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COMMITTEE FOR
FINANCE AND PERSONNEