believe that a sufficiently strong case has been made to support the Review Report recommendation.**

#### 2.2.73 **Other Candidates**

2.2.74 The Review Team accepted that the bodies listed in the report was not exhaustive and in addition identified that Manx National Heritage the MER and Steam Railway and the Road Transport Licensing Committee could remain as directly provided services but with alternative organisational settings.

2.2.75 With regard to Manx National Heritage, following publication of the Report the Review Team, at the request of Tynwald, undertook a further review, specifically dealing with the

constitution and functions of MNH, which was reported to the Council of Ministers in February 2007 and the Chief Minister, with the approval of the Council of Ministers set up a Working Group with the following remit to review the appropriateness and effectiveness of:

- (a) the legislation governing the constitution and functions of Manx National Heritage, and;
- (b) the internal structures of governance within the organisation, with a view to recommending changes to update and modernise the legislation and structures of governance to meet the specific needs of the Isle of Man wherever this is deemed necessary.

2.2.76 Council of Ministers considered a report on the future functions and constitution of MNH in September 2008 and following a consultation exercise in the Summer of 2009, legislation will be drafted that modernises the constitution and functions of MNH to better serve the people of the Island in the 21<sup>st</sup> century.

2.2.77 The Committee notes that both the MER and the Steam Railway operate at a financial loss. However both are important contributors to the Island's Victorian transport heritage and tourism. As such, the MER and the Steam Railway are of increasing and intangible/unqualified value in today's modern society and the preservation and conservation of these working museums is considered to be of significant cultural and historical importance to the Isle of Man.

2.2.78 Additionally, the Committee noted that the MER and Steam Railway provide benefits to the Island's economy through the attraction of transport enthusiasts to the Island, and the use of the railway networks by residents, visitors and the film industry.

## **2.3 IMPROVING SERVICE DELIVERY**

### **2.3.1 Review Report Recommendation 3**

2.3.2 *"Government should look seriously at the Executive Agency model developed in the United Kingdom and should be willing to adopt that model and establish Executive Agencies within Departments, where the service provided and the internal structure of the Department make it likely that the model would produce a net benefit in terms of efficiency and effectiveness."*

2.3.3 The Review Team recommended that the provision of some services continue to be delivered by Government but that by the implementation of certain structural changes the delivery of these services could be improved. In the UK, to the greatest extent practicable, the executive functions of government, as distinct from policy advice, are carried out by units designated within Departments and referred to as Agencies. The Review Report suggests that Executive Agencies in the UK currently employ over 70% of the UK Civil Service, and are the vehicle through which most central government services to the public are provided.

2.3.4 The Review Team suggested that the adoption in the UK of the Executive Agency Model to address the following issues which demonstrated weakness in the current system:

- Ministers were overloaded and top management was dominated by its policy role;
- Insufficient attention was given to the management and the delivery of outputs;
- There was a perceived shortage of management skills and experience in the Civil Service;
- The Civil Service was too big and too diverse to manage as a single organisation.

2.3.5 The Review Team recognised that whilst, in general, the Executive Agency model works well within the UK, it is a “big government” solution which is more difficult to achieve in a small jurisdiction with small resources and small teams of staff.

2.3.6 **The Committee does not support the Review Report recommendation.**

2.3.7 **Review Report Recommendation 4**

2.3.8 *“Where the Executive Agency model would not work successfully, Government should, to the greatest extent possible, develop and introduce, on a phased basis, a system of service contracts within Departments under which identified managers would apply a defined package of the Department’s resources and be responsible for achieving a set of clearly defined outputs.”*

2.3.9 The Committee considers that the introduction of the Performance Development Review (PDR) process across the Civil Service to a large extent addressed the issue of performance management outlined in this recommendation. Management performance is monitored and assessed on a regular basis against the targets contained within their PDR. These targets should flow directly from the Service Delivery Plans, which in turn flow from the Government Strategic Plan.

**The Committee does not support the Review Report recommendation.**

2.3.10 **Review Report Recommendation 5**

2.3.11 *“Government should commit to programmes of regular and systematic external benchmarking and expert external reviews of service provision driven and coordinated centrally which, over a period of time, would potentially cover all significant areas of Government service provision.”*

2.3.12 **The Committee noted that Government has already identified the benefit of accurate benchmarking to act as an indicator of its performance. To that end it has been agreed that Corporate Key Performance Indicators be developed based upon empirical data which benchmarks Isle of Man performance against other jurisdictions and they are being developed as outlined in Government’s Strategic Plan, Government’s Annual report and the individual Departmental, Office and Board Service Delivery Plans.**

2.3.13 **Review Report Recommendation 6**

2.3.14 *“The possibilities for achieving improved efficiency and value for money through the centralisation of individual services common across Departments should be evaluated by Government.”*

2.3.15 **The Committee carefully considered this recommendation; particular concern was raised regarding the impact upon smaller businesses which rely upon Government for a proportion of their business, which in turn provides employment and income to Government. The Council of Ministers Report on the Management of Government Owned Property received at the December 2009 sitting of Tynwald contains proposals for improving the management of Government owned properties through better sharing of information and resources. The Chief Ministers Business Change Steering Group is currently scoping and developing a project which will identify and make**

**recommendations for the centralisation of common services (for example grant applications) across Government. The Chief Minister is also leading a budgetary rebalancing exercise to achieve greater efficiencies and value for money through the creation of shared services across Government.**

2.3.16 The Committee noted that the Government Strategic Plan 2007-2011 includes the following objective:

*"maximise the use of local procurement subject to obtaining quality and value for money"*

2.3.17 The Committee considers that this policy is better suited to the Isle of Man than that recommended by the Review Team. The Council of Ministers is currently looking at ways to maximise the use of local resources.

2.3.18 **The Committee does not support the Review Report recommendation.**

## **2.4 LOCAL GOVERNMENT**

2.4.1 The Review Team considered the case for reforming local government and the possibility of Government functions being transferred to a new and effective system of local government and made the following three recommendations.

