



Northern Ireland  
Assembly

Committee for Justice

# OFFICIAL REPORT (Hansard)

Savings Delivery Plans, 2013-14 Provisional  
Out-turn and June 2014 Monitoring Round:  
Department of Justice Briefing

18 June 2014

# NORTHERN IRELAND ASSEMBLY

## Committee for Justice

Savings Delivery Plans, 2013-14 Provisional Out-turn and June 2014 Monitoring  
Round: Department of Justice Briefing

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**Members present for all or part of the proceedings:**

Mr Paul Givan (Chairperson)  
Mr Raymond McCartney (Deputy Chairperson)  
Mr Sydney Anderson  
Mr Stewart Dickson  
Mr Tom Elliott  
Mr William Humphrey  
Mr Seán Lynch  
Mr Alban Maginness  
Ms Rosaleen McCorley  
Mr Patsy McGlone  
Mr Jim Wells

**Witnesses:**

Mr Glyn Capper	Department of Justice
Mr Billy Irvine	Department of Justice
Ms Lisa Rocks	Department of Justice

**The Chairperson:** I welcome Mr Glyn Capper, deputy director of finance, Ms Lisa Rocks and Mr Billy Irvine from the financial services division in the Department of Justice. As usual, the meeting will be reported by Hansard and a transcript will be published in due course. I will ask Glyn to take us through the paper.

**Mr Glyn Capper (Department of Justice):** Good afternoon. Thank you for the opportunity to give you an update on the Department's finances. I am conscious that the Committee considered a written paper on 4 June, when the Chair gave a summary of the information provided. If you are content, I will give you a brief overview of our savings delivery plans, the 2013-14 provisional out-turn and the June monitoring round.

I will look first at our savings delivery plans. This is the Department's update as at 31 March 2014. Following today's briefing, we will publish our savings information on the Department's Internet site. As of 31 March 2014, we have delivered net savings totalling £96 million against a target of £103 million. However, on a gross basis, we exceeded our target before taking account of the costs of the Prison Service staff exit scheme. We also remain on track to deliver our total savings target of £109 million by March 2015. The £7 million shortfall in-year has arisen because more officers have been funded to leave under the scheme than originally planned when the savings target was established. Whilst this has resulted in increased costs, savings will be higher in future years. All officers who applied to leave under the scheme have now gone.

As you will see from the updates, some areas have indicated that there may be an impact on front line services. I thought it would be helpful to say something briefly on the key areas.

I have mentioned to the Committee before that officials continue to work closely with the Probation Board to minimise the impact on front line staff. Over £1 million of additional funding was provided to the board as part of its final budget settlement to reduce staff impacts. To date, we have provided additional funding through the in-year monitoring process.

In relation to the Office of the Police Ombudsman, its budget would require efficiencies to be made across its work. However, the Department also fully funded a pressure totalling £5 million over the Budget 2010 period; so, in effect, its budget increases in cash terms. Again, we continue to work with the ombudsman's office to fund as many of its future pressures as possible through the in-year monitoring process. Officials also liaise with all spending areas to ensure that savings plans remain on track and that savings targets are delivered. We also continue to work with all the various bodies across the Department in looking at ways of protecting front line services as much as possible.

Turning to provisional out-turn: the Department had a non-ring-fenced resource departmental expenditure limit (DEL) underspend, which is, effectively, our resource cash budget of £10.2 million. That represents 0.86% of budget. Of that underspend, £9 million relates to the police. If that is excluded, the remaining underspend for the rest of the Department is only 0.36% of budget.

In capital terms, excluding the Community Safety College, we underspent by £6.4 million. Under the Treasury security funding agreement, the college underspend of £8 million carries forward into this year. Annex B of your paper includes detailed information on spend against budget, as analysed by the core Department, each agency and each NDPB.

Turning to our June monitoring position, the Department faces a range of pressures this year. Details are included in your paper, but, of the larger pressures, the forecast legal aid pressure, net of reform savings, was £35.5 million, which had increased by approximately £1 million by the time final figures were presented to DFP. However, we expect a new forecast from the Legal Services Commission shortly. The cost of civil legal aid continues to create the pressure because of higher volumes and average case costs, and this is consistent with the trends we have seen in previous years. In addition, an initiative last year by the judiciary to clear a backlog of Crown Court cases has led to an increase in criminal legal aid costs. To manage the legal aid pressure, there is an important need to implement reforms as quickly as possible, and I am aware that colleagues are briefing the Committee separately on that area.

