

# Ministers Reflect

## Mark Durkan



23 May 2018

# Biographical details

## UK parliamentary history

2005–17: Social Democratic and Labour Party Member of Parliament for Foyle

## Northern Ireland Assembly history

1998–2010: Social Democratic and Labour Party Member of the Legislative Assembly for Foyle

## Northern Ireland Executive career

2001–02: Deputy First Minister of Northern Ireland

1999–2001: Minister for Finance and Personnel

**Mark Durkan was interviewed by Akash Paun and Tess Kidney Bishop on 23 May 2018 for the Institute for Government's Ministers Reflect project.**

Mark Durkan reflects on setting up the Northern Ireland Executive, running its first budget and negotiating across party lines and borders.

Tess Kidney Bishop (TKB): The election was in 1998, but devolution wasn't implemented until 1999. At what point did you actually become a minister?

Mark Durkan (MD): Well, the [Good Friday Agreement] referendum was in May '98 and the election was in June '98. Some of us were wondering: "Was the election coming too soon after the Agreement?", because we knew there were going to have to be some post-Agreement negotiations, not least the legislation to translate the Agreement. It raised all sorts of other issues as well. But Mo Mowlam [Secretary of State for Northern Ireland, 1997–1999] had been particularly determined that the election should take place before the 'marching season' [in July].

I think that was because she'd had the serious experience the year before as the newly-installed Secretary of State, who having given assurances that no march would be put down Garvaghy Road (and given assurances to residents and representatives that nothing would be done), she found herself then cornered by the Chief Constable, with a serious recommendation to say this march has to be put down in the dead of night. Mo Mowlam ended up offering us her resignation over that, because she had broken promises to us.

I was meant to be the one in communication with her, but the communication was cut off, so we knew something serious was happening that night. There was a massive reaction to it. That was almost all on the Saturday night, and by the following Monday she met us in the talks building, in Castle Buildings. Obviously there were a lot of angry words on our side. She offered her resignation. But John Hume [then Leader of the Social and Democratic Labour Party [(SDLP)]] indicated that the underlying problem hadn't changed, and therefore the underlying solution hadn't changed. She possibly had a better grasp of the underlying solution than anybody who would replace her, so we weren't interested in a head on a plate and a resignation. She also made a commitment about changing how marching was going to be handled, and around the formation of the Parades Commission [the public body which can place restrictions on contentious parades in Northern Ireland].

So she was just very scared that even when the referendum got through, that the marching season would be used to channel a lot of opposition to the Agreement. So we ended up with the election happening quite quickly.

Then you had some of these wrinkles put into the Agreement. We [the SDLP] had carefully kept the specific mention of decommissioning, as grounds for exclusion from

ministerial office, out of the text for the Strand One arrangements [relating to the establishment of devolved governance in Northern Ireland]. However, the two governments [of the UK and the Republic of Ireland] later put a reference to the Strand One exclusion provisions into the text on decommissioning. So that had allowed the Ulster Unionists to say: “There is a linkage between ministers holding office and the question of decommissioning.” Therefore, just as previously they had said they wouldn't let negotiations commence until they were satisfied on decommissioning and the terms of entry for Sinn Féin, they could now say: “We have to be satisfied on decommissioning before we allow people to be appointed as ministers.” We warned the two governments of the dangers of their wording (of which, to our surprise, the Irish Government claimed authorship) but they said any attempt to change it could unravel everything.

So after the Agreement, with the Assembly elected, we went into this prolonged standoff around that issue. Unfortunately the two governments wouldn't take our advice, which was to say you're meant to be the co-guarantors of the Agreement, to show good authority. Unionists were saying there was a pre-condition. It's not there. Tell them clearly it's not there in the Agreement. But meanwhile, Sinn Féin are now saying decommissioning isn't even an obligation or requirement under the Agreement. The text just says “parties have to use their best influence”. You need to tell them decommissioning is a requirement and objective of the Agreement, and if that isn't achieved by May 2000 we're all in trouble.

The two governments wouldn't do that. They said instead that the problem was that there hadn't been direct negotiations between Sinn Féin and the Ulster Unionist Party [(UUP)], and the answer to this problem was for them to create direct negotiations between Sinn Féin and the Ulster Unionist Party. That then led to this long standoff.

**Akash Paun (AP): Had you effectively been the mediator between Sinn Féin and the UUP?**

**MD:** Well, Sinn Féin had basically just refused to take part in any meaningful negotiation around Strand One. When we would have been in all-party mode, discussing things in Strand One, we were making proposals and the arguments for our types of proposals, and arguing against some of the looser proposals of others. Sinn Féin would have basically spent their time heckling us, saying: “We shouldn't even be talking about a Northern Ireland Assembly,” that we were just going for an internal settlement and that wasn't what people wanted, “there could be no return to Stormont” etc. They recorded that they weren't interested in this. They just wanted an all-Ireland arrangement with a British declaration that they were going. That was the position that they had held.

So, in effect, we were the only nationalists negotiating Strand One, because of course the Irish Government wasn't allowed to negotiate in Strand One. That was why we were very concerned not just about Strand Two [relating to North-South institutions between

Northern Ireland and the Republic of Ireland] diminishing in that final week, but that Strand One needed serious topping up, from our point of view.

One of the proposals we got into Strand One was making sure that people would be ministers, and not just committee office holders with the decision-making powers in the hands of a committee. The Ulster Unionists were talking about committees just having people from different parties as secretaries but not having executive power as such. So we eventually got the point on ministers over. We also got an executive accepted. Even a few days out from the Agreement, we still didn't have agreement from the Ulster Unionists that they would agree to an executive committee as such. We also conceived the joint office of First Minister and Deputy First Minister as a joint and equal office. However, we had to concede a titular differential as the UUP's terms for agreeing to that concept.

When the Assembly was elected, one of the first things the Assembly did was jointly elect David Trimble and Seamus Mallon as Shadow First and Deputy First Ministers, because that's the way the legislation provided. We didn't negotiate: "We'll do this and we'll set it up as the shadow." It's because the election happened sooner than some of us had hoped or planned, for the reasons I've said.

They were elected at the start of July '98. In that shadow role, they were becoming the gatekeepers for bringing forward the other necessary arrangements. That meant that they were then going to be responsible for determining the number of ministers – the Agreement provided for up to 10, any more than 10 needed the approval of the Secretary of State [for Northern Ireland] – and what those departments would be etc. So there were a number of those formative issues that they were then to be leading on. They would then have to table in front of the Assembly proposals for what the make-up of the departments would be etc, and all that needed cross-community support.

They also, under the Agreement, had responsibility for bringing forward the proposals for the shape of the Civic Forum. The Civic Forum was something that we supported. It was very much being pushed by the Women's Coalition. The loyalist parties were quite interested in it as well, because they thought there was a better chance of getting people other than what they would have called 'the great and the good' on it. So they were interested in that as well. The Ulster Unionists were resistant to this, and then in our final bilaterals, we got them to agree to the Civic Forum. The price we got them to agree on was that we were handing it to the First and Deputy First Minister to shape and scope it and have some say in appointments. That's how we were satisfying David Trimble's wish for "patronage". When I told Monica McWilliams of the Women's Coalition where we'd got to with the UUP, that was the bit she thought I was going to say was a no: the Civic Forum. But I came to tell her that it was there, but it was in that clunky way that it would be by First and First Deputy Ministers bringing forward proposals and getting approval in the Assembly.

So in this shadow mode there was work for Seamus and David to be doing, and they were allowed to find special advisers in that time.

At a political level, Seamus also designated myself and Eddie McGrady [SDLP politician] to draw up draft proposals for what the government departments should be

**AP: But at this point you weren't formally a minister?**

**MD:** I wasn't a minister but an MLA [Member of the Legislative Assembly] in an assembly with two formative 'shadow ministers'. I had essentially been asked to go into the bilaterals with David Trimble's team on the design of the government departments. So we were going for 10, because under D'Hondt [the formula used to allocate ministerial positions] that was going to lead to a balanced executive, an equal number of unionist and nationalist ministers. One of the things I wanted to make sure was that whenever devolution kicked in, there was going to be a first day at school for everybody, including the civil servants. So we deliberately didn't want any one department to stay intact, as it had been under direct rule – we wanted to mix them all up quite deliberately.

It was also deliberate that we wanted to make sure that as many departments as possible had a window on the economy; that some of their responsibilities directly faced different economic sectors because we didn't want to have a kind of chancellor-style, over-powerful finance minister, and then somebody who's the economy minister and then a couple of public service ministers. We wanted to make sure that there were key economic sectors relating to as many of the departments as possible. Our idea was this inclusive executive has to become 'team economy'. And that's why, in the Agreement, we deliberately had it, for instance, that the budget would require cross-community support. In essence that meant cross-community support in the Executive as well as in the Assembly. Because we didn't want it to be, one party takes the Finance Ministry and then basically settles everybody else.