### **2.4.2 Review Report Recommendation 7**

2.4.3 *"Government should commit to a restructuring of local government such that, after restructuring, local authorities should be large enough and have the capability to deliver a wider range of public services, including services devolved from Government. "*

### **2.4.4 Review Report Recommendation 8**

2.4.5 *"In the meantime, and pending local government reform, Government should establish, as an executive agency reporting to the proposed Department of Infrastructure, a Local Government Transitional Agency, to which it should devolve those Government functions which it would propose, ultimately, to devolve to local government. We have suggested that these should include public authority housing, building regulations, first stage planning, certain environmental health functions, pest control, street cleaning, car parks and parking control, and waste management and refuse disposal."*

### **2.4.6 Review Report Recommendation 9**

2.4.7 *"The board of the transitional agency should comprise local authority representatives and should hold its meetings, so far as possible, in public."*

2.4.8 The Government Strategic Plan 2007-2011 has the following aims in respect of local government reorganisation:

*"To delegate the responsibility to local government for the provision of services – we will*

- *Ensure there are effective systems of accountability within local government*
- *Ensure the system and structure of local government meets the needs of communities*
- *Encourage greater participation in local democracy, giving people more say over their locally provided services*

- *Consider transferring responsibility for certain local services from central government to local authorities appropriate to their structure"*

2.4.9 The Committee considers that the current Administration has clearly defined its policy with regard to local government.

2.4.10 **The Committee does not support the Review Report recommendation.**

## **2.5. ACCOUNTABILITY**

### **2.5.1 Review Report Recommendation 10**

2.5.2 *"Treasury should consider, following whatever changes are made in the light of our recommendations, whether the Value for Money Committee continues to have a worthwhile role."*

2.5.3 **The committee considers this matter to be an internal matter for the Treasury to consider. The Treasury are aware of this recommendation and continue to strive for continuous improvement in their systems and methods of working.**

### **2.5.4 Review Report Recommendation 11**

*"Treasury should consider:–*

- (a) whether each Department and Statutory Board (or any successor structure) should be required to establish an audit committee, possibly incorporating external or lay members; and*
- (b) whether a consistent remit or central guidance should be prescribed in Financial Regulations in respect of the audit committees that are established."*

2.5.5 The Committee considers that the introduction into the Branches of the Auditor General Bill will better address this issue.

2.5.6 **The Committee does not support the Review Report recommendation.**

### **2.5.7 Review Report Recommendation 12**

2.5.8 *"Government should progress the early introduction of legislation to facilitate the Ombudsman Service and the Auditor General and should also introduce legislation at an early date to give legal authority to the public's rights under the Code of Practice on Access to Government Information."*

2.5.9 The Committee noted that much work had been undertaken covering these issues and that the Access to Information Bill has been drafted and will be released for public consultation in the Spring of 2010. The Auditor General Bill (now the Tynwald Auditor General Bill) and the Ombudsman Bill (now the Tynwald Commissioner Bill) have been out for public consultation, the results of which are currently being appraised with a view to introducing legislation into the branches during the 2010/2011 legislative year.

## **2.6 HUMAN RESOURCES**

### **2.6.1 Review Report Recommendation 13**

2.6.2 *“Government should urgently initiate a root and branch review into the future arrangements for developing and delivering Human Resource policies across the entire public sector, encompassing structural, cultural and process change, with the objective of establishing a more effective, centralised and streamlined approach to:-*

- *Pay and pensions;*
- *Conditions of Service;*
- *Training and Development;*
- *Recruitment and Retention;*
- *Deployment;*
- *Employee Representation.”*

2.6.3 The Review Team researched the above issues and would respond as follows:

2.6.4 *“Whether there is scope for the rationalisation of pay, terms and conditions of employment and pensions of all the various staff across Government.”*

2.6.5 Since the publication of the Report the Council of Ministers has instigated the following major initiatives:

- Independent Review of Public Service Pension Schemes
- Independent Review of Whitley Council
- Agreed terms of reference for a major review of Government’s HR function

2.6.6. *“Whether there remains a case for a distinct Civil Service and, if so, what Staff should it include?”*

2.6.7 The Civil Service has a central role in the administration of Government and as defined in the Civil Service Code assists the duly constituted Government “in formulating its policies, carrying out decisions and in administering public services”. It is the view of the Committee that there continues to be a compelling case to retain a Civil Service at the core of Government administration but recognised the need to ensure that it is modernised and reformed it continues to be effective in the delivery of the demanding agenda outlined in Government’s Strategic Plan 2007/11.

2.6.8 The Civil Service Act, 1990, as amended, states that *“the Civil Service shall comprise all persons appointed for service with the Government, or with any Department or Board, which is wholly or mainly administrative, professional, technical or clerical.”* Recent changes to the Civil Service Act have given the Chief Minister increased powers of direction over the Civil Service Commission.

2.6.9 *“Whether the manual workers Whitley Council should be retained in its present form.”*

2.6.10 Council of Ministers has undertaken an independent review of Whitley Council and the report is currently being considered by the representatives of Whitley Council.

