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Isle of Man
Government

Reilrys Ellan Vannin

Council of Ministers

Scope of Government

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Part 1 – Council of Ministers’ Response

1. Introduction

To the Hon Clare Christian MLC, President of Tynwald, and the Hon Council and Keys in Tynwald assembled

In October 2011, as part of my statement of policy priorities, I committed to revisit the 2006 Review of the Scope and Structure of Government. The original review committee was reconvened with a remit to update its findings with particular reference to the Scope of Government, and as part of a national debate on this issue its subsequent recommendations were put out to public consultation.

The consultation responses have been taken into account by the Council of Ministers in its work to establish a pragmatic and consensual way forward following on from the committee’s recommendations.

Council is open to alternative means of service delivery that could realistically improve efficiency and effectiveness for the public. But our approach is not ideologically driven and we make no presumption that one model of service delivery is inherently superior.

What is important is to find the solutions that will work best in the particular circumstances of our Island community. To that end the Council of Ministers concludes in this report that potential candidates for change should now be fully assessed to clarify which method of service provision is most suitable for them.

This report sets out the Council of Ministers’ responses to the Review committee’s recommendations, along with the principles and methodology which will guide our assessments.

Finally I would like to take this opportunity to repeat my gratitude to the Review committee for their work, and to thank all the members of the public who took the trouble to engage with the consultation on this most important subject.



**Hon Allan Bell MHK
Chief Minister**

2. Recommendations

The Council of Ministers makes the following recommendations resulting from their consideration of the Independent Review Team's Report and the submissions received as part of the consultation process:

Recommendation 1:

That Tynwald agrees the following principles to guide Government –

Principle 1

Government should be smaller, simpler and less bureaucratic. The Council of Ministers will encourage Departments, Statutory Boards and Offices to look at all options for service delivery and choose the most suitable option based on a sound business case and the needs of the people we serve. Where services remain in Government, they will be delivered in the most effective way possible. The following criteria should apply to all services directly delivered or commissioned by Government:

- Cost effectiveness and sustainability
- Simplicity
- A focus on essential services
- Efficiency in delivery

Principle 2

Services provided by Local Authorities should be wholly funded by Local Authorities.

Principle 3

Government is committed to regular internal reviews of its performance and, where appropriate, will extend the use of external benchmarking.

Principle 4

Where the new model for delivery of services involves the transfer of staff to an external body, their existing terms and conditions will be considered and the transfer will be on a fair and reasonable basis.

Principle 5

Where possible, if public services are to compete with the private sector, competition must be fair, with special care being taken to avoid cross-subsidisation of commercial operations from revenue funded budgets.

Principle 6

Where Government chooses to deliver a service using alternative means which are external to Government, it will do so in a fair manner through a process of competition and in line with financial regulations.

Principle 7

Where privatisation of an existing monopoly service is proposed, Government should retain control of the capital assets involved, where appropriate.

Principle 8

Government will develop key functions in commissioning, monitoring, audit and regulation to ensure quality standards for those services delivered outside of Government are met and maintained.

Recommendation 2:

The Council of Ministers will require all Departments, Statutory Boards and Offices to review all service delivery functions by 31 December 2013, looking at all options for alternative means of service delivery and proposing suitable options after due consideration of a sound business case and the needs of the people they serve.

Recommendation 3:

The Council of Ministers will ensure that all proposals put forward are considered on an individual basis and have appropriate political endorsement.

Recommendation 4:

Working in partnership with Local Authorities, the Department of Infrastructure and Department of Social Care will identify services suitable for delivery through a revised Local Authority structure and review how services can best be funded in the future.

Recommendation 5:

The Council of Ministers will set out proposals for reform of the two biggest areas of expenditure and commonality in Local Authorities, which are housing and waste collection and disposal activities, and report to Tynwald by Autumn 2013.

Recommendation 6:

The Council of Ministers will not promote Transfer of Undertakings (Protection of Employment), (TUPE) legislation at this time.

Recommendation 7:

The Council of Ministers continues to support the Public Sector Pensions Authority's review of the existing schemes for compensation for loss of office with a view to introducing more simplified, harmonised and cost-effective arrangements in future.

Recommendation 8:

The Council of Ministers has concluded that it would not be appropriate to create a Department of Corporate Development at this time. However, it does support the alternative proposal to create a centralised lead for change with appropriate Ministerial control.

4. Council of Ministers' Response to the Recommendations in the Review Team's Report

The following section details the response of the Council of Ministers to each of the ten Recommendations contained in the Independent Review Team's 2012 [Report on the Scope of Government](#).

Report Recommendation 1

As a general principle, there should be a presumption that, subject to certain exceptions, all those Government services which are now delivered in the traditional way should, in future, be delivered through Alternative Means of Service Delivery.

Council of Minister's Response:

Council of Ministers believe that Government should be smaller, simpler and less bureaucratic. Council of Ministers will look at all options for service delivery and choose the most suitable option based on a sound business case and the needs of the people. Where services remain in Government, they will be delivered in the most effective way possible.

Report Recommendation 2

The principles for considering alternative means of service delivery involving outside agencies identified at paragraph 3.9 should be embodied into a statement of policy and principles issued by the Council of Ministers.

Council of Minister's Response:

Council of Ministers will set out its own principles in this report.

Report Recommendation 3

Government should:

- *Seek to reduce the proportion of public services which it provides through direct delivery by making greater use of alternative means of service delivery using outside agencies;*
- *Conduct in-depth appraisals into the use of outside agencies for those services identified in paragraph 4.8 of this report commencing with the Airport, the Post Office, the Bus Service and Residential Care Services;*
- *Take forward those cases where, after in-depth appraisal, alternative delivery by outside agency has been shown to be justified, as the beginning of a rolling programme of change across a wider range of services.*

Council of Ministers' Response:

- **The Council of Ministers response to part one of this recommendations is already covered in the response to recommendation '1'; that is, that each option for service delivery will be assessed on its own merits.**

- The Department of Social Care is already progressing plans for alternative delivery for residential care services. The Post Office has begun a process to transform its operations into a more commercially oriented approach and the Department of Community, Culture and Leisure is progressing plans to investigate alternative options for service delivery for all services including the Bus Service. Government will conduct an in-depth appraisal of alternative means of service delivery for the Airport.
- A great deal of work has already been undertaken across Government to reduce scope, improve efficiency and investigate options for alternative means of service delivery. This work is outlined in [Appendix 2](#).
- Government will only consider any change to services after a full appraisal and business case. The Scope of Government is not a piece of work in its own right; rather it forms part of a broader programme of change.

Report Recommendation 4

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 it would produce a net benefit in terms of efficiency and effectiveness;*
- *Commence this process by considering the Executive Agency Model for operation of the Prison and Social Security;*
- *Be prepared to use the Executive Agency model to test the practicalities of removing from day to day Government control those services which are being considered for alternative means of service delivery by outside agencies, where there are cogent reservations about the best long term operating arrangement.*

Council of Ministers' Response:

Council of Ministers will examine and report on the Executive Agency model as a viable mechanism for delivery of services, although, in general, Council of Ministers is not at this time convinced that the Isle of Man would benefit from an executive agency model. It could create further layers of management, bureaucracy and administration and would still form part of the overall Government framework. In addition, Council is concerned that this approach could lead to a lack of accountability from the agencies.

Report Recommendation 5

- *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. Investigation and implementation of the restructure should be a three year programme.*
- *In the meantime, and pending local government reform, Government should establish, as an executive agency reporting to the 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. Government should quickly identify those services currently delivered by Central Government which are of a local nature and would therefore be best delivered by local Government.*

- *We have suggested that these should include public housing, building regulations, first stage planning, certain environmental health functions, pest control, street cleaning, car parks and parking control, waste management and refuse disposal.*
- *The board of the transitional agency should comprise local authority representatives and should hold its meetings, so far as possible, in public.*

Council of Ministers' Response:

Local Government must evolve to meet the needs of our Island for the 21st Century and beyond. Working closely with Local Authorities Government has been discussing the efficiency of current Local Authority strategic partnership, shared service models and seeking to share good practice. A further review will also identify services suitable for delivery through a revised Local Authority structure and how such services can best funded in the future. Council of Ministers will set out proposals for reform of the two biggest areas of expenditure and commonality which are housing and waste collection and disposal activities.

Report Recommendation 6

- *Government should examine the possibility of the costs of services of a local government nature provided by Government or by the proposed Local Government Transitional Agency being met from a form of local taxation.*

Council of Ministers' Response:

Council of Ministers believes that services provided by and/or for Local Authorities should be wholly funded by Local Authorities.

Report Recommendation 7

- *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.*

Council of Ministers' Response:

Government is committed to regular internal reviews of its performance and, where appropriate, will extend the use of external benchmarking.

Report Recommendation 8

- *Government should not seek to introduce TUPE legislation on the Isle of Man, but instead seek to conclude commercial arrangements with future private or voluntary providers of public services, to provide for the transfer of its existing public sector staff and the protection, as far as possible, of existing terms and conditions of service.*

Council of Ministers' Response:

Where the new model for delivery of services involves the transfer of staff to an external body, we will look to transfer staff on a fair basis. Council of Ministers does not intend to introduce TUPE legislation at this point as we believe sufficient safeguards are present in the existing legislative framework.

If TUPE were to be introduced it would be inequitable if it did not cover both the private as well as the public sectors. Yet its introduction would be likely to greatly complicate the transfer of any businesses or services and has the potential to present particular difficulties to smaller employers lacking employment law expertise. Further, TUPE, in its effect on contracts and block on changing terms and conditions, may inhibit change and even discourage otherwise normal commercial activity. It is also important to note that existing employment legislation contains some limited provisions in respect of transfers of undertakings.

Report Recommendation 9

- *Where the protection of existing terms and conditions is not possible, Government should, as a matter of high priority, seek to limit its exposure to high redundancy costs by reforming the current public sector schemes for compensation for loss of office.*

Council of Ministers' Response:

The existing schemes for compensation for loss of office are being reviewed by the Public Sector Pensions Authority (PSPA) with a view to introducing more simplified, harmonised and cost-effective arrangements in future. Council of Ministers is fully supportive of the work of the PSPA in this regard.

Report Recommendation 10

- *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 by outside agencies;*
 - *the consideration of alternative means of service delivery within the Government structure (executive agencies);*
 - *the consideration of alternative means of service delivery by transferring functions to local government (through a Local Government Transitional Authority);*
 - *A centralised human resources function (the Office of Human Resources should become a part of the Department);*
 - *A centralised IT function (the DED Information Systems Division should become a part of the Department);*
 - *The Transforming Government Team should become part of the Department;*
 - *The Procurement section of the Treasury should become part of the Department*
- *If that is unacceptable in the short-term, a new vehicle for change should be created which will promote the alternative means of service delivery agenda and which exhibits the following features:-*
 - *It should be headed by a politician of ministerial rank with a seat on the Council of Ministers for whom the change agenda should be the first priority;*

- *The political head of the vehicle for change should work directly to the Chief Minister;*
- *There should be a small dedicated team of officers appointed to the vehicle for change, headed by a person of chief officer rank who would have a seat on the Chief Officers Group;*
- *The vehicle for change should form part of the centre of Government.*

Council of Ministers' Response:

The strategic lead for change will sit with the Business Change Steering Group, a Council of Ministers' Sub-Committee, chaired by the Treasury Minister, Hon W E Teare MHK (Draft Terms of Reference included as [Appendix 3](#)). Change will be delivered in a variety of ways both corporately and in Departments. Staff will be supported by giving them the skills and resources they need to effectively bring about the necessary changes to achieve the aims of the Council of Ministers.

5. Core Functions of Government

The Council of Ministers sees the core functions of Government as being:

a) Policy

The development of policy and strategy to support delivery of the Council of Ministers' overall aims and priorities.

b) Commissioning

Government pays for and delivers a range of services in a variety of ways. Commissioning is an on-going process which applies to all services, whether they are provided by Government, other public agencies or the independent sector. Most definitions of commissioning paint a picture of a cycle of activities at a strategic level - concerned with whole groups of people, including:

- assessing the needs of a population;
- setting priorities and developing commissioning strategies to meet those needs in line with local and national targets;
- securing services from providers to meet those needs and targets;
- monitoring and evaluating outcomes; and
- the above combined with an explicit requirement to consult and involve a range of stakeholders, patients/service users and carers in the process.

c) Regulation and Assessment

As more complex services are potentially delivered in different ways, Government needs to make certain that it becomes better at ensuring not only the work it has commissioned is done, but that it is done to acceptable levels and standards. The regulation and assessment role will grow over time.

d) Service Delivery

The operational functions which are delivered by Government, for example teaching and nursing.