The departmental board also agreed that the remaining £1.7 million of funding required will be given to the Prison Service as soon as possible this year to allow the final tranche of officers to leave. As I said previously, that has now happened.

The Police Service has highlighted a potential pressure in relation to working time directive costs. This is subject to ongoing legal proceedings, but the Department has asked the police to absorb the pressure in the first instance. We will update the Committee as further information becomes available.

So, given the pressures facing the Department, work was commissioned to examine the impact of delivering additional in-year savings across all DOJ bodies, with a view to generating funding to meet pressures, whilst protecting front line areas as much as possible. The table at Annex C of your paper shows the savings generated from this exercise to offset pressures.

As a result of the steps taken, the Department has allocated funding for some smaller pressures. In addition, we have allocated £23.5 million to the Legal Services Commission at this stage of the year towards the legal aid pressure, and, as part of the June monitoring round, we have bid to DFP for the unfunded pressure. As a result, that leaves the Department with an overcommitment of £6.5 million, which equates to 0.6% of our budget, and this has also been included in the bid to DFP. We will, however, seek to manage this in the course of the year through the in-year monitoring process.

In addition, following the paper you received, the Department also bid for £687,000 in relation to the Together: Building a United Community (T:BUC) strategy. It was agreed at the good relations programme board that each Department involved in the strategy would submit a separate bid to the Executive for this. Finally, it is also worth noting that the Finance Minister has indicated that, without progress on welfare reform, the June monitoring process will see cuts across all Departments. The Justice Minister has responded and has noted that the cuts should not apply to the DOJ given its ring-

fenced status. However, pending final decisions, we have asked all bodies to now make plans to deliver those savings on a pro rata basis.

I hope that this provides you with an overview of our current financial position. I am happy to take any questions you have.

**The Chairperson:** Glyn, thank you very much for your report. I have a couple of queries. The savings generated by Forensic Science Northern Ireland were 31%. Is there a reason why it is so far out of kilter? I think that the next nearest savings was around 9%. It seems to be yielding a lot.

**Mr Capper:** Yes, I think that that is a quirk of the numbers. The actual expenditure for Forensic Science Northern Ireland was £6 million or £8 million. The budget that you see in the table in Annex C is the net budget after the income it gets from the police. So, when the £180,000 of savings are presented against the net budget, it produces a big percentage, but when you put that against its actual expenditure, which is in the realms of millions of pounds, the percentage would be much lower. I think that that is just a quirk in the way that it is presented.

**The Chairperson:** OK. I welcome the fact that the Prison Service exit scheme has now concluded. Do you have a final figure for how much the entire redundancy scheme has cost?

**Mr Capper:** We are still pulling that information together and I will come back to the Committee in writing on that. What we know is that the savings that have been generated will be around £20 million a year or so from that investment, and that will continue to increase over future years. I will come back with the actual cost of the scheme when that is pulled together.

**The Chairperson:** If welfare reform cuts were applied to the Department of Justice, what figure would it need to find?

**Mr Capper:** If DFP's position is to absorb welfare reform and other pressures, and if budgets have to reduce by 1.5%, then it would translate into about £16 million of additional savings for the DOJ.

**The Chairperson:** Is that readily available?

**Mr Capper:** The exercise that I mentioned, that we went through to try to generate additional savings to fund the pressures, has been difficult and we have had to make difficult choices. To take another 1.5% off budgets would create even more difficulties for spending areas. So, to answer your question, it is not readily available and we would have to make difficult decisions.

**The Chairperson:** Currently, the overcommitment is £6.5 million, and that is being bid for. I think that it is safe to say that you are not going to get it or, at least, it is highly unlikely given the pressures that exist everywhere else.

**Mr Capper:** From our experience last year and the fact that this is the first monitoring round of the year, your assessment is probably accurate. We will be unlikely to get that funding.