2.6.11 *“The adequacy of Government’s current personnel policies particularly in relation to staff numbers, rewards and pension arrangements.”*

- 2.6.12 Government's policy in relation to staffing numbers is well established and the Council of Ministers Personnel Control Mechanism was revised in March, 2006 to facilitate more effective management of growth in the Government workforce. In particular, the policy is designed to control growth so that it does not exceed:
- the rate of growth of employment in the private sector (measured by comparison with the size of the economically active population); and
  - the rate of increase in Government income.
- 2.6.13 Applications for increases in personnel budgets are only considered if a comprehensive business case to support the request is provided and alternative means of meeting the service need have been assessed and rejected. With regard to reward in relation to staff across the Public Service the requirement to establish a public sector pay policy is recognised and is to be achieved within the life of the current Government Strategic Plan. Such a policy would promote a fair and consistent approach to pay across the public service and would inform the stance taken by employers' representatives on the various Public Service collective bargaining bodies.
- 2.6.14 The external review of public service superannuation arrangements has been commissioned by the Council of Ministers, to identify affordable and achievable options for the future in keeping with the needs of the Isle of Man Government including the need to remain competitive in the employment market. Any requirement for the rationalisation or amendment of existing public service superannuation schemes is likely to be identified through this review.
- 2.6.15 *"The adequacy of present training & development provisions."*
- 2.6.16 In March 2009 the Council of Ministers agreed a Public Service People Strategy and a Public Service Learning and Development Strategy which set benchmarks and minimum standards for investment in learning and development activities per member of staff across the Public Service.
- 2.6.17 *"How more effective systems of staff appraisal, performance management and reward based on performance might be delivered."*
- 2.6.18 The Isle of Man Government Corporate Governance Principles and Code of Conduct, as approved by Tynwald include, as a key aspect - Performance Management. In order to meet the expectations of the Code in this regard Departments need to, amongst other things, "monitor individual and organisational performance and report against agreed standards and targets". To this end there is already in place across Government a comprehensive and well established approach to service planning, performance management and reporting at corporate and departmental levels.
- 2.6.19 The introduction of a direct linkage between individual performance and reward has been given effect in a number of areas across Government. In particular, in the Civil Service with effect from 1<sup>st</sup> April, 2007 annual incremental progression is subject to formal confirmation by a job holder's Reporting Officer.
- 2.6.20 *"The extent to which administrative and secretarial staff numbers could be reduced in recognition of new technology and methods of working."*
- 2.6.21 The Committee felt that although the introduction of new technologies and ways of working can have a positive impact on organisational effectiveness, as they can free up elements of staff time to undertake other necessary activities. Due to the diversity of functions undertaken

by many job holders within Government together with the relatively small numbers of staff in individual teams and sections they are often insufficient to facilitate the implementation of specific staff reductions.

- 2.6.22 Notwithstanding this a Business Change Steering Group, has been established chaired by the Chief Minister to consider how best Government can introduce e-enabled customer-focussed Government services and at the same time provide more efficient and effective services.
- 2.6.23 *"The steps that need to be taken to develop more effective succession management within the Civil Service."*
- 2.6.24 The committee found that initiatives were already underway which were addressing this recommendation.
- 2.6.25 The development of a framework to promote career development across the Civil Service is currently being pursued by the Civil Service Commission. A Civil Service Succession Management Group, driven and chaired by the Chief Secretary, has recently been established and a number of development workshops have been run in order to identify ways to develop staff in order to establish a pool from which future leaders can be chosen.
- 2.6.26 *"How the central personnel function and the departmental personnel functions should be staffed and how they should inter-relate."*
- 2.6.27 The Committee noted that within the Human Resources (HR) and personnel functions across Government there are a wide range of activities undertaken, some of which clearly require personnel with specialist knowledge and experience and others where the expertise required is of a more general nature in relation to for example management and administration. Those roles requiring a specialist or technical background or qualifications must be, and are being, filled with individuals who have the necessary competencies to be effective in such job roles and who match the requirements of the relevant person specifications.
- 2.6.28 Over recent years considerable efforts have been made, and continue to be made, to improve the coordination of activities across the various HR and personnel functions within Government. In particular a HR Forum has been established with separate meetings for staff at strategic and operational levels. These meetings bring together representatives of Government's HR and personnel community, and others who have an HR or personnel element to their job roles, to share knowledge and information, improve the coordination of activities and take forward the development and implementation of HR /personnel related policies and procedures. In addition memoranda of understanding (MoU) have been established between the Civil Service Commission and a number of other HR /personnel functions in Government which have been successful in better defining respective responsibilities and accountabilities
- 2.6.29 As a consequence of comments contained in the Review Team's Report the Personnel Office has significantly increased the emphasis on, and importance of, the provision of information and advice to managers across the Public Service, including HR and personnel professionals and generalist staff. This, along with the establishment of the HR Forum meetings (strategic and operational), is contributing to the furtherance of positive inter-relationships between the central HR/personnel function and departmental management and HR/personnel functions.
- 2.6.30 Nonetheless the remit and role of the Personnel Office is being addressed in the current review of Government's HR functions.



- 2.6.31 *"How to develop a supportive and positive culture within the centralised personnel function."*
- 2.6.32 The Committee accepts that the Personnel Office must take a leading role in driving innovation, change and transformation in human resources management and practice and impact positively on the culture of the centralised HR/personnel function. The work of The Personnel Office in supporting the HR Strategic and Operational forums is having a positive effect and is contributing to a more responsive and coordinated centralised personnel function.
- 2.6.33 The Committee noted that the Civil Service (Amendment) Act passed in 2007 gave the Chief Minister increased powers with regard to the Civil Service Commission and therefore increased political direction at the highest level.
- 2.6.34 *"The professional qualifications and qualities that should be required for senior staff working in the area of Human Resources."*
- 2.6.35 The Committee noted that all job roles in the Civil Service are underpinned by a competency framework and a job specific person specification. The knowledge, skills, experience and qualifications required for any job role is set out in this documentation and it is in the context of these requirements that recruitment is undertaken. As with any senior role across Government senior managers undertaking a HR role will be expected to demonstrate the necessary skills and qualifications required for the post.

## **2.7. INFORMATION TECHNOLOGY**

- 2.7.1 The Committee considered recommendations 14 to 18 together as they involve the use of the IT infrastructure both internally within the Government infrastructure and externally to the citizen.
- 2.7.2 **Review Report Recommendation 14**
- 2.7.3 *"The maximisation of the use of IT in delivering services and interfacing with the citizen should be pursued as a matter of corporate priority."*
- 2.7.4 **Review Report Recommendation 15**
- 2.7.5 *"A five year rolling programme for corporate and major Departmental projects aimed at delivering the Corporate IT policy should be proposed by the Department of Corporate Development (see Recommendation 19) and agreed by the Council of Ministers. This should include a commitment to the necessary funding, staff training and productivity improvements."*
- 2.7.6 **Review Report Recommendation 16**
- 2.7.7 *"Government's budget for corporate IT projects should be held by the Department of Corporate Development, which should also be responsible for ensuring the planned benefits are achieved."*
- 2.7.8 **Review Report Recommendation 17**
- 2.7.9 *"Individual Departmental IT projects should be subject to Department of Corporate Development approval, to ensure consistency and corporate integrity."*

## 2.7.10 **Review Report Recommendation 18**

2.7.11 *"The Information Systems Steering Committee operating within the Department of Corporate Development should include external expertise."*

2.7.12 It has been recognised by the Council of Ministers that the Isle of Man Government has a technology infrastructure which is well positioned to support the transformation of public services to enable fundamental improvement in internal productivity and efficiency in the delivery of public service. It is therefore committed to making its services customer-orientated, available at a time, place and in a manner which is convenient, responsive and appropriate to the citizen or business need, reducing duplication of effort or information. In addition, Government is committed to striving towards better informed, evidence based and auditable decision making.

2.7.13 These objectives are seen as critical to the overall goal of sustaining economic development of the Island in a competitive market which is increasingly taking advantage of the opportunities offered by emerging markets.

2.7.14 As the first stage in initiating this work in 2008 a Steering Group chaired by the Chief Minister was established to manage, support and enforce the Government's ICT policy and ensures a close alignment of ICT strategy and policies with the broader Government goals and objectives as contained in Government's Strategic Plan 2007 - 2011. The Steering Group will also oversee business change alignment in accordance with the ICT governance policy.

2.7.15 The Steering Group recognises that the development and introduction of changes to working practices and procedures as a consequence of an ICT-enabled programme will require a substantial programme of change management and a Business Change Manager was appointed in July 2008 to deliver the Steering Groups aims and objectives. It is anticipated that the five recommendations of the Report will be addressed as part of the remit of the ICT Steering Group.

## **2.8 STRENGTHENING THE CENTRE**

2.8.1 The Review Team reported that there was general agreement from those people interviewed as part of the review process that Government needed good, clear leadership from the centre and considered what might be done, structurally, to make the centre more effective. They envisaged that in their key aspects most of the components of the centre of Government would remain largely unchanged. The recommendations that they made in respect of a new Department of Corporate Development are closely related to the implementation of many of the recommendations.

### 2.8.2 **Review Report Recommendations 19 to 23**

2.8.3 *"Government should establish a Department of Corporate Development which would be responsible for:-*

*Driving a change agenda focussing on value for money which would include:*

- *the consideration of alternative means of service delivery;*
- *the consideration of establishing executive agencies and service contracts and promoting benchmarking, external reviews and the centralisation of services;*
- *the transfer of functions to local government;*

- *the commissioning of a review of Government's human resources;*
- *A centralised human resources function (The Personnel Office should become a part of the Department);*
- *A centralised IT function (The Treasury Information Systems Division should become a part of the Department)."*

2.8.4 **Review Report Recommendation 20**

2.8.5 *"The Minister for Corporate Development should work directly to the Chief Minister in delivering the change agenda."*

2.8.6 **Review Report Recommendation 21**

2.8.7 *"The Chief Officer of the Department of Corporate Development should carry the title of Chief Operating Officer."*

2.8.8 **Review Report Recommendation 22**

2.8.9 *"The Chief Operating Officer should be responsible for the annual appraisal and reporting on the chief officers of the other Departments."*

2.8.10 **Review Report Recommendation 23**

2.8.11 *"The Internal Audit Division of the Treasury should become a part of the Department of Corporate Development. "*

2.8.12 **The pre-determined position of the Chief Minister which does not favour a Department of Corporate Development was noted by the Committee. However since the Report's publication, a major review of the Chief Secretary's Office has been undertaken and there has been a significant strengthening of resources in the centre to provide the Chief Minister and the Council of Ministers with the professional support required. Nonetheless, many of the above recommendations have been implemented or form part of the recommendations in this document, e.g. the centralisation of ISD, (which will now be part of the Department of Economic Development) and the HR Review.**

2.8.13 **Review Report Recommendation 24**

2.8.14 *"The Chief Minister's leadership role and responsibilities should remain substantially unchanged except that:-*

- *the list of the Chief Minister's ad hoc statutory functions should be reviewed and reallocated to the greatest extent possible;*
- *the Chief Minister should be relieved of some of his chairmanship responsibilities for the standing and ad hoc committees of the Council of Ministers."*

2.8.15 **The Committee does not support the view that the Chief Minister be relieved of some of his chairmanship responsibilities nor should some of his statutory ad hoc functions be re-allocated.**

#### 2.8.16 **Review Report Recommendation 25**

2.8.17 *"The role and structure of the Council of Ministers should remain substantially unchanged except that:-*

- *there should be a review of the machinery of Council's operations to establish whether there are matters which need not come before the Council or might be delegated and to see if the quantity of paperwork might be reduced;*
- *the Council of Ministers Act should be amended to include a statutory definition of the Council's role."*

2.8.18 **The Committee rejects this recommendation as it considers that the current updated processes and procedures regarding the operation of the Council of Ministers provide the Executive with the essential flexibility required of the Government.**

#### 2.8.19 **Review Report Recommendation 26**

2.8.20 *"Appropriate training should be provided for new Ministers, encompassing leadership skills, policy development, strategic planning, financial management, corporate governance and team building."*

2.8.21 **The Committee agrees with the basis of this recommendation, and the Chief Secretary's Office, together with The Personnel Office is investigating the issue, with regard to identifying competency requirements in respect of ministerial roles.**

#### 2.8.22 **Review Report Recommendation 27**

2.8.23 *"Detailed consideration should be given to the Isle of Man Government being established as a legal entity in its own right through the Council of Ministers for the purpose of entering into international agreements. This should be in addition to, and not in place of, the separate legal personality of individual Departments and Boards, and it should not impinge upon the legal personality of individual Departments and Boards."*

2.8.24 **The Committee notes that this matter is currently already being addressed within the proposed Finance Bill.**

### **2.9 REFINING THE STRUCTURE**

2.9.1 The Review Team considered the current structure of Government, acknowledging that there are a great many options for making detailed changes to the structure of Government and that there are alternatives to what they recommended. The Review Team suggested some principles which should apply and what it recommended complied with those principles.

2.9.2 The Committee considered recommendations 28 to 48 - which deal primarily with recommendations for refining the structure of Government. The Committee have considered the refinement of the structure of Government and the proposed new structure is outlined in full in Part 3 of this Report.

- 2.9.3 **Review Report Recommendation 28**
- 2.9.4 *"Responsibility for Social Security should be transferred from the Department of Health and Social Security to the Treasury and the former should be renamed the Department of Health and Social Services."*
- 2.9.5 **The Committee does not agree that the Department of Health and Social Security be re-named Department of Health and Social Services but rather the two new Departments be established, a Department of Health and a Department of Social Care. The remit of both Departments is defined in Part 3 of this document.**
- 2.9.6 **Review Report Recommendation 29**
- 2.9.7 *"A Department of Economic Development should be created, incorporating the economic development responsibilities of the Department of Trade and Industry, the tourism responsibilities of the Department of Tourism and Leisure and the promotional responsibilities of the Treasury for financial services and e-business."*
- 2.9.8 **The Committee agrees with this recommendation and recommends that there be a new Department of Economic Development established. The Committee recommends that the Department has designated responsibility for the implementation of Government's economic development policy.**
- 2.9.9 **Review Report Recommendation 30**
- 2.9.10 *"The Department of Economic Development should have the sponsorship responsibility for the Post Office Authority (or company)."*
- 2.9.11 **The Committee agrees with this recommendation**
- 2.9.12 **Review Report Recommendation 31**
- 2.9.13 *"The training functions of the Department of Trade and Industry should be transferred to the Department of Education and that Department should be renamed the Department of Education and Skills."*
- 2.9.14 **The Committee noted that this structural change has already occurred, outside the remit of the Review.**
- 2.9.15 **Review Report Recommendation 32**
- 2.9.16 *"The future role of the directly elected Board of Education should be reviewed with a view to its abolition."*
- 2.9.17 **The Committee noted that since the publication of the Review Report, the Board of Education has been abolished.**
- 2.9.18 **Review Report Recommendation 33**
- 2.9.19 *"The Department of Transport should be renamed the Department of Transport and Infrastructure and:-"*

- (a) *responsibility for buses should be transferred to this Department from the Department of Tourism and Leisure;*
- (b) *responsibility for Government estates and the land bank should be transferred to this Department from the Department of Local Government and the Environment."*

2.9.20 **The Committee considered this recommendation and agrees in principle with the proposal for the establishment of a Department of Infrastructure, the remit of which is discussed in Part 3 of this report.**

2.9.21 **This proposed new structure will for the first time enable all Departmental and statutory authority responsibilities to be under the umbrella of one all encompassing Department so that all policies and service delivery with regard to the Island's infrastructure, that is; highways, harbours, airport, water (both clean and dirty) and electricity can be co-ordinated in unison.**

2.9.22 **The Committee went a stage further than the Review team in so much as the newly formed Department of Infrastructure should also have responsibility for the planning authority, building control and local government.**

2.9.23 **Review Report Recommendation 34**

2.9.24 *"The Department of Transport and Infrastructure should have the sponsoring responsibility for the Manx Electricity Authority (or company) and the Water Authority (or company)."*

2.9.25 **Agreed** - please refer to paragraph 2.9.22 above.

2.9.26 **Review Report Recommendation 35**

2.9.27 *"The Department of Agriculture, Fisheries and Forestry should be renamed to include coastline management, transferred from the Department of Transport, and leisure and heritage and transport transferred from the Department of Tourism and Leisure."*

2.9.28 **The Committee is not supportive of this recommendation in its entirety and proposes that a new Department will be created and named the Department of Community, Culture and Leisure which will include present responsibilities of the Department of Agriculture Fisheries and Forestry, and the new Department will have amongst its responsibilities the implementation and development of Government's policy in relation to; Agriculture, Fisheries, Wildlife and Conservation, Protection of the Countryside and Animal Health. The Committee consider that coastline management should be the responsibility of the newly formed Department of the Environment.**

2.9.29 **Review Report Recommendation 36**

2.9.30 *"The Department of Countryside, Heritage and Leisure should have a sponsoring responsibility for Manx National Heritage and any other cultural, heritage or leisure bodies supported by Government."*

2.9.31 **The Committee proposes that sponsoring responsibility for Manx National Heritage and the Manx Heritage Foundation be transferred to the newly named Department of Community, Culture and Leisure with designated responsibility for the development and implementation of policy on culture and leisure on the**

**Island and be responsible for the good management of the Villa Marina and Gaiety Complex, the NSC, the Arts and Sports Councils, the Steam Railway, Electric Trains and the Glens. The Department will also be the sponsoring the Department for the following Statutory Bodies and events:**

- **Manx Museum and National Trust**
- **Manx Heritage Foundation**
- **Manx Radio**
- **Gaelic Broadcasting Committee**
- **Swimming Pool Boards**
- **Wildlife Park**

**2.9.32 Review Report Recommendation 37**

2.9.33 *"The Department of Local Government and the Environment should be renamed the Department of Local Government and Consumer Protection and should be responsible for overseeing the Local Government Transitional Agency as well as local authorities. It should also take over all General Registry functions other than charities registration, courts administration and legal aid administration."*

2.9.34 **The Committee does not agree with this recommendation and considers that the functions of the current Department of Local Government and the Environment be prioritised to encompass the development of policy and the delivery of services for the Environment, Energy Conservation, the Protection of the Island's Coastline, Climate Change, and the Regulation of Waste Management and that to reflect this the Department of Local Government and the Environment will be re-named the Department of the Environment.**

2.9.35 **The functions of the General Registry will remain under the sponsorship of the Treasury and its remit will continue to include Courts and legal Aid administration.**

**2.9.36 Review Report Recommendation 38**

2.9.37 *"As many regulatory responsibilities as possible should be brought together in the Department of Local Government and Consumer Protection, including, in particular:-*

- *The Office of Fair Trading;*
- *The Communications Commission;*
- *Mineral extractions licensing;*
- *The Road Transport Licensing Committee;*
- *Various tribunals and the regulation of professional bodies."*

2.9.38 **It was suggested by the Review Report that by bringing these bodies together there may be some administration and accommodation resource savings. However it was felt by the Committee that such savings would be minimal. The Committee is of the view, therefore, that as such changes could have a negative impact upon the individuals and services involved, it would not therefore be appropriate to implement the recommendation. The Committee does however recommend that in view of its importance to the Community, the Office of Fair Trading is moved to the sponsorship of the newly created Department of Community, Culture and Leisure.**

2.9.39 **The Committee does not support the Review Report recommendation and would refer to the proposals of the Council of Ministers in Part 3 of this report.**

2.9.40 **Review Report Recommendation 39**

2.9.41 *"Departments should have only one or two political members in addition to the Minister."*

2.9.42 The Committee considers that this recommendation is far too prescriptive.

**The Committee does not support the Review Report recommendation.**

2.9.43 **Review Report Recommendation 40**

2.9.44 *"The Water Authority should take over responsibility for sewage disposal from the Department of Transport and Infrastructure."*

2.9.45 **The committee supports this recommendation in principle and would refer to paragraph 2.9.22 and the roles and responsibilities of the new Department of the Infrastructure which it is proposed will be the sponsoring Department for both clean and dirty water.**

2.9.46 **Review Report Recommendation 41**

2.9.47 *"The Financial Supervision Commission and the Insurance and Pensions Authority should be amalgamated and renamed the Financial Services Commission. The new body should also take over the registration (from the General Registry) and the supervision (from the Attorney General) of charities."*

2.9.48 The Committee noted that the Treasury Minister has already made a commitment to consider the amalgamation of the Financial Supervision Commission and the Insurance and Pensions Authority.

2.9.49 With regard to the administration of charities the matter is currently out to consultation with the proposal being that the administration of charities be undertaken under the auspices of the FSC.

2.9.50 **Review Report Recommendation 42**

2.9.51 *"In the longer term, consideration should be given to the Financial Supervision Commission taking over the responsibilities of the Gambling Control Commissioners."*

2.9.52 The Review Team recommended that the Gambling Control Commissioners be formally defined as a Statutory Authority, and sponsored by the Treasury rather than the Department of Home Affairs.

2.9.53 **Since the Review Team produced its Report, the Gambling (Amendment) Act 2006 has been enacted, which broadened the role of the Commissioners, and re-named the body the Gambling Supervision Commission. The Act also transferred sponsorship for the Commission from the Department of Home Affairs to the Treasury.**



2.9.54 **Review Report Recommendation 43**

2.9.55 *"The courts administration and the administration of legal aid and associated support services (parts of the General Registry) should become a new office called the Courts Administration Office and be responsible to the First Deemster and Clerk of the Rolls."*

2.9.56 This recommendation arises out of recommendation 37 of the Review Report, whereby all General Registry functions other than charities registration, courts administration and legal aid administration were recommended to be transferred to the renamed Department of Local Government and Consumer Protection.

2.9.57 The Courts Administration Office would therefore be required in order to accommodate the work of courts administration, administration of legal aid and associated support services.

2.9.58 **The Committee does not support the Review Report recommendation.**

2.9.59 **Review Report Recommendation 44**

2.9.60 *"All Offices should be given legal personality for the purposes of contracting and legal proceedings."*

2.9.61 **The Committee considered this proposal and agreed that further work be undertaken to progress the initiation of a legal personality for certain Offices of Government. This work is currently underway.**

2.9.62 **Review Report Recommendation 45**

2.9.63 *"Laxey Glen Mills should be sponsored by the Department of Countryside, Heritage and Leisure and its shares should be held by the Chief Officer of that Department and by the Chief Financial Officer."*

2.9.64 **The Committee concurs with this recommendation other than the name of the Department which it is proposed will be the new Department of Community, Culture and Leisure.**

2.9.65 **Review Report Recommendation 46**

2.9.66 *"Any future Government company should be sponsored by an appropriate designated Government Department and its shares should be held by the Chief Officer of that Department and the Chief Financial Officer."*

2.9.67 **The Committee does not support the Review Report recommendation.**

2.9.68 **Review Report Recommendation 47**

2.9.69 *"Manx National Heritage should take over the functions of the Manx Heritage Foundation and the Gaelic Broadcasting Committee and should be sponsored by the Department of Countryside, Heritage and Leisure."*

2.9.70 **The Committee rejects this recommendation. As advised by the Chief Minister at the October 2007 sitting of Tynwald during the debate on the Government Strategic Plan, he has designated the Department of Community, Culture and Leisure as the sponsoring Department for MNH and MHF who will remain separate bodies.**

2.9.71 **Review Report Recommendation 48**

2.9.72 *“ There should be a general review of the many minor committees and tribunals across Government to evaluate whether they all continue to have a valid purpose and are appropriately constituted.”*

