



Northern Ireland
Assembly

**Committee for the Office of the First
Minister and deputy First Minister**

OFFICIAL REPORT (Hansard)

OFMDFM Opening Budget 2012-13

2 May 2012

NORTHERN IRELAND ASSEMBLY

Committee for the Office of the First Minister and deputy First Minister

OFMDFM Opening Budget 2012-13

2 May 2012

Members present for all or part of the proceedings:

Mr Mike Nesbitt (Chairperson)
Mr Chris Lyttle (Deputy Chairperson)
Mr Trevor Clarke
Mr Colum Eastwood
Mr William Humphrey
Mr Danny Kinahan
Mr Alex Maskey
Mr Francie Molloy
Mr George Robinson
Ms Caitríona Ruane

Witnesses:

Mr Stephen Boyd	Office of the First Minister and deputy First Minister
Mr Gavin Patrick	Office of the First Minister and deputy First Minister

The Chairperson: Briefing us today from the Office of the First Minister and deputy First Minister (OFMDFM) are Stephen Boyd and Gavin Patrick. You are both very welcome. If it pleases you, we will listen to your briefing, and then perhaps you will take some questions.

Mr Stephen Boyd (Office of the First Minister and deputy First Minister): Good afternoon. The Department has an opening budget allocation of £90.2 million for the current year, which is £0.4 million higher than the opening budget position for 2011-12. That comprises £80 million current expenditure and £10.1 million capital expenditure. On top of that, the Department of Finance and Personnel (DFP) is holding centrally £28 million for the social investment fund and £5.7 million for the childcare fund. Currently, no funding is allocated to the social protection fund. Officials will develop proposals for Ministers later in the year. Those proposals may require us to bid in the monitoring round process for the social protection funds.

The Department has been set a formal target to deliver savings of £3.8 million, £6.9 million, £10.3 million and £13.8 million over the comprehensive spending review (CSR) period of 2011-15. The Department delivered its savings target for 2011-12 and has developed a series of savings delivery plans to deliver those savings and provide additional spending capacity for priority programmes within the constraints of Budget 2010 allocations.

We will come back to the Committee on 30 May with the Department's June monitoring round proposals.

The Chairperson: Thank you very much. Looking at your draft opening budget 2012-13, towards the end I see "Strategic Investment & Regeneration Directorate" — is that the Strategic Investment Board or is it broader than that?

Mr Boyd: Yes, it is mainly manned under Tim Losty. It is to do with all the military sites, including Ilex, the Crumlin Road jail, and Maze/Long Kesh.

The Chairperson: So, it is not the Strategic Investment Board?

Mr Boyd: Yes, that would be in there.

The Chairperson: I do not know whether you heard our discussion earlier: we suspect there may be some discrepancy between sites that were gifted to OFMDFM and those that went through other Departments.

Mr Boyd: The majority of the sites were gifted to OFMDFM. Lisanelly in Omagh went to the Department of Education and Fort George is under the Department for Social Development (DSD). I believe DSD paid for Fort George.

The Chairperson: Although between the Ministry of Defence (MOD) and DSD owning it, it went to the harbour commissioners.

Mr Boyd: Yes.

The Chairperson: That may be beyond your specific area of work.

I have been looking through some of our past papers on monitoring rounds, such as the paper for January 2012. There seems to be a common theme in the reports on reductions, when you look at the reasons for resources being surrendered, some of which are:

"delays in delivery etc."; "the operational costs surrender relates to delays in the recruitment of new staff, including a chief executive"; "The resources are being surrendered as the timescales for recruiting staff to the new ... Service ... have been revised."; "it has taken longer than originally planned to get business case approval in relation to the ... spend".

There seems to be a bit of a theme, Stephen.

Mr Boyd: We have recently issued new guidance on giving managers higher delegations in relation to business cases, so not as many will have to come through formal finance approval. We did that to try to speed up the delegations. Finance will then do the test-drilling of cases afterwards, making sure that managers are following procedures. We accept that that has been a weakness.

We are also looking at how people do business cases. In the past, a lot of business cases were done for one year at a time, so we are asking people to look at doing business cases across the CSR period. That involves a bit more work up front, but once they get the business case in, they will not have to do a further three business cases and will avoid having to come back for reapproval each year. So, we have been trying to improve the efficiency of the business case process.

We have also been looking at the budget allocations to make sure that there are owners and that everyone knows exactly what budget they own. For example, in previous years, the equality directorate had a matrix control system for budget allocations, so there were not specific owners for the budget; rather, it was a combination of the sponsorship bodies and the policy people. So, we are making sure that everyone is aware of what budgets they own, so that there is proper monitoring of budgets during the year.

The Chairperson: So, is there a disconnect between the person or people who write a business case and the ownership of it?

Mr Boyd: It has changed this year, so the situation you have just described should not happen in future. In previous years, the sponsorship bodies did a lot of monitoring of the budget, so there was a bit of divorce between the writing of the business case and the monitoring of it, but that is changing this year. The policy people will own the budgets as well.

The Chairperson: What about arm's-length bodies?

Mr Boyd: We issue budgets to the arm's-length bodies through the sponsorship branches, and they monitor them. We also receive quarterly reports from the arm's-length bodies on progress against their budgets, so we identify any pressures or easements during the year.

Mr Gavin Patrick (Office of the First Minister and deputy First Minister): This year we are going to ask for monthly returns from the arm's-length bodies so that they can be reviewed on a more frequent basis. That will also help with the monitoring rounds and will ensure that they are keeping up with the profile that they set out at the start of the year.

The Chairperson: What about the other point I mentioned: the fact that, several times, a delay in the appointment of key personnel was a factor in moneys being returned? Do you have an input for that? Is that joined up or does that operate in separate silos? How does that impact you?

Mr Boyd: A lot of new officials were recruited into the equality directorate last year, so there was a change in personnel, but I believe that the majority of the Senior Civil Service posts in the Departments are now filled. That should not be such a reason for delay this year, because most of the posts are filled.

The Chairperson: What impact has that had over the past year?

Mr Boyd: I would need to look at that and come back to you. I do not have an answer for you at present.

The Chairperson: Can you give us some more detail on the social investment fund and where it is sitting?

Mr Boyd: Policy officials are examining the feedback from the consultation exercise. They are examining how the scheme will work and the logistics of it, such as how many groups will receive funding. They are in the process of developing proposals and waiting for decisions to be taken by Ministers. Once we know the Ministers' decisions, we will have to finalise the outline business case.

We have had a strategic outline business case approved by DFP, but we need to work up the detail on how the scheme will work, in order to develop an outline business case. We will then examine the profile of the spend, because we have a resource spend of £18 million and capital spend of £10 million in this year. Basically, until we get the business case, we will not be able to say what the profile of that spend is going to be.

The Chairperson: So, we have this fund, it is announced, and we go out to consultation. People on the ground say how they would like the money to be spent, and that information is brought back, collated and presented to OFMDFM. It seems to me that there is an unnecessary additional layer of bureaucracy. Rather than just reacting to that and giving the people what we agree is a sensible distribution, we have to go into this other process of getting a business case.

Mr Boyd: We have been working with DFP officials to speed it up and to see what would be the most efficient process. We want to develop a business case that will give us approval for the overall scheme, so we will not have to get every single application processed. We are trying to work efficiently.

The Chairperson: Sorry; can you repeat that?

Mr Boyd: We are trying to develop an overarching outline business case for the whole scheme once we have defined how applications are made. We are trying to avoid a situation in which we have to do a business case for every individual application coming in. We are trying to get DFP approval at the outline business case stage rather than having to go back to DFP multiple times.

The Chairperson: How does that work in terms of supervision and delegation?

Mr Boyd: The outline business case would be approved internally first, and it would go to DFP for approval. When we eventually get applications in from the groups, we would not have to do a separate business case, which would go back through our economists in OFMDFM and then back to DFP. We are trying to get approval from DFP for the outline business case, to try to remove a series of steps.

The Chairperson: If I heard you correctly, you have £28 million to spend this year: £10 million on capital and £18 million on resource. Are you confident that the processes, including the business cases, will not delay or prevent that money hitting the ground?

Mr Boyd: We will have to look at the profile of spend once we get the business case approved. It will take time to get business cases approved. The quicker that we can get them approved, the more chance of spend. If there are delays in getting business cases approved, it could affect the amount of money that we spend this year.

Mr Eastwood: Apologies if some of this is for someone else to answer, but I want to focus a wee bit on the Executive funds. Welfare reform is coming down the line. One of the answers to that has been the creation of a social protection fund to help people. I think that money went on the fuel poverty initiative last year. Where are we with that this year? None of the social investment fund has really been spent up to now. A lot of groups in the community are pinning their hopes on the social investment fund, rightly or wrongly. They are going to the wall; they have people on protective notice and everything else.

I think that, last year, only £320,000-odd was spent out of the £3 million that was allocated to the childcare fund, so that is more money being sent back to DFP. There seems to be a real difficulty in getting money spent in those three funds, and, in turn, seeing the outcomes on the ground that the funds are supposed to be about. It is quite worrying. Is there confidence that you can spend the money and get the projects moving from here on in?

Mr Boyd: We have £5.7 million for the childcare fund in the current year. We carried over £2.7 million from last year into this year. We are in the process of developing the childcare strategy. We are looking at the options and how we achieve best value for money from the strategy. We still have to put proposals to Ministers to finalise the strategy. We will then have to develop a business case for that strategy. It will be a challenge this year. Spend will start only when we get the business cases through the approval process.

Mr Patrick: We were asked to reprofile the childcare fund for 2011-12 over the remaining years of the CSR period. However, we were not able to do so within the DFP rules; therefore, all of it went into this year's allocation. The first opportunity that we will have to move that again will be in the June monitoring round.

Mr Eastwood: That is grand. I know that some of this is out of your hands, but I think people would rather see the money being spent and projects being delivered, given the fact that we keep telling people we have no money. If there is money there for spending, it would be useful if we could get these things out of the door. Where is the social protection fund for this year?

Mr Boyd: Last year, we spent £22.5 million on pension credit and winter fuel payments, including payments for cancer patients. At this stage, officials are just starting to work on options proposals, which they will have to put to Ministers. Initially, there was only one year's funding of £20 million set

aside for that fund from the CSR. Once officials have developed proposals, which will have to go to Ministers, we will have to bid for funding.

Mr Eastwood: So, the bottom line is that there is no real safety net in the social protection fund for people who are going to be suffering when welfare reform comes down the line. There is no money there at the minute, anyway.

Mr Boyd: No funding has been set aside at present. We will have to bid for that.

Mr Eastwood: I imagine that would be quite worrying for people.

Mr Lyttle: Thank you for your presentation. Chair, I would like to review a few key strategies: the social investment fund has been delayed; the child poverty action plan has been delayed; the childcare strategy has been delayed; and the community relations strategy has been delayed. The consequences are £300,000 surrendered for poverty, social inclusion and disability; £400,000 surrendered for community relations; and £3 million available for childcare that has not been spent. I think those are issues that have to be raised with Ministers, to be honest. Perhaps the Committee can do that in due course.

Cohesion, sharing and integration was budgeted £400,000 in 2011-12. That figure is reduced to £300,000 in 2014-15. Again, I am not sure whether this is an appropriate question to ask with regard to finance, but is that allocation enough to deal with an issue as big as community relations in Northern Ireland?

Mr Boyd: That information is in annex A to the tables, which is a guide to the overall allocations. That is the funding held in the DFP database. There could have been some reallocations.

Mr Lyttle: My concern is that, in 2011, cohesion, sharing and integration is under the equality bracket. I find it strange that it is under that bracket to start with, but it is, and £400,014 was allocated for 2011-12. I presume that most of that was not spent because £400,000 has been surrendered. My concern is that the figure is reducing to approximately £300,000 in 2014-15. Is that enough of an allocation to deal with a strategy of that size?

Mr Boyd: We are allocating around £4.5 million to cohesion, sharing and integration. For the good relations budgets between north Belfast, district councils and the peace funding, we are holding roughly £8 million around cohesion, sharing and integration for the current year.

Mr Lyttle: OK; thanks. Looking at the strategies in the round that are significantly delayed at this stage, and thinking of the difficulties that local families face, I think it would be interesting to get some sort of clear-up dates on all of them from the relevant Ministers.

The Chairperson: Stephen, when you say that you are holding £8 million —

Mr Boyd: We have been allocated £8 million in our budget; that is all I mean.

The Chairperson: How much of that do you have pitches against?

Mr Boyd: I do not know the detail. If you like, I will come back to you.

The Chairperson: No, that is OK.

Mr G Robinson: Thanks to the team. My question is about the Shackleton Barracks site in Ballykelly. Have you any update on exactly what is happening to it? Will it be sold as a block or in lots? If anyone is interested, who do they write to? Is it OFMDFM?

Mr Boyd: Officials are meeting representatives of the local councils around Shackleton this week to start taking some community input into what should be done with the site. They are starting

consultation. We are also liaising with the asset management unit on how we make best use of the Shackleton site. They are looking at whether it should be sold off, whether we should look to develop it or whether we should sell it off in small parts rather than as one block. They are beginning to think about how we take forward the development of Shackleton.

Mr G Robinson: When did you say that was happening?

Mr Boyd: I understand that they are meeting local councils this week.

Mr Patrick: It is part of an overall review of the sites. A strategic site oversight group was set up in the Department, which Noel Lavery, as accounting officer, is leading. It looks at how the sites should be utilised.

Mr G Robinson: Do you know of any decontamination issues with the site?

Mr Boyd: There were some decontamination issues. I think that they cleared fuel oil off the sites during April. I do not believe that it is heavily contaminated; there is some contamination on the site, but I honestly do not know the detail.

Mr G Robinson: Is that ongoing?