When I became Minister for Finance and Personnel in '99, building consensus was one of the things I was having to explain to the officials from the old DFP [Department of Finance and Personnel], that the role of the department now was not going to be just about ensuring all the things that it normally had to ensure. We also had to be in the game of enabling other ministers, other departments and the Executive at large on the Programme for Government. It wasn't the natural instinct of some of them. But people got it very quickly because they realised it was unlike in the direct rule context where the Department of Finance and Personnel had the first and last word on everything and they were just the grey power inside the Northern Ireland administration.

**AP: Like the Treasury in Westminster?**

**MD:** Like the Treasury, indeed.

I can remember when I came in, you had a day or two as Shadow Minister, in late '99, before the actual formal devolution kicked in at the start of December. And I remember going into the department up in Bangor, even further away from my home than Stormont was. I was introduced to different staff and they said: "Here's Mike, he's going to be Press and Information Officer, he has been especially appointed." "What do you mean especially appointed?" (Because I knew him; this was a retired official who used to take visiting journalists, often the foreign correspondents from London, when they would be doing group visits to Northern Ireland via the NIO [Northern Ireland Office]. He used to bring them up to see us in Derry and to see other parties). They said: "It's because we have never had a Press and Information Officer before." In the whole period of direct rule, they was just this grey power inside of government. They weren't accountable then, they didn't feel they had to offer any explanations or account. They realised with devolution, they'd probably actually need something like this, they're going to get press queries or something, so they'd have to have someone to deal with them. These were the small culture shocks entailed in the new governance.

So while a large part of the Department of Finance and Personnel was intact from what it was previously, it had also bizarrely grown, not by my design. In our proposals, the Department of Finance and Personnel wasn't as big or as clunky as it became. But David Trimble's team didn't want to fully accept our proposals and ended up putting more functions into it. The Construction Service ended up going into the Department of Finance and Personnel. We ended up with the Office of Law Reform in Finance and Personnel because Seamus Mallon and David Trimble said they didn't want them with [the] FM and DFM [First Minister and Deputy First Minister]. And of course we didn't yet have a Department of Justice because you hadn't yet had devolution of justice. So law reform suddenly landed with finance and personnel as well.

At the time when we were finally doing this, I suppose it was apparent to me that it was likely that I was going to be the choice for Minister of Finance.

**AP: When was that agreed?**

**MD:** Well, the Ulster Unionists were making it clear that, with them having the first choice under D'Hondt, they were going to go for what ended up being called the Department for Enterprise, Trade and Investment. That would have been what people regarded as the frontline department of the economy. But we also had the Department for Agriculture and Rural Development, and given the significance of agriculture and the food sector in the Northern Ireland economy, that's a significant economic department. We had put the whole question of regeneration into the Department of Social Development, deliberately so that it wasn't just seen to be about housing and doing the Northern Ireland administration of social security, but it would also relate to internal

local government and others in terms of regeneration. So we had done that right through. But the Ulster Unionist Party were making it clear that when it came to the real running of D'Hondt, they would be going for [the Department of] Enterprise, Trade and Investment.

We had agreed the outline of the departments by '99. You had the Shadow Office of First and Deputy First Ministers bringing forward these proposals, alongside the negotiations about the shape of the government departments. We were also having to do the negotiations about which would be the first implementation bodies to be established in the North South Ministerial Council. That became another element in the sudoku that we were doing, because we were kind of saying: "We can't have all the North-South Implementation Bodies just relating to one or two departments, we need to make sure they are spread out."

As it happened, we maybe didn't get as much of a spread. When it came to the six bodies that we set up, one of them, Trade and Business Development, would have related very heavily to DETI [the Department of Enterprise, Trade and Investment]. But so too did the tourism company, Tourism Ireland, which was going to be marketing the whole island. We had tried to have tourism as part of the departmental functions of the Department for Culture, Arts and Leisure, so it would have been [the Department for] Culture, Arts, Leisure and Tourism but the Unionists had said no, they wanted tourism.

**AP: Because they'd made it clear that Enterprise, Trade and Investment was going to be their first choice, they wanted to get as much as possible in that department?**

**MD:** Yeah, there was some of that. What then surprised us was when they were trying to throw other stuff at the DFP. But then they were just regarding DFP as a sin bin sort of thing, you know: "Ah well, if you're going to have Office of Law Reform" – and we also had the General Registrar's Office – "anything about divorce legislation or anything else, that would be them." Other departments just didn't want that sort of stuff. I can remember Seamus Mallon saying on behalf of David Trimble and himself that they didn't want OFMDFM [the Office of the First Minister and Deputy First Minister] treated as a "sin bin".

There was what was called the Social Legislation Unit, which would have been dealing with issues like gambling law, licensing law, which raised issues around Sunday opening, which was sensitive for some parties. The OFMDFM were making it clear that they didn't want the Social Legislation Unit going to them. I was saying: "There's so much else going into the DFP, there's no way you can justify putting that in alongside civil law reform." So that went to the Department for Social Development. It was basically just "Well, this is called the Social Legislation Unit, that department has 'social' in its title, it's going in there!" So that's basically how some of those things were decided.



**AP:** But you still thought it was the right decision to have not stuck with the existing department structures?

**MD:** Absolutely. We had six existing departments. The old, big DoE [Department of the Environment] in Northern Ireland was nicknamed 'the Department of Everything' because it took in so much: everything from regeneration issues to various infrastructure stuff, it included roads, it included the Fire Service, it included housing. That's why it got the name. You needed to give ministries of reasonable weight to the ministers of the different departments.

You also wanted to try to say are there policy areas which have actually been neglected, eclipsed and backwatered within the big, chunky departments that you can actually give more airplay to now in terms of the new policy environment that you would have in the Assembly? Because as well as having each department, each department was going to have a shadowing departmental committee in the Assembly.

When I wrote that part of the Agreement about the powers of the committees, we had gone for sort of an all-in, expansive scope. They had a role not just in oversight, administration and delivery, but also a role in policy development, a role in budget scrutiny and also a legislative role including that they could handle secondary legislation. In many things, the departmental committees ended up acting as the bill committees, even for the primary legislation. We were trying to say there has to be sufficient agenda and policy worth, not just for the ministers who were to be appointed but also for the committees.

We were saying this offer is a chance for different policy communities that have maybe felt a bit unheard and a bit neglected to come in and use the committees and the new ministers to say: "Here's something that could be done, we've got positive ideas, we've seen this happening elsewhere but it's never been done in Northern Ireland, why shouldn't it?"

So that was the idea, to try to open things up. We did not want civil servants to survive simply in their pre-existing hidey holes, so that when it came to the first day, it would be a matter of them giving all their usual briefings to the new ministers in control. We wanted to try to create a situation where it was that sense of first day at school for everyone. Obviously a different decision has been taken since about trying to group down the departments. But given that we were talking about an Assembly with 108 Members and also a Civic Forum and creating a new environment, it was right to create that stir around the government structures.

At the time we were working on this, you would have been getting occasional visits from some of the politicians from elsewhere, including Scotland. For education, rather than it being education right from nursery through to university and all of HE and FE [higher education and further education] and all the rest of it, we had proposed the idea that there could be education or maybe education and children, but further and

higher education and employment would be in a separate department. Because we had felt that further education in particular was very much a Cinderella sector in Northern Ireland. We thought creating this department would open up policy space for it.

**AP: Cinderella in what sense?**

**MD:** In the sense that it had been neglected. Everybody was looking at secondary education, in particular the dominance of the grammars in Northern Ireland, the transfer test and the notions about Northern Ireland's great secondary school system. The FE colleges were feeling very neglected and that basically they were just subject to the control of the education and library boards that were also managing the controlled schools. You ended up with a situation that grammar schools had far more status and independence than some of the FE colleges had. The FE sector also felt that the third-level public policy picture was dominated by the universities but they in turn felt undervalued in wider policy terms. So it was to try to move things around there and boost the whole further education and training agenda alongside the universities. That's why we had this idea of creating the separate department, which in particular the Scots, when they visited, picked up.

We talked about it being employment and applied learning, which then meant that people talked about the new Department of Employment and Applied Learning, but that would be the new DEAL, so we couldn't call it that. We ended up having to go around that, and it got just the awful title of 'Further and Higher Education and Employment', which people acronym down to DFHETE or 'defeat' *[laughter]* It wasn't how it was spelt, but it was how it was pronounced.

**AP: You've got to be careful with government acronyms.**

**MD:** You really do.

**TKB: So what was that first day at school like for you personally?**

**MD:** I suppose for me in Finance...

I should say there had been an attempt to run D'Hondt in July of '99. Many had been losing patience with everything dragging on with the Ulster Unionists. We had pressed Mo Mowlam to run D'Hondt, because it's the Secretary of State who was left with the trigger as to whether and when the Assembly would be asked to go through the procedure for the parties to appoint their ministers. But we ended up with this bizarre situation where David Trimble and the Ulster Unionists stayed away. So the Speaker [of the Northern Ireland Assembly], on cue from the Secretary of State, stood up to call for the appointment of ministers, and under the rules if a party wasn't present then the call was made to the leader of the largest party present to do the first appointment. So John Hume announced that first choice for minister was myself for the Department of Finance and Personnel. Then the next call fell to Ian Paisley [Leader of the Democratic

Unionist Party (DUP)]. Under the procedures a party, when it was being asked to nominate, could ask for a 15-minute adjournment, which Paisley asked for.