**Mr Wells:** My questions continue on from the Chair's, although he has asked my first question. Have you been able to extrapolate for the next three years and work out what the final bill will be for DOJ if welfare reform is not agreed? Health has been able to give me a figure for that. Do you have any idea what it is going to be?

**Mr Capper:** I do not have that information.

**Mr Wells:** You know that it will ratchet up year on year.

**Mr Capper:** The information that the Finance Minister gave in March referred to a 1.5% cut being required and costs increasing in future years. We do not yet know from DFP what that would mean for the DOJ.

**Mr Wells:** I assume that it will come in at more than 1.5%. It starts at a very low level and then ratchets up to £900 million in total. You could extrapolate from that. Some Departments have looked into a crystal ball and tried to work that out.

**Mr Capper:** Before we try to work it out, we would look to DFP for guidance and advice. DFP will know the total quantum. What we do know is that there is an indication of how much the cut may have to be this year.

**The Chairperson:** Do you think that there is any realistic prospect that the Department will continue to be ring-fenced?

**Mr Capper:** That will be a decision for the Executive. As I said, the Justice Minister noted that, given our ring-fenced status over the current four-year period, he thinks that the DOJ should be excluded. Whether it is ring-fenced this year or in future years will be a decision for the Executive.

**Mr Elliott:** Thank you for your presentation. I apologise for missing the start of it. Can I get some detail on point 9 of the provisional out-turn? It states that the Department has a non-ring-fenced resource DEL limit underspend of £10.2 million. It goes on to say that £8.8 million of that underspend relates to the PSNI and that, if the PSNI were excluded, then the underspend would be £1.4 million. Can you explain how the PSNI underspend came about, where it is and what the other £1.4 million is?

**Mr Capper:** Yes. First, I will point you to Annex B of the paper. That gives a breakdown of the spend budget and therefore the underspend by each of our bodies; so, it includes the core, other agencies and NDPBs. The Police Service underspend of £8.9 million relates to a range of areas. One of the main areas is an underspend in relation to hearing loss costs. Around October or November, we had to strike a forecast budget for hearing loss costs, and that was based on a year-to-date profile of claims extrapolated until March. After striking that budget, the number of claims settled reduced, so, as a result, the police underspent against that. That is the main reason for the police underspend.

**Mr Elliott:** If I can just confirm; can that be put back into the police budget anywhere?

**Mr Capper:** No; that is a specific amount of money drawn down from Treasury for the specific purpose of hearing-loss costs. It cannot be used elsewhere.

**Mr Elliott:** It is not like other PSNI budget, then?

**Mr Capper:** No.

If I point you towards Annex B, you will see that the £1.4 million underspend for the rest of the Department is made up of a series of relatively small underspends across a range of other areas, ranging from, for example, the Youth Justice Agency, which has an underspend of £200,000 and the Policing Board, which has an underspend of £300,000. However, if you look at the percentage column, you will see the figures are zero-point-something of a per cent, which I think represents good financial management across most areas of the Department.

**Mr Elliott:** Does the PSNI underspend go back to the Treasury because it was ring-fenced or does it go back to DFP?

**Mr Capper:** That goes back to Treasury. We then have the opportunity to bid again for this year's hearing loss requirement.

**Mr Elliott:** OK. I have a quick query on the welfare reform issue that you raised. At this stage, you have put all your agencies, organisations and sections on notice to start preparing for potential cuts or reductions. Is that what you are saying?

**Mr Capper:** Yes. When we wrote to each area, we noted that we had been asked to make plans, so we thought it prudent to ask each of our spending areas to similarly make plans. When their budgets were notified, there was a figure that represented what 1.5% would mean for each area and they were asked to start to make plans on that basis.

**Mr McCartney:** Do you test the impact on front line services with each agency?

**Mr Capper:** Yes. It is worth noting in the savings delivery plans that you have, the assessment of front line impact is not the core Department's assessment in the first instance. We ask each area to provide its own assessment of the impact and that is what you see in the savings delivery plan.

Through regular meetings and specific discussions on the savings delivery plans, we discuss and assess the impact.

**Mr McCartney:** It strikes me as strange that people are asked to make savings and yet the overwhelming majority say that it has no impact on front line services.

