



Northern Ireland
Assembly

**COMMITTEE FOR
CULTURE, ARTS AND LEISURE**

OFFICIAL REPORT
(Hansard)

Monitoring Round – June 2011

2 June 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr William Irwin (Deputy Chairperson)
Mr Dominic Bradley
Mrs Brenda Hale
Mr David Hilditch
Mrs Karen McKeivitt
Mr Cathal Ó hOisín
Mr Robin Swann

Witnesses:

Mrs Deborah Brown)
Mr Arthur Scott) Department of Culture, Arts and Leisure
Ms Cynthia Smith)
Mr Colin Watson)

The Chairperson:

Monitoring rounds provide details of each Department's reduced requirements, bids, proposed allocations and so on. For the benefit of new members, will you give us a brief explanation, Deborah?

Mrs Deborah Brown (Department of Culture, Arts and Leisure):

Yes. This is the June monitoring round. We have already spoken about our budget, which was approved by the Executive in March and has been set for the next four years. As part of the

overall Budget process, the Department of Culture, Arts and Leisure (DCAL) aligned its strategic priority to its Budget outcome and set out a detailed plan against its key objectives. It is recognised that some priorities may change over the four-year period and that there may be some unforeseen pressures or easements in respect of the financial plans that we have set out. Therefore, it is highly desirable that Departments have the ability to adapt their four-year spending plan. The formal method for doing so is through the in-year monitoring rounds.

In the past, the Department of Finance and Personnel (DFP) has undertaken four informal monitoring rounds in each year, and those are normally in June, September, December and February. The in-year monitoring rounds are the process by which Departments are allowed to bid to DFP for additional resources to meet unexpected pressures, surrender reduced requirements and transfer de minimis budgets between service areas. You can also submit what is called a linked bid reduced requirement, where you can decide to pull back in an area of spend in favour of another and you link those two to secure the transfer of the budget.

I have set out in our paper the way in which the public expenditure structure is set up. We have what is called the departmental expenditure limit, which is how resources are managed, planned and redistributed. We do that throughout the monitoring process. There are three types of expenditure: recurrent, which is administration costs and resource costs; capital, which includes pure capital and capital grants; and some other ring-fenced areas, which include things like the Invest to Save budget. Movements between them have to be approved by DFP and are regarded as a reclassification. As highlighted by one of the Committee members, the budget in recurrent expenditure for depreciation and impairments is ring-fenced, so movements into or out of depreciation have to be approved by DFP. They might be limited by corresponding movements by other Departments, so you very much depend on an equal and opposite event happening somewhere else.

The Department uses the monitoring rounds as its opportunity to manage any emerging pressures through our internal interventions or by requesting that a reduced requirement in one area be transferred to another that is experiencing pressure. There is flexibility to move among service areas; for example, from arts to sport. However, that is restricted by the de minimis rule. Any moves above the de minimis level have to have DFP approval. The de minimis threshold is

£1 million. Usually, Departments are free to move amounts below that as they see fit.

Moving to the Department's proposals, we have no bids in this round for either resource or capital. We are not surrendering any resource or capital to DFP, and we have no internal reallocations above the de minimis level. There are a couple of technical transfers that happen in every monitoring round. We have contributions coming into the Department for the Special Olympics. That is where funding from other Departments comes to DCAL to administer directly. There are couple of transfers out to DFP for things relating to our shared service centre, advertising, IT, rental of fishery offices, some EU secondments, and a contribution to the North Belfast Learning Centre.

We plan to spend £112.434 million. That is set out in the papers that we have supplied to you. Our planned capital spend is the full £16.373 million, which is also set out in the papers.

We have a couple of small moves in capital as part of the process. There was £1.5 million of additional capital allocated to libraries. At that point, the money was put into minor capital, but it has now just been reclassified and £200,000 has being moved into the major capital projects.

We have identified a pressure arising from the Sport Matters capital and development programme. That is a slippage issue; £70,000 has slipped into 2011-12 due to a delay in orders being made and therefore equipment being received. We intend to manage that by using a very small amount of money from the Community Sport programme.

There are also two pressures that we have no scope for managing at this point. One is the Live Site Screen, which is a project that we started in 2011-12. That project slipped from 2010-11 to 2011-12, and that has created a pressure of about £400,000 for the Department. We have no scope to bid for that because it is below the de minimis level, so we are going to have to manage it in-house. As we are only in June, we a quite confident that there will be slippage in some other capital over the period and that this project will pressure will get first call. So, we will divert any slippage on any capital projects towards the Live Site Screen.