There'd been this kerfuffle, including up in the public gallery, when John Hume announced he was appointing me first as Finance and Personnel. The reason for that was that he felt because of my role in negotiating the Agreement, I possibly had better relations with all of the other parties. Also because of my role in helping to design the government, they thought I knew where the different budget lines went, what the new structure was, what the new machinery of government was, and therefore might be better able to work on the budget and the personnel stuff around those. So that's why that was. And the new budget was going to have to be the subject of more negotiation and agreement than finance ministers might normally like to do.

So the adjournment was called, and I remember going out to the Great Hall and there was all this bustle, the media was there. Some people hadn't fully heard what John Hume had said, and then they weren't sure what it was that Paisley did. And they said: "What are you minister for?", and I said: "About 15 minutes!" [*laughter*] Which turned out to be not even technically true, you were just a shadow minister for that period. Then Paisley came back in and refused to nominate, so then the next nomination went to Sinn Féin. So you ended up with a slate of 10 ministers announced purely from the SDLP and Sinn Féin. I mean, it was just bizarre.

**AP: Was Alliance [Party] involved at that point?**

**MD:** No, did they make the list at that point? They did but declined in the surreal circumstances and maybe with a view to their intention to be a self-declared opposition to a properly composed executive.

It was just a bizarre situation. The Shadow First Minister staying away from the Assembly and this procedure to appoint ministers to departments, that he had agreed. He was actually at Unionist Party Headquarters in Glengall Street when all this was going on.

**AP: Was this just a test to see how the process would run? It had no bearing on what actually happened...**

**MD:** We would have preferred that it did have bearing. The idea was let's do this and it might be that we're shadow ministers for longer than we want to be, but at least get some sense of move-on here. We can't have this just running on impasse. It's now over a year since the Assembly was elected, over a year since the First and Deputy First Ministers were elected, we needed to be moving on to running D'Hondt.

There had been a so-called "backstop" in the Agreement that said that all the institutions would be agreed to be in place by 31 October '98, including ministers appointed, North South Ministerial Council meeting and North-South [Implementation] Bodies confirmed. Of course that never happened. So there was a lot of impatience on

our part, and this was an attempt to push Trimble. But as we knew from other occasions, David wasn't going to be pushed in this way. He had been in Downing Street the day before trying to get Tony Blair to not let Mo Mowlam run D'Hondt. I remember saying at the time: "He spent yesterday in Downing Street, today he's in Glengall Street, tomorrow he could be in Sesame Street" [*laughter*]. It was just very frustrating at the time.

Actually that's then when Seamus Mallon said he was resigning. That then became the whole subject of contention later on: that he resigned but that his "resignation" was held by Mo to only have been from continuing in that shadow position etc. Which is why when it came to the actual running of D'Hondt, the DUP were challenging that, saying: "No, we need a First and Deputy First Minister election again before we run D'Hondt." Mo came and said in effect: "I don't think Seamus actually resigned from actual office, as David Trimble would have been declared out after a further six weeks if so." He had announced his resignation and of course he was stripped of access to his rooms, he was stripped of his car, but it was deemed that he hadn't "resigned".

I remember saying what others then picked up on, that it was like Bobby Ewing coming out of the shower: it was all a dream, he hadn't really resigned at all. The DUP ended up saying that as well, so it became a point. The problem would not have been that there wouldn't have been the numbers to elect Seamus, if he was up for Deputy First Minister. The problem was the numbers weren't there on the unionist side, because Trimble had lost a few of his members. So you didn't have a guaranteed majority of 50% plus one, so over 50% of unionists if you had a new joint election. Similarly, whenever David Trimble and I were being joint elected First and Deputy First Minister, it took three goes and it took some members re-designating to do it on the unionist side.

But in terms of the ministerial first day, you had the first day briefing. You had an awful lot, particularly because of the scale of the department and the fact that it was a department that was going to be relating to all others in that department. And it was going to be the department that was going to be carrying most business that would go in front of the Executive. So the civil servants were asking for my sense of the party politics and how that connected to the administrative politics. They were all highly professional and straight up in terms of the briefings that they gave. There was quite a tome that I had to go through. I think they'd made a point of saying: "We don't want it in two files because it will appear as though one's [a] senior file while the junior file is just the trimmings." So it was this, big, big, big block of stuff.

As things went through, I stopped and asked them some questions. I can remember one person that we asked something about the rates, you know, because they were explaining about the rating system – in Northern Ireland a portion of the rate is set by the local councils, a portion of the rate would be set by the Assembly. They were going through this stuff about the rate scheme, and of course rates, as they are everywhere, are matters of contention. Everybody has some issue, there's something wrong or

unfair about some aspect of a property tax or whatever. So I made a point of asking a couple of questions and some observations about the lack of transparency around rating and other things. And I remember the civil servant said: "Can I give you a warning, minister? If you get into rating you go mad." And that was that.

So I was warned off, but we had to deal with it anyway because it became one of the controversies early on in the administration. We had inherited a draft budget that the direct rule minister had already tabled because we were coming in in December. I thought at the time that was the right decision, as I said when I made the speech to the Assembly essentially commending that budget with very little tweaks. I said that, just because we were now taking office, we couldn't engage in joy riding. Just because we were now behind the wheel, we shouldn't start showing off and just doing stuff. It would really be the following year's budget that would be the first proper, devolved, informed budget. But the budget that had been tabled by the direct rule ministers included projections for the following two years as well, including projections on the rate increase: there was going to be a 7% rate increase in each of the following years.

So when it came to that following year, as the Executive, we were still holding to a 7% rate increase, in circumstances where we were getting a healthy increase in the block grant [from Westminster]. I mean, these were times when you were getting 7%, 8% or even 10% increases in the block grant. If we had been seen to pull back on those rate increases, the Treasury would have been frowning at that, saying: "You're still not doing water charges, and you're actually lowering what we projected in terms of rates." But there was a point where, having gone through all of the budget numbers, because you're bringing these into the Executive, there were always going to be some ministers saying: "My budget still doesn't look big in this." And it had to go back and be tweaked.

One minister who was an Ulster Unionist, the Minister for Culture, Arts and Leisure [Michael McGimpsey], said I was "giving far too much money to health, to education – two Sinn Féin departments – and far too much money to regional development for infrastructure and roads – that's a DUP department – and you're not giving me a very big increase." But the Department of Culture, Arts and Leisure had a small budget anyway. So he was kind of saying: "I want more." We said: "Well, what do you want it for?" He couldn't fully say. He subsequently became Minister of Health, and then of course complained that health wasn't getting enough money, having previously complained about too much money going to health. He was saying: "We might want money for the Opera House", and I said: "Yes, but we need a full business case for that."

There was a point then where we actually seconded people from DFP to go into DCAL [Department for Culture, Arts and Leisure] to help them prepare more of this budget stuff. A large part of the Department of Culture, Arts and Leisure had come out of the old Department of Education. So it would have been, I suppose, the old host department that a lot of the formation and establishment arrangements for the new department came from. As Pat Carver, who was permanent secretary, said to me: "You

know, when DCAL was set up, DCAL was set up!" *[laughs]* That was why they maybe were under-resourced in personnel terms when it came to budget preparation, embedding and all the rest of it. So we put people in there. But Michael McGimpsey insisted he still needed to get more money, he had to win something more at the Executive table.

At this stage we'd been down the back of all of the departmental sofas and got any loose money that was there, any end of year flexibility we could find, we had bent. I had made a point of even reducing some aspects of my own department's budget in relation to the census preparation – the census was coming up – on the basis that if I take that out of my tabled budget, I'll always be able to pick it up again and bring it back in in the monitoring rounds [a part of the budget process that allowed for reallocation of funds between departments and programmes]. But there was no more room to manoeuvre and play. Michael McGimpsey insisted he needed more money. Bairbre de Brún of Health insisted she needed at least another couple of million but couldn't say exactly what it was for. Reg Empey was saying that there were going to be pressures and issues in DETI as well. So you had this round of the 'gimmes' at the Executive table. Getting things agreed by the two other parties and the Executive was required if I was to present the budget to the Assembly. Essentially, because Bairbre de Brún said she wanted more, then Sinn Féin weren't signing off until she got more. The UUP weren't signing off until both Reg Empey and Michael McGimpsey got more. The aggregate between the three of them that we ended up giving was £8m, but that equated to an extra 1% on the regional rate, and I said: "The only way we can do this is by increasing the regional rate from 7% to 8%." They said: "Right, that's grand." So that's then the budget I had to present.

In the Assembly then, you got this exaggerated reaction to this 'Durkan tax', that I was going beyond what the rest of them had been saying by doing 8%. You had Sinn Féin attacking me for it, even though it was the result of their price in the Executive being put in the budget. Alliance were particularly attacking me. Seamus Close [then Deputy Leader of the Alliance party] who was on the Finance Committee, came out very, very strongly: "Oh, this is outrageous." Even Ulster Unionist MLAs [Members of the Legislative Assembly]. Whereas the truth was, it was the only way we could get agreement in the Executive.