Mr Boyd: Yes. The decontamination would have to be considered when we are planning what to do with the site.

Mr G Robinson: It seems that quite a lot of money has been spent on maintenance and drainage and so forth. The sooner that it is sold off or something happens to it, the better.

Mr Boyd: We are looking at whether to sell it off in blocks or whether to use it as a community asset. Until the strategy proposals are developed, we cannot say exactly what will be done with the Shackleton site.

Mr G Robinson: Only today a property developer told me that they know of quite a lot of interest from abroad in purchasing the site. They asked how to go about it. Is it a matter of writing to OFMDFM?

Mr Boyd: Yes, it is.

Ms Ruane: Thank you for your presentation. Nobody likes to see money being underspent, and I am sure that you do not either. However, I am glad that you declared the reduced requirements in advance so that they go back to the Executive and can be used.

I have a question on the gender and sexual orientation strategy. It is dealt with in annex B. It is not a huge amount of money; it is less than £100,000, but can you explain — maybe you do not have the same papers as us.

The Chairperson: Caitríona, these may be papers that we were provided with as background information.

Ms Ruane: OK. The reason we have been given for the underspend is that these resources had provisionally been allocated to a small grant programme that had been put in place previously and, having scrutinised these areas of expenditure, it is clear that there is no rationale for a separate small grants programme. I am just asking about that because I am interested in gender equality.

Mr Boyd: I am sorry; I will have to come back on that. I do not know the details of that.

Ms Ruane: That is OK. I would appreciate it if you could come back to me on that.

To follow on from what George said about the Shackleton site, if you are going to dispose of it, I urge that the same mistakes not be made as were made in the past by the MOD in relation to areas such as Bishopscourt and Ballyhornan, where lots were sold off to private developers. Nobody will take responsibility for public services now, so it is very important that proper agreements are reached.

The Chairperson: Am I right in thinking that there is no budget for the historical institutional abuse inquiry? Does a budget need to be found for that?

Mr Boyd: In our budget allocation for this year, we have set aside £450,000. However, until we see the business case, we will not know whether that will be adequate. We may have to bid if the full scheme is kicked off and running this year, but, specifically, you are right: we have received no allocation for the inquiry. We are using our internal resources to cover costs.

The Chairperson: If I had been abused in an institution and I was monitoring this Committee report, first, I think I would have been very pleased that the devolved Administration say that they are taking the allegation seriously enough to bring forward an abuse inquiry. I would then quite possibly have no idea what this business case is all about, but I might be quite fearful that it is a way of not addressing my needs. How would you address someone who says, "What does this mean to me? I have been abused and am looking to OFMDFM to bring some measure of easement or comfort on this issue."

Mr Boyd: We are developing the historical institutional abuse forum. We are in the process of appointing a chairman and setting the terms of reference for that inquiry. We have to follow due diligence and proper procedures because, as a Department, issues about our expenditure have been raised by the Audit Office at the recent hearing on the Ilex regeneration company. I agree that the person on the street would not care about business cases, but we have to follow due process when meeting the needs of the public.

The Chairperson: So, you would say that they should not look at the budget or the business case and think that it will restrict the ability of the devolved Administration to deal with the issue?

Mr Boyd: Yes. We will have to set a budget aside for the inquiry, but it will be dependent on the outcome of the inquiry and the chairman's report.

The Chairperson: In annex A, under the first heading, which is non-departmental public bodies, it states that, year on year, the Strategic Investment Board has a budget north of £6 million. We say that the economy comes first in everything we do, but why is the Strategic Investment Board's budget less than that of the Equality Commission?

Mr Boyd: I cannot answer that question.

The Chairperson: Under the fourth heading, which is support for the Executive, the first two categories are central administration support for the Executive, which is around £3 million, and support for the Executive and other services, which is around £9.5 million. Can you explain the difference between central administration support for the Executive and support for the Executive and other services?

Mr Boyd: Central administration support is more to do with how some of the budgets may have been classified. I believe that it is more to do with administration spends compared to support for the Executive and other services, which is what we call resource spend. It is just a different category of how we spend our moneys. As I said at the start, we have found that that gives us an indication of our budgets. When we allocated the budgets for the current year, we went to all the business areas asking them to identify areas that require extra funding and areas where there could be surpluses. When we did the opening allocations in the paper, we identified that there were pressures in relation to the social protection fund and historical institutional abuse. We were not made aware of any significant easements at that stage.

Mr Kinahan: Is there any way of seeing what makes up those figures? We have been given the broad figure of £9.48 million, but it would be helpful if we could see all the different headings under that.

The Chairperson: Is it possible to supply the Committee with a breakdown of annex A?

Mr Patrick: Yes, we will get further subheadings on that.

The Chairperson: Thank you very much.