The Chairperson:

What is the Live Site Screen?

Mrs Brown:

It is the screen that is going up in Londonderry for the Olympics.

On the fisheries side, we also have a pressure. In my previous presentation, I mentioned that there was a health and safety issue regarding the roof at the Movanager hatchery. We got £100,000 for that, but the assessment now in states that it will cost £283,000, so there is a pressure of £183,000. We have decided to go ahead with the repair work. We have asked fisheries to manage their resource budget very tightly and, in the event that we do not have any further slippage on the capital to manage that pressure, we will ask in a later monitoring round for some resource to be reclassified to capital to cover it.

Those are just two pressures that we have at this point. We have no scope to manage them at this point in the year, but we will manage them throughout the year and are hopeful that we will have slippage. If we do not have slippage, we will look to our resource budget and ask for a reclassification at a later stage.

The Chairperson:

So, essentially your slippage is under pressure at this stage.

Mrs Brown:

Yes, but as you would anticipate with any capital programme, we anticipate slippage at the other end. The difficulty with this year's budget is that it is so unlike those of the past three years; we cannot assume that there will be X% slippage. In previous years, we would have anticipated a 15% slippage in our capital programme, but, because the capital programme now is so small and limited against the projects that we have, it is slightly more difficult. We will revisit this matter for the September monitoring round, and if there is no scope within the capital programme we will have to look to the resource budget.

Mr D Bradley:

I understand that there are plans to reduce the number of monitoring rounds to three per annum.

Mrs Brown:

Yes, we have received some correspondence from DFP showing that it anticipates there being three monitoring rounds. The idea is to amalgamate the September and December monitoring rounds and have one, possibly in October.

Mr D Bradley:

So, they would be in June, October and January.

Mrs Brown:

Yes, there will be another one in January. It presents significant challenges for us because DFP is suggesting that October will be the last point at which Treasury will accept any easements that can be secured as end-year flexibility. When I say easements at departmental level, it does not necessarily mean that the end-year flexibility will be given to the Department that surrenders that easement; it will be securing end-year flexibility at block level. Therefore, any easements surrendered in October at block level will be guaranteed to be provided in the next year. Discussions between DFP and the Treasury about the mechanics involved are ongoing. We have not received any update.

Mr D Bradley:

Do you think that the rule regarding easements in October will present difficulties for you?

Mrs Brown:

It will present challenges for the Northern Ireland block because if we do not surrender the easements or surrender them in January they will be lost to the Northern Ireland block and you will not get it in future years.

Ms Cynthia Smith (Department of Culture, Arts and Leisure):

I think it will create difficulties for all Departments, but particularly for DCAL, given that we rely on arm's-length bodies to deliver so many of our programmes here.

Mr D Bradley:

The end-year flexibility scheme, as it was, is coming to an end —

Mrs Brown:

It does not exist.

Mr D Bradley:

Have you been given any information about a possible new scheme?

Mrs Brown:

This is what they are talking about — the idea that any easements given in October will be guaranteed as end-year flexibility. However, as I said, this is at block level. So, if DCAL gives up easements in October due to slippage on a capital project that we know will create a pressure next year, we are not necessarily guaranteed that funding. It will go back to the Executive and it will be up to them to decide how it is allocated. So, as always, it is in our interests to surrender as early as possible, but slippage will remain a challenge for us.

Mr D Bradley:

There is no guarantee that you will get it back again. Can the Committee give you any support in that respect, by making representations to DFP?

Mrs Brown:

When we get to that point in the monitoring round and are surrendering funding that we know we will need next year, we will put that in our submission to DFP and, hopefully, that will be discussed at the Executive. However, the Executive are unlikely to decide in October whether they will definitely give such money to a Department in the next year. They will want to wait to see what other pressures come up, around which there will be some kind of prioritisation system. The Department will have to be mindful of that in its future allocations and about the fact that there will be slippage that it must manage. However, we are mindful of that and are working with the Strategic Investment Board on things such as contingency planning with our arm's-length bodies to work out a strategy to which we can all work to manage this as effectively as we can.

Mr D Bradley:

OK. Thanks, Chair.

The Chairperson:

No other member has indicated that they have a question to ask, so thank you very much for coming this morning and we will see you all again soon.

Mrs Brown:

Thank you.