Report of the Council of Ministers

on

The Review of the Scope & Structure of the Isle of Man Government

Alternative Proposal

8/2/10 Final Draft for approval
1. This report shadows the Council of Ministers Report in dealing with the 48 recommendations (in italic type), and the alternative response (in bold type).

1.1. In this document the “CoMin Report” refers to the Council of Ministers response (GD07/10). The “Review Team” and “Review Report” mirror the definitions in the CoMin Report. This report should be read in conjunction with the CoMin Report. This is not a stand alone document.

1.2. **Review Recommendation 1**

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

1.2.2. It is recognised that this is a significant piece of work and that the structure provided by the Government Plan and the Service Delivery plans is suited to reporting and evaluating this structure. The “critical” and “core” elements of each Department need to be revised in view of the alternative approach being proposed.

1.3. **Review Report Recommendation 2**

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

1.3.1.2. The terms “privatisation”, “corporatisation”, “contracting-out” and “commercialisation” appear in the CoMin report.
1.3.1.3. The following activities were considered by the Review Committee:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Preferred Option</th>
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<tr>
<td>Buses</td>
<td>Corporatis/Privatisate</td>
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<tr>
<td>NSC</td>
<td>Contract out</td>
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<td>Tourism Events</td>
<td>Contract out</td>
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<tr>
<td>Villa Marina/Gaiety Theatre</td>
<td>Contract out</td>
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<td>Airport</td>
<td>Corporatis</td>
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<td>Harbours</td>
<td>Corporatis</td>
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<td>Works Division</td>
<td>Contract Out</td>
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<td>Quarries</td>
<td>Contract Out</td>
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<td>Knockaloe Experimental Farm</td>
<td>Contract out</td>
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<td>Commercial Forestry</td>
<td>Contract out</td>
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<td>Fish Hatcheries</td>
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<td>Water Authority</td>
<td>Corporatis</td>
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<tr>
<td>MEA</td>
<td>Corporatis/Privatisate</td>
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<tr>
<td>Post Office</td>
<td>Corporatis/Privatisate</td>
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1.3.1.4. Overall, it is considered that there is considerable merit in looking further at each of these autonomous areas with a view to an element of corporatising or contracting out. This is a sensitive matter, which will require consultation with Unions and other interested parties. However, it cannot be doubted that there remains within many of these areas an opportunity to save costs and change to a more commercial approach with a framework that protects public assets for the public good.

1.3.1.5. With several autonomous units, detailed below, there is scope for taking these out of direct public sector employment. It is likely that in the long term this will save on both wages and pensions costs, even if transitional protection is afforded to the present incumbents of these roles.

1.3.1.6. It is acknowledged that the elements dealing with the Saw Mill and Knockaloe have already been dealt with by the Council of Ministers and are now superseded.

1.3.2. Buses

1.3.2.1. The bus service has experienced spiralling costs over recent years. The review of the network is currently being consulted upon. However, operating the same network, costs have changed dramatically.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2009</th>
<th>% change</th>
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<tbody>
<tr>
<td>Fare Income</td>
<td>£1,633,020</td>
<td>£2,363,358</td>
<td>45%</td>
</tr>
<tr>
<td>Expenditure</td>
<td>£5,587,924</td>
<td>£9,061,657</td>
<td>62%</td>
</tr>
<tr>
<td>Deficiency</td>
<td>£3,954,904</td>
<td>£6,698,299</td>
<td>69%</td>
</tr>
</tbody>
</table>
1.3.2.2. Staff budget has risen from £3,367,791 (2000) to £5,823,463 (2009), an increase of 73%, or (6.2% annually compounded) over 9 years. It is unlikely that this would stand private sector comparison.

1.3.2.3. Rearrangement of the working week to working any five days out of seven would have a significant effect on the amount of overtime paid, and hence save costs.

1.3.2.4. It was revealed that there were 766 staff passes, and an unknown number of indefinite passes issued by the DHSS revealed in a Tynwald question. This represents lost revenue, and the provision of all free travel passes (with the exception of those for over 60’s) should be reviewed.

1.3.2.5. It should also be noted that a more flexible approach in staffing the train and tram service during the summer school holidays could make significant savings.

1.3.3. National Sports Centre

1.3.3.1. Already operating successfully, staff are employed on Whitley Council wage scales, which again are higher than many private sector equivalents. Service level agreements could be used to ensure availability to certain groups in accordance with the sports strategy. Demand regularly outstrips supply for five a side pitches, which led to the development of similar facilities at Bemahague and Ballafletcher. This may be an indication that pricing is too low. The current deficiency is £3,106,212 (2009). With reduced costs and more commercial pricing, this facility should be able to reduce its deficiency considerably. It should be noted, however, that in line with the Sports Strategy for young people and contract should reflect lower prices for under 18’s.

1.3.4. Tourism Events

1.3.4.1. It is considered that by greater education of tour operators, large events could be co-ordinated in the private sector. There are however considerable advantages to having a “point person” within Government to liaise with other Government agencies to provide a smooth service which is responsive to demands. The size and focus of this team may warrant further scrutiny.

1.3.5. Villa Marina / Gaiety Theatre

1.3.5.1. These are icons of the Island and there is no doubt that they must be protected for the public good. However, the operation of these areas is not sufficiently commercial in outlook and approach. A corporatised approach should be able to turn a profit from such versatile facilities. The current deficiency is £2,977,661 (2009).
1.3.6. **Airport & Harbours**

1.3.6.1. Whilst these are autonomous divisions within the Department of Transport, there does not appear to be a general acceptance that they should be stakeholders in the business and tourism sectors within the economy. These areas should be able to operate at “no gain-no loss” to Government. The current deficiency is approximately £18.70 per passenger arrival. Of the £7.1m deficiency, £2.4m is loan charges representing the considerable investment in the airport. Bad debts also represented £0.7m of the 2009 deficiency (£17,065 in 2008/9).

1.3.6.2. In terms of Harbours, the deficiency is £1,532,699, or just over £5 per passenger arrival.

1.3.7. **Works Division**

1.3.7.1. There are already firms in the private sector who are able to undertake similar work to that of the Works Division. There are no in house capabilities that cannot be provided by the public sector. The CoMin Report accepts that this function is expensive where is says “it has to be recognised that the terms and conditions of works staff impacts on costs”, and furthermore that work is “normally to appropriate standards” (my underline). This may belie a quality control issue that would be less tolerated in the private sector. Indeed, this section contradicts, rather than supports CoMin’s conclusion that there is not a strong enough case for change within this Division.

1.3.8. **Quarries**

1.3.8.1. The CoMin Report’s conclusion is supported.

1.3.9. **Knockaloe Experimental Farm**

1.3.9.1. The CoMin Report’s conclusion is supported.

1.3.10. **Commercial Forestry**

1.3.10.1. This recommendation has been superseded by the more commercialised focus that DAFF has taken regarding the Saw Mill. Additional projects such as the increased use of biomass fuel will ensure a more commercial return on investment and reduce the Saw Mill’s deficit of around £515k.

1.3.11. **Fish hatchery**

1.3.11.1. The CoMin Report’s conclusion is supported.
1.3.12. **Water Authority**

1.3.12.1. The CoMin Report's recommendation is supported to the extent that the Water Authority should remain entirely within public sector ownership. There are obvious synergies in combining the work undertaken by the Water Authority and Drainage Division into a single function within the Department for Infrastructure. The proposal for a Department for Infrastructure is also supported to bring together Drainage, Water and Highways with a reporting route for the MEA. This should assist in deconflicting competing pressures to dig up sections of highway because of competing priorities. It is considered that there are limited commercial opportunities for the Water Authority, however its funding structure, potentially to tie in with drainage should be considered as part of a future review of the Rating System.

1.3.13. **Manx Electricity Authority**

1.3.13.1. Whilst privatisation would undoubtedly be a backwards step for the MEA, especially after recent political and financial turmoil, there should be no significant objection to a long term goal of corporatisation. In the mean time, whilst the Authority remains within Government ownership, it should cease retail operations that conflict directly with the private sector. The retail operation (currently running at a loss of £218k) is effectively a drain from private sector GDP, and hence VAT revenue.

1.3.14. **Post Office**

1.3.14.1. It is recognised that since 2006, the Post Office has taken a far more commercial approach to its business. The CoMin conclusion against its privatisation is supported.

1.3.15. **Other candidates**

1.3.15.1. The events of 2008 showed both the strengths and weaknesses of the Road Transport Licensing Committee. Changing its structure at this stage is not deemed a priority.
1.3.16. **Conclusions**

1.3.16.1. Expressions of interest should be sought for the operation of the following functions by the private sector, under service level agreements with Government:

- Buses
- NSC
- Villa Marina/Gaiety Theatre
- Works Division

provided such arrangements work in the best interests of the taxpayer. Transitional protection should also be afforded to existing workers in these areas.

1.3.16.2. The following should be 100% owned by Government but operated at no deficiency funding:

- Airport
- Harbours
- MEA
- Post Office

1.3.16.3. A review of the rating system should be undertaken to provide a modern and equitable method of financing local government, burial grounds, water, and potentially drainage.

1.4. **IMPROVING SERVICE DELIVERY**

1.4.1. **Review Report Recommendation 3**

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

1.4.3. The Council of Ministers concerns regarding putting in place a large governance structure to manage small teams is justified and supported. On the whole, small autonomous teams within Departments function well. However, the independence of such teams (such as Health and Safety) should be delineated clearly in a Memorandum of Understanding which will outline the duties and responsibilities of the Department against those of the autonomous team within it.

1.5. **Review Report Recommendation 4**

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

1.5.2. As with Recommendation 3, it is felt that “service contracts” does not embody the appropriate ethos, as many of these small teams are not business focussed, nor would it be appropriate for them to be. Memoranda of Understanding would fulfil a
similar, if somewhat more informal arrangement which it is felt would work more smoothly.

1.6.  **Review Report Recommendation 5**

1.6.1. *"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."*

1.6.2. The inclusion of objective KPIs is to be applauded. It will be a challenge to ensure that they remain relevant when day to day priorities of Departments are constantly shifting. Benchmarking against other jurisdictions should also be encouraged where such jurisdictions are identified as best practise. A useful role for parliamentary committees would be to assess performance, which would be preferable to “overseas oversight”.

1.7.  **Review Report Recommendation 6**

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

1.7.2. No evidence has been put forward that small businesses would be adversely affected by the centralisation of most common services. In cases where this is demonstrably so, Government may wish to use its purchasing power to consider a fixed price of contract among a number of suppliers.

1.7.3. Services which could be integrated are:
- Management and maintenance of Government properties
- Finance
- Payroll
- Vehicle fleet maintenance
- Back-office support
- Laboratory services
- Legal drafting and other services
- Communications (consideration of wider use of TETRA by other Departments and/or abolition of mobile phone contracts subject to a value for money assessment)

**LOCAL GOVERNMENT**

1.8.  **Review Report Recommendation 7**

1.8.1. *"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."*

1.8.2. There appears to be little consistency as to the role and function of Local Authorities. Any case for reform must be predicated on what they can and should do, and following on from that, how such services can be best delivered. For
example, there appears little rationale in merging local authorities if their functions will contract.

1.8.3. Government should embark on a consultation exercise with local authorities, the public, businesses and all other interested parties about the role which local authorities should have. This should be with a view to standardising functions and, if necessary, requiring co-operation or mergers between authorities to ensure value for money for the public.

1.9. **Review Report Recommendation 8**

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

1.9.2. The proposed functions to be devolved to local authorities should be incorporated into the consultation exercise.

1.10. **Review Report Recommendation 9**

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

1.10.2. Whilst considering the establishment of an executive agency for transition would be premature pending the outcome of extensive consultation, local authorities should be regulated by the proposed Department of Corporate Services.

1.11. **Review Report Recommendation 10**

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

1.11.2. Treasury is, and will remain the primary protector of the public purse. Provided that there are no significant resource costs associated with it, Treasury should be free to establish whatever mechanisms will complement this function.


1.12.1. "Treasury should consider:–
- whether each Department and Statutory Board (or any successor structure) should be required to establish an audit committee, possibly incorporating external or lay members; and
- whether a consistent remit or central guidance should be prescribed in Financial Regulations in respect of the audit committees that are established."
1.12.2. Risk recognition, reduction, and contingency planning are matters that will be unique to each Department but will require a degree of central co-ordination.

1.12.3. The DHSS operates a good example of an audit committee that meets quarterly, and politically drives risk management and reduction as well as good financial management across the Department. It operates at no additional cost to the Department and is complemented by the attendance of Internal Audit. It is appreciated that there may be a training requirement for political members needing to serve on these committees, but this can be done on Island. Audit Committees demonstrate that good governance and financial probity are given due weight within each Department, and act as an effective conduit for internal and external audit.