6. Principles for Examining the Scope of Government

In order to effectively guide the process by which Departments assess the suitability of delivering their services by alternative means of service delivery (AMSD), Council of Ministers has developed the following eight principles to guide Departments:

Principle 1

Government should be smaller, simpler and less bureaucratic. We will look at all options for service delivery and choose the most suitable option based on a sound business case and the needs of the people we serve. Where services remain in Government, they will be delivered in the most effective way possible. The following criteria should apply to all services directly delivered or commissioned by Government:

- Cost effectiveness and sustainability
- Simplicity
- A focus on essential services
- Efficiency in delivery

Principle 2

Services provided by and/or for Local Authorities should be wholly funded by Local Authorities.

Principle 3

Government is committed to regular internal reviews of its performance and, where appropriate, will extend the use of external benchmarking in certain specific areas.

Principle 4

Where the new model for delivery of services involves the transfer of staff to an external body, we will look to transfer terms and conditions on a fair basis.

Principle 5

Where possible, if public services are to compete with the private sector, competition must be fair, with special care being taken to avoid cross-subsidisation of commercial operations from revenue funded budgets.

Principle 6

Where Government chooses to deliver a service using alternative means, it will do so in a fair manner through a process of competition and in line with financial regulations.

Principle 7

Where privatisation of an existing monopoly service is proposed, Government should retain control of the capital assets involved, where appropriate.

Principle 8

Government will develop key functions in commissioning, monitoring, audit and regulation to ensure quality standards for those services delivered outside of Government are met and maintained.

7. Implementation

The Council of Ministers will initially assess the following services against their suitability for delivery by alternative means of service delivery.

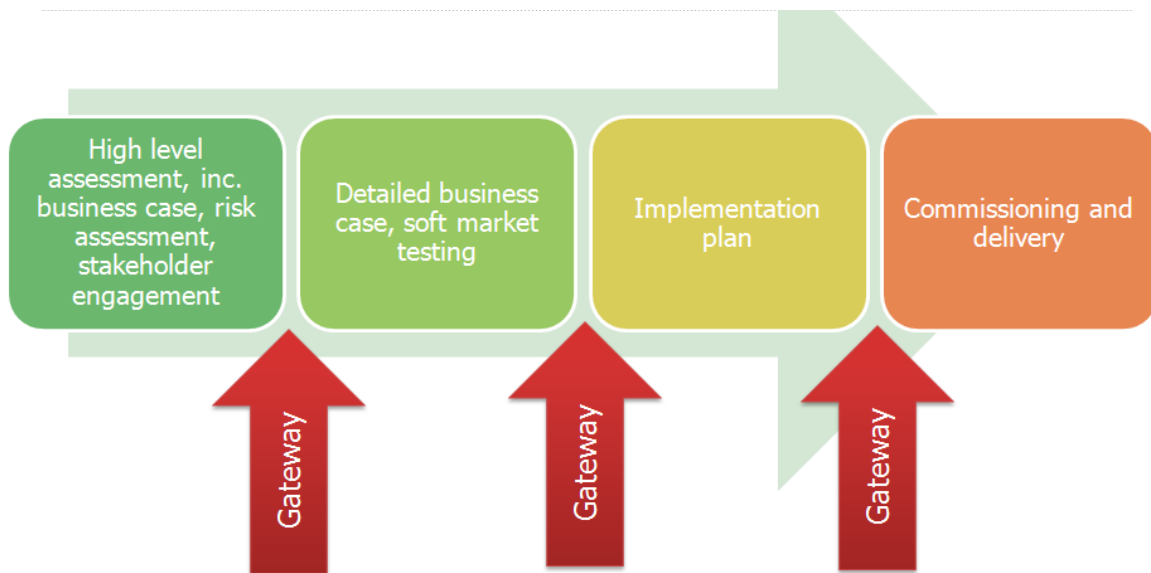
Activity /Service	
Bus Service	Commercial Forestry
National Sports Centre	Isle of Man Water and Sewerage Authority
Tourism Events	Manx Electricity Authority
Villa Marina/Gaiety Theatre	Isle of Man Post Office
Airport	Residential and Day Care Services
Harbours	Isle of Man Prison
Works Division	Heritage Railways
Quarries	Employment/Training Support/Post-Full Time Education
Hospital and other support services	Emergency Services Joint Control Room
Forestry regional teams	Finance services – creditors
Finance services – payroll	Court administration
School meals	

The above table does not present an exhaustive list. Departments will be encouraged to examine all aspects of their service delivery and consider whether it could be done more effectively – either inside or outside of Government.

In the first instance, each of the above services will be the subject of a detailed review, carried out using a common framework. The review will include:

- A high level business case
- A cost benefit analysis
- Assessment of risk/reward factors
- Assessment of political factors
- External Scrutiny/support (where necessary)

At the end of each review there will be a formal gateway where a decision will be made at a political level, as shown in the diagram below, on whether to move to the next stage of the process which will involve a detailed business case and market testing. Following on from this stage, a final decision as to whether to proceed will be made and if so, the commissioning process will formally begin, and an implementation plan drawn up for delivery.



The Council of Ministers will agree parameters, which will reflect the size and scope of the service, risk and impact on the public to ascertain the appropriate political level at which any decision to alter the service will be made.

Part 2 – Consultation Response

8. Consultation Exercise

Council of Ministers launched a [public consultation](#) on the scope of government in August 2012. The consultation sought the views of the public and organisations on key principles and Recommendations contained in two reports produced by an independent review team constituted to examine the scope of government in the Isle of Man. The review team presented two reports to the Council of Ministers, which were published in May 2012:

- [‘A Review of the Scope of Government in the Isle of Man – An Independent Report to the Council of Ministers’](#)
- [‘The Government’s Rebalancing Strategy - Some Comments from the Review Team on the Scope of Government’](#)

The consultation document contained 20 questions regarding the key principles and Recommendation contained in the report on the scope of government. The consultation exercise was conducted over a 6 week period, between 28 August and 5 October 2012. The consultation was widely publicised in the local media, on the Government website and through the twitter account of the office of the Chief Minister (@IOMGovernment). Copies of the consultation document were also forwarded to the following direct consultees:

- Members of Tynwald
- Civil Service Commission
- Whitley Council (Employers Side and Employees’ Side)
- Local Authorities
- Chief Officers of Government Departments, Boards and Offices
- His Honour Deemster Doyle, First Deemster
- Isle of Man Trades Union Council
- Members of Industrial Relations Forum (which includes Unite, Prospect, Government Officers Association)
- Isle of Man Chamber of Commerce
- Isle of Man Law Society
- Isle of Man Employers’ Federation

People wishing to respond to the consultation were able to forward their views in a number of ways; via letter, email or an online questionnaire. There was a substantial response to the consultation with over 300 responses to the consultation being received. A breakdown of how the responses were received is shown in the table below:

Online Survey	263
Letter or email	64
Total	327

The nature of the responses varied significantly, with some respondents choosing to answer the 20 questions posed in the consultation document with other submissions making more generalised comment on the scope of government.

The Council of Ministers Code of Practice on Consultation provides for respondents to reply to consultations on a confidential basis, over half the respondents (168) requested that their response be treated confidentially.

9. Organisation Responses

In addition to members of the public responding to the consultation, a large number of organisations took the opportunity to submit a response on behalf of their members. Responses were received from a wide and varied number of organisations, representing different groupings such as private sector organisations, employee organisations, local authorities and Statutory Boards and Bodies. Organisations responding to the consultation are listed in [Appendix 1](#), along with other notable respondent. Cognisant that the responses submitted by organisations needed to be given appropriate consideration due to the weight of their membership, Council of Ministers considered the responses provided by organisations in significant detail. To assist in considering the nature of the organisational responses, responses were categorised into broad groupings; local authorities, sectoral organisations, Statutory Boards and Bodies, private sector companies and employee's organisations. The following section provides a brief summary of the organisational responses received.

a) Local Authorities

Just over half of the Island's local authorities submitted a response to the consultation on the Scope of Government. The authorities submitting a response are listed in [Appendix 1](#). The nature of the responses received from local authorities varied significantly; a number of authorities responded by providing answers to the questions posed in the consultation document. Other authorities (Malew Parish Commissioners, Michael Parish Commissioners and Ramsey Town Commissioners) responded to the consultation by submitting general comments in relation to the Scope of Government.

In broad terms the local authorities were split in their responses to questions, with little clear consensus emerging. However there were a small number of areas where there was some cohesion:-

- In general the authorities agreed with Recommendation 2 of the report which stated that the principles for considering AMSD should be embodied into a statement of policy and principles to be issued by Council. The comments indicated that there is strong support for a public steer from Council on this matter.
- All but one of the authorities agreed with the principle of politicians concentrating on strategic and big picture issues, thereby leaving management and operational issues to staff within clearly defined parameters.
- There was an absence of support for the proposals surrounding the creation of an Executive Agency as a transitional body pending local government reform.
- Four authorities were supportive of the principle of Government devolving some functions to an 'effective system of local government'.
- There was no agreement between authorities on which functions could be devolved to local authorities.
- Authorities generally opposed Recommendation 5, relating to local government reform.
- No authorities supported Recommendation 7 which seeks to commit Government to a programme of external benchmarking and review.
- No authorities supported Recommendation 10, relating to the establishment of a Department of Corporate Development.

b) Sectoral Organisations

Five responses were received to the consultation from organisations representing economic sectors. These were:

1. Employers' Federation
2. Isle of Man Chamber of Commerce
3. Isle of Man Chamber of Commerce Construction Committee
4. Isle of Man Chamber of Commerce ICT/eBusiness Committee
5. Isle of Man Construction Forum

The sectoral organisations largely responded positively to the principles and Recommendations contained in the consultation document, the exception being the area around local authority reform where there was a divergence of views.

The organisations agreed with most of the Recommendations with the exception of:

- No consensus emerged from the organisations in relation to Recommendation 5 concerning local government reform.
- The organisations disagreed with Recommendation 6 regarding local taxation.
- There was a mixed response to Recommendation 10 which relates to the creation of the Department of Corporate Development.

The sector organisations took the opportunity to submit some general comments as detailed below:

i. Chamber of Commerce

"The Chief Minister should be congratulated in bringing this back to the fore. The next steps are the critical ones and the willingness (or otherwise) to change culture will be central to any successes Chamber will support in any way asked."

ii. Chamber of Commerce Construction Committee

"The report is a great starting point but the Isle of Man has to commit itself to changing the scope of government. Not talking about it but driving it from the highest level within a well defined strategic plan and a workable timeframe. We cannot afford to change too many of the proposals at once as this will create inertia. We must look to gather momentum and win the hearts and minds of everyone both internally and externally by tackling those areas identified as the biggest drivers for change and tackling them first. Evolution not revolution is required but it MUST have a timeframe."

iii. Chamber of Commerce ICT/eBusiness Committee

"We agree with many of the principles and recommendations made in the report. With the significantly decreased revenue, it is essential that Government takes steps to reduce the size and scope of Government. We strongly agree that the vulnerable should be protected but there are ways that this can be assured without Government having to provide all of the services themselves. It is essential that CoMin shows strong leadership and is prepared to make difficult decisions that are going to be unpopular. If they don't, we are very worried about the economic viability of the Isle of Man in future years. PR and communication will be key. People aren't blind to what is going on in the UK and Europe where cuts and changes to service are being applied. Use the media effectively to get strong messages across - people need to understand that the Government just don't have the money anymore to continue to fund the level of services that we have all come to expect."

c) Statutory Boards and Offices

Six responses were received to the consultation from Statutory Boards and Offices as follows:

1. Civil Service Commission (CSC)
2. Isle of Man Post Office
3. Isle of Man Water and Sewerage Authority (WASA)
4. Manx Electricity Authority (MEA)
5. Manx National Heritage (MNH)
6. Road Transport Licensing Committee (RTLCL)

The MEA, WASA and CSC all provided selected answers to the 20 questions posed in the consultation document. The other Statutory Boards and Offices chose to make general responses to the consultation which have been summarised below. A summary of points where the three Statutory Boards and Bodies appear to agree is given below:

- Both the MEA and CSC disagree with Recommendation 1 regarding the presumption of AMSD.
- WASA see merit in some public services being delivered by outside agencies but cite numerous reasons why WASA should remain within the scope of Government and oppose privatisation, corporatisation or contracting out as options.
- MEA, WASA and CSC all endorse the principle of politicians focusing on strategic and big picture issues, leaving management for staff within politically determined parameters.
- MEA, WASA and CSC all agree with Recommendation 7 which relates to external benchmarking.

i. Isle of Man Post Office

The Board of the Isle of Man Post Office agreed with the comments and recommendations in the report regarding the corporatisation of the Post Office. The Board views corporatisation as the most appropriate corporate structure to continue and promote its commercial diversification and ensure its long term financial success. The Board would welcome an opportunity to define and develop a corporatisation strategy from a Post Office perspective, at the earliest opportunity. The Board state that comments relating to privatisation are a step too far and believes that the corporatised model together with the severance of Central Government support (for example, Attorney General's Chambers) would position the Post Office to compete fairly with the private sector without criticism.

ii. MNH

MNH highlights the risk in splitting out heritage railways from public transport to recent initiatives such as joint events and development of specialist off-island group visits. If a split was to occur, MNH believes that there would be a risk that these recent initiatives would be more complex to manage and less efficient. There would also be a risk that the various forms of transport would start to compete with each other rather than work together to add value to the user or visitor experience. MNH cite the role of DCCL as sponsoring Department to the various components of the islands' visitor economy; transport, the Wildlife Park and the Villa Marina Gaiety complex. This makes liaison and communications straightforward and work together to attract new business and income to the island rather than compete for the existing audiences.

iii. RTLCL

The RTLCL advised in their response that it has taken steps to reduce the cost of regulating the road transport industry by increasing the statutory fees and reducing the cost of regulation by expanding the use of technology. The RTLCL advises that it would support consolidation of regulators and is currently working with the Office of Fair Trading to share enforcement staff and office premises to reduce the fixed costs associated with regulation.

d) Private Sector

Five private sector companies submitted responses to the consultation:

1. AFD Group
2. Colas Holdings (IOM) Limited
3. PDMS
4. Ronaldsway Aircraft Co.
5. Strand Group of Companies

The principles and recommendations in the Scope of Government report were generally positively received by the private sector companies, with the exception of the principles and Recommendations in connection with local government reform, where the companies generally disagreed with these related Recommendations 5 and 6. There was a mixed response to Recommendation 10 concerning the creation of a Department of Corporate Development.