**AP: Did you find you had to squeeze the SDLP departments to pacify the other parties?**

**MD:** No, not as such, because agriculture were getting a reasonable increase in the budget. Similarly, further and higher education, training and employment, which was the other department that we had, was getting a reasonable increase.

I wasn't consciously playing it by party in that sense. When it came to the broad budget proposals I was making, I tried to do that on a party-blind basis, which is why I used to get the recurring complaints from the Ulster Unionists that I was giving too much

money to the DUP and too much money to Sinn Féin. I was saying: "They are not Sinn Féin departments or DUP departments, they are departments offering public services." The fact is that the DUP were in the Department for Social Development, which took in housing and regeneration and social need. It also managed social security, but social security was annually managed expenditure, it wasn't coming out of our discretionary devolved budget. But then the other department that the DUP had was regional development, which had strategic planning, it had roads and infrastructure, ports and transport.

As far as I was concerned and as far as we seemed to have agreed in the Programme for Government, health, education and infrastructure were key priorities, as well as housing and the strategic drive to improve our housing stock. Even though Northern Ireland would have been regarded as having good social housing at that stage, we were saying there's still a way to go, we don't want to be leaving places behind in this, so we have to go on. So those were our priorities and my budget proposals were essentially done on that basis, so that yes, health was getting big increases. In the period of three budgets, the health budget increased by 37%, education increased by about 25%. But those were in circumstances where we were given significant head room in the block grant.

Probably the biggest difficulty I had across all of the parties in terms of budgetary stuff was that I wasn't allowed to table a budget which also gave indicative figures, projections, for the next two years. This was because the Ulster Unionist ministers in particular felt that people would look at them and say: "Compared to some of the other departments you're getting a more modest increase this year and you're getting more modest increases the following year." So it was this thing again about 'Does my budget look big in this?' And if the answer was no, then you had a political problem. The price of that was when I said: "I can't promise any different," they then said: "Well, we're not allowing you to table those indicative figures for the following two years." Which was bad, because it looked as though then you were producing purely annualised budget projections, which as far as I was concerned was a weakness. But we didn't have the consensus. I couldn't present what hadn't been agreed by the Executive.

In this context I was saying: "We need to be trying to show that we're changing the pattern of spending that we have inherited from direct rule. We need to show that we're driving the policy, and that devolved preferences are making a difference. Otherwise we are just going to get into a rut where, each year, the budget is going to be just about current patterns" – what I called current patterns extended. That's what we did get into.

What I did come up with, as a way to try to make a difference, was the idea of Executive Programme Funds so that we would have funds that would be there to support and advertise some executive priorities that wouldn't automatically disappear into the woodwork of departments. And funds that would be used to incentivise more cross-



departmental working. It was hard to get people to agree to this because of course they were saying: "We want the money in our department and you're trying to put it into these other funds." You're trying to say to them: "Yes, but where the money is in these other funds, your department and some of your policy community will be in a position to bring forward proposals that will be able to make a very good claim on those funds for interests that relate to your department."

**AP: So what were the Executive Programme Funds mainly for?**

**MD:** I set up an Infrastructure Fund. The reason for setting up an Infrastructure Fund was because the DUP had the department that had infrastructure, but the DUP didn't attend the executive meeting. So when I would have bilateral budget negotiations with them, they were never around the table at the Executive. It meant that if the Department for Infrastructure was saying: "This is the rank order for our road projects", any budgeting I could do could only reach as far as it could to match their rank order. So we were giving them £300m and they would go: "Where will this £300m get us to on the list?" And that's that. Whereas we wanted to, as an executive, say: "There might be some regional strategic projects that we want to do."

For instance, at a selfish level, there was a need for a Toome bypass, because Toomebridge was a serious bottleneck on the main Belfast to Derry road. When we looked at where the bypass was on the Department or the Road Service's list, it was way, way down. We were saying: "No, it's a sensible thing that the Infrastructure Fund can allow the Executive to set some projects as their priorities for that fund, without being bound by what the department and the Road Service are saying." So that was one reason why we created that Infrastructure Fund.

The idea was also that it would include soft infrastructure. Such as, we were aware there was a standing proposal not really being taken forward to create a new cancer centre. The Department of Health wasn't coming forward with actual budget proposals to do that. So it wasn't just going to be for hard infrastructure.

A Children's Fund. As it happened at the time I was working on the idea of these funds, it coincided with an idea that Seamus Mallon had voiced at the Executive one day, when everyone was trying to work on the terms and text of the Programme for Government. Seamus Mallon said: "If I want to do these things, is there not a way of having some tranches of funding that can give meaning to this rather than just waiting on what comes back from inter-departmental working groups?" And I said: "It's funny you should say that. I've been working on a thing and I'm calling it 'Executive Programme funds'." But on the other hand, you got, as I say, resistance from some because they felt: "Oh no, you're taking that money off us now, we should be getting that straight away."

As it happened, a children's sector lobby group had asked to see me, because they picked up on the fact that Gordon Brown had established a Children's Fund here [in



London], and they were saying: “Can you do something like that in Northern Ireland? Are there Barnett consequentials? [extra funding for Northern Ireland calculated through the Barnett Formula based on spending increases in England]” It was funny, the letter had come into my private office and the department kind of made the decision that I wouldn't meet the lobby, that I couldn't get into meeting all these people: “This is about children they should be going to social development, or they should be going to education. You, as Minister for Finance...”

**AP: Your officials decided that?**

**MD:** They did. They decided that I shouldn't meet this lobby – I think for reasons of precedent and arguable ministerial protocol given other portfolios. But I said I should meet them because I was working on the Executive Programme Funds anyway and a Children's Fund would work very well there, again particularly because of cross-departmental working. You could be asking [the Department of] Health, you could be asking [the Department for] Social Development, even [the Department of] Culture, Arts and Leisure in relation to play facilities, for cross-cutting bids. So I was keen to meet them, to see more, because that's where I got my first information about some of the stuff that was being speculated about with the Children's Fund that Gordon Brown had announced here. So I basically told the department: “If I don't meet them here as a minister, they're going to make an appointment in my constituency office, and I will end up meeting them without officials, so which do you want?” That's the way it was done. So the Children's Fund was added to the list.

We also had what I call the Social Inclusion/Community Regeneration Fund, then we also had a Service Modernisation Fund. We were thinking about policy innovation, but we couldn't call it an Innovation Fund because that would then be confused with some of the stuff that was going on in the Department of Enterprise, Trade and Investment. Pat Carver, the Permanent Secretary, said: “Then we'll just call it a New Directions Fund”, and so that's what it was. They were of varying sizes, some of them were small, obviously infrastructure was a bigger one.

The way the funds were to work was not to be exactly like our experience with the European funding programmes, where all these bids could come from whomever and would have to be processed. For most of them, the bids were to be coming from within government. The idea was that bids would be better favoured when they were coming from more than one department, where they had shown significant cross-departmental work and where they could show non-departmental partners being involved as well. But it was partly trying to learn some of the positive lessons we had from the experience of European funding programmes. I was saying that if European funding has been a good thing for us, and if Europe is so keen to give us more money – and [Michel] Barnier [then European Commissioner for Regional Policy] certainly was very keen to give us more money because they liked the way the model had worked – we've got to show that we're prepared to import some of that model and that ethic, into how we handle

our own funding as well. Given that there will be a point where this European money that we're getting tails off, how do we sustain the social partnership ethic into the future? So my idea was that the Executive Programme Fund would be our longer-term, legacy method of keeping up some of that work that was going on, including Social Partnership from the European Fund.

So that was the idea, but as I say you got resistance at times for money going into the funds. What I had to do then was at times use monitoring rounds. A bit more money might become available in monitoring rounds, so I could slip a bit more into some of those funds. Sometimes you were having to do it on the basis where you are more or less promising departments or ministers that they will likely do very well out of particular bids.

The Children's Fund was the one that was different. It was the one that we ended up moving to say: "There will be one arm of the Children's Fund that will be basically taking bids and proposals from the non-government sector." But generally, what will have happened there is that the likes of the Education and Library Boards or the Health Boards would have worked with some local providers to encourage them to bid. Because the Executive Programme Funds became a very good way of people at that intermediary level of government, like the Education and Library Boards, the Health Boards, saying to local projects: "You've been looking to us for this money which we don't have. We've been able to give you some slippage money out of monitoring rounds from year to year, but actually you can get more strategic funding if you turn this into a fuller pilot and bid to that programme, and we'll help you form that bid and work on that."

**AP: So the system had quite strong departmental silos, reinforced by the party political segmentation. It sounds like your objective was to inject a bit more cross-cutting, strategic thinking from the centre through these budget processes.**

**MD:** Yeah, because you even had a sense as an MLA that there were lots of people out there in different policy communities trying to provide in different areas, who had lots of good ideas who were frustrated: why do things work the way they do? Or why are we just doing hand-to-mouth slippage funding out of monitoring rounds and suddenly we're told: "You can now have this money if you can spend it very quickly." People were not able to plan in a more sustainable and strategic way. It was that sense of, if we're going to have a devolution difference, it's not going to be just the politicians and the civil servants. There's an awful lot of people out there who have ideas, who have awareness of things that are happening elsewhere. Because already you were starting to hear: "They're doing this in Scotland," just as people pointed out the Children's Fund set up by Gordon Brown.

It was interesting when it came to it, with the Children's Fund. This one tranche was non-governmental, for the other providers to come forward and make bids and

proposals, and then there was the other arm that was for government. When we looked at the quality of the bids from the departments, you had a sense that this was like signing each other's sponsor sheets. It wasn't as strategic or high quality as it might be. So I ended up recommending to the Executive that this £19m that we were saying was going to go to the bids from the departments: "I don't think we should be giving them £19m." Maybe we keep £3-4m of that and put that into playoff with some of the other proposals that might be missing out on the non-governmental side. Because the quality of the proposals on the non-government side were just much better. There was more innovation and there seemed to be a bit more of an effort in spaces, around what they could do. So we switched to those terms, as a way of saying to departments: don't think that just because it's there that you can all buddy up together and draw it in. So that was the way in which we had to do things.

Similarly, we had all the stuff around the EU funding as well...

**AP: Were you closely involved in negotiations at EU level?**

**MD:** We would have been, with my own officials dealing with a lot of the EU Commission people who were coming over. Barnier's team would have been there. This was around PEACE II [the second phase of an EU programme to support Northern Ireland and areas near the border in Ireland]. Remember, we took actual office in December '99. We had our first suspension in February 2000. But before we had that first suspension, among the things that I had tabled at the Executive was a huge tome of papers in terms of PEACE II.

PEACE I had involved district partnerships, which had the technocratic name of 'local delivery mechanisms', and also involved intermediary funding bodies as well as some of the monies being managed directly by departments. The EU really liked this, the [European] Commission really liked it. They liked the way the local delivery mechanisms had worked because the district partnerships had involved members of the local council along with different social partners, and this could have included in some cases ex-prisoners and other people. In many ways, it was the first experience of actual partnership working for some people in some of the political parties. And it worked better than a lot of people had thought it would work. Similarly, the intermediary funding bodies were there to recognise there were some things you want to do in a more strategic way that you probably wouldn't reach if you just relied on those kinds of local delivery mechanisms that were dealing with smaller tranches of money. There you need intermediate bodies. That would have helped the women's sector, for instance. A number of things were done with that intermediary funding level and then there were some other things where it was essentially the government departments handling the funds according to a particular purpose and criteria as set out in Peace I.

There was some resistance by my colleagues in the Executive as to how far you needed to sustain that mix of funding. I think the civil servants in most of the departments had

basically given their ministers speaking notes as to why, now that you had devolution and devolved ministers, this money could actually be much more usefully spent if it was channelled through the departments and those ministers. The departments would know what's what. I was listening to people saying: "We don't really need the intermediary. The department has the intelligence and the quality of engagement to know what's needed out there, and we have good relations with all of these different players. So why put it through an intermediary funding party? We can do it just as well."

Of course, that was going to look like a stitch up, a takeaway. It was going to look like you were standing down groups who saw themselves and were seen by the EU as being part of the transformation. That was the peace process, as far as they were concerned. That was given that level of engagement, that level of interaction, that level of new relationships, people building up common ground via these new funding channels.

Even my own party colleague, Bríd Rodgers, was saying this about the Department of Agriculture: "Agriculture knows this and the department knows everybody." I remember there was one point where we would go around the table, and finally a voice of support came up for what I was proposing, and what was clearly what Barnier and his officials would want. It was Martin McGuinness saying: "I agree with Mark, we need to be seen to protect this. Politically it would be a very bad reaction if we were seen not to be supporting the local delivery mechanisms, the district partnerships and intermediary funding bodies. But I would have to say," then he read from his note, "that as far as education is concerned, that's not really amenable to local delivery mechanisms, so the money would need to come to the department." I said: "What's a school, what's a youth club if they're not local delivery mechanisms?"

**AP: You must have had the backing of the First Minister and Deputy First Minister?**

**MD:** I didn't. I had Seamus Mallon's backing. David Trimble was very sceptical.

**AP: Was this scepticism towards the EU?**

**MD:** Part of it was that. Whenever I said: "The Commission like this," that was partly calling them out for this. It was to say it's not only that you're going to have an adverse public reaction from a lot of legitimate and credible and experienced interests, you're also going to have an adverse reaction from the Commission. Why would we do this? As far as David was concerned that wasn't an argument, we had to take the decisions according to what we wanted. And I just said: "How do you attract money then?" Because remember, this money has to be the way Europe works. They've a list of indicators, objectives and all of this complicated system. If you want departments to be trying to handle that, on that basis, at least the system's already out there – it's the intermediary funding. But it's local delivery mechanisms that have a lot of that to do and there's technical assistance being allowed within the budget now that can go to help them to do that. If it all goes into the department, they will not allow the departments even the technical assistance money to help them to do it that way. I was

trying to say, it's better leaving it for these people who have experience, they know what they're doing and they know why they want to do it. If departments handle this, if departments take this, the chances are you're going to end up with things in a very different way. So we had a bit of a standoff around some of this.

This then meant in turn that, between the EU processes going slowly and us getting these things settled, you were starting to see the gaps opening up as PEACE I was tailing off, and there was the gap in PEACE II being confirmed. Some of the civil servants were saying: "They were all told they had to have their exit strategies and if they don't have them they don't have them. It's not our fault." We were faced with an awful lot of these players and projects, some of whom wanted to continue as they were but others who wanted to go forward in a new way, on a new basis, with some new priorities under PEACE II. If we say: "You're going to be wound up", then they weren't going to be around when it came then to having the PEACE II funding confirmed, because they were talking about having to give people redundancy notices. So I found myself in that instance then having to go back to the Executive Programme Funds and allocating some of the money out of the Executive Programme Funds as gap funding. A few times in the preliminary rounds, we essentially allocated 'gap funding' so that PEACE I projects didn't go to the wall. It meant that they had to use the Executive Programme Fund monies to do that, but I thought I was going to have to do anyway. Whenever I created these programmes, one of the things I had in mind was that if we don't have valuable, strong contenders for the Executive Programme Funds, it's money I can use in other ways. So that's what we did.

**AP: How much did you have to continue to negotiate with the UK Government at this point? You said there was relatively generous public spending at that point, so were you able to just get on with things?**

**MD:** Generally, because you were getting that kind of positive headroom, there was less tension. You did have some issues. For instance, the Treasury has its own way of dealing with you, and they would just say: "That's your Barnett consequential, and if you ask for detail about that or challenge it, we're the Treasury and we don't need to give you a reason." So whenever the Budget announcements and the pre-budget announcements were made, you would think what does that mean for us? Which of those spending announcements by Gordon Brown are 'Barnettised' and which aren't? Because you were getting this confusion about some of them.

When we came into office there was a document standing in relation to railway review in Northern Ireland. It was talking about instead of having the railway line running from Belfast to Derry or Londonderry, it was only going to run to Coleraine. They talked about reducing it to a 'core network'. Of course neither I nor my party wanted that, and it wasn't just because I'm from Derry. But that's what the proposals were: reduce it to a core network. I was able to allocate money for what they called 'new train sets.' I remember thinking: "'New train sets,' is that really a proper term?" But I said: "If we're

doing the new train sets as part of this review then I want clear proposals in place that we're keeping the core network and in fact we're improving that bit of the Derry line so that more services can run on it, so there is a passing loop," because at that stage there wasn't.

Now what has that got to do with Treasury and Barnett? Gordon Brown had announced at the time money for Metropolitan Railways, that was one of the big spending things in England. So I said: "That's grand, we can get a Barnett consequential. We're facing a serious issue in relation to our railway network and strikingly at this time, here's extra money that he's putting in for a period of years. So that's great we can go for that." But we were told no, that they didn't regard Metropolitan Railways as eligible for the Barnett calculations. They just didn't. And we were pressing on this. Officials would have been going over between my department and the Treasury who resisted the Metropolitan Railways point.

Meanwhile, Ken Livingstone [then Mayor of London] in London was saying: "I want to raise a bond to do this stuff on the London Underground." Of course Gordon Brown didn't want Ken Livingstone going off with a new borrowing power of his own, so he threw money at the London Underground, a lesser amount of money than the Metropolitan Railways. We don't have an underground system in Northern Ireland, but we got a Barnett consequential on the London Underground money. It was less. But we didn't get the Barnett consequential on the Metropolitan Railways, and that was just Treasury logic. They don't need a reason. And even if they have a reason, they don't need to give it to you.