1.12.4. The Auditor General will be a Tynwald appointment intended to support the work of the Standing Committee on Public Accounts. They perform very different functions which should not be confused.

1.13. **Review Report Recommendation 12**

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

1.13.2. The CoMin Report’s conclusion is supported.

**HUMAN RESOURCES**


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

- Pay and pensions
- Conditions of Service
- Training and Development
- Recruitment and Retention
- Deployment
- Employee Representation."

1.14.2. The CoMin Report’s conclusion is broadly supported. Personnel office should be politically accountable to the Chief Minister as part of the Chief Minister’s Office.

**INFORMATION TECHNOLOGY**

1.15. **Review Report Recommendation 14**

1.15.1. "The maximisation of the use of IT in delivering services and interfacing with the citizen should be pursued as a matter of corporate priority."

1.16. **Review Report Recommendation 15**

1.16.1. "A five year rolling programme for corporate and major Departmental projects aimed at delivering the Corporate IT policy should be proposed by the Department of Corporate Development (see Recommendation 19) and agreed by the
Council of Ministers. This should include a commitment to the necessary funding, staff training and productivity improvements.”

1.17. **Review Report Recommendation 16**

1.17.1. "Government's budget for corporate IT projects should be held by the Department of Corporate Development, which should also be responsible for ensuring the planned benefits are achieved.”

1.18. **Review Report Recommendation 17**

1.18.1. "Individual Departmental IT projects should be subject to Department of Corporate Development approval, to ensure consistency and corporate integrity.”


1.19.1. The Information Systems Steering Committee operating within the Department of Corporate Development should include external expertise.”

1.19.2. It is acknowledged that Information Systems priorities are considered at the highest level by a Council of Ministers. However, these are not communicated down the Corporate Structure so that Departmental members (and possibly Ministers) know where their separate projects fit within the list of overall priorities. Better communication would alleviate many of these frustrations.

1.19.3. ISD also has developed a reputation for being over bureaucratic and restrictive with significant “scoping” documents and assessments required for every project, no matter how minor. Whilst acknowledging that resilience and compatibility of all elements of the system must remain a priority, a more flexible, and cheaper initial scoping of projects would make ICT solutions far more attractive to Government Departments.

1.19.4. The expense associated with all ICT bespoke design is widely recognised, but it is felt that more use can be made of shareware software and "off the shelf" solutions.

**STRENGTHENING THE CENTRE**

1.20. **Review Report Recommendation 19**

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

- Driving a change agenda focussing on value for money which would include: the consideration of alternative means of service delivery;
- the consideration of establishing executive agencies and service contracts and promoting benchmarking, external reviews and the centralisation of services;
- the transfer of functions to local government;
- the commissioning of a review of Government’s human resources;
- A centralised human resources function
- (The Personnel Office should become a part of the Department);
- A centralised IT function (The Treasury Information Systems Division should become a part of the Department).”
1.20.1. This recommendation is generally supported. Under these proposals, the Department for Corporate Services would include responsibility for:

- ISD
- Personnel
- Housing Regulation (including Public Sector Housing Regulation)
- First & Second Time Buyer Schemes
- Regulation of Local Government
- Companies Registry
- Printing Services
- This Department would also manage contracts for outsourcing any Government services.


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

1.21.2. The Department for Corporate Services should be led by a Minister of Corporate Services, not the Chief Minister.

1.22. **Review Report Recommendation 21**

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

1.22.2. This conclusion is supported.

1.23. **Review Report Recommendation 22**

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

1.23.2. This recommendation is not supported. The Chief Officers of the Departments should be evaluated by a panel including external HR professionals and representation from the Council of Ministers.


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

1.25. **Review Report Recommendation 24**

1.25.1. "The Chief Minister’s leadership role and responsibilities should remain substantially unchanged except that:—

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

1.25.2. It is considered that greater flexibility could be provided to the Chief Minister by providing further political support within the Chief Minister’s / Chief Secretary’s Office. Depending on the wishes of the Chief Minister, this could be variously titled “Deputy Chief Minister”, “Minister for Council Affairs”, “Minister without Portfolio” or “Parliamentary Member for the Chief Minister’s Office.” This would be a Ministerial rank, and the incumbent would be a member of the Council of Ministers and bound by the collective responsibility of Council. This retains the existing number of members of the Council of Ministers, despite the abolition of a Government Department. Oversight of sections of the Chief Secretary’s Office such as Overseas Aid and External Relations could be undertaken by this politician.


1.26.1. "The role and structure of the Council of Ministers should remain substantially unchanged except that:—

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

1.26.2. Due to the lack of Council of Ministers experience, this recommendation cannot be fully assessed. However, the implementation of the response to Recommendation 24 could only assist this process.

1.27. **Review Report Recommendation 26**

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

1.27.2. The CoMin Report’s conclusion is supported.

1.28. **Review Report Recommendation 27**

1.28.1. "Detailed consideration should be given to the Isle of Man Government being established as a legal entity in its own right through the Council of Ministers for the purpose of entering into international agreements. This should be in addition to, and not in place of, the separate legal personality of individual Departments and Boards, and it should not impinge upon the legal personality of individual Departments and Boards."
1.28.2. The Finance Bill referred to is not yet out for consultation, so it is not easy to speculate on how this might work. However, Isle of Man Government would be useful as a legal identity for use as an umbrella, under which Departments could act as subsidiaries.

1.29. **REFINING THE STRUCTURE**

1.29.1. **Review Report Recommendation 28**

1.29.2. "Responsibility for Social Security should be transferred from the Department of Health and Social Security to the Treasury and the former should be renamed the Department of Health and Social Services."

1.29.3. This move should be supported in order to provide an integrated taxation and benefits system which is seamless.

1.29.4. There are good synergies between Health and Social Services, and existing budgetary pressures between these two Divisions will only be amplified by moving social services into a separate Department.

1.30. **Review Report Recommendation 29**

1.30.1. "A Department of Economic Development should be created, incorporating the economic development responsibilities of the Department of Trade and Industry, the tourism responsibilities of the Department of Tourism and Leisure and the promotional responsibilities of the Treasury for financial services and e-business."

1.30.2. The CoMin Report’s conclusion is supported. However, it should be recognised that elements of the existing Department of Agriculture, Fisheries and Forestry contribute to economic development. As such, those elements of agriculture, fisheries and forestry that relate to economic development should be incorporated within this Department. The remaining regulatory elements should be moved to the Department of Agriculture & the Environment.

1.31. **Review Report Recommendation 30**

1.31.1. "The Department of Economic Development should have the sponsorship responsibility for the Post Office Authority (or company)."

1.31.2. The CoMin Report’s conclusion is supported.

1.32. **Review Report Recommendation 31**

1.32.1. "The training functions of the Department of Trade and Industry should be transferred to the Department of Education and that Department should be renamed the Department of Education and Skills."

1.32.2. The CoMin Report’s conclusion is supported, and it is noted that this recommendation is superseded. The Commission of Inquiry into the Care of Young People has led to serious consideration being given to the focus of the Department of Education, which is on young people rather than the provision of skills. As such, the Council of Ministers Proposals to rename the Department the Department of Education and Children (or Youth), is supported.
1.33. **Review Report Recommendation 32**

1.33.1. “The future role of the directly elected Board of Education should be reviewed with a view to its abolition.”

1.33.2. The CoMin Report’s conclusion is supported, and it is noted that this recommendation is superseded.

1.34. **Review Report Recommendation 33**

1.34.1. “The Department of Transport should be renamed the Department of Transport and Infrastructure and:-

- responsibility for buses should be transferred to this Department from the Department of Tourism and Leisure;
- responsibility for Government estates and the land bank should be transferred to this Department from the Department of Local Government and the Environment.”

1.34.2 The CoMin Report’s conclusions are broadly supported. However, it was felt that this was not an appropriate department to incorporate planning, building control or local government. It was felt that the Department of Infrastructure would be undertaking significant building projects, and that there should be an element of independence between the planning committee and the Infrastructure Department. As such, planning and building control is proposed to fall under the remit of the Department of Corporate Services. The estates and architects office however does have synergies with the Department of Infrastructure, which would be an appropriate home. Equally, Local Government being a regulatory duty, this has a better strategic fit with the Corporate Services Directorate.