In addition to answering the questions posed in the consultation document, the private sector companies took the opportunity to submit some general comments as detailed below to the consultation on the scope of Government.

i. AFD Group

Tynwald failed the nation in largely ignoring these recommendations for necessary change for over 5 years - and our public finances and outlook are now much worse. Government Departmental reorganisation simply created an illusion of activity - whilst introducing confusion and ineffectiveness during the period of change. We cannot procrastinate further - we are burning our cash reserves at an alarming rate. Political courage is needed to drive through these changes whilst we can exert some measure of control over them - or they will come to us anyway, but with little opportunity to mitigate any pain.

ii. Colas Holdings (IOM) Limited

All in all the report is a great starting point. The Isle of Man has to commit itself to changing the scope of Government, not talking about it but driving it from the highest level within a well defined strategic plan and a workable timeframe. We cannot afford to attempt to change too many of the proposals at once as this will create inertia, we must look to gather momentum and win the hearts of minds with all those affected both internally and externally by tackling those areas identified as the biggest drivers for change.

iii. Ronaldsway Aircraft Co

Whilst government does have 'social responsibility' it is fallacy that it cannot operate on a business like basis - and must - a key issue with the current model is that it is not possible to do more with the same - this is invalid - especially as the usual business model is more with less.

iv. Strand Group of Companies

I think it is a good report

e) Employee Organisations

Four responses were received to the consultation from organisations representing employees, these were:

1. Communication Workers Union (CWU)
 2. Employees' Side Whitley Council
 3. Isle of Man Trades Union Council (IOMTUC)
 4. Prospect Isle of Man
- The Employees' Side of Whitley Council responded via the online questionnaire. In their response the Employees' Side advised that it disagreed with all 20 questions contained in the consultation document.
 - Generally the responses of Prospect and the IOMTUC provided detailed comment on the Recommendations but did not specifically advise whether they agreed or disagreed with the Recommendations. Both Prospect and IOMTUC made a number of suggestions and further comments on the process relating to scope of government and these have been considered in detail.
 - The CWU submitted a detailed response regarding the proposition in the Independent Review Team Report relating to the corporatisation or privatisation of Isle of Man Post Office.

Industrial Relations Forum

The Industrial Relations Forum was established in 2012 as a Sub-Committee of Council of Ministers. The purpose of the Forum is to promote effective industrial relations between Government and trade unions, to strengthen communications and facilitate positive agenda change at national levels. The Forum's membership includes Ministers, Tynwald Members and unions representing the private and public sector employees. Since its inaugural meeting on 2 May 2012, the scope of Government has been included as the key theme at all of its subsequent of all these meetings. Forum members were also sent a copy of the reports on the day of publication and notified when the public consultation on the Scope of Government began.

In addition, a presentation by the Chair and other members of the Review Team was given to the Forum in June 2012 following which Forum members were given the opportunity to the report with its authors and feedback their views. In August 2012, the IoMTUC co-ordinated and submitted a consolidated consultation response on behalf of its affiliate members including Prospect, Employees' Side of Whitley Council, Unite and Unison.

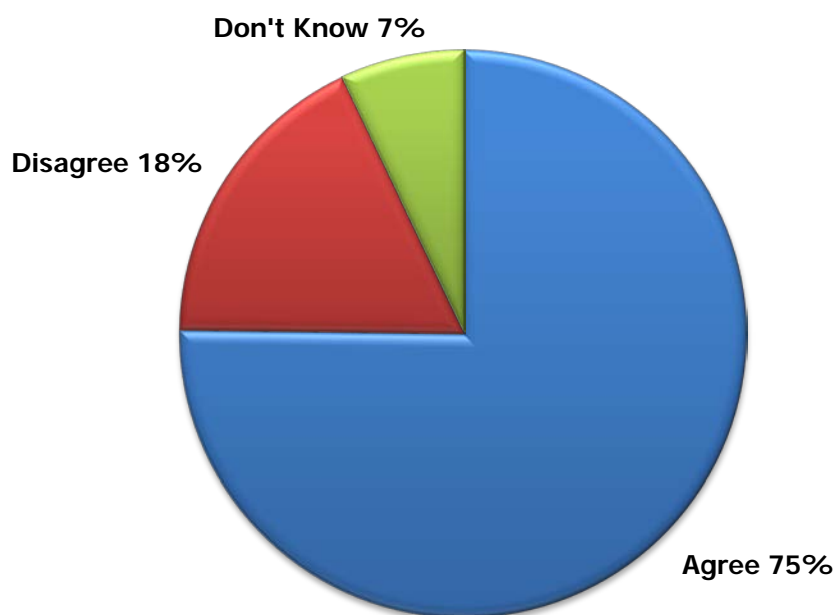
The Chief Minister is due to meet with the Forum to further discuss the scope topic in early January 2013.

10. Responses to Questions Posed in Consultation Document

The consultation document posed 20 questions based on the principles and recommendations contained in the independent review team's report. Respondents were invited to provide both closed (e.g. agree/disagree) and open responses in the form of comments on the questions posed. The following section provides a statistical analysis of the responses to the closed parts of the questions contained in the consultation document. These trends have been considered alongside the comments submitted. A random sample of the non-confidential comments for each question is included.

Question 1 - Principle (pg 14 of report)

...it would be beneficial to Government to reduce the range of its activities and concentrate resources on a narrower field of operations



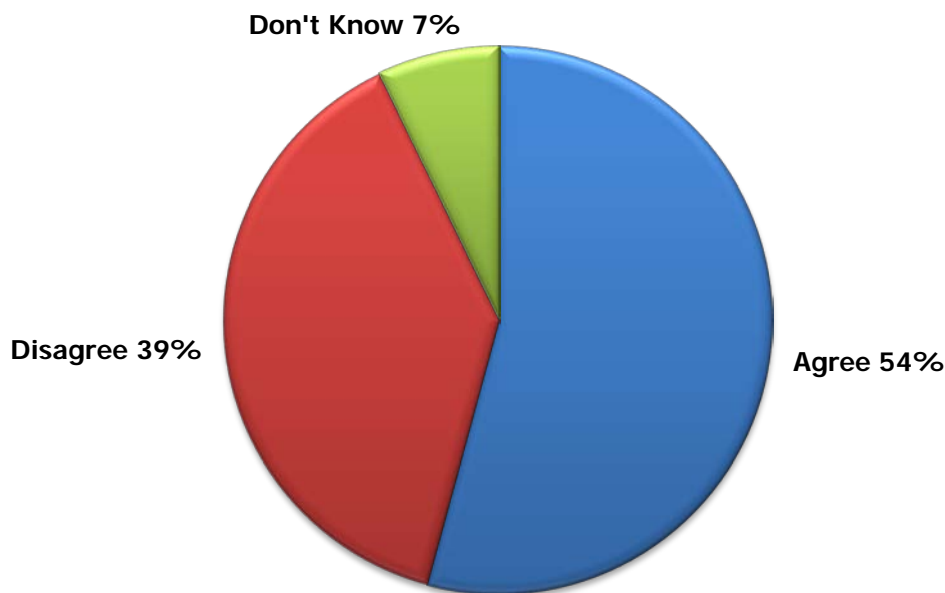
Response count = 242

Sample of Comments

- Although the report is somewhat out of date and is not a strong basis of which to make judgement, it is very apparent that much needed efficiencies are being missed without exploring other service delivery methodologies.
- Government must provide value for money and be efficient. It is currently top heavy with Civil servants and it creates a logjam in getting the services to those who need it
- To do nothing is not an option, but I think Government needs to retain control not just hand over the family jewels
- Whilst the general principle is sound the challenge will be to achieve the associated change in culture to get the associated benefits in terms of accountability, cost and quality. The relationship between new service delivery organisations and current central agencies such as ISD and procurement will also be critical to the success of this proposal. I am less sure about the relative merits of different structures within the public sector as in my experience the single most important factor is the quality of leadership and level of accountability rather than the nominal structure.

Question 2 - Report Recommendation 1

As a general principle, there should be a presumption that, subject to certain exceptions, all those Government services which are now delivered in the traditional way should, in future, be delivered through one or other of the Alternative Means of Service Delivery that we have identified.



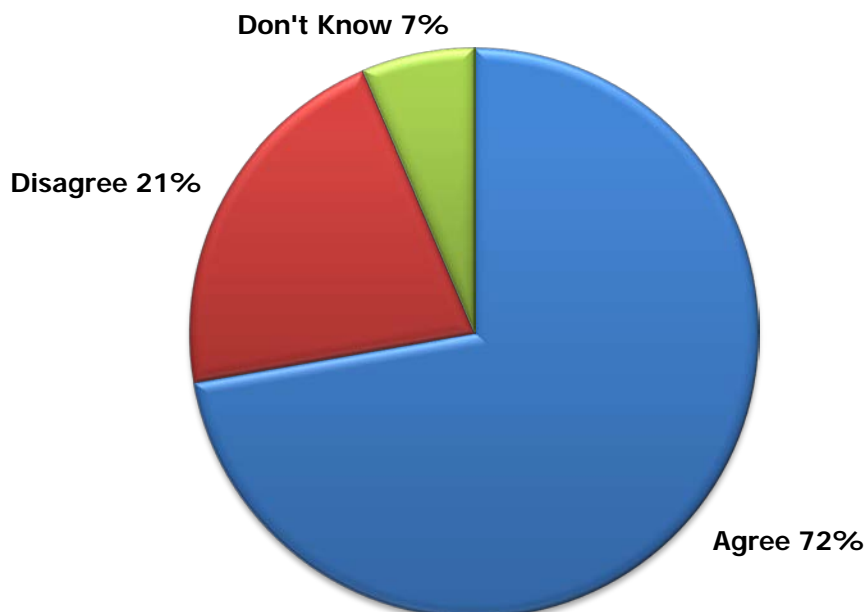
Response count = 238

Sample of Comments

- These Alternative Means provide lower costs, efficiencies and, most importantly can be far more responsive and innovative. Using them should provide better services, faster and at far lower cost to the taxpayer.
- For the reasons stated above a blanket outsourcing could be detrimental to the long term interests of the Isle of Man and its people.
- What exceptions and presumptions, how is this being justified?
- Reduction in government employee headcount and cost.
- There is insufficient evidence in the public arena to generalise and conclude that this would be the best approach. A team with commercial experience of restructuring large organisations should be appointed to overview existing services and propose the best way forward.
- It will be too expensive to provide the services regionally. Why not just put a tax on all rates across island to recover short fall in government spending as with water rate. At a later date when island can afford it these charges can be removed. This will not require huge set up costs and incur even more pension accruals and a middle layer of government who will then have to be found jobs when the problem is solved.

Question 3 - Report Recommendation 2

The principles for considering alternative means of service delivery involving outside agencies identified at paragraph 3.9 should be embodied into a statement of policy and principles issued by the Council of Ministers.