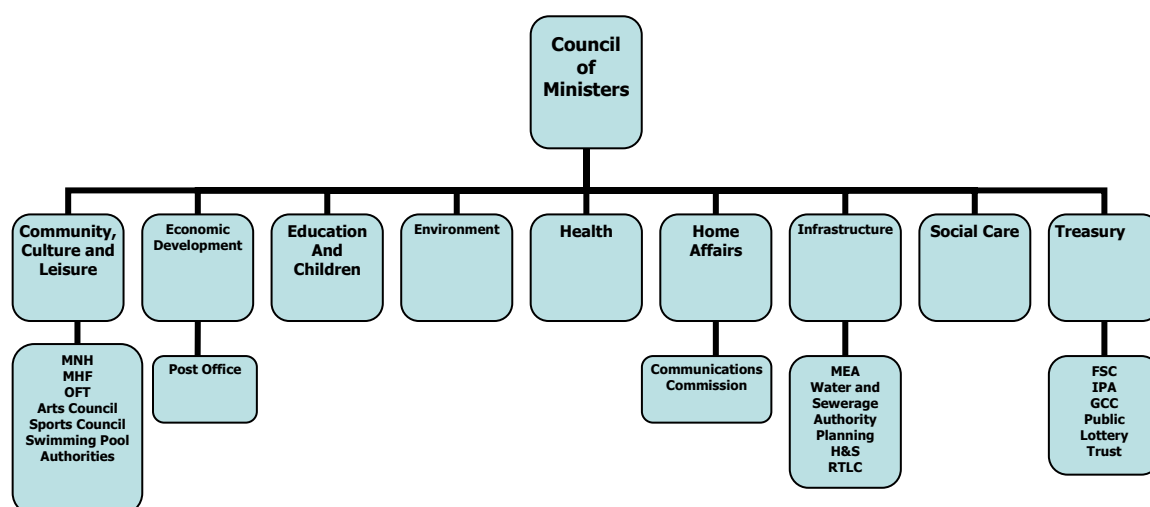
2.9.73 The Committee noted that the Tribunals Act 2006, introduced to ensure compliance with the European Convention of Human Rights, altered the constitution of many of the tribunals within its remit. The changes introduced by the Tribunals Act include the establishment of the Centralised Tribunals Administration Unit, to administer tribunals centrally, and the establishment of the Appointments Commission, the independent body responsible for appointing tribunal members. The establishment of these two bodies has facilitated an over-view of the tribunal’s process.

2.9.74 The Committee notes that the Appointments Commission has adopted a pragmatic approach regarding the appointment of tribunals. Members are not appointed to such tribunals unless there is a clear requirement to constitute the tribunal, thus eliminating unnecessary resource requirements.

### 3 PART THREE - CONCLUSIONS

#### 3.1 REFINING THE STRUCTURE OF GOVERNMENT – THE WAY FORWARD

3.1.2 Following consideration of the Report of the Governance Committee, mindful of the need to develop and adapt the structure of Government to the modern day needs of both the public and business communities, Council of Ministers has determined a proposed new Departmental structure for Government, based upon the priorities of Government as contained in the Government Strategic Plan, which is detailed below. A full structural diagram with the designated responsibilities of the new departments is attached at Annex 1.



3.1.3 Following the re-structuring, primary legislation will be put in place which will provide for a duty for all Departments of Government to co-operate with each other as far as is practicable to secure that the overriding objectives of the Council of Ministers is attained.

#### 3.2 THE CENTRE

3.2.1 It is proposed that the structure at the centre of Government remains largely unchanged, except that Information Systems Division of the Treasury will transfer to the Department of Economic Development. On the direction of the Chief Minister the resources of the Chief Secretary’s Office have been strengthened to ensure that continued high level advice and support is provided to both the Chief Minister and the Council of Ministers.

#### 3.3 THE DEPARTMENTS, BOARDS AND OFFICES

3.3.1 Council of Ministers proposes nine new Departments with responsibilities as set out below.

##### 3.3.2 **The Department of Community, Culture and Leisure**

3.3.3 A new Department of Community, Culture and Leisure will be created which will have responsibility for the development and implementation of policy on culture, leisure, agriculture and fisheries and the protection of the countryside. The Department will also be responsible for the good management of the Villa Marina and Gaiety Complex, the NSC, the

Arts and Sports Councils, the Steam Railway, Electric Trains. The full remit of the Department includes as follows:

- Manx Culture
- Leisure
- Sport
- National Sports Centre
- Villa Marina Complex
- Arts
- Agriculture
- Animal Health
- Forestry
- Fisheries
- Wildlife and Conservation (including the Wildlife Park)
- Protection of the Countryside
- Bus Services
- Train and Tram Services

3.3.4 The Department will also be the sponsoring Department for the following Bodies:

- Manx Museum and National Trust
- The Office of Fair Trading
- Manx Heritage Foundation
- The Arts Council
- The Sports Council
- Manx Radio
- Gaelic Broadcasting Committee
- Swimming Pool Boards

### 3.3.5 **The Department of Economic Development**

3.3.6 A new Department of Economic Development will be created and have responsibility for the implementation of Government's economic development policy across the following sectors:

- Economic Development
- Isle of Man Finance
- Manufacturing
- Tourism
- Retail
- Construction
- Aircraft Register
- Shipping Register
- Space Commerce
- E Business and E Gaming
- Minerals
- Work Permits
- Training
- Careers Service
- IOM Film
- ISD
- Printing Services
- Companies Registry

3.3.7 The Department of Economic Development will be the sponsoring Department for the following Statutory Body:

- Isle of Man Post Office

### 3.3.8 **Department of Education and Children**

3.3.9 The Department of Education will be renamed the Department of Education and Children to reflect the new role of the Minister in relation to the well being of the child. The Department will be responsible for the development of policy and the delivery of services in relation to Children's Welfare, Schools, the International Business School, the College of Further Education, Higher Education and Rural Library. The full remit of the Department would cover the following responsibilities:

