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**Northern Ireland’s “governance gap” means short-term pain and long-term decay**

*A new report from Pivotal, the independent think tank focused on Northern Ireland, found that a local “governance gap” means an absence of proper decision-making amidst a budget crisis, leaving public services to deteriorate. A lack of strategic planning means services are stuck in a “vicious cycle, where problems are growing and our ability to tackle those problems is shrinking”.*

Civil servants have been in charge of running government departments for more than 10 months, but their powers are limited. They are unable to make any major or significant changes, so are constrained in how they can tailor local public services to ongoing challenges. At the same time, funding is extremely tight – and this is made worse by an inability to get the most out of the cash that is available, according to a new report.

Officials have found it impossible to keep within successive yearly budgets set by the Secretary of State. Despite making cuts of around £1 billion, a further £1 billion of unfunded spending pressures remains this year. Overspending is set to be deducted from future funding allocations.

The latest paper from Pivotal shows how Northern Ireland’s lack of decision-making is increasing the nature and scale of local problems both now and in the future.

Civil servants, who have no democratic accountability, have found themselves in the impossible position of trying to maintain services with reduced budgets. The Secretary of State has declined to step in, aside from on a couple of specific issues, saying it is for local politicians to make decisions and urging the restoration of the Executive.

*Governing without Government: the consequences*, published today [Monday, September 4], found that vulnerable and disadvantaged people are bearing the brunt of public service decay.

* The **health service** has seen its funding allocation rise yet still faces a shortfall of £732m – while a lack of progress in Bengoa-style transformation means costs continue to increase.
* **Education** has cancelled programmes like Engage, holiday hunger schemes and Happy Healthy Minds – all early intervention or prevention programmes valued by vulnerable children in particular – but is still £382m over budget (14% of its total allocation).
* Policing accounts for around 60% of the **Department of Justice’s** budget yet, after cuts of 1.5% in DoJ’s budget *before* accounting for inflation, the Chief Constable said balancing the books might be impossible. Since then, catastrophic data disclosures have plunged policing into crisis, although how much this will ultimately cost is as yet unknown.

The paper says that urgent restoration of an Executive and fully-working Assembly would be the best way to mitigate ongoing crises, while acknowledging that the political situation appears to make this unlikely in the short term.

The report recommends that new structures be put in place that allow major decisions to be made about public services amid long-term periods of institutional collapse. It also urges the UK and Irish governments to give greater priority to the restoration of the institutions, and to supporting them when they are in place.

**Ann Watt, Director of Pivotal, said: “Northern Ireland’s governance gap is the worst of all worlds. Civil servants are technically in charge of running departments, but their powers remain limited and uncertain.**

**“Their inability to make major decisions has led to several problems. Firstly, they are unable to make many positive changes to adapt to ongoing challenges, either in the short- or long-term.**

**“Secondly, having been handed successive shrinking real-terms budgets, they can neither balance the books nor allocate the money they do have to where it will do the most good. Instead, they have been forced to concentrate on making cuts where they are legally able to do so.**

**“Immediate challenges are not being met and neither is there a clear focus on long-term strategy. Long-neglected issues – like childcare, infrastructure and climate change – remain unaddressed.**

**“At the same time, it has been impossible to stay within budgets. These overspends are set to be paid back from future years’ budgets. Northern Ireland is in a vicious cycle, where problems are growing and the ability to tackle those problems is shrinking.**

**“This prolonged deadlock will have a long tail of consequences. Policy areas which are only going to get more difficult if proper action is not taken include health service reform, educational underachievement, energy policy, an ageing population and regionally balanced growth.**

**“The ongoing collapse of the institutions is a huge concern and is exacerbating all our problems. While budgets would still be tight if an Executive had been in place over the last 18 months, the lack of leadership and the inability to make major decisions is undeniably harming Northern Ireland.”**

**Circumstances – and consequences**

The last working Executive collapsed in February 2022. Following an election, previous ministers remained in post for 24 weeks in a caretaker capacity. They were stood down in October 2022, and civil servants have run departments since then.

Legislation was passed at Westminster to give officials extra powers. However, they are still forbidden from making major decisions that would usually be the job of a minister. Even though official guidance was drawn up about what they *can* do, senior civil servants’ powers remain both limited and uncertain.

During this time the Secretary of State has delivered two annual budgets, handing each department a fixed amount of funding. Both of those budgets were extremely financially tight. The most recent, for 2023-24, saw an overall reduction of 0.9% in cash terms – with a Fiscal Council analysis saying it represented a 3.3% cut on the previous year, when inflation is taken into account, leading to an estimated £800m shortfall.

The senior officials in charge of individual departments were tasked with balancing the books despite their constrained position.

Pivotal’s report found that this, simply put, is an impossible task. Some departments are unable to stay within budget without making major decisions. Overspending is inevitable – despite departments making cuts totalling around £1bn.

