



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

October Monitoring Round: DSD Briefing

27 September 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Mrs Judith Cochrane
Mr Michael Copeland
Mr Mark Durkan
Mr Alex Easton
Mr Fra McCann
Mr David McClarty

Witnesses:

Ms Heather Cousins	Department for Social Development
Mr Stephen McMurray	Department for Social Development

The Chairperson: We have Heather Cousins and Stephen McMurray here this morning from the Department to discuss the October monitoring round. You are both very welcome. There are three separate papers from the Department. One is on the October monitoring round; another is the Comptroller and Auditor General's report on the qualification of accounts; and there is clarification on the outcome of the proposed programmes from the June monitoring round.

Ms Heather Cousins (Department for Social Development): Good morning, Chair and members. The October monitoring round proposals are due to be returned to the Department of Finance and Personnel by 3 October. You have asked for information on three areas: an indication of the impact of the failed bids made in the June monitoring round; the 2011-12 resource accounts and audit qualification; and the October monitoring return.

We apologise that the briefing was a little bit late, but it made sense to send all the inputs together. It also means that, today, the Committee is getting the latest figures for the current monitoring round.

We have just finished collating inputs from our key business areas over the past few days. As soon as we had that done, details were passed to the Committee in Stephen's letter of 25 September, which you have before you.

I stress that the monitoring round process is such that the figures can and do change up until the final submission to the Department of Finance and Personnel, so the proposals presented now are based on up-to-date assessments of requirements, but sometimes those can change. Some of the information, particularly on the Social Security Agency side, comes from the Department of Work and Pensions, and we are not notified until late in the day. That relates to charges for IT, etc.

We will start with the June monitoring round outcome, which you have received in Stephen's letter. The position was that the urban group did not get all the capital bids that it made in the June monitoring round. However, we have had higher than anticipated receipts and some project deferral, which is not unusual with major capital projects, and also a revision of the public realm programme for future years, which has reduced the pressures that were anticipated in the June monitoring round. At this stage, therefore, we are not expecting any significant urban group capital pressures that cannot be accommodated within the existing departmental capital allocations. That position has shifted substantially so we now can cover all the urban group capital requirements.

On the resource accounts issues, you will have received a copy of the 2011-12 accounts, which is a substantial document with a lot of information. It brings together key financial information for the whole Department, including the Social Security Agency and the child maintenance and enforcement division. The Committee asked in particular about the Audit Office qualifications. Stephen's letter explained that those related to levels of fraud and error in benefit expenditure, the regularity of child maintenance assessments and the accuracy of outstanding child maintenance arrears.

As all the details are included in the letter, I will not go over everything again today, but there are a few points to draw to the Committee's attention. The Department's total spend was up by £200 million on last year, which is over 3.5%. That is good news in the context of overall reducing budgets. The levels of fraud and error have dropped significantly. There is a 15% fall in the level of overpayments and a 25% drop in the level of underpayments. The overall level is now around 1%, which is a very good result. Therefore, that shows that the detailed action plan implemented by the Social Security Agency is yielding results. Details of those initiatives are shown in the reply.

On the child maintenance side, we are still restricted by issues with the GB systems, and we will continue to be for some time. However, we continue to take all possible actions to find and implement workarounds to mitigate risks. If there are any specific points that the Committee wishes to make on those issues, I will be happy to address them.

Given the extent of ongoing work on these issues, I need to say that the Department takes any and all audit qualifications very seriously and is working hard in its efforts to eliminate those.

On the October monitoring round, details of the proposals are summarised on the table in paragraph 2 of the recent letter. If members have a copy of that to hand, I will go over the key points. Starting with the housing side, it is proposed to bid for additional funding of £8 million for co-ownership against an easement of £8 million in the social housing development programme. The main reasons advanced for the easement are delays around implementation of Bamford recommendations, where it is expected that about 200 of the targeted 325 units will be delivered this year. However, we have been given an assurance that the overall Bamford target will be delivered over the spending review period.

There is some nervousness among housing associations about developing new supported housing schemes due to uncertainties around securing the ongoing revenue funding and getting adequate client referrals from the Department of Health, Social Services and Public Safety. Therefore, we are working very closely with the Housing Executive, housing associations and health on those issues, and, just last week, we called all the relevant parties in to have a meeting on the issue. Therefore, we are moving forward.

The co-ownership scheme remains the Department's main measure for supporting potential home buyers who wish to purchase their own home but cannot afford to do so outright. For 2012-13, the Department will provide co-ownership with funding of £25 million a year. That, along with private finance, will provide 640 affordable homes. By the close of July, the scheme had received in excess of 750 applications and is on course to meet its target. The bid for additional funding of £8 million would fund approximately 180 additional properties. That would help bolster effective demand by assisting deposit constraints on first-time buyers and those returning to the market who are struggling to purchase a home. It would, therefore, also be of benefit to the wider economy.

On the social security side, we have easements of £3 million, which are reduced resource requirements. They stem primarily from easements in the universal credit programme, the scanning and digital storage and digital services projects, and from the medical support services contract.

There are easements of £2 million on the urban group, which come from reduced costs in three main areas: the comprehensive development programme maintenance; Laganside; and consultancy. The reduced maintenance costs are a direct result of the reduction in capital acquisitions and the resulting

reduction in required site maintenance. There are no major Laganside costs, such as river dredging and weir maintenance, this year. Consultancy costs for such projects as the Colin town centre and Bangor's Queen's Parade have been delayed. Those are the reasons for the £2 million easements in urban.

We also have a £0.9 million reduced requirement for the independent living fund. That stems from claimant attrition rates being higher than anticipated. The fund has been closed to new applicants since June 2011, and it is expected that user numbers will fall from around 750 to 700 this year. The rise in funding packages has also been less than predicted.

Non-cash easements have arisen in the Social Security Agency, the child maintenance and enforcement division and the core Department. They stem from reduced requirements relating to depreciation and impairment issues. Those non-cash amounts cannot be used for any other purpose and must be surrendered.

That is a brief run through the information that you have asked for and the detailed proposals for the October monitoring round. I am happy to clarify any points of detail or answer any questions. Stephen can help me out with some of the detail, if I do not have it at my fingertips.

The Chairperson: Thank you. I have a couple of questions before I bring in other members. One of the things that strikes me is around the housing associations' "nervousness", as you describe it. Obviously, the housing associations are in receipt of a considerable amount of public money to provide accommodation. I am not comfortable when I hear that they are nervous. I think that we have built up a fairly good, positive relationship with housing associations, and we have committed to work with them. We see them as a major partner in the provision of homes, particularly social housing. Personally, therefore, I react a wee bit when I hear that they are nervous. I would like to hear a little bit more about that and, more importantly, what is being done about it, because there is a big need out there; we all know that. You do not need to be a rocket scientist to know that. Given the fact that they are in receipt of a big amount of public money, I am not content that we leave it that they are nervous. I would like to see what you are doing to get rid of the nervousness and to see you do what you come here to lobby us for on a routine basis. It is fair enough that you do that; do not get me wrong. I can understand some of the arguments that you have outlined, but can you give us a little bit more insight into that and what is being done to redress the situation? This is a major policy area, and, as I say, it is a big amount of money. It has been identified as a big need that has to be addressed, so can you shed a bit more light on it?

Ms Cousins: I think that it was in relation to some schemes that the housing association had gone ahead and built last year, but which were left underoccupied, because referrals were not coming through from one trust in particular that was having financial issues. We are trying to work more directly with the Department of Health, Social Services and Public Safety to ensure that that sort of issue does not happen in the future. Where there are issues over revenue funding, we need to look at the budget to see whether we can assist with that. It is about much more communication and consultation between all the parties to try to deal with problems at an early stage before they become major issues.

Mr Maskey: Is there a structured way of dealing with that? Obviously, it requires co-ordination, and I appreciate some of the pressures. We have listened to the housing associations, and we have heard about the uncertainties around supported housing. We are well aware of that and sympathetic to it. However, we are keen to know what people are doing collectively to address that.

Ms Cousins: There is a commissioning body, between the Department for Social Development, the Health Department and the Housing Executive. We are looking at strengthening those commissioning arrangements to ensure that there is regular dialogue on all those issues.

A report was written that made a number of recommendations for making that process work more effectively. Those recommendations are going to be implemented. It is about making sure that we have a robust assessment of what schemes are required, and the timing of those. The overall target for units can change: is it still the required number? Sometimes, the model of care might change. For example, there is now a greater inclination to use existing properties, rather than go for newbuilds, whereas the budget would have assumed newbuilds. Therefore, part of the reason for an underspend in Bamford might not be that we are producing fewer units, but that we are producing a different type of unit. All those issues will be worked through. We are working hard on it. As I said, on Friday, we had everyone in the room and we talked about trying to move all this on. Where there are barriers in

planning or with the Environment Agency, it is up to the Department to work with our colleagues in other Departments to try to remove them. Rather than the housing associations thinking that nothing can be done about it, they need to draw it to our attention for us to be able to work on it.