**Mr Capper:** That is a function of the work that we have tried to do with our bodies and that those bodies have done themselves to make sure that, when we are looking for savings and budget cuts, they do everything that they can to make sure that they look at non-front line in the first instance. That is not to say that there is no pain and there are no difficult decisions. If we look at the core Department this year, we will see that that is the area that has been impacted most, but, in doing it, we have tried to protect the front line as much as possible.

**Mr McCartney:** If groups such as the Probation Board were to lose staff, what impact would it have on the wider processes? Would people who would normally be catered for by probation be committed to prison? If so, what would the cost be overall?

**Mr Capper:** Take the example of the Probation Board this year. In the first instance, the Probation Board had to do a detailed assessment of what the cuts would mean for it. So, when we were working out the in-year savings, the Probation Board initially presented us with what 4% savings would look like. Based on that information, the departmental board then took the position that it wanted to protect Probation Board more, which is why its savings have been reduced to 2.5%. So, we do try to take account of the front line impact.

**Mr McCartney:** Is that part of the realisation that, if you take too much off the Probation Board, that will have an impact in the wider system?

**Mr Capper:** Yes. The decision takes into account the individual body and the wider justice system.

**Mr Lynch:** I have a quick question about the £4.7 million for miscarriages of justice and criminal appeals. Is that a constant cost?

**Mr Capper:** That cost is difficult to budget for. It is not a baseline cost, so we have to deal with it year on year. The criminal appeals cost, which is another form of legal aid, is slightly steadier. The miscarriages of justice cost is lumpier, and we just have to manage it each year as it occurs.

**Mr A Maginness:** You are saying that there is a reduction in the cost of hearing loss claims. Is that correct?

**Mr Capper:** If we look at last year, we will see that the final cost was less than the cost budgeted for midway through the year. That is correct. As for this year, it will take a few months to see what a steady state looks like before we can determine the actual cost.

**Mr A Maginness:** But it looks like it is on the decline, rather than rising.

**Mr Capper:** We are at the stage now where there are fewer claims being received than there are claims being settled.

**Mr A Maginness:** Is there any time limit on the claims?

**Mr Capper:** I would need to confirm that.

**Mr A Maginness:** Right. That is probably an inappropriate question to ask you, but the point is that the level of claims seems to be falling.

**Mr Capper:** Yes. I think that the number of new claims coming in is reducing. What we are now working through is settling the claims already in the system.

**Mr A Maginness:** On legal aid, you say that, net of reform savings, there is still a pressure of £35.5 million. What is the level of reform savings?

**Mr Capper:** At the start of this year, we forecast reform savings of approximately £4 million. That is based on plans that were developed and would be introduced over this year. Assuming that those reforms are implemented, that figure will ramp up over future years, because of the length of time it takes a case to work through the system.

**Mr A Maginness:** So, you are seeing savings, but the more substantial savings will be seen later on. Is that really what you are saying?

**Mr Capper:** We are seeing savings from the reforms that have been implemented. The longer it takes to implement the reforms, the longer it will take for the savings to work through. Given the life cycle of cases, even when the reforms are introduced it will take a couple of years for the savings to ratchet up to their full amount.

**Mr A Maginness:** You have had savings from 2012.

**Mr Capper:** Yes. Included in those figures are savings from the standard fees introduced to criminal legal aid in the Crown Court.

**Mr A Maginness:** As for the increase in pressure from legal aid, you are saying that it is really the cost of civil legal aid that is causing the problem. Is that correct?

**Mr Capper:** Given the complexity of legal aid, it is a combination of many things. Two of the biggest things that we have pointed out are, first, the increase in civil legal aid costs due to case volume and case amounts and, secondly, an increase in throughput in criminal cases.

**Mr A Maginness:** Leaving the criminal cases aside for a moment, is the increase in cases involving the civil side of things in the family area of law?

**Mr Capper:** A large amount of that is in the family area.

**Mr A Maginness:** Is that demand-driven?

**Mr Capper:** In many ways, it is demand-driven.

**Mr A Maginness:** How do the proportions of civil legal aid and criminal legal aid compare? Can you give a percentage difference?

**Mr Capper:** I do not have the figures with me, but it is not far off 50:50 if you assume a forecast spend of £100 million or so this year. I will come back to confirm it, but it is roughly 50:50.