**Departments**

*Governing without Government: the consequences* also took a closer look at the effects of this governance gap on some of **Northern Ireland’s most stretched departments, including:**

* **HEALTH** – 2023-24 budget of £6.81bn –health takes up more than half the total budget, saw a 2.7% cash-terms increase in allocations while the budget elsewhere was reduced, and still faces a £732m shortfall thanks to rising demand and slow progress in reconfiguring services.
* **EDUCATION** – budget £2.58bn – a 2.7% cash-terms cut (which is more significant when inflation is taken into account) has led to a funding gap of £382m, around 14% of the department’s allocation. Early proposals to make larger cuts were reversed, with the Permanent Secretary saying he lacked the power to stop funding established programmes that addressed disadvantage, like Sure Start, extended schools and youth work. Nevertheless, the funding for holiday hunger payments, Happy Healthy Minds and Engage was ended – vital early interventions supporting disadvantaged children and families. Longer-term commitments, like the full funding of Fair Start and the development of a childcare strategy, have not been fulfilled.
* **JUSTICE** – budget £1.24bn – Policing uses around 60% of DoJ’s allocation and the Chief Constable has said his budget this year may become “impossible to manage”, highlighting a funding gap of £141 million. Recent catastrophic data breaches have caused a crisis in policing and, while the ultimate costs of these are unclear, they are set to cause significant further instability. The Victims of Crime Commissioner has described the criminal justice system as being “close to breaking point”. The department faces cash-terms cuts of 1.5%
* **AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS** – budget £0.616bn – In March 2022, the Assembly agreed Northern Ireland’s first Climate Change Act, which committed to net zero by 2050. The UK’s Climate Change Committee (CCC) said in March 2023 that it had not seen evidence of policy ambition on the necessary scale to meet the net zero target. In a separate report, the CCC said progress on climate change adaptation is being hampered by the lack of an Executive. While there has been a 23% fall in carbon emissions since 1990, Northern Ireland’s emissions rose by 5% in 2021, putting per capita emissions in NI more than 80% higher than the UK level. The deadline for publication of NI’s first Environmental Improvement Plan was missed.

Not only have officials found it impossible to stay within budget, they have also been unable to make the most of the money they are spending. Again, the inability of those in charge to make major decisions is the root of this problem. The governance gap has led to poor budgetary management.

Many of the programmes and services that have been hit by cuts have focused on early intervention and prevention. Their absence will lead to bigger problems in future, and the impact will disproportionately affect those who are vulnerable or disadvantaged.

All this is happening in relative secrecy, without normal public or political scrutiny and accountability because there is no Executive, ministers or Assembly. Although some information is available about decisions that are made, almost nothing is known about decisions that were *not* undertaken, or why.

Pivotal’s report found that, if and when an Executive is re-established, it will find itself dealing with an unprecedented set of challenges. However, the longer we carry on without a proper government, the bigger these issues will be.

**Recommendations from the report include:**

* **The return of the devolved institutions is the best way forward**, providing the best chance to avoid further deterioration in public services.
* However, **given that long periods of collapse have become the norm, arrangements should be put in place to ensure proper governance without an Executive** – including the ability to make major decisions.
* **Departments need to work together** to consider the cumulative impact of cuts, particularly on the most vulnerable groups. **Early intervention and prevention schemes should be prioritised**, rather than seen as optional.
* **Greater transparency and scrutiny is required** – including information about what decisions civil servants have decided they are unable to take.
* **An appropriate amount of additional funding will be needed to stabilise public services.** Any new funding would need to be sustained for three or more years. If such a package coincided with a re-established Executive, it must come alongside firm commitments to reform, to ensure real change takes place.
* **Consideration of revenue-raising measures and a review of all super-parity policies** should be part of a broad and open conversation about Northern Ireland’s public finances.
* **If and when an Executive returns, a complete change in working culture is essential.** This must include shared responsibility and a common purpose. **A Programme for Government and multi-year budget should be agreed before any Executive is formed.**
* **A returning Executive needs to be bold, ambitious and commit to long-term thinking.** This includes considering decisions that could be unpopular, at least in the short term – such as changing how services are delivered to considering ways to directly raise revenue.
* **The UK and Irish governments should re-commit to an active role in ensuring the restoration and maintenance of the Belfast/Good Friday Agreement institutions.**

ENDS

**Notes to Editors**

For more information contact Ryan Miller – 07789 552 340 – ryanmiller@nick-garbutt.com

1. Pivotal is an independent think tank launched in September 2019. Pivotal aims to help improve public policy in Northern Ireland
2. Pivotal’s earlier reports are available [here](https://www.pivotalppf.org/our-work/publications)
3. Pivotal’s Board of Trustees provides oversight of its work. They are Peter Sheridan (Chair), Chief Executive of Cooperation Ireland; Richard Good, public policy consultant; Sarah Creighton; Jarlath Kearney; Rosalind Skillen; Andrew McCormick, former NICS Permanent Secretary; Seamus McAleavey, former Chief Executive, NICVA; and Alan Whysall, Honorary Senior Research Associate, Constitution Unit, University College London
4. Pivotal’s Director Ann Watt is a former senior civil servant with 20 years’ experience in public policy development and delivery. Most recently Ann was Head of the Electoral Commission in Northern Ireland (2014-2019)
5. Pivotal has received funding and in-kind support from Belfast Harbour Commissioners, The Community Foundation Northern Ireland, the Department of Foreign Affairs and Trade, The Joseph Rowntree Charitable Trust, NICVA, Queen’s University Belfast, Ulster University
6. For further information about Pivotal see [pivotalppf.org](http://www.pivotalppf.org) or contact Pivotal’s Director Ann Watt on 07932 043835
7. Follow Pivotal on Twitter @pivotalppf