- Children
- Education
- Schools
- Nursery provision
- College of Further Education
- Business School and University Centre
- Safeguarding Children (Shared Responsibility)
- Youth Service
- Rural Libraries

### 3.3.10 **Department of the Environment**

3.3.11 A new Department, named the Department of the Environment will be formed and it will be responsible the development of policy and the delivery of services for the Environment, Energy Conservation, the Protection of the Island's Coastline, Climate Change, and the Regulation of Waste Management. The full remit of the Department of the Environment would cover the following responsibilities:

- Environmental Protection
- Environmental Improvements
- Climate Change
- Coastline Protection Policy and Monitoring
- Waste Management
- Food Safety
- Environmental Public Health
- Public Analyst

### 3.3.12 **Department of Health**

3.3.13 The Department of Health and Social Security will be divided into two new separate Departments, being the Department of Health and the Department of Social Care. The Department of Health will deal specifically with the health and well being of the Island's residents, namely:

- National Health Services
- Hospital Services
- Public Health
- Preventative Health
- Pathology

- Safeguarding Children (Shared Responsibility)
- Nurse Education and Training

### 3.3.14 **Department of Home Affairs**

3.3.15 The Department of Home Affairs is to be retained and continue to be responsible for the Police, Fire and Rescue Services, the Prison, the Probation Service and Government's Central Communications Division. The Department will be responsible for the following areas of policy development and service delivery:

- Police Service
- Safeguarding Children (Shared Responsibility)
- Fire and Rescue Service
- Civil Emergency Planning and Civil Defence
- Prison Service
- Probation Service
- Alcohol Unit
- Drug Trafficking Unit
- Emergency Joint Control Unit
- Financial Crime Unit
- Anti Money Laundering
- Broadcasting

3.3.16 The Department of Home Affairs will be the sponsoring Department for the following Statutory Body:

- Isle of Man Communications Commission

### 3.3.17 **Department of the Infrastructure**

3.3.18 A new Department of Infrastructure will be created to be responsible for the development of policy and the delivery of services in relation to Highways, Traffic and Road Safety, Harbours, the Airport and the Coastguard. The Department will also be responsible for Local Government, Planning and Building Control, and Government Properties. The full remit of the Department of the Infrastructure would cover the following responsibilities:

- Highways
- Airports
- Harbours
- Works
- Quarries
- Meat Plant
- Animal Waste
- Planning and Building Control
- Government Property
- Estates and Architects
- Local Government and Joint Boards

3.3.19 To affect a more co-ordinated approach to the management of the Island's utilities and waste the Department of Infrastructure will be the sponsoring Department for the MEA, the Water Authority (which would include sewerage as part of its responsibility), Waste Management, the Health and Safety Executive Authority and the Road Transport Licensing

Committee. It is proposed that under the new Health and Safety Executive Authority an independent appeals system will be introduced for aggrieved parties.

### 3.3.20 **Department of Social Care**

3.3.21 The Department of Social Care will be responsible for the following areas of policy development and service delivery:

- Social Services
- Social Security
- National Insurance Scheme
- Safeguarding Children (Shared Responsibility)
- Housing - Public Sector Housing and First and Second Time Buyer Housing
- Funding of Local Authority Public Sector Housing
- Regulation of Care Homes
- Housing Regulation

### 3.3.22 **Department of the Treasury**

3.3.23 The Treasury's Isle of Man Finance and the Information Systems Division (including printing Services) will be transferred from the Treasury to the newly formed Department of Economic Development. The Treasury's statutory functions will not change and its remit will encompass the following areas:

- The Budget
- Taxation (excluding National Insurance)
- Investments and Banking
- Economic Advice and Statistical Analysis
- Capital projects Unit
- Internal Audit
- Pay and Payments
- Rates
- Valuations
- Debt collection ( including Insolvency Office and Coroners)

3.3.24 Treasury would continue to be the sponsoring Department for the following statutory Bodies:

- Financial Supervision Commission
- The Insurance and Pensions Authority
- Gambling Supervision Commission
- General Registry
- Public Lottery Trust

3.3.25 In summary the proposed changes are:

- (i) A new structure of the Isle of Man Government as outlined in the structure chart at Annex 1;
- (ii) The Statutory Bodies will retain their present independence but will have access, reporting and policy access to the Council of Ministers via the relevant Department;

- (iii) The Council of Ministers will retain the Statutory Authority to direct as provided for in the present legislation;
- (iv) The introduction of primary legislation to provide for a statutory duty on Departments to co-operate
- (v) New Primary legislation will be introduced during 2010/2011 to provide for a Health and Safety Executive Authority who will oversee the work of the Health and Safety Officers. The legislation will also provide for an Independent Appeals Panel to which any aggrieved party can appeal against a decision of the Authority and the Panel shall determine the matter;
- (vi) New Primary Legislation will be introduced during 2010/2011 to create an Independent Planning Authority which will be appointed by the Council of Ministers and to clarify the role of the Department as the determiner of Planning Policy. The Minister for the Infrastructure will determine Planning Appeals;
- (vii) Whilst the structure of Government Departments will become effective from 1st April 2010 it is proposed that the re-organisation of Offices will be implemented and completed during 2010;
- (viii) Safeguarding Children will be shared under statute by the Department of Education and Children, the Department of Health, the Department of Social Care and the Department of Home Affairs.

### **3.4 COUNCIL OF MINSTERS RECOMMENDATION**

- 3.4.1 That Tynwald notes the conclusions of the Council of Ministers Governance Committee in Part 2 of this report on the Independent Review of the Scope and Structure of Government and that the proposals as set out in Part 3 of the this report providing for the creation of nine new Departments of Government be approved.



# ANNEX 1

