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## **CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT**

Mr John Simmons  
Room 412  
Parliament Buildings  
BELFAST  
BT4 3XX

21 September 2011

Dear *John*

### **UPDATES TO SOCIAL DEVELOPMENT COMMITTEE ON BUDGET ISSUES TO BE COVERED IN THE ORAL BRIEFING ON 22 SEPTEMBER 2011**

1. The Committee sought information on a range of issues pertaining to the Department's budgets, including the October monitoring round via your letter to the Department's Assembly Liaison Officer (DALO) on 9 September 2011. The information requested is set out in the following paragraphs.

#### **Background**

2. As indicated in my letter issued earlier in the week, work is still continuing on proposals for our return to Finance & Personnel on 4 October. The following paragraphs outline the intended key elements of that return.

### ***£10m Housing bid – NI Co-ownership***

- 2.1. The Co-Ownership Scheme remains the Department's main measure for supporting potential first time buyers experiencing affordability problems who wish to purchase their own home but cannot afford to do so outright. Increased demand for Co-Ownership Housing in recent years resulted in a quota system being introduced by Co-Ownership in May 2009 to ensure that applications for assistance can be processed throughout the year. NICHA currently processes 2.4 applications for 1 successful completion. For the 2010/11 year NICHA received in excess of 1200 applications and delivered 492 completions. For 2011/12 the Department will provide NICHA with funding of £15m per year and, with private finance, they will provide 425 affordable homes.
- 2.2 To date NICHA has received 839 applications and are on course to meet the 425 homes target. Additional funding of £10m would fund approx another 170 properties which would help bolster effective demand by assisting deposit-constrained first time buyers who are struggling to purchase a home and help the wider economy. This scheme normally attracts private sector investment but, as the maximum for bank borrowing has been reached, this will not be the case for this additional investment.

### ***Budget easements - £4.1m (cash)***

- 2.3 A number of budget easements have been identified across the Department, resulting in net reduced requirements of approximately £4.1m, which we intend surrendering. These easements primarily stem from: project slippage on DWP-led projects in the Social Security Agency; reduced staff costs in Child Maintenance & Enforcement due to the recruitment embargo; as well as project slippage and other reduced costs with Urban Regeneration, including legal liabilities previously provided for and no longer required. .

### ***Budget easements - £1.8m (non-cash)***

- 2.4 The Social Security Agency and Child Maintenance Enforcement Division have also identified non-cash easements (which cannot be used for any other purpose) totalling £1.8m. The reduced requirements arise from technical changes associated with International Financial Reporting Standards and lower depreciation and impairment charges.

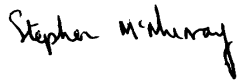
### **3. The O'Brien Case**

- 3.1 There is a potential pressure to the Department arising from a recent EU case involving a judicial tribunal panel member claiming pension contribution rights. The Appeals Service currently pays approximately £2.4m per annum to such members. If the panel member's case is successful (a judgement is due within the next 6 months), a potential liability of anything between £1m and £3m may arise. We are seeking clarification from the Departments of Justice and Finance & Personnel as to what, if any, provision should be made for the potential liability this year.

#### **Conclusion**

- 4.1. I trust the above now provides the Committee with all the information required.

Yours sincerely



**STEPHEN MCMURRAY**