1.35. **Review Report Recommendation 34**

1.35.1. “The Department of Transport and Infrastructure should have the sponsoring responsibility for the Manx Electricity Authority (or company) and the Water Authority (or company).”

1.35.2. The CoMin Report’s conclusion is supported.

1.36. **Review Report Recommendation 35**

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

1.36.2. A different approach was taken to this, with the regulatory element of DAFF moving to Agriculture & Environment, and certain economic generation elements (such as the Schemes) moving to Economic Development. An alternative would be to exploit the synergies of moving the entirety of the existing DAFF into the Department of Agriculture & the Environment. Either of these two routes offers better strategic fit than links to tourism.
1.37. **Review Report Recommendation 36**

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

1.37.2. Sponsoring responsibility for MNH could fit under the Department of Corporate Services. Its role outside of the Departmental structure should be assured. It is felt that efficiencies can be made by Manx National Heritage undertaking the duties and roles of the Manx Heritage Foundation, and the Gaelic Broadcasting Committee.

1.38. **Review Report Recommendation 37**

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

1.38.2. The CoMin Report’s conclusion is broadly supported. However, it is proposed that Animal Health, Wildlife and Conservation, and the Protection of the Countryside be moved to the Environment Department.


1.39.1. “As many regulatory responsibilities as possible should be brought together in the Department of Local Government and Consumer Protection, including, in particular:—

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

1.39.2. The Review Report makes a sound recommendation in placing regulatory functions together where legal resources and legislative experience can be focussed. However, it was felt that the Department of Corporate Services would be a better regulatory department as this fits well with the back office support functions that the Department is intended to provide.

1.40. **Review Report Recommendation 39**

1.40.1. “Departments should have only one or two political members in addition to the Minister.”

1.40.2. Whilst this is a very prescriptive recommendation, there has been constant reference to the “block vote” of the Council of Ministers, which is not assisted by some Departments having up to four members in addition to the Minister, bound by the notion of Departmental responsibility.
1.40.3. Whilst it would not be prudent to legislate for this change, as circumstances will demand different levels of involvement at different times, it should be taken as a model of best practice.

1.41. **Review Report Recommendation 40**

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

1.41.2. In a complete reversal of the CoMin recommendation, but recognising the synergies of these two sections, it is proposed to amalgamate the Water Authority within the Department of Infrastructure and abandon its Statutory Board status.

1.42. **Review Report Recommendation 41**

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

1.42.2. This recommendation is endorsed, and the Council of Ministers are encouraged to pursue this matter.

1.43. **Review Report Recommendation 42**

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

1.43.2. This should remain a long term consideration whilst the functions of the Commission are given an opportunity to "bed in".

1.44. **Review Report Recommendation 43**

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

1.44.2. The CoMin Report’s recommendation is supported.

1.45. **Review Report Recommendation 44**

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

1.45.2. The CoMin Report’s recommendation is supported.

1.46. **Review Report Recommendation 45**
1.46.1. "Laxey Glen Mills should be sponsored by the Department of Countryside, Heritage and Leisure and its shares should be held by the Chief Officer of that Department and by the Chief Financial Officer."

1.46.2. In line with consideration of other matters, this should fall under the purview of the Department of Agriculture & the Environment.

1.47. **Review Report Recommendation 46**

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

1.47.2. There is no rationale within the Chief Minister’s report as to any rationale for this stance. It stands to reason that if any public money is invested, or there is any exposure to Government (whether by way of guarantees, appointment of directors etc.) that there should be a clear and direct line of accountability back to a Government Department.

1.48. **Review Report Recommendation 47**

1.48.1. "Manx National Heritage should take over the functions of the Manx Heritage Foundation and the Gaelic Broadcasting Committee and should be sponsored by the Department of Countryside, Heritage and Leisure." (duplicate of 36)

1.48.2. The recommendation of the Review Committee is broadly supported. However, the sponsoring Department would be the Department of Corporate Services.

1.49. **Review Report Recommendation 48**

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

1.49.2. The CoMin Report’s recommendation is supported. Such a review is not considered a priority at this time.

2.1.1. These proposals vary considerably from those of the Council of Ministers’ Working Group. It is proposed that one department will be abolished in its entirety, and there are other differences in the naming of the different departments.

2.1.2. A detailed structure chart, highlighting the differences from the Council of Ministers’ Report is attached at Annexe 1.

2.2. **THE CENTRE**

2.2.1. It is generally accepted that the Isle of Man has to become far more involved in International Affairs, and the structure at the core of Government needs to reflect that change. These proposals include a Minister to bolster support and to enable the Chief Minister to delegate some of the more routine policy decisions and oversee departmental changes. (see Recommendation 24)

2.3. **DEPARTMENTS, BOARDS AND OFFICES**

2.3.1. It is proposed that the existing structure be replaced with eight departments instead of nine. There would be no change in the number of members of Council of Ministers. The names and functions of each proposed Department are set out below.

2.4. **Department of Economic Development**

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

- Economic Development
- Isle of Man Finance
- Manufacturing
- Tourism
- Retail
- Construction
- Agriculture, Fisheries and Forestry (depending on split with DAE)
- Aircraft Register
- Shipping Register
- Space Commerce
- E Business and E Gaming
- Minerals
- Work Permits
- Training
- Careers Service
- IOM Film

- The Department of Economic Development will be the sponsoring Department for the following Statutory Body:
- Isle of Man Post Office
2.5. **Department of Education and Youth**
(or Department of Education and Children)

2.5.1. The Department of Education will be renamed the Department of Education and Youth. “Children” implies cessation of responsibility at a younger age, whilst the Department will clearly be safeguarding young and vulnerable adults.

2.5.2. This reflects the new role of the Minister in relation to the well being of the child. The Department will be responsible for the development of policy and the delivery of services in relation to Children’s Welfare, Schools, the International Business School, the College of Further Education, Higher Education and Rural Library. In addition to those proposed, Sports & Leisure Strategy will be coordinated by this Department. The full remit of the Department would cover the following responsibilities:

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

2.6. **Department of Agriculture & the Environment**

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

- Agriculture, Fisheries and Forestry
- Environmental Protection
- Environmental Improvements
- Climate Change
- Coastline Protection Policy and Monitoring
- Waste Management
- Food Safety
- Environmental Public Health
- Public Analyst
- Animal Health
- Meat Plant
- Animal Waste
- Wildlife and Conservation
- Protection of the Countryside
2.7. **Department of Health & Social Services**

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

- National Health Services
- Hospital Services
- Public Health
- Preventative Health
- Pathology
- Safeguarding Children (Shared Responsibility)
- Nurse Education and Training
- Social Services
- Regulation of Care Homes

2.8. **Department of Home Affairs**

2.8.1. No changes are proposed to this Department.

2.9. **Department of the Infrastructure**

A new Department of Infrastructure will be created to be responsible for the development of policy and the delivery of services in relation to Highways, Traffic and Road Safety, Harbours, the Airport and the Coastguard. The Department will act as sponsor for the MEA and RTLC. The full remit of the Department of the Infrastructure would cover the following responsibilities:

- Highways
- Airports
- Harbours
- Works
- Quarries
- Estates and Architects
- Water & Sewerage

2.10. **Department of Corporate Services**

2.10.1. A new Department of Corporate Services will provide much of the regulatory and administrative support to the rest of Government. In the event that privatisation or corporatisation finds favour, the Department of Corporate Services will manage these contracts.
• Administration
  o ISD
  o Government Property
  o Printing Services
  o Companies Registry
  o First and Second Time Buyers
  o Contract Management (see Recommendation 2)

• Regulation
  o Planning and Building Control
  o Local Government
  o Housing

2.11. Treasury

2.11.1. The Treasury's Isle of Man Finance and the Information Systems Division\(^1\) will be transferred from the Treasury to the newly formed Department of Economic Development. The Treasury's statutory functions expand to include Social Security and National Insurance. This will provide an opportunity for an integrated taxation and benefits system that can look holistically at people's income. Its remit will encompass the following areas:

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

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

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

\(^1\) excluding printing Services, which goes to Corporate Services
3. Summary of Recommendations

3.1. Government should be restructured along the lines of the diagram in Annexe 2

3.2. A feasibility study should be undertaken to review those areas identified under Recommendation 2 (para 1.3) for privatisation / corporatisation.