**TKB: You spoke about some of the issues with Trimble when you were Minister for Finance. How did you manage that relationship when you became Deputy First Minister?**

**MD:** Well, some of the complications when I was Minister of Finance were also because the Ulster Unionist Party, back when we were setting up the departments, had insisted on having this economic policy unit as part of OFMDFM, which they were likening to the Office of Management and Budget in Washington in the White House. They were really doing it because some of Trimble's special advisers, particularly Graham Gudgin, and Trimble's junior minister in OFMDFM, Dermot Nesbitt, wanted to be able to have a say on anything I would be proposing to the Executive. I would have to take things through them first. So that led to difficulties at times. And sometimes some of the confusion... because they were giving arguments and putting in proposals that hadn't necessarily been brought past David Trimble anyway. At times it got a bit clunky with three special advisers each. An awful lot of stuff was going on between teams, almost putting things in the way of each other sometimes. I don't mean that was all on a structured basis. They were saying: "We have to do this right and do that right, and this is what we want to push." At times then you ended up with more issues and tensions and arguments than there would naturally be if we were just talking together.

When I took over, David and Seamus Mallon had already been in office for quite a bit. People now, I think, describe their relationship more unfairly than it deserves, because they did take decisions about how they conducted the joint office, like answering questions together and sitting together in the Assembly. Obviously, there were natural differences between them, policy differences and other things. But the biggest problem was not so much their relationship. It was the fact that you had this odd politics where on the one hand we were meant to be their primary partners in government, but because of the way the two governments were running the decommissioning issue, they had a premium dialogue involving the UUP and Sinn Féin. At times it appeared as though the politics of governance was eclipsed by the politics of process. And at times the SDLP seemed to be more concerned about the workings of the institutions and the proprieties of the institutions than anybody else. Other people just owned the process, “so long as the process runs it doesn’t matter what’s happening.” Trimble would have been quite distracted at times by all that.

He was a Westminster MP as well. He spent a lot of time here [in London] and seemed to prefer being over here than at home. When Seamus was a Westminster MP he didn't spend anything like as much time here. He spent more time as Deputy First Minister in and around the Assembly. That continued when I came in as well. That was at a point where there had been more progress on the decommissioning issue. There'd been a new understanding. It still didn't fully work out but at least it was a new level of understanding, which seemed to be a new lease of shared purpose around the Executive at the time that David and I were coming in. I am not crediting that to the change between Seamus and myself. It was to do with the context of the wider understanding that had been there from the summer of 2001, the Weston Park talks and the rest.

I found that difficult, that David would disappear through the middle of the week, so you're left trying to get things done early on in the week or late on in the week. What you were doing mid-week was hearing from officials that this is what his private office was saying, what his special advisers were saying. But quite often it was the case that when you thought you were reaching an understanding that you thought represented what his views were, you would find come Thursday when he would arrive back – he would arrive on the Thursday morning, there would be an executive meeting scheduled for the Thursday afternoon and he would be saying: “No, I don't think we should be doing it this way.” “But it was your people who signed off on this, and this is what we're doing.” And he'd say: “No, that shouldn't be on the agenda”, and we'd have to put that back. You're then in an embarrassing position because maybe some of their [UUP] ministers put this on the agenda.

Not that other ministers did put very much on the agenda. For those first couple of years, most of the stuff that was on the agenda was coming from the Department of Finance and Personnel or OFMDFM itself. Because the remit of the Executive was cross-cutting; nearly everything to do with the Department of Finance and Personnel was



cross-cutting; a lot of what OFMDFM were doing was cross-cutting. Other ministries basically just hid their homework. It was only where there were other strategic issues or likely to be cross-cutting issues or something that was essentially going to entail a major budgetary choice that people might bring it to the Executive. So for instance, Martin McGuinness made a concession that he would bring to the Executive anything substantive to do with school transfer procedure, academic selection or the future of the 11-plus [exam]. He wouldn't take a decision on that without it being in front of the Executive first because it did involve possible questions about the future of the school estate and capital spending and it might entail legislation. So you had this difficulty around the shape of David's week. But the fact is, once you knew that's what you were working with, then it was grand.

He and I did work to make the Executive seem a bit more collegiate and productive. We looked at the idea of maybe changing from just having the two junior ministers inside OFMDFM from our two respective parties. We looked at inviting the other parties to also have junior ministers, but maybe we would retitle them as 'programme ministers.' They would be ministers to support the Programme for Government and some of the cross-cutting priorities in the Programme for Government. With David Trimble's approval, I actually talked to Gerry Adams and Martin McGuinness about that. But nothing came of it because he kind of pulled back from it in the end. The whole problem was [that] we can't invite the DUP to appoint Programme Ministers when they're not even there at the Executive. And David Trimble couldn't be seen to be appointing them, because junior ministers had to be appointed by the First Minister and Deputy First Minister; he couldn't be seen to appointing a Sinn Féin additional minister. So it didn't happen. But there was a spurt there when we were trying to say we need to move things along a bit and get a better flavour here.

We had issues around community relations policies. David and Seamus had commissioned a report by a former civil servant, Jeremy Harbison, to look at what kind of strategic choices and priorities the Executive should set for itself in relation to, not just community relations, but integrated services and shared society; the whole thing of where different services were provided on a back-to-back basis for different communities in Belfast or elsewhere. So we were looking at this: is there a cost to division and the way services are separated and replicated? Are we just managing difference and division or are we going to try to transform? This review raised issues like the Executive has to make choices about how this will be and has to lead the public in making a choice: does it actually want to have a shared society? As it happened this report had sat there. We were all aware that Seamus and David had got this report from Jeremy Harbison and it was there. People were asking questions about it, and of course the Alliance Party had been making a lot about the cost of division and suggesting that there's maybe nearly £1bn being spent in the additional service costs of having these back to back services and not integrated provision. So when I came into office that report was there.



We were also dealing with an ugly situation in North Belfast, at Holy Cross Girls' School, where you had loyalist protestors impeding these girls being taken to their Catholic primary school through their area. You had lots of pictures of priests and parents running the gauntlet of these loyalist protestors. So here you had a serious community relations issue, or tension, that was already taking place before I was elected Deputy First Minister. It brought it all into sharp relief around those tensions.

But David was then saying he wasn't agreeing to the Harbison review even being published, because it had in it this question about did we want a shared society? We were going to have to make a decision if we wanted a shared society or whether we wanted to just continue to contain things as they were, with civil management of the differences we had. He said he thought that the phrase 'shared society' would be neuralgic for unionists, which just threw me. I said: "Well, why is that so?" and he was then explaining: "Based on our experience of fair employment. Fair employment legislation was all about imposing neutralised workplaces, the workplace had to be neutral. That meant that in places like the shipyard, bunting had to come down, there couldn't be flags. And people know in a shared society that there's going to be more of that and removing certain kinds of expression." I remember saying: "So basically your fear is that the way it's going to work is that if it's a shared society then it's about putting a dimmer switch on Britishness while we pump up the volume on Irishness." And he said: "Yeah, that's more or less it." I said: "That's the reason why we need to publish this and properly air the issues, because people need to understand if that actually is a perception, a fear and an apprehension. We need to understand that because we need to get a grip on that."

**AP: Would integrating schools be a part of this as well?**

**MD:** It has been part of it all the way through, but it wouldn't have been one of the primary issues. We were already putting more money into integrated education. Whenever I in finance and my successor, Seán Farren, were allocated more money to education – and not least significant money for capital expenditure – a lot of that was about making sure more money was going to integrated education as well. People would say: "Oh, integrated education, we're there to support the choice." Well if there isn't funding going into quality capital investment as compared to the capital investment that's going in elsewhere, you're not actually supporting the choice in a free way. So that was there.

Where it would have been, in relation to integrated education, one of the issues that I had in my head was if we are going to move forward on some of the shared society stuff, there was this challenge around integrated education. On the one hand, because we still had the grammar school selection system, often people were demeaning the choice of integrated education as a cop out by middle class parents who couldn't get their children into grammar schools and didn't want them to go to the secondary schools. They'd say: "There's a pretence that it's integrated, but it's really because it's this that

and the other.” Which was one of the things that I think was retarding the choice for integrated education. It was one of the reasons why I thought if we could change the system from the selective system that we had, one of the bonus beneficiaries of it would be the integrated education sector.

The other point was, integrated schools were being built but were often taking over some existing building, often not a previous school building. Even when they were getting new premises built, they were being built in parts of towns where you were then needing people to come very long distances, just given the degree of residential segregation in Northern Ireland. So there was that issue again about does the location of the integrated school actually suit the people who might otherwise have a preference for it? From looking at things like the Harbison review talking about the degree of housing segregation including social housing, part of my thinking was about more intentionally-mixed housing. My thought was if we can build intentionally-mixed housing close to integrated schools, they actually sustain each other, and it becomes a much more natural thing.

These were the kinds of things I was thinking about, but as I say, we had this difficulty, and this became an ongoing conversation between David and myself. But it kept changing, because David would come in one Monday and say: “I was talking to somebody at the weekend and they were saying we shouldn't be going along these lines at all, what we need is funds that we can use to help in areas that are undergoing particular strain,” based on the North Belfast experience. I said: “You're talking about a riot-driven slush fund or something. That if people create bother we're then putting in money.” And, funny, he returned to the theme of patronage: “We need to be seen to have patronage around those kinds of money.”