The Chairperson: Thank you for that, Heather.

Mr Easton: Your paper mentions fraud and error, and states that there has been a reduction of £12.5 million. Where does that money go back to? Do you have to hand it back to the Department of Finance and Personnel, or can you keep it and use it?

Ms Cousins: The benefit spend is annually managed expenditure, so the funding for it does not come from the Northern Ireland block; it is direct to the Treasury. So it is just that the Treasury is not spending money that it does not need to.

Mr Easton: OK. My second issue is the local area priorities window scheme in North Down. I am worried about the money for it. The scheme has been delayed twice and I believe that the Housing Executive is messing about over 200 windows in the north Down area, in Kilcooley, Rathgill, Whitehill and parts of Loughview. I wonder whether the money is there. If it is not, you need to bid for it, because my understanding is that that money is in the budget for that purpose this year, yet, mysteriously, the scheme keeps getting put back. Do you need to bid for it in the monitoring round, or can you assure me that that money is there?

Ms Cousins: There is no need to bid for money in the monitoring round. There should be sufficient money. The issues are about contracts and specifications rather than money.

Mr F McCann: Picking up on what Alex said, there are serious concerns out there about the specifications that came in with window replacements. They have left many tenants in a position where they have to pick up the cost of redecoration, the impact of blinds that no longer fit windows, etc. There is an urgent need to look at that. It does not only affect Alex's constituents. It affects quite a number of areas. We need to look at that.

With regard to Bamford, a while ago some housing associations — one in particular — had been in touch in relation to a supported scheme in Fermanagh that had lain empty. It is probably one of the better facilities out there. Is there a problem with communication between the Department for Social Development and the Health Department in relation to nominations of people for supported housing? My understanding, and I am just using the Fermanagh example, is that quite a number of people in that area wanted to move to that facility but could not. The housing associations said that they had a problem even trying to communicate directly with people regarding the move.

The other issue is the reclassification of £8 million for co-ownership. Co-ownership is, obviously, a good scheme, and it particularly zeroes in on a section of the population that otherwise could not afford houses. In the area that I represent, thousands of people are homeless, and I am sure that is the case in other areas. Those people are sitting in hostels, and some of them have been doing so for years. Would the £8 million not have been better reallocated to the social housing sector to try to deal with the serious problems that exist with homelessness and overcrowding?

Ms Cousins: We looked at all of it in the round, and the difficulty came when the Housing Executive looked at its programme for the general-needs stuff and for meeting the Bamford recommendations. The moneys that were set aside for meeting the Bamford recommendations were ring-fenced, and if there is an underspend, we want to seek permission to use that for general needs and increase the programme for general-needs social housing. We are on top of that to see whether we can produce even more units this year with the money that we have. We feel that we can do that, even with moving that £8 million. There are a whole series of factors in play, including the reduced cost of producing units. One of the issues is about acquiring land, and we want to see whether we can look at having sites available that could then be built on quickly in the next financial year as well. We are looking at all of that in the round.

Mr F McCann: Do you not agree that the £8 million would have been a big injection of money for dealing with some of the serious problems? We have discussed the issue of empty homes in Committee meetings. In my constituency and across other constituencies, literally hundreds of empty homes are sitting there. Not only does that impact on people who are homeless, but it affects the people who live next door in areas of dereliction. Who chose co-ownership for that bid of £8 million?

Ms Cousins: It is really because of the current position in the financial year. Co-ownership can spend £8 million between now and the end of the financial year, but £8 million could not be spent on new schemes. Taking into account the time needed for a new scheme to be drawn up and planning permission sought, there would not be the time to deliver at this stage of the year.

Mr F McCann: Heather, having spoken to housing associations, I know that some of them would jump at the opportunity. They would say that if they had additional money, they would be on the ground, up and running, and providing these. This is probably the most opportune time in the housing market. Houses that may be up for sale can probably be bought for a fraction of the price that they were going for a number of years ago. Housing associations were paying £150,000 or £200,000 for a house, some of which are now going for £50,000, £60,000 or £70,000.

Ms Cousins: I assure you that we had all the developing housing associations in the Department last Friday, and we asked them to bring forward any schemes that they could. Sometimes, there is a difficulty with the Housing Executive approving that there is need in particular areas, so we have asked it to look carefully at all of that to be as flexible as possible. Let us maximise what we can get this year for the money that we have available.