**Mr A Maginness:** What sort of impact did the initiative by the judiciary have in terms of, presumably, criminal legal aid?

**Mr Capper:** Again, it is very difficult to quantify exactly what that impact has been because, had the judiciary not been doing that, it would have been doing something else that would have led to costs, albeit lower ones, elsewhere.

**Mr A Maginness:** But those costs would not be on the criminal side; they would be on the civil side.

**Mr Capper:** Yes. It has undoubtedly caused an increase in the number of cases being settled last year and into the start of this year.

**Mr Dickson:** Thank you for the information you have brought to us. In general terms, how crucial is completing the Minister's legal aid reduction process to meeting the targeted reductions? Where are we in relation to meeting those targets?

**Mr Capper:** I will answer your question from a purely budgetary perspective. Obviously, given the pressures you see in the paper, and that we have seen over previous years, it is vital from a budgetary perspective that the full range of reform savings proposed are implemented as quickly as possible. When those savings will fully bring legal aid within budget is a slightly difficult question to answer

because, as we saw last year, the one thing outside our control is the volume of cases. As we said, civil is demand-led. Whilst we may have plans to bring legal aid within budget by a certain date, should the volume of cases go up, that will have an impact. I believe that Mark McGuckin is coming next week to brief the Committee on legal aid reform. It will not be 2015-16 before we see legal aid coming within budget; there will still be pressures next year.

**Mr Dickson:** Of all the departments, bodies and organisations for which you have financial responsibility that have incomes from various sources, is every income stream now on the basis of them being on full cost recovery?

**Mr Capper:** I will first comment on our various income streams. The second largest income stream we have is Forensic Science Northern Ireland. Its income largely comes from the police, so it is an internal income. Our second largest income is through fees and so on paid to the Northern Ireland Courts and Tribunals Service. Those fees were struck a number of years ago. One of the things that the Department is looking at this year is a review of court fees and income.

**Mr Dickson:** I am thinking specifically of public-facing charges that the public are paying the full cost of, so that, if it is a service you require, you pay for it.

**Mr Capper:** I think that I am right in saying that that is the case. I am thinking of Access NI, which, with some caveats for charities and so on, is full cost recovery. We are working through firearms fees and so on with a view to moving to that place with them.

**Mr Dickson:** That is very helpful. Thank you.

**Ms McCorley:** Following on from a previous question, the PSNI budget is making savings under five different measures. It is quite a substantial figure but has had no impact on front line services. It is hard to work that out. It makes you wonder what that money was being spent on before.

**Mr Capper:** The police savings target was set back in 2010 at the beginning of the current four-year Budget period. So, the police have had a number of years to work out where those savings will be delivered. When we set our Budget 2010 allocations, we protected the police as much as possible. It was the most protected bit of the Department, in line with ministerial commitments. If you look in detail at the savings delivery plans for the police, you will see where those savings are coming from. Some of them are about doing things more efficiently. As a general comment, and it goes back to my previous statement, there will always be things that we can do more efficiently and, in doing that, we try to protect the front line as much as possible.

**Ms McCorley:** It still seems strange to me that those savings can be made in an organisation like the PSNI, whose role is essentially front line delivery. It really makes you sceptical about whether the money was being poured down the drain before or whether it was such an inefficient organisation that it can afford to make those savings. Was there no impact on the front line service?

**Mr Capper:** I will pick a couple of examples. Some of the savings are being made through additional income generation, and that goes back to your previous point. The police were able to get more money in for the work they do. Some savings are from things such as when large contracts expire — IT contracts or whatever — and the police are able to renegotiate them at a better rate. That is not to say that the contracts were uncompetitive when they were negotiated in the first instance, but simply that, when the police come to renegotiate, the market might be able to offer something at a better rate. It is through things like that that the police can make additional savings.

**Ms McCorley:** The fear is always that community policing suffers when savings have to be made. It is always the poor cousin of the PSNI, and that filters down into a very negative impact and very negative attitude in the community. They are the ones who tend to feel it.

**Mr Capper:** The table of police savings this year shows that the largest element is support service costs, which hopefully goes some way towards the point you are making.

**The Chairperson:** No other members want to ask questions. Glyn, thank you very much.