So we were going through these things at the same time as we were trying to manage stuff around Holy Cross and North Belfast, and it all became quite difficult. But we did reach a point in September where he was in agreement that we would publish the Harbison review in a way where we weren't claiming full ownership and wouldn't take responsibility for it. But we would roll the pitch for the community debate that needed to take place around this by talking to key social partners, the business bodies, the trade unions, the churches, to say this is some of the stuff that we need to be discussing, so people wouldn't just react straight off when it came out. We had agreed that, and we'd actually announced that in an answer to questions in the Assembly in September of 2002. But lo and behold, we were suspended in October 2002, so it never actually happened.

I've made that sound as though my time with David Trimble was all difficulties, but we did get on okay together on a number of levels. We opened the office in Washington together. We opened the office in Brussels together, or we got Barnier to do it. He didn't want Barnier to do it, he thought if we didn't get Prodi as the President [of the European Commission], we should just do it ourselves. I said, “Barnier's been doing this

and that, we need to maintain this engagement with Commission.” So we let Barnier open the office. So we were able to do a number of things together.

We were able to work better maybe with some of the other Ministers. When it came to the Investing for Health strategy, which was not just about the Department of Health but how other departments and the broader executive budget could support more healthy living and better health outcomes, he [Trimble] was able to work well, not just with myself, but engaged quite well with Bairbre de Brún [Minister for Health, Sinn Féin] on it.

Probably the project where we worked best together was the Reinvestment and Reform Initiative, as it ended up being called. Back at the time of the Agreement, I had had this idea that we should be indicating that some of the security sites and prisons that might be vacated in the context of peace should be special spaces for community planning and new uses. This was to avoid the sense within Unionism, with military bases going, that it’s all about withdrawal and closure and the loss of the ancillary jobs that went with those bases, that were usually in the Unionist community. To say these are going to be opportunity spaces and shared spaces. At the time of the Agreement, when I raised this and mentioned this in the context of the normalisation and demilitarisation bits of the Agreement, there were no real takers for the idea, probably reflecting divergent apprehensions about the “normalisation” agenda. People were saying “Aye, well that might be all well and good but hardly for now”. But when I became Deputy First Minister that had changed to some degree for a few reasons.

As Finance Minister, I was conscious of the need for us to seriously improve our capital spending, because our performance on capital spending in Northern Ireland was pretty poor. Even when you were allocating budgets to capital spending, the number of times that you found yourself in monitoring rounds dealing with slippage, that the stuff wasn't being properly implemented or delivered, was coming in and rolling on from one year into another year. You were also recognising that we need to be spending far more, but even the little we are spending, we're not spending very well or as efficiently as we should. I'd asked the Committee for Finance and Personnel to look at more strategic financial management on the capital side, which meant them taking evidence, some of which was criticising PFIs [Private Finance Initiative], some of which was supporting and giving positive examples of PFIs. But it was essentially using them to pick up the idea that we needed to have a new central driver in relation to capital spending, rather than just leaving it to each government department to do its capital spending. (Their report had some useful prompts).

**AP: Similar to the Major Projects Authority in Whitehall?**

**MD:** Yes, to a point. We had to find a way of delivering for departments but not through them where they’d rely on all sorts of consultants and external people, and still performance doesn't improve.

So when I got my first meeting with Blair as Deputy First Minister – I did it on my own not by choice, it's just the way it worked – I had said to him that one of the things that I wanted to do was look at the stuff on the capital spending side for the Executive: could we make this a long-term strategic spending profile? Also, some of these other military sites were coming up, and essentially the Treasury were just saying to the MoD [Ministry of Defence]: “Sell them off in the usual way.” I said: “Look, I think there's a chance of us actually looking at those spaces differently and getting community engagement and involvement in how those things are dealt with.”

In fairness to Blair and the many differences we had, (I have lot of gripes about him), he came and said: “If you can get David's agreement on that, I'll help you with the Treasury.” And I said: “Funny you saying you'll help us with the Treasury, because the additional thing that we'll need is a borrowing power. Not a big borrowing power, but just something for starters. If we could get a borrowing power that gives us a bit of addition and helps us to refocus the debate into capital expenditure.” The idea then would be that if there's going to be that borrowing power we need some new vehicle to be in charge of our financing options. What I talked about was a strategic investment body. The decisions on that ended up falling into the direct rule period, and we ended up then with the Strategic Investment Board.

**AP: But you got agreement that you could take on some of this land that was being vacated and get the financing for it?**

**MD:** Yes. So I had that conversation with Blair in late October/early November 2001. By May 2002 we were able to announce, in the Odyssey, the Reinvestment and Reform Initiative, which involved the Maze Prison site, the Crumlin Road [prison] site, the Ebrington army base in Derry and a number of other sites that would be transferred to the Executive for other planning purposes. As it happened, one of them in Belfast we were able to sell off. It was the best thing to do with that UDR [Ulster Defence Regiment] base where it was in the university area of South Belfast. You're not going to say: “Here's a prime project for the peace process.” That was part of the deal, we were allowed to sell off some of them where that was going to be the best thing to do. But it also included a borrowing power of £200m a year, and we'd been given £200m up front.

The argument between David and myself meant that our officials and special advisers did most of the negotiations with the Treasury people. I wasn't having to do that much. I thought it would maybe be better if it wasn't directly involving David and I personally too much, just because our differences of what we wanted out of this would come out, and therefore we would be less convincing to people in the Treasury. Some of our special advisers and officials in the Department of Finance and Personnel were involved in this as well. I thought we were going to be in a better position but you ended up with questions like: “The £200m that you're talking about up front, what would you use that

for?” David's first preference was the restoration of the Ulster Canal, my first preference was the regional Cancer Centre in Belfast.

That was a project that had been framed even a few years previously under direct rule and still hadn't moved forward. As Finance Minister, I kept asking the department: “Where are the proposals?” The person who was most pushing the Cancer Centre was Paddy Johnston, who died last year as Vice-Chancellor of Queen's [University Belfast]. When I was still Finance Minister, Paddy had met me privately at the house of one of our MLAs, who was also a GP, to basically tell me: “I've too many offers from America. I'm going back to America, I can't wait around for this Cancer Centre any more. I keep being told that I need a new business case and a new evaluation.” I said: “Who's telling you that?” “The Department for Health.” “Are they blaming it on DFP? Because we're asking them where it is.” He said: “No, they're not actually saying that, but I just can't keep going through this.” So I said: “We'll try to come up with something different.” I asked our MLA whose house it was, who was also the Chair of the Health Committee: “Can you lead motions on this in the Assembly that are calling on the Executive to make this a priority? So that it's not necessarily up to the department.” The best thing I can do is make it part of the Executive Programme Fund.

So this is why when we were then looking at the £200m, we could definitely do this now and this will keep Paddy Johnson and get the Cancer Centre up and running. The Treasury seemed to, I think, like the Cancer Centre idea more than they liked the Ulster Canal. In fairness, David eventually accepted the Cancer Centre was the big priority and should be the biggest taker of the money. But of course [the] Treasury said: “It could be done as public-private partnership.” I said: “No, this thing has taken far too long already, this is going to be straight to goal, it's going to be done straight off.” Sure enough, we did the announcement one day of the overall Reinvestment and Reform initiative. And immediately the following day, Bairbre de Brún, as Health Minister, was able to announce what Paddy Johnson wanted: “We're going with the Cancer Centre.” And the Cancer Centre has achieved fantastic things. So it can be clunky and lumpy, but you can still get things through.

**AP: What was your involvement in ongoing North-South bodies? How well were they working?**

**MD:** Back to the time when we were negotiating the departments, there was this parallel positing about what the North-South bodies might mean. The Agreement said a minimum of six. When it came to us negotiating, the Ulster Unionists said: “That means six and only six.” So there were six bodies plus a company – Tourism Ireland was actually a company as opposed to a body, if you can work out the difference between them.

It's interesting because you hear David Trimble now say the Good Friday Agreement wasn't anything to do with economics and therefore nothing to do with Europe or the

EU, it's purely political and constitutional. Whenever we were negotiating the Agreement, the Ulster Unionist Party at times would be saying: "We don't really need anything on our side because that's all happening anyway because of the EU and Europe. So that can happen on a technocratic level, you don't need a body involving ministers. It just happens, officials can do that. We just need the East-West arrangements and anything North-South can be a subset of that." When it came to the actual negotiation around the bodies, they kind of changed that a bit to then say all they wanted to agree to were bodies that would be pretty narrowly remitted, fairly technocratic and handling a lot of EU stuff that would have been happening anyway, either transposing EU directives or channelling EU funds.

So when you look at bodies like Waterways Ireland, it's partly about funding into the waterways, but partly habitat directives and water directives. Similarly with the Loughs Agency, for the border loughs etc. So it had that element. Even the Trade and Business Development body, which was about small and medium enterprises and helping them to improve their position in the respective markets and also in markets outside of the island, in practice a lot of what it was doing was picking up on different EU challenge funds and different innovation initiatives and partnerships between higher education and business.

That was for defensive and other purposes. They wanted to be able to say to other unionists: "These North-South bodies: no big ministerial power has been ceded here, no big departmental function has been given. This is stuff that we have to do, on an enabling management basis." So they did that EU loading there.