Mr F McCann: Are you saying that, when the Housing Executive looks at west Belfast, south Belfast, north Belfast or Derry, it cannot see housing need?

Ms Cousins: No, it is not as general as that. A housing association might say that it wants to build 12 units on a site in a specific area, and the Housing Executive might say that there is only housing need for 10 units. We have asked for all of that to be looked at very carefully and very flexibly. I assure you that we are on top of it. We had all the housing associations in on Friday, and we said that we have money available and that we have to spend all of that money.

The Chairperson: The point is made about the pressure on housing. Thanks, Heather, for that.

You mentioned the easements around universal credit. What might that easement be? Your paper on the October monitoring round states that the Social Security Agency has an easement of £3 million, partly to do with the universal credit programme.

Ms Cousins: Yes. I think it is just basically that the universal credit programme was geared up for a particular timetable and some of that has been delayed or it has not required as much of the funding as was anticipated. I am not sure how much of the £3 million relates to that.

Mr Stephen McMurray (Department for Social Development): It is less than £1 million of that £3 million, and it mostly relates to administration-type costs. It is our own project staff costs and some consultancy costs for legal advice. Those have slipped, but we will catch up with that early next year.

The Chairperson: Fair enough. Thanks for that, Stephen and Heather.

Mr Copeland: I just want to apologise for having to leave the meeting. I want to go back to some of the things that Fra was talking about with respect to the £8 million. Money becomes available at very short notice, and in most Departments, it has to be spent by a certain deadline. There is usually a problem in finding a way to do it. That is not a new thing, and I presume that it has happened in the past. Would there be any mileage in perhaps asking those who are capable of spending the money to draw up a shortlist so that, as and when money like this becomes available, the problem of spending it does not exist?

Can I also ask whether you are content that a number of factors impact on the availability of this money to be spent, such as the total cost indicators that are used as a parameter, particularly in the purchase of what are termed "existing satisfactory properties"? As Fra has said, there are dozens if not hundreds of houses available, in some cases at 25% of what they would have cost some years ago. I understand that they might not necessarily meet the standards, but, on the face of it, that presents an opportunity to purchase £8 million worth of property at very short notice and put those houses into some sort of public use.

With regard to the waiting lists, I know — probably most of the people around the table know — that if I were to start a rumour that 200 houses were becoming available in Ormeau Park, where there is

currently, I presume, not a tremendously large indication of housing need, within a fortnight the need would have been established. So the need actually follows availability, as opposed to availability following need. Sometimes, the way the common selection scheme is enacted presents problems. We all know that there is a need for housing and that people will go where houses are available.

Ms Cousins: I have to say that I agree with you. Those are points that we have made to the Housing Executive. We have said that we expect a lot more flexibility in respect of need.

Mr Copeland: That is fine.

Mr Brady: The paper on the qualifications on the resource accounts received from the Audit Office mentions a number of things. Fraud has been reduced, and so has customer and departmental error. It talks about the National Fraud Initiative:

"The biennial exercise completed in 2012 involved the investigation of almost 4,300 cases and the raising of overpayments of £0.7m."

Is that cost effective? How much does it cost to do all that to get that kind of return?

Mr McMurray: I am not sure what it costs.

Ms Cousins: The National Fraud Initiative, as the name implies, is a national initiative and we do not have any choice.

Mr Brady: It is a relatively small amount recovered for the effort, time and money expended.

I just want to make another point. Obviously, we received this stuff this morning, and it is quite difficult to digest all this on the day. It is worth making that point for the future. This is happening in other Committees as well. You get stuff in the morning and you have already a fairly extensive file. It is quite difficult to read through the stuff and digest it, literally within minutes, and then ask questions that you may or may not consider relevant.

Ms Cousins: We are quite happy to come back any other time and address any of issues that you have when you have had a chance to digest it.

Mr Brady: Fine. Thank you.

The Chairperson: Do any other members want to raise anything? Obviously, we note the qualifications that you have already addressed on the accounts. Are members content?

Mr Durkan: Just picking up on what Mickey and Alex have said, I want to comment on fraud and error. It is good to see that the level of overpayments has gone down so significantly. How much of that has been a reduction in fraud, and how much a reduction in error?

Ms Cousins: We will come back with an explanation on that.

The Chairperson: OK; fair enough. Heather and Stephen, thank you very much for your presentation and your engagement. No doubt, we will meet you again in the near future.