Response count = 234

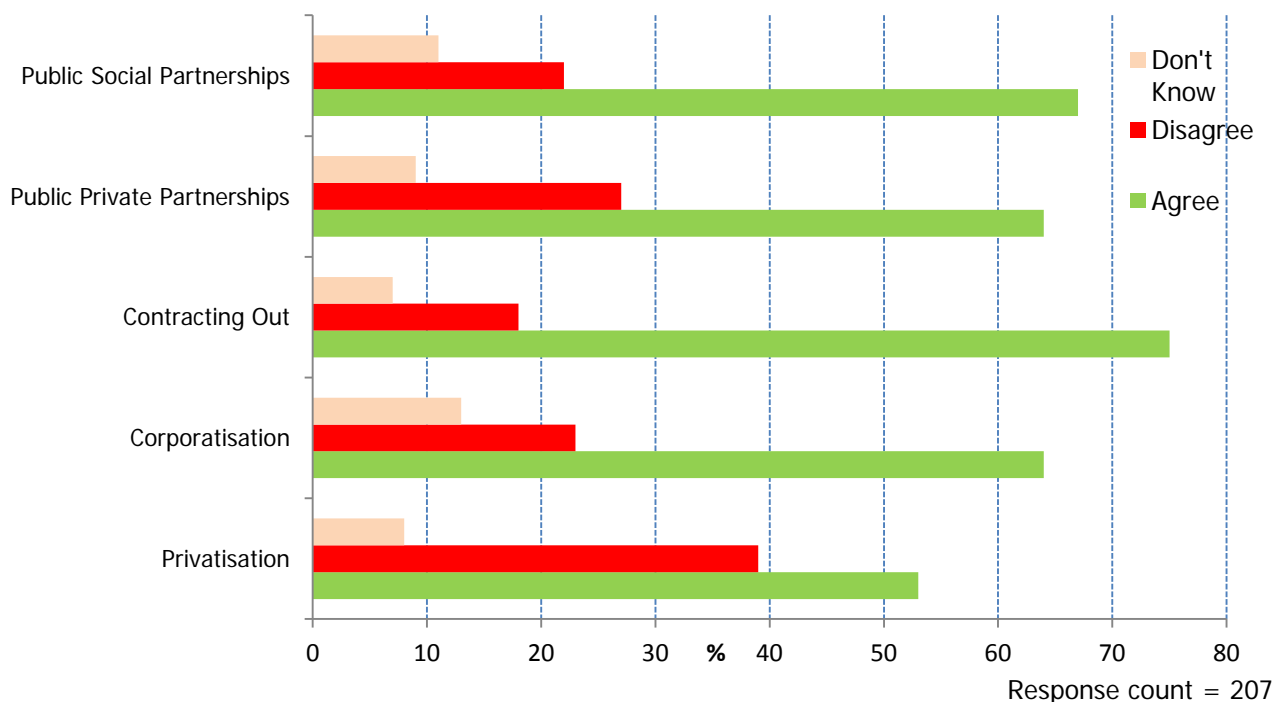
Sample of Comments

- I'm confused - is straight Government provision included as "services delivered within the Government Structure (using Executive Agencies)"?
- The main criterion should be value for money
- This will lead to another level of bureaucracy. Can we afford this? We already have a surplus in layers of Government Administration.
- With the caution that sometimes government may be providing services already provided by the private sector but it does so at a more accessible level than the private sector is willing to offer. For example Isle of Man Post is a statutory board, part of the government, offering letter and postal services, a number of private couriers do so too but they are not efficient or cost effective for letters and don't provide the accessibility to the general population for parcels and packages (particularly those of a smaller nature).
- I am not a fan of AMSD and would like to see the scope for its employment tightly restricted by a statement of policy and principles. I could support the bottom three recommendations above, but the rest rely on a mistaken view of the benefits of competition, and would do nothing to control the managerial impulse to make AMSD an opportunity and excuse to construct a managerial gravy train.
- I'm only agreeing to 'considering' alternative means of delivery. Do not read any more into this!

Question 4 Principle (pg 21 – 22 of report)

There are a number of models through which services could be delivered to the public involving 'Outside Agencies' as follows:-

- i. Privatisation*
- ii. Corporatisation*
- iii. Contracting Out*
- iv. Public Private Partnerships*
- v. Public Social Partnerships*



Sample of Comments

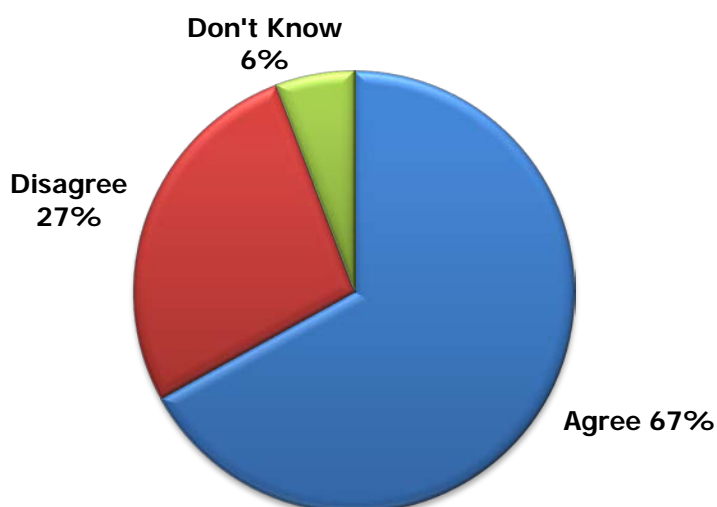
- Would it be possible to form PPP's or PSP's to run Residential and day care services, involving some type of management 'buy-out' of existing facilities.
- Privatised as much as is feasible. This cut in spending will allow increases in places like Health and Education where it is needed
- Each of these models has a place depending on the undertaking in question. Some are clearly already in place. There also needs to be a clear understanding that contractors entering any of these markets will not be doing so as philanthropic institutions: they will be seeking to make significant profits! This requires high quality procurement professionals on the government's side. Is it clear that there will be significant competition? Given the work permit rules will contractors even be able to enter a competition if not already based on island? Is there space for a further option of a cooperative venture with the workforce taking over the enterprise?
- Only if there is a cost saving should it be outsourced or increased profit without massive cost increases for the services provided, such as the price of stamps.
- Where people's welfare is concerned, privatisation would be risky and difficult to regulate - cost would be incurred making sure someone else was doing the job correctly. Bringing in the third sector may be detrimental as although the third sector would have the care and will to provide, relying on donations/fundraising and sponsorship would put more pressure for these industries to survive and Government may also end up in a position that it would have to support it. By corporatising services, Government still have a responsibility which could perhaps cost more in the long run if these ventures fail. Perhaps it could be useful to employ the right people to run these services as businesses instead of services.

Question 5 - Report Recommendation 3

Government should:-

- *Seek to reduce the proportion of public services which it provides through direct delivery by making greater use of alternative means of service delivery using outside agencies;*
- *Conduct in-depth appraisals into the use of outside agencies for those services identified in below commencing with the Airport, the Post Office, the Bus Service and Residential Care Services;*
- *Take forward those cases where, after in-depth appraisal, alternative delivery by outside agency has been shown to be justified, as the beginning of a rolling programme of change across a wider range of services.*

Service	Option for AMSD
Bus Service	Corporatise/Privatise
National Sports Centre	Contract out/Corporatise
Tourism Events	Contract out
Villa Marina/Gaiety Theatre	Contract out/Corporatise/ Public Private Partnership
Airport	Corporatise/Contract Out
Harbours	Corporatise
Operations Division of DOI	Contract Out
Quarries	Contract Out
Commercial Forestry	Corporatise/Contract Out
Fish Hatchery	Contract Out
Water and Sewerage Authority	Corporatise/Privatise/Contract Out
Manx Electricity Authority	Corporatise
Isle of Man Post Office	Corporatise
Residential and Day Care Services	Contract out/Privatise
Home Care Services	Contract Out
Prison	Executive Agency
Heritage Railways	Public Social Partnership
Safeguarding Children	Public Social Partnership
Employment/Training Support /Post-Full Time Education	Corporatise/Privatise/Contract Out/Mutual



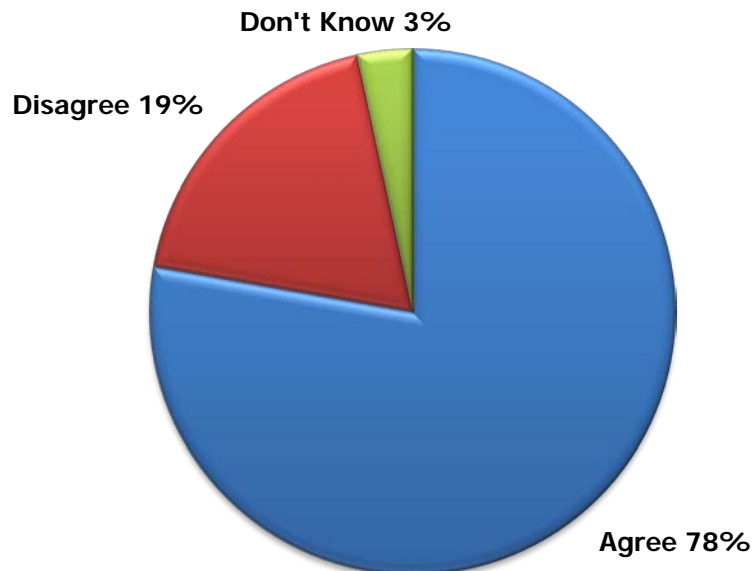
Response count = 209

Sample of Comments

- Deregulated and privatised buses have led to removal of rural services in the UK. As most of our services are rural they would more than likely be axed by a private concern. I have worked for a service that is based on contracted-out provision and the service has shrunk in the drive towards retaining capital and profit. Privatised prisons are inefficient along with contracted-out policing.
- There are many examples in other countries where alternative means of service have a) succeeded and b) failed - this is not pioneering and research should be carried out into what has worked and what hasn't in similar jurisdictions. Strategic partnering with the third sector is seen as a very positive way forward for a number of services.
- Home care services / residential and day care, please don't let this become a service that is only available to the rich, our elderly need our protection as they are the most vulnerable in our society. this is the only service that I would like to see kept in house or with a lot of Government control regarding costs and services provided.
- BUT! Who will conduct the "in depth appraisal"? Will this involve expensive outside agencies from across? We have many business people, retired and working on the Island who could do this.
- The recommendation doesn't go far enough. Government should seek to MINIMISE the proportion of public services which is provides through direct delivery.
- I would beware of in depth appraisals. As long as local knowledge is used and a time frame and cost is agreed before commencing the appraisal. Long debate by the Government after the appraisal should be discouraged . Implementation of any proposals should be swift and seamless
- On a small island is there really the scope for alternative services to provide competition and drive down costs to consumers? I suspect the infrastructure costs are too high so you will have possible cherry picking eg competition only on the busy bus routes (which reduces overall profitability. I am very nervous at the idea of residential care being provided by outside agencies. How do you ensure quality? How do you monitor standards? Many residential care providers in the UK are in serious financial difficulties, are you running a risk that you bring that instability to care on the IoM?
- What constitutes 'has been shown to be justified' if the people doing the deciding are the same people with a vested interest (in their own jobs) in 'justifying it'. Just because the role of government has got a little tougher it's about time our politicians got their finger out and worked harder at 'governing'. Might I suggest instead of looking at expensive Government reforms and all these other contentious plans they look at raising Government revenues (tax properly), audit all government spending, and where government jobs are grossly overpaid for the job compared to those in the private sector they draw up fair new contracts! That would save a mint of money! And most probably there really is no need for all this reform other than empire building by the few!

Question 6 Principle (pg 38 of report)

With reduced Government finances, there is great need for politicians to manage the public debate and to concentrate on strategic and big picture issues and to avoid micromanaging the cost-cutting that is necessary. Managers should be given greater managerial freedom, within politically determined parameters to be imaginative and effective in delivering slimmed down but effective services.



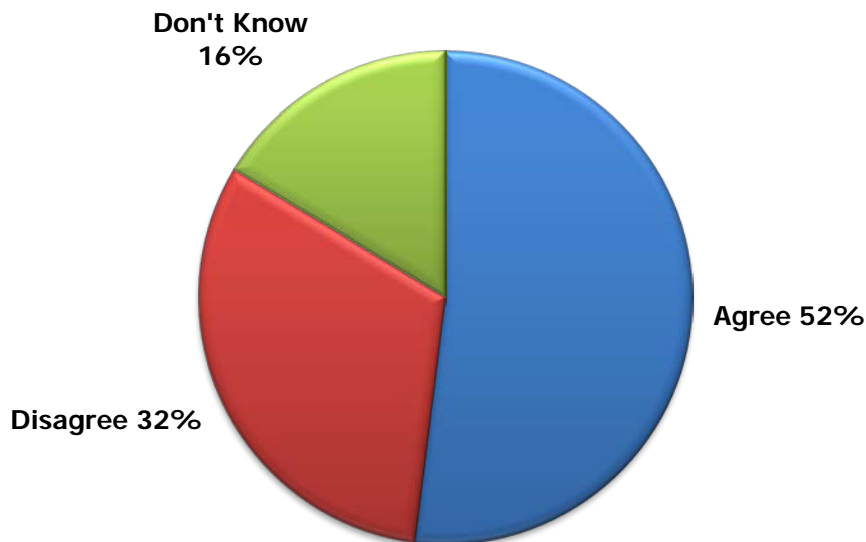
Response count = 207

Sample of Comments

- Provided that there are managers in place who have shown the ability to manage.
- At present the government is showing no guidance as to which sectors are more deserving of support and which they can manage without. This is vital to any cost cutting strategy
- However where there a major service changes such as preschools this needs to done with notice and communication
- Too much political meddling in IoM
- Managers must also be made accountable for their actions and failure to deliver services.
- But this must be across all levels within the Civil Service with a top down strategy rather than has been seen in the past a bottom up strategy. There are many examples from the private sector where managers have been given greater freedom to slim services only for the end process to result in a slimmed down front line and a still top heavy management. A full management review should be undertaken as a matter of urgency.

Question 7 - Principle (pg 38 of report)

Government should look seriously at the Executive Agency model, as developed in the United Kingdom, to provide a degree of separation between strategic direction and day to day management as an alternative to some of the more radical AMSD. Executive Agencies could be used to test out the practicalities of separating services out from day to day Government control. Executive Agencies could be moved on to a more radical means of AMSD in the future, if successful.



Response count = 202

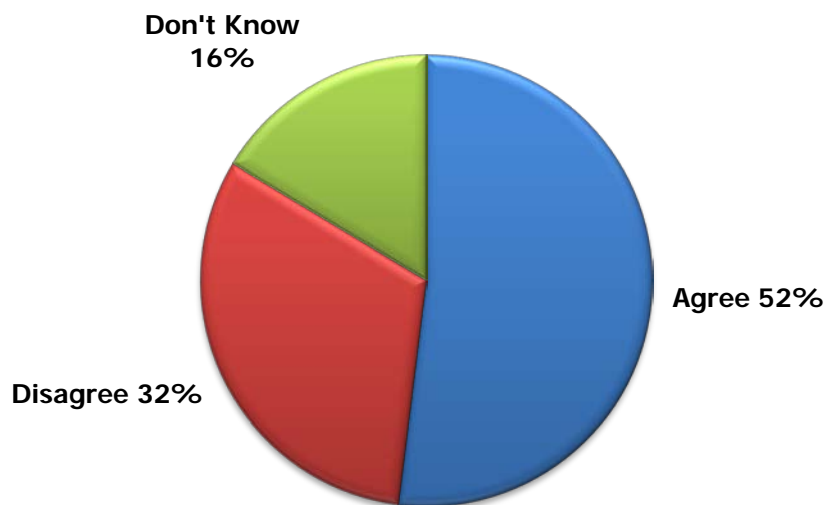
Sample of Comments

- The earlier point that the existing structure of Government inevitably leads to Senior Political appointees all too often being 'dragged into' micro management issues which should be handled by Chief Officers in the respective Ministries. CO's have a responsibility to manage but must be given sufficient authority to act
- Whilst it is not clear that all executive agencies in the UK have been successful, this is another model and should be considered alongside all options. However, there should not of necessity be a presumption of subsequent consideration of a 'more radical' solution: as previously stated, what is needed is the most effective approach, which may not necessarily be radical (though in some cases it may)
- Executive agencies are yet another bureaucratic layer
- I am not convinced that the EA model has delivered in the UK. Some feeling that they have just added another level of bureaucracy.
- Hold on guys...we have 84,000 persons and about 32,000 households. Let's get the scale right. And please, how much would this cost and what are the benefits? If you cannot tell us then do not do it as it has not been evaluated commercially. How would the relationship be managed between an Executive Agency and an Operational Department - the potential for silly games and division is increased by this model. None of the people issues seem to have been addressed.

Question 8 - Report Recommendation 4

We recommend that 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 it would produce a net benefit in terms of efficiency and effectiveness;*
- *Commence this process by considering the Executive Agency Model for operation of the Prison and Social Security;*
- *Be prepared to use the Executive Agency model to test the practicalities of removing from day to day Government control those services which are being considered for alternative means of service delivery by outside agencies, where there are cogent reservations about the best long term operating arrangement.*



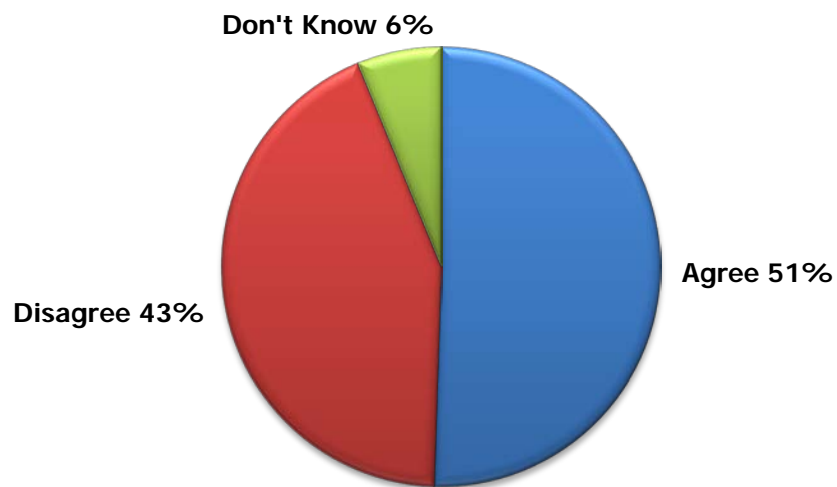
Response count = 204

Sample of Comments

- Prison should be made to consider financial self sufficiency if even partially. Available labour force to carry out such tasks as beach cleaning and other environmental tasks.
- There are two strong underlying assumptions in this recommendation. Firstly that the UK model is working well and secondly that even if the premise that it works in the UK is accepted, because it works for a 63M community it no reason why it should be considered as the prototype for an 85,000 community. For example running 30 Prisons as a private venture might be viable - running one not so cost effective. Many essential services for small communities will inevitable be non-profitable and of questionable VFM but in a caring society not all services can be viewed as P&L items.
- I agree in trialling this with the prison but not with social security. Given the recent consultations and potential future changes within the system I don't think it at all wise to be making further structural changes before you have defined the actual service that should be provided.
- These are not regulatory bodies.

Question 9 Principle (pg 40 of report)

One option to reduce diversity and complexity of Government, to allow focus on key responsibilities and improve its efficiency, Government could devolve some of its to an effective system of local government.



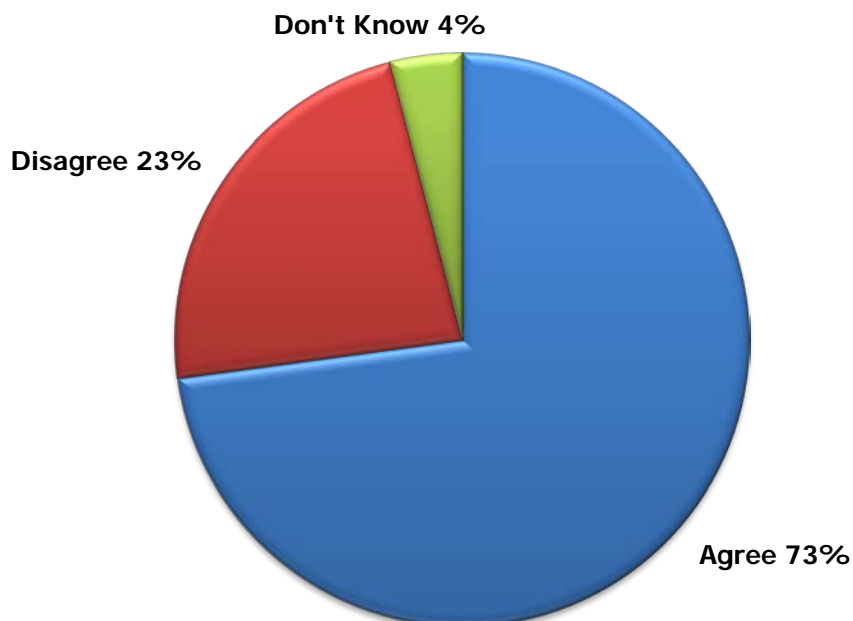
Response count = 194

Sample of Comments

- This will be easier said than done on the Isle of Man.
- As stated at the beginning of this reply, I strongly disagree with the suggestion that Government should devolve any of its functions to a new system of local government. I am certain this would lead to duplication, increased costs and different standards in different parts of the Island. Furthermore bigger authorities would reduce the present close contact between the Commissioners and those they represent and undoubtedly lead to rural Commissioners being dominated by neighbouring urban areas.
- Devolution should occur only where it is demonstrably beneficial to devolve functions and using the existing flexible structure of public bodies.
- Premature. Local government at present ill prepared to take on major responsibility.

Question 10 Principle (pg 40 of report)

Functions should not be devolved further to local authorities until reform has been undertaken to create an effective system of local government.



Response count = 199

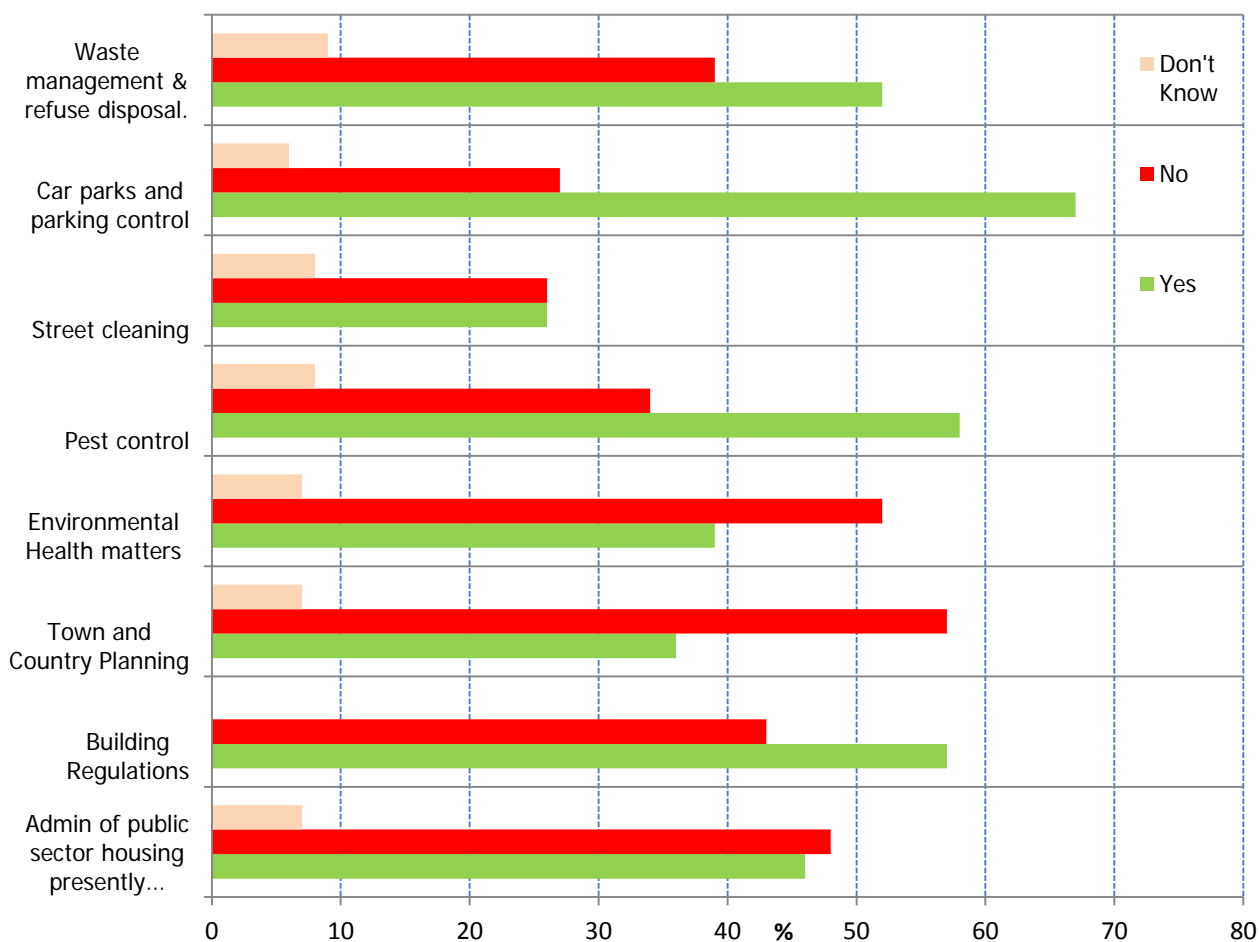
Sample of Comments

- Why should functions not be devolved until reform has been undertaken? We should be able to consider devolving functions now. Services e.g. Environmental health can be bought in from Central Government - this would help with reducing Government's tax funded expenditure.
- Yes. But a fundamental examination of the need for local government is required. It must be shown that the responsibility for the provision of public sector services, other than by central government, is either more efficient, more effective, or in the interest of the community.
- If it can be done now do it - trial it if necessary!
This could/should be used as leverage for reform.
-
- Too many small parish councils which could be assimilated by larger authorities without losing their identities. Look at Four plus 2 model from Time for change
- I would like to see local authorities carry out the reform that is needed themselves, however I think a time limit should be imposed so that we are not still talking about this in 10 years time.

Question 11 Principle (pg 42 of report)

Functions which could be devolved to an effective system of local government include:-

- a) *Administration of public sector housing presently owned by Department of Social Care*
- b) *Building Regulations*
- c) *Town and Country Planning*
- d) *Environmental Health matters (other than local authorities own activities, where regulation should remain with central Government)*
- e) *Pest control*
- f) *Street cleaning*
- g) *Car parks and parking control*
- h) *Waste management and refuse disposal.*



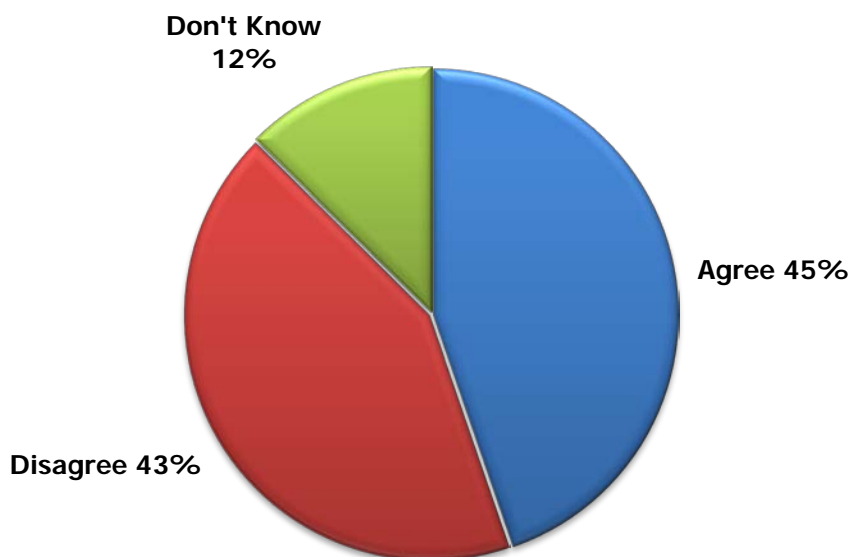
Response count = 201

Sample of Comments

- Local govt should be reformed before any such moves are taken
- All will be better and more accountable, locally. Delivery of some of these services currently are terrible.
- Local authorities could put these services out to commercial tender. Planning is a more difficult matter which requires an Island strategy. Local authority input is desirable but the final decision should rest with professional officers in central govt.
- On Administration of public sector housing presently owned by DSC - agree - other than repair and maintenance costs
- Present system is better

Question 12 Principle (pg 42 of report)

"Prior to local government reform, services listed above as transferable to local government should be brought together under the control of a single body in central Government, pending local authority reform. The body should be an Executive Agency, which would have local authority representatives appointed to its Board."



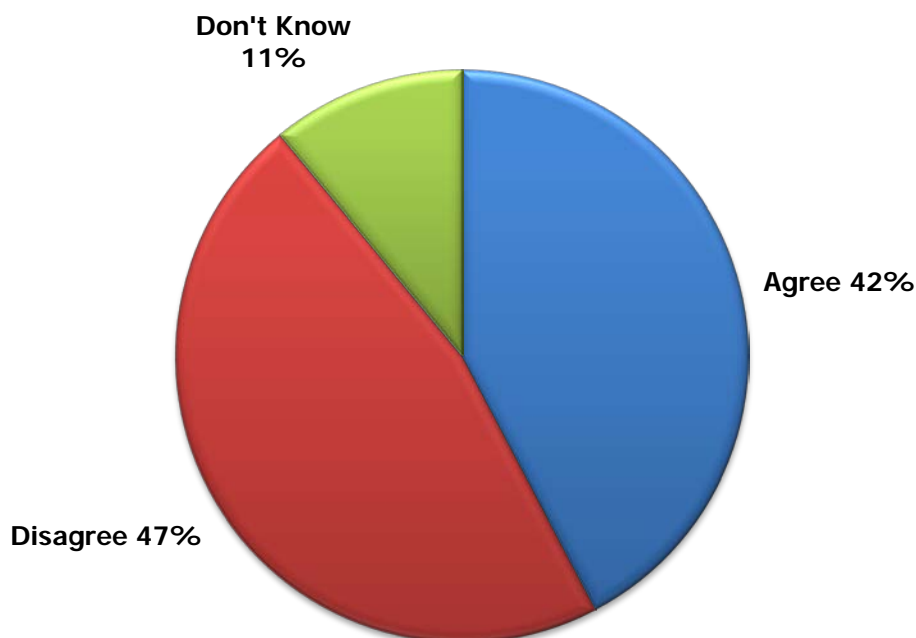
Response count = 199

Sample of Comments

- Agree with statement only on the basis that if operations are devolved to local authority then a single board or agency needs to act as an executive. However the prospect of locally elected politicians, subject to change, acting cohesively as a single entity is not positive.
- Just more delays.
- The "single body" might become permanent.
- Here we go again. Another layer of bureaucracy.
- Government should do these areas efficiently in the area best for them, this executive agency could keep going for years depending on the outcome of reform and may well not be as efficient as doing them in the part of government which can do so more efficiently along with other current tasks.
- This sounds like an expensive and wasteful gimmick.

Question 13 - Report Recommendation 5

- *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. Investigation and implementation of the restructure should be a three year programme.*
- *In the meantime, and pending local government reform, Government should establish, as an executive agency reporting to the 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. Government should quickly identify those services currently delivered by Central Government which are of a local nature and would therefore be best delivered by local Government.*
- *We have suggested that these should include public housing, building regulations, first stage planning, certain environmental health functions, pest control, street cleaning, car parks and parking control, waste management and refuse disposal.*
- *The board of the transitional agency should comprise local authority representatives and should hold its meetings, so far as possible, in public.*



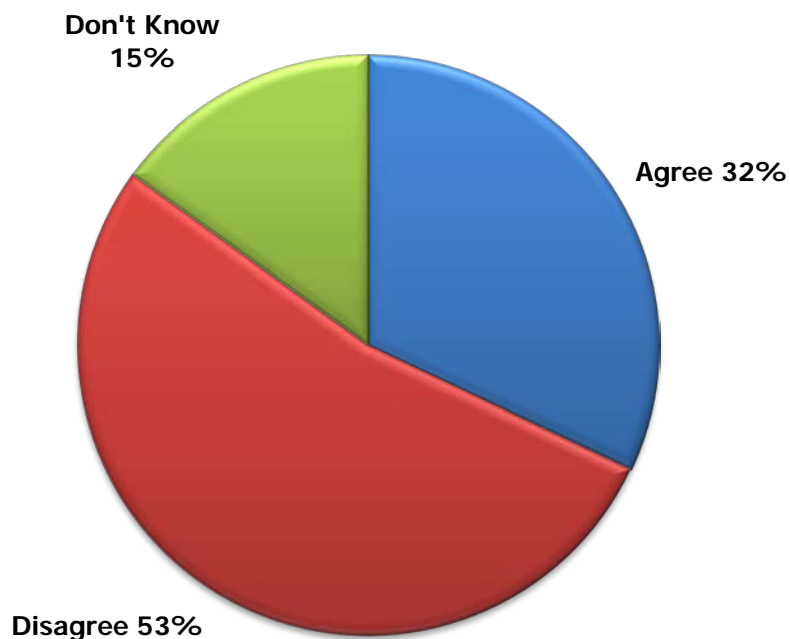
Response count = 201

Sample of Comments

- Not enough information provided in respect of the proposed agency to be able to make an informed decision. Agree the Board of the transitional agency should hold its meeting in public.
- If a Joint Board is to be set up. It should be run and administered by the elected members of all of the Islands local authorities and not yet another expensive government department. The whole idea is to save money not spend even more.
- Three years is too long, the economy needs change to happen soon, not in 2015
- As already stated, establishment of an interim EA will reduce the rate of reform. Such an EA could be allowed to become a semi-permanent body, with the interim solution drifting into becoming the long term solution.

Question 14 - Report Recommendation 6

Government should examine the possibility of the costs of services of a local government nature provided by Government or by the proposed Local Government Transitional Agency being met from a form of local taxation.



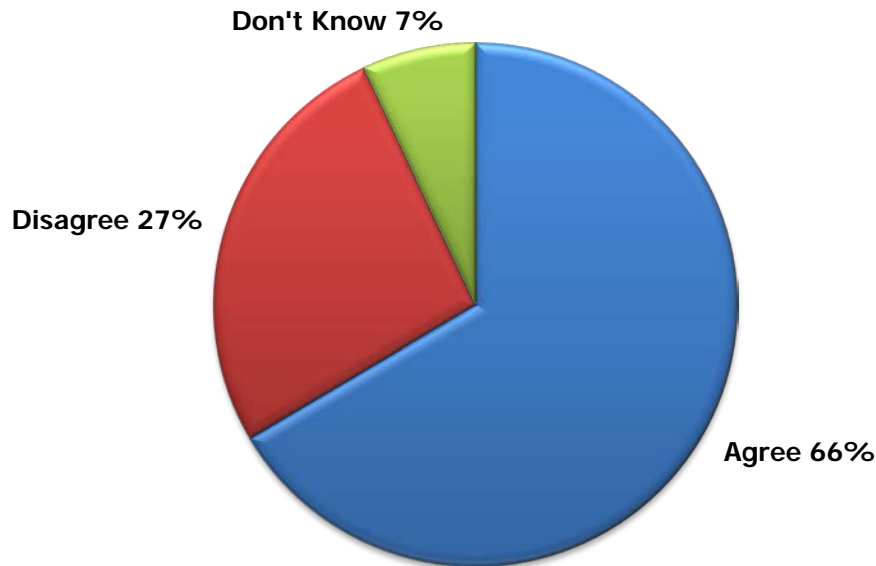
Response count = 200

Sample of Comments

- All it will mean is increasing local rates to avoid the political problems associated with increasing income tax and/or cutting back on central government waste. Tynwald should have the courage to do what is necessary and not try and pass the blame off to local authorities.
- Yes but be honest that this is a way of raising direct taxation through the rates - with a new rate component going to this Local Government Agency. This Agency will have elected representatives, and should not be transitional. The Agency could usefully liaise with existing local structures but its creation should not be regarded as a threat to them. Explain that this increase in rates is a more acceptable way of raising revenue than other forms of direct taxation and is mildly progressive.
- Rates are based on property value and not ability to pay and this must be taken into consideration.
- Should be a standard function at no extra cost. Building working relationships and effective communication cost nothing.
- These charges should be based on service usage not on some random measure of property value or income
- But to ensure fairness there should be a pro-rata decrease in national taxation.

Question 15 - Report Recommendation 7

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.



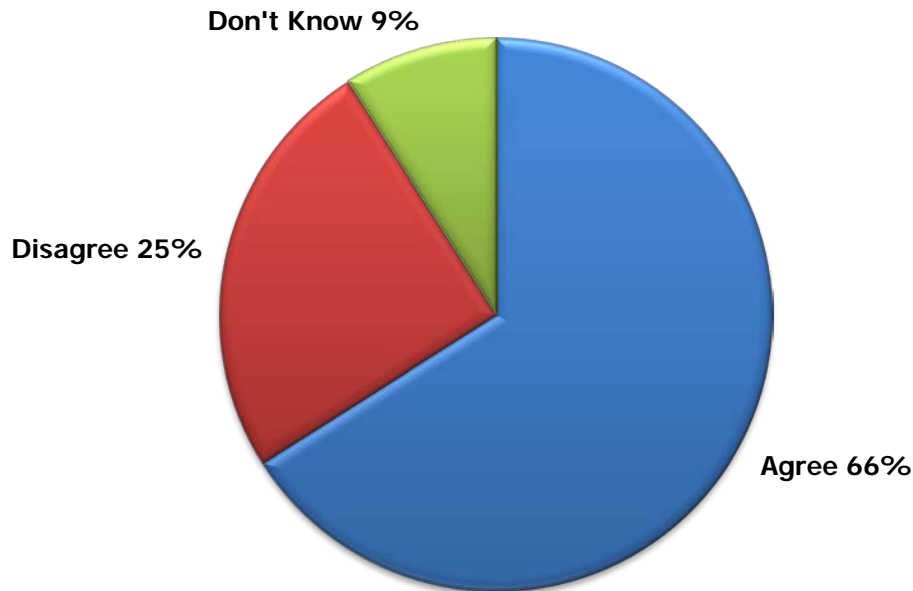
Response count = 200

Sample of Comments

- As the economy has consistently grown year on year with significant revenue received from the VAT agreement, there has been complacency for many, many years. Given the considerable reduction in revenue, Government needs to be significantly leaner. Assessment and benchmarking of services would allow Government to continually measure and improve service provision and if handled well, would prove to be motivational to staff.
- Disagree because of costs of "experts" would we not know ourselves if something is not working, seems like common sense to me. The government spends far too much money on things like this. Don't do it just to "please" a few.
- But, costs should be very carefully considered: the cost of external advisors and consultants is of concern to the public at present.
- Benchmarking and review are necessary processes to maintain and drive up quality and efficiency, if they are currently absent then gov't is probably negligent. These techniques are nothing more or less than forms of appraisal, a well established discipline. I expect that gov't regularly carries out staff appraisals, probably annually, and clearly appreciates the value of appraisal, so why would it not have some regular review process for service provision?
- Too costly or not significant benefits from the costs incurred
- Done properly, then this could lead to higher standards of service provision.

Question 16 Principle (pg 52 of report)

With terms and conditions in many cases being a significant contributor to the perceived inefficiency of public sector provision requirement for a new private-sector employer to retain the same terms and conditions for the transferred workforce could significantly compromise the achievement of efficiencies or, indeed, the attractiveness of the transfer from the perspective of the proposed new private sector operator.



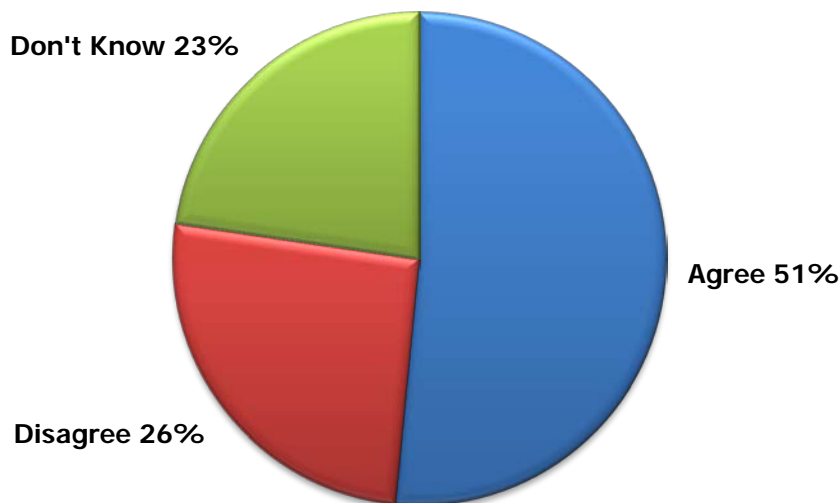
Response count = 200

Sample of Comments

- Because it is true.
- It could also create significant inequity between those currently employed by the private sector employer and those being transferred in.
- However, the government is a significant employer on the IoM and so the government workforce provides a significant tax income etc. Destabilising these workers by changing their terms and conditions may have far reaching consequences. You risk economic impacts.
- Just audit all government jobs and expenditure and where necessary draw up new Government contracts of employment similar to those existing in the private sector. I know that you won't be popular but the job of Government is to govern not seek re-election!
- It's a ridiculously long sentence for a start! But it is the government's job to get the house in order first before transfer to make these services viable to private sector firms.
- Terms and conditions negotiating bodies in the island are outdated and unwieldy. Whitley Council is a prime example where the memorandum of agreement is larger than your average novel.

Question 17 - Principle (pg 52 of report)

"In the United Kingdom, transfers are governed by the Transfer of Undertakings (Protection of Employment) Regulations (commonly known as TUPE) which protect employees' terms and conditions of employment when a business is transferred from one entity to another. TUPE regulations do not apply on the Isle of Man, although there is some protection for Manx workers provided by the Employment Act 2006 and Redundancy Payments Act 1990 (as amended), in respect, for example, of continuity of service, the right to a trial period on transfer and importantly, that if staff do transfer a new employer cannot simply dispense with the services of existing staff. In practice, it is still possible to develop transfer arrangements that can protect the terms and conditions of the transferred employees, without applying TUPE legislation and this has occurred on numerous occasions within the private sector on the Island."



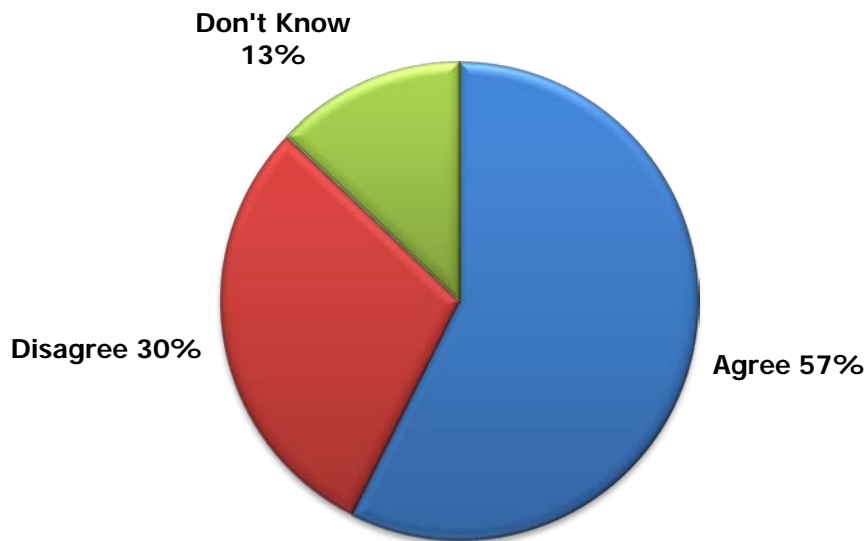
Response count = 194

Sample of Comments

- I have insufficient understanding of TUPE to be able to give a definitive response. What is required is fairness, actual as well as promised, to existing staff, and to future staff undertaking any work for government howsoever employed.
- Provided the provision is the same, but the island employers (eg IOM Bank) do not provide staff the same provisions as in the UK, especially the lack of disturbance allowances when transferred to other locations.
- We should enact an IOM TUPE to ensure workers rights in these situations.
- The current problems are not the fault of the employees and they should be penalised for the mistakes of successive politicians.
- If, as is stated, terms and conditions can be protected without applying TUPE legislation, then surely there can be no disadvantage to having a legal framework to support any transfers from the public sector to the private sector. I think the legislation is needed.
- What is the statement? Given our politicians have voted that their own T&Cs cannot be changed (see their vote on paying for their pensions - or small part thereof) why should other government employees be treated any differently?

Question 18 - Report Recommendation 8

Government should not seek to introduce TUPE¹ legislation on the Isle of Man, but instead seek to conclude commercial arrangements with future private or voluntary providers of public services, to provide for the transfer of its existing public sector staff and the protection, as far as possible, of existing terms and conditions of service.



Response count = 202

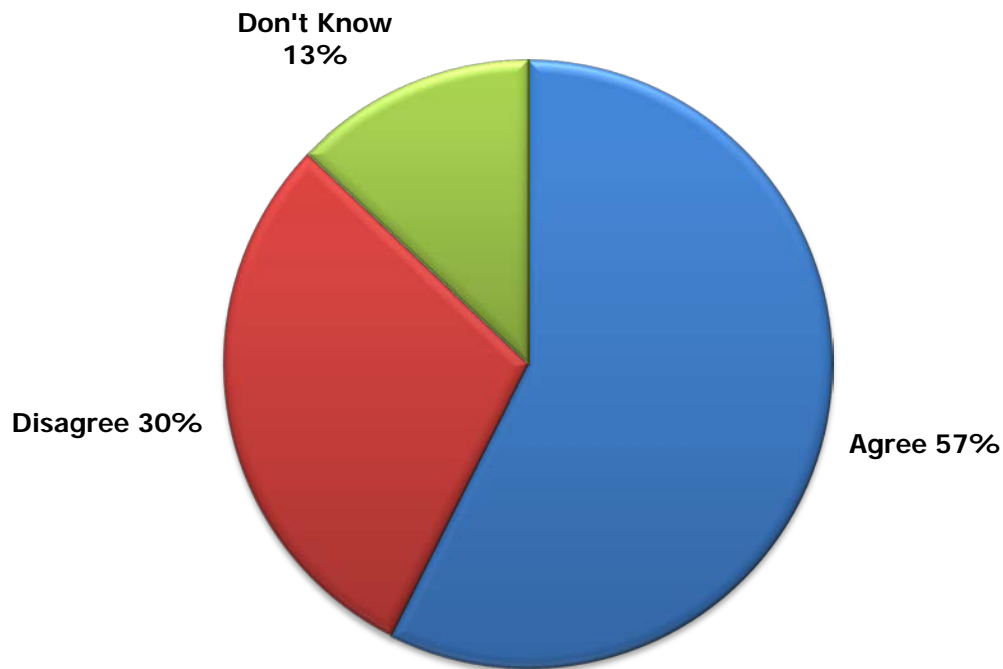
Sample of Comments

- Would agree with the first part, the words as far as possible is very open ended, it should be for all the parties to find common ground.
- As long as the aim is achieved. IE deliverable efficient service at a reduced cost to IOM Government.
- TUPE required here
- Again this is a half way house - if you don't want TUPE - remove it and probably face the at least short term consequences of union un-rest. This might not be a bad gambit and in times of real economic downturn to central government revenue might be considered essential but as stated above don't go for a half-way house.
- As an employee I would like to see TUPE brought in but, as a taxpayer, I can see it being something that the Government cannot afford to introduce.
- But Government also needs to drastically alter the terms and conditions of employment of all public sector staff to bring them into line with the private sector, for the reasons given in the comments to Q16. It is suggested that these could be phased in over 5 years for existing staff and with immediate effect for new staff.

¹ Transfer of Undertakings (Protection of Employment) Regulations

Question 19 - Report Recommendation 9

Where the protection of existing terms and conditions is not possible, Government should, as a matter of high priority, seek to limit its exposure to high redundancy costs by reforming the current public sector schemes for compensation for loss of office.



Response count = 202

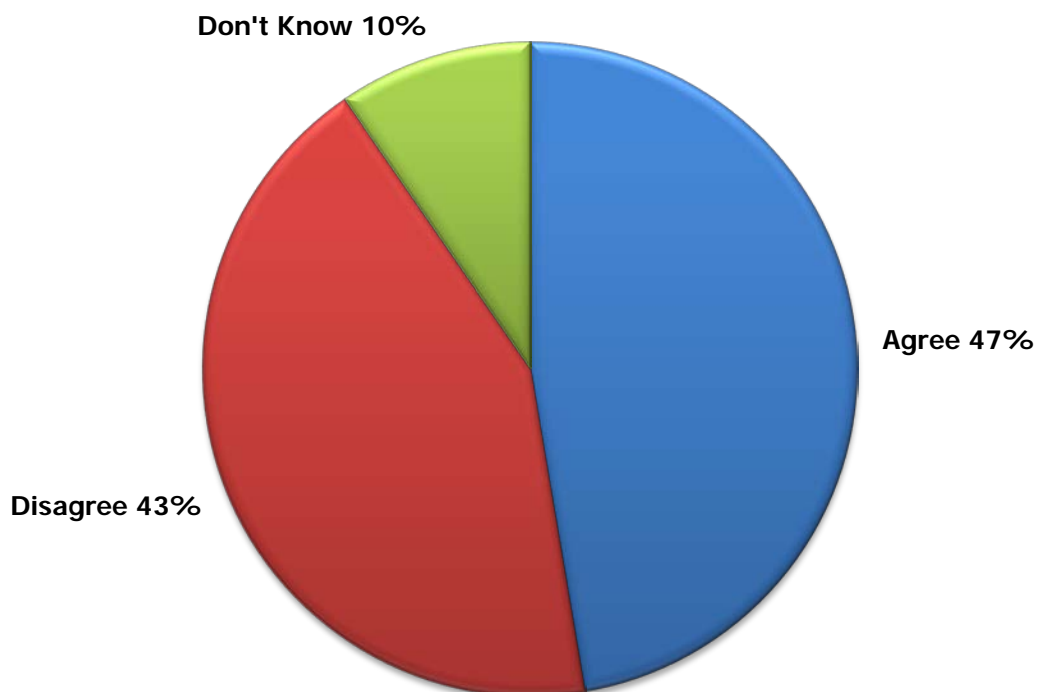
Sample of Comments

- A long over due proposal.
- We should cut our cloth accordingly.
- Obviously every effort should be made to reduce and avoid redundancy costs; on the other hand there must be fairness to individuals who might unavoidably lose their employment.
- Redundancy costs of government staff are a matter for the conscience of Government.
- (Opting out of responsibility undesirable.)

Question 20 - Report Recommendation 10

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

- *Driving a change agenda focusing on value for money which would include:*
 - a) the consideration of alternative means of service delivery by outside agencies;*
 - b) the consideration of alternative means of service delivery within the Government structure (executive agencies);*
 - c) the consideration of alternative means of service delivery by transferring functions to local government (through a Local Government Transitional Authority);*
 - *A centralised human resources function (the Office of Human Resources should become a part of the Department);*
 - *A centralised IT function (the DED Information Systems Division should become a part of the Department);*
 - *The Transforming Government Team should become part of the Department;*
 - *The Procurement section of the Treasury should become part of the Department*
- If that is unacceptable in the short-term, a new vehicle for change should be created which will promote the alternative means of service delivery agenda and which exhibits the following features:-*
- *It should be headed by a politician of ministerial rank with a seat on the Council of Ministers for whom the change agenda should be the first priority;*
 - *The political head of the vehicle for change should work directly to the Chief Minister;*
 - *There should be a small dedicated team of officers appointed to the vehicle for change, headed by a person of chief officer rank who would have a seat on the Chief Officers Group;*
 - *The vehicle for change should form part of the centre of Government.*



Response count = 188

Sample of Comments

- More Cost - Get those already employed to perform better and deliver change as necessary
- Another Government Department being created and increases bureaucracy as well as costs,
- Too many departments already
- I have serious reservations about this particularly in relation to the role of ISD. ISD would require a completely different approach to be able to contribute effectively to this process as it is currently acting as both regulator and supplier using Financial Directive 27 as a blunt instrument to control the market.
- Seems a hammer to crack a nut surely it can be done within the existing structure where do the staff come from how long to set up etc.
- We urgently need an ability to drive through the required changes.

11. Appendix 1 - List of Notable Respondents to the Consultation

- **His Honour, D Doyle, First Deemster**
- **Mr R Ronan MHK**

Local Authorities

1. Arbory Parish Commissioners
2. Braddan Parish Commissioners
3. Douglas Borough Council
4. Lonan Parish Commissioners
5. Malew Parish Commissioners
6. Marown Parish Commissioners
7. Maughold Parish Commissioners
8. Michael Commissioners
9. Onchan District Commissioners
10. Patrick Parish Commissioners
11. Peel Town Commissioners
12. Ramsey Town Commissioners
13. Rushen Parish Commissioners

Private Sector Companies

1. AFD Group
2. Colas Holdings (IOM) Limited
3. PDMS
4. Ronaldsway Aircraft Co.
5. Strand Group of Companies

Sector Organisations

1. The Isle of Man Chamber of Commerce
2. Chamber of Commerce Construction Committee
3. Isle of Man Construction Forum
4. Chamber of Commerce ICT/eBusiness Committee
5. Employers Federation

Statutory Boards and Offices

1. Manx Electricity Authority
2. Manx National Heritage
3. Isle of Man Water and Sewerage Authority
4. Civil Service Commission
5. Road Transport Licensing Committee
6. Isle of Man Post Office

Employees Organisations

1. Employee's Side Whitley Council
2. Communication Workers Union
3. Prospect
4. Isle of Man Trade Union Council

Other Organisations

1. Ballasalla and District Residents Association
2. TravelWatch
3. Manx Wildlife Trust

12. Appendix 2 – Work Already Undertaken by Government to Reduce Scope

Department of Community, Culture and Leisure

The Report lists a large proportion of the Department's operations as being candidates for alternative means of service delivery. As a result, the Department has investigated a wide range of options for alternative means of delivering its services, including corporatisation, further commercialisation, contracting out, the creation of charitable trusts and private/ public partnerships. A full assessment of costs, benefits and other impacts of any change in provision is being made before the Department recommends any changes to the Council of Ministers.

The Department has already addressed some of the broader issues in the Scope report- for example, a reduced hourly rate has been agreed for casual staff following the Department's move to remove these staff from the scope of the Whitley Council Memorandum of Agreement. This will take effect from 1 January 2013. The Department is in the process of changing the terms and conditions of all its bus driving staff to give an annual saving of approximately £300K.

Department of Education and Children

The DEC has already taken action, within the principles defined by the Scope of Government Report, through its decision to transfer Pre-School Education and Library Services to the private and third sectors. Going forward the Department will be reviewing its School Meals provision and some aspects of the work of its Youth and Community Service to identify whether any transfer of these to the private and voluntary sectors would be advantageous. In its training capacity, via the Isle of Man College, the DEC will work closely with DED in considering any potential changes.

Department of Environment, Food and Agriculture

- Reviewing the organisational structure to consolidate service delivery teams and simplify management structure, which will facilitate future reductions associated with natural wastage and further reduce operating cost.
- Reviewing the operation of the commercial forestry operation, to further improve efficiency and margins, whilst identifying and ceasing any unprofitable sections or product lines, plus exploring further outsourcing.
- Reviewing the salmon hatchery, with a view to closure.
- Centralising the grounds maintenance teams to St Johns, to allow further reductions through natural wastage, whilst ensuring the capability to deliver core services. This will be accompanied by increased use of external contractors.

Department of Health

In light of the principles for examining the Scope of Government proposed for adoption by the Council of Ministers, the Department of Health will analyse which of the services it delivers, or support for those services, should be assessed for their suitability in being delivered by an alternative means.

Department of Home Affairs

The Department is continuing to review the recommendations of the Scope report taking into account budgetary pressures and the risks associated with any changes. Considerations include the option of the Prison as an executive agency and the possibility of outsourcing small and discrete sections of the Department.

Department of Infrastructure

Operations Division:

1. On a like for like basis the Division has reduced the number of employees by around 20% over the past 5 years.
2. The Design Services Division, together with the Architects sections and Waste Management Unit of DoLGE, and the Department of Education and Children's estates maintenance team have been merged into the Operations Division. On the 1st January the Estates team of the Department of Health will become part of the Division.
3. The scope of the Operations Division has been reviewed to identify those activities in which value is added beyond that which can be provided by the private sector. This analysis also considered whether a competitive market exists or could exist on the Isle of Man for that service. From this work a significant number of activities have been identified that could, in the short/medium term, be provided by the private sector.
4. Following this analysis, and the changing fiscal requirements of Government, the Department has invited the unions to consult and negotiate on the scope of the Division's in-house activities, changes to working practices and changes to Terms and Conditions.
5. The Division has already started a consultation processes with the officers in the Architects office on reviewing options for the delivery of the service into the future.
6. The Design Services Division has been disbanded and amalgamated into other sections of the Division with a short/medium term expectation that numbers will be reduced.
7. Negotiations are ongoing with the Division's Dive team with the expectation that the work will be outsourced or a significant reduction in current operating costs achieved.
8. Framework agreements have been put in place with private sector companies to supply a large variety of services and skills to the Division and this is increasingly being used as staff numbers are reduced.
9. The Division is preparing proposals on different models of street cleansing and waste collection for consideration by the Department. The current delivery model is fragmented, costly and inconsistent.

Airport Division:

1. Detailed work has been done to identify future service delivery models for the Airport. There are a number of options being considered and these include merging with Harbours Division. This would result in reduced management costs, combined functions and ceasing some areas of activity altogether.
2. The Division has also analysed its services provision model to consider how service delivery can be changed to meet the changing fiscal requirements of Government. Following this analysis, the Department has invited the unions to consult and negotiate on the scope of the Division's in-house activities, changes to working practices and changes to Terms and Conditions.

Harbours Division:

1. Harbours Division is included in the detailed work being carried out by the Department with regard to future alternative service delivery models for both it and the Airport.
2. New Terms & Conditions have been agreed with the Unions for the Port Services Group which is subject to a ballot by staff. Management are optimistic that they will be accepted given that the union, Prospect, has recommended acceptance.
3. The number of Harbour Keepers' has been reduced and realigned to seasonal operation requirements. All Harbour Keepers are being assigned a single duty rota to support operational requirements.
4. Port Security's establishment has been reduced as part of overall Divisional reduction and working practices amended to ensure adequate coverage with fewer staff, e.g. the night shift has been stopped over the winter period and will be reviewed next spring.

Planning Division:

1. The Division has worked with key stakeholders to review and realign planning controls to support economic growth whilst protecting the island's environment.
2. Permitted development rights have been extended for householders and for some Government owned land.
3. Working closely with the Department of Economic Development on Enterprise zones – provision of background information on UK experience (including website marketing).
4. Working with Douglas and Onchan as Building Control Authorities to develop a set of agreed performance standards for Building Control.

Corporate Services:

1. The Department has proactively worked throughout 2012 to engage with local authorities on a number of issues including the outcomes from the Scope of Government Report 2012. A paper to Council in December 2012 has outlined the Department's work to date concerning the reform of Local Authority structures and a future programme of work.
2. The Department sits on the Housing Review Programme Board and is part of the project team reviewing Options appraisal for a Unified Housing Body.

Department of Social Care

DSC is undertaking a major project to rebalance the way we provide services to older people and adults with learning disabilities. The project concentrates on allowing people to live more independently and stay in their homes longer. We are changing the way we provide day care services to people with learning disabilities, providing more services to people in their own homes by either outsourcing the services or changing the emphasis on the services provided by IOM Government. Work is well underway in all areas of the project and homecare services will be outsourced to a social enterprise by the summer of 2013.

A housing review has been undertaken and the Department is now working on options to change the delivery of housing both in the private and public sector. The Department will bring these options to Tynwald in Autumn 2013.

Treasury

The Treasury Minister has identified that issues in respect of Treasury and the Scope of Government should be addressed in such a way as to make Treasury "Faster, Smarter and Stronger". In line with the exercise undertaken by the Council of Ministers, the Treasury's functions have been identified into Policy and Legislation, Audit and Regulation and Service Delivery. Those falling into Service Delivery have been further defined into those that should remain directly provided by Government and those that could be considered for outsourcing. The latter category covers:

- Debt Collection
- Rate Collection
- Payroll
- Creditor Payments.

These areas will be further investigated to identify options for outsourcing, benchmarked against the cost of their current direct provision. In doing so, it will be necessary to seek the views of users of the services (for example Departments for whom Treasury administer payment of their staff or their creditors).

13. Appendix 3 – Draft Terms of Reference for Business Change Steering Group

COUNCIL OF MINISTERS BUSINESS CHANGE STEERING GROUP

DRAFT TERMS OF REFERENCE

1 CONSTITUTION

The Steering Group has been established to provide overall direction, develop supporting policies and review progress of the Good Government theme in the Agenda for Change.

2 MEMBERSHIP

- Treasury Minister, WE Teare, MHK
- Department of Economic Development, Member, Mr T Wilde MLC
- Department of Infrastructure Member, Mr R Ronan MHK

In attendance: Chief Secretary, Programme Director, CSO, Director of ISD, Secretary of the Steering Group

3 MEETINGS AND MINUTES

- Meetings bi-monthly
- Minutes will be issued no later than ten days following each meeting

4 AUTHORITY

- Steering Group established by Council of Ministers, minute number 493/07, 25th October 2007
- Reports annually to the Council of Ministers

6. PURPOSE OF THE STEERING GROUP

- To steer the delivery of the Transforming Government strategy
- To steer and support the scope of Government review and subsequent delivery
- To ensure ICT is delivered in a value for money, effective way which meets the needs of Government.
- To steer the development and delivery of the cultural change programme
- To lead and support the development of improved customer service in Government
- To advise the Council of Ministers of progress on the Transforming Government agenda.
- To set objectives and annually measure progress against external benchmarks
- To develop policy and strategy which supports the Government's change agenda

To ensure the Governance Policy for ICT includes:

- the prioritisation, authorisation and monitoring of projects to ensure the best outcomes for government
- clear lines of communication, transparency, responsibilities and decision making
- appropriate and effective levels of risk management
- compliance with the overall ICT programme in relation to individual projects whether at a pan-Government basis, or at the local Departmental or Divisional level
- Identified benefits, as appropriate to the individual business case