At the time, we had also proposed trade, business development and inward investment as being the remit of a body. The Ulster Unionists were very resistant to that, and I think were encouraged by the Industrial Development Board, as it was at the time, to be resistant to that. They contacted John Hume and said: "We don't want this. See, you can go to America yourself and get Seagate [an American data storage company] to come and be the biggest employer in Derry. If this goes this way, you'll not get that. Dublin will be all over it." In the end, the veto on inward investment being in the remit of the North-South body came from Dublin, not from them. It was Mary Harney who was the minister in Dublin at the time, the Tánaiste [deputy head of government]. She sent word through pretty late on. So we were left then with just trade and business development.

When it came to the structure of the bodies, some do have boards overseeing them, others didn't. The EU Programmes Body didn't, and in my view we probably would have been better to have given it a board. But the Department of Finance in the South wasn't overly keen on it having a board. The Special EU Programmes Body was going to work between the two Departments of Finance, North and South, because it was dealing with a lot of cross-border funding as well. The other bodies had boards. That was the other bit of patronage that David Trimble managed to get. So the Ulster Unionists agreed

some things in the North-South area on the basis that they then were able to appoint those people to boards, and it helped them in those ways.

The big missing element in the North-South stuff is, we got into this almost false hierarchy, as though an implementation body would be the highest life form of cross-border activity and an area of co-operation was a lesser one. In my view, the lesson from the broader European experience was actually to create funds, create cross-border funding. We tried to do that later on, and David Trimble agreed in my time in office with him to have a meeting in an institutional format with the North South Ministerial Council which would be looking at 'Are we going to make a change to some of the workings of the Council?' In the context of having agreed the Reinvestment and Reform Initiative, and the fact that this was going to lay the platform for an Investment Strategy for Northern Ireland, it was decided we were going to have the Strategic Investment Body. The South at the time, was moving on its Treasury management plans towards a national development plan. He agreed that we could have a discussion at the North South [Ministerial Council] Plenary about how there could be more co-ordination between this multi-year capital investment the South was planning and what we were hoping to bring on line via the Reinvestment and Reform Initiative and the Investment Strategy for Northern Ireland. We got broad agreement for that. It wasn't that there was going to be a joined-up, fully integrated plan but there was going to be more shared planning and shared learning on this. And I certainly regarded that as a good graduation. While it wasn't creating singular funds or a structural fund for the island as a whole, it was potentially going to come close to that. But unfortunately that was agreed at the last plenary in the summer of 2002, before we had the suspension.

One thing on the other side, the purely political and more to do with the feel of things around the joint office of First Minister and Deputy First Minister. I was the one who proposed the joint office of First Minister and Deputy First Minister, so I ended up suffering the curse of the architect, having to live within your own design and work with that. But part of the point of being jointly elected was so that, one might be a nationalist and one might be a unionist, but you had a duty of service and respect to both and to all.

When the Queen Mother died, the Assembly was in recess, and then there was a move to recall the Assembly. Sinn Féin, of course, wouldn't be part of that. I went to the reconvened Assembly and took part in the tributes and the respects, and party colleagues joined me. The civil servants said that was very good, that was a great gesture, and the First Minister would be going to the funeral. I said: "We're joint First Ministers, both of us should go to the funeral." The civil servants were kind of taken aback, saying: "Do you not think you've done enough?" I explained that this is the first of any occasions like this that's going to happen, and if I don't establish a precedent that this is the kind of ethic that we want in the joint office... This thing has to work on the basis of 'respect and be respected'. We don't just pass ourselves with a bit of tokenism and get away with the minimum gesture that we can make. Because certainly if



anything ever happened to the President of Ireland, I would like to think that both First Ministers would pay due respect. So that was grand, I was coming over too.

I wasn't an MP at the time, so this was a different arrangement for me. I was coming to London for the funeral thinking we're doing this jointly as First Minister and Deputy First Minister, and this will look good. We'd both be there together in Westminster Abbey. I made a point of meeting up with David outside Westminster Abbey, then to be told that David was being taken to one place and I was being taken to another, which he didn't seem to mind, but I did! And remember, I'm from Derry. So I was brought to my place in Westminster Abbey, and of course we had to be there more than an hour before the service. They brought me to my place, which was to put me into a pew beside Ted Heath, who was the Prime Minister for Bloody Sunday. So Ted Heath was at the end of the pew, and of course he didn't know who I was and I wouldn't have wanted him to know. But there I was. He didn't move, he was in his place at the end of the pew and I was stuck beside him. I wasn't going to be making small talk with him, the Saville Inquiry was still going on. I was thinking: "I decided to do this gesture. How's this going to look to anybody who sees this on camera?"

The pew beside me was still a bit empty, and I was leaving a bit of space between Ted Heath and myself so there was plenty of room in the pew. The next person that they bring along is Margaret Thatcher, and they show her into the pew. I can see her aghast at finding Ted Heath there. Of course I move up the pew to let Margaret Thatcher in, but she puts her hand firmly on my shoulder to wedge me up to the side of Ted Heath. I was in between the two. So there I was, having done this beautiful gesture that would be appreciated by unionist neighbours and also appreciated by the Establishment. And they stuck me for that funeral in between the Prime Minister for Bloody Sunday and the Prime Minister for the hunger strike. Neither of them knew who I was or would have wanted to know. The only one thing was they were glad that I was between them! That was that.

Then, later on, when it came to the Queen doing the 50th Jubilee tour in 2002, again I made the decision [that] if she's going to the Scottish Parliament and she's going to the Welsh Assembly, we'll receive her here. We have to be mature. These are institutions as mandated by the people of Ireland via the referendum, so we shouldn't be afraid to have "the Sovereign" come here and enter the Assembly buildings. It was decided, not by us, that they didn't want her to formally address the Assembly, because they didn't want the optics of the big obvious gap of Sinn Féin. So instead she addressed Members in the Great Hall. In that, actually, I became the first nationalist minister to officially receive the Queen anywhere on the island of Ireland. Again, it was part of that thing of just respect and be respected. I got denounced for it by Sinn Féin who unveiled a hoarding in the Bogside mocking me with the Queen and also depicting policemen.

We had also made the move on policing at that stage, of supporting the Patten reforms and establishing the Policing Board, which was another point of friction or tension at



times, between ourselves and the DUP, because obviously they didn't support the Patten proposals and had reacted heavily against them, as had other unionists. Indeed the British Government at times had tried to say to us that if we were too insistent on the full implementation of Patten, the danger was that the Ulster Unionists would walk from the Policing Board and wouldn't take part, and that other people would. But I had to say to John Reid [then Secretary of State for Northern Ireland]: "You keep telling me that. David Trimble has never told me that. He's got a lot of issues and his party have a lot of issues, and some other people in the broader traditional policing family have issues. But you're the only one who's telling me that if we're part of seeing the current Chief Constable out and not allowing him to pull back his resignation, that that's going to collapse the Policing Board. It's not what I'm hearing from the Ulster Unionists."

So at times difficulties were being made between us. John Reid wasn't just doing that in relation to the position of Ronnie Flanagan [then Chief Constable], Tony Blair tried to do it as well. When it then came to the appointment of a successor Chief Constable, there was a big push by the NIO [Northern Ireland Office] and the British Government to say it had to be an internal appointment, it couldn't be an external. We weren't turning around and saying it had to be an external appointment, but we certainly weren't going to be bullied into saying it could only be an internal. John Reid and Tony Blair shouldn't have been trying to interfere and leverage to the degree to which they were. It actually breached the Patten model, the way in which they were trying to do it. They were also saying it was going to create a collapse in morale for people in the police service. But in fairness to David Trimble, while I was getting this from both John Reid and Tony Blair, I didn't directly get it from David Trimble or from anybody else.

**TKB: A final question, what is your advice to a future Deputy First Minister about how to be effective in office?**

**MD:** My advice would be make the job work for you and your joint First Minister. You also have to make the job work not just for the two of you in office but also for your colleagues in the Executive. So the primary responsibility is to make sure that the Executive works as a strategic collective, and to ensure that you observe dual accountability to the Assembly. One of the things that I think has gone wrong in Northern Ireland has been the sense that there's been less accountability of the Executive and the joint First Ministers as well.

There's an onus on the joint First Ministers to represent not just the administration but also the region. And there's a positive role to be played there at a lateral level in relation to broader relations with Great Britain, across the island and indeed internationally. I think, by and large, most people who have been in the joint offices have performed that side of the role well. Maybe at times people have forgotten to show due respect to each other and to the communities that we are meant to serve.

But it's a job of government and government means getting the machinery of government to work well, it means listening to the interests, the ideas and the instincts that are out there and being honest about the issues. That at times can be challenging, as in any government, but particularly in this shared government arrangement that we have in Northern Ireland. It can be harder. The physics of our government structures are hard to work. They can work better when you've got good chemistry as well. And there's a special responsibility on the First and Deputy First Ministers to make the chemistry work, to take account of the clunky physics that there are in our collective structures.

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