3.3. Small semi-autonomous teams such as Health and Safety should not be established as executive agencies or authorities, but should have their relationship with their Department outlined in a memorandum of understanding. (para 1.4.3 and 1.5.2)

3.4. Consideration should be given to the integration of: (para 1.7.3)
   - Management and maintenance of Government properties
   - Finance
   - Payroll
   - Vehicle fleet maintenance
   - Back-office support
   - Laboratory services
   - Legal drafting and other services
   - Communications (consideration of wider use of TETRA by other Departments and/or abolition of mobile phone contracts)

3.5. Clarity should be brought to the scope of local government via wide consultation before any decisions can be made as to its structure. (para 1.8.3)

Regulation of local government should be via the Department of Corporate Services (para 1.10.2)

3.6. Treasury shall remain the guardian of the public purse and use such effective structures as it needs to ensure value for money. (para 1.11.2)

3.7. Each Department should set up its own Audit Committee. (para 1.12.2)

3.8. The Ombudsman and Tynwald Auditor General should be progressed. (para 1.13.2)

3.9. Personnel office should be politically accountable to the Chief Minister as part of the Chief Minister’s Office. (para 1.14.2)

3.10. There should be better communication of IT priorities. (para 1.19.2)

3.11. The resilience and compatibility of all elements of the IT system must remain a priority, but a more flexible and cheaper initial scoping of projects would make ICT solutions far more attractive to Government Departments (para 1.19.3)

3.12. More use can be made of shareware software and “off the shelf” solutions. (para 1.19.4)

3.13. A Department for Corporate Services should be established, led by its own Minister and headed by a Chief Operating officer. (para 1.20.1, 1.21.2 & 1.22.2)

3.14. The Chief Officers of the Departments should be evaluated by a panel including external HR professionals and representation from the Council of Ministers. (para 1.23.2)

3.15. Internal audit should maintain a quasi independent relationship of Government. See response to Recommendations 3&4. (para 1.24.2)

3.16. There should be a Minister without Portfolio, or Minister for the Chief Minister’s Office (para 1.25.2)

3.17. Appropriate training should be available for Ministers. (para 1.27.2)

3.18. The legal identity, “Isle of Man Government” should be established. (para 1.28.2)

3.19. Social Security Division of the DHSS should merge with Income Tax Division (para 1.29.3)

3.20. A Department for Economic Development should be created (para 1.30.2)

3.21. The Department for Economic Development should be the sponsoring Department for the Post Office. (para 1.31.2)

3.22. The Department of Education should be renamed the Department for Education and Children, or Department for Education and Youth. (para 1.32.2)
3.23. Training Division of the DTI should be taken on by the Department of Education and Youth (para 1.32.2)
3.24. There should be a Department for Infrastructure which will amalgamate the present Department of Transport, the Estates and Architects functions of DLGE and an integrated Water and Sewerage Division. (para 1.34.2)
3.25. The Department of Transport and Infrastructure should have the sponsoring responsibility for the Manx Electricity Authority (para 1.35.2)
3.26. MNH would be sponsored by the Department of Corporate Services. Its role outside of the Departmental structure should be assured. It is felt that efficiencies can be made by the merger of Manx National Heritage, the Manx Heritage Foundation, and the Gaelic Broadcasting Committee. (para 1.36.2)
3.27. Departments should ordinarily have no more than two members (para 1.40.3)
3.28. The IPA and FSC should be merged into a single regulator. In the longer term the GSC should be considered for consolidation into this regulator. (para 1.42.2 & 1.43.2)
3.29. Council of Minister's plans for Courts Administration should be progressed (para 1.44.2)
3.30. Council of Minister's plans for giving a legal personality to each Department should be progressed (para 1.45.2)
3.31. Laxey Glen Mills should be sponsored by the Department of Environment (para 1.46.2)
3.32. Any future Government company should be sponsored by an appropriate designated Government Department and its shares should be held by the Chief Officer of that Department and the Chief Financial Officer (para 1.47.2)
## Annexe 2 – Approximate Size of Revised Departments

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Proposed Amendment

Proposed Amendment

Delete all words after “That Tynwald:” and insert:

“


2. calls on Government to undertake consultation on the key features of all three documents in line with the Government Code of Practice (published June 2008).

3. requires Government to consult on both the scope and structure of Government.

4. supports the creation of a Department for Economic Development.

5. requires Government to report to Tynwald Court no later than the July sitting of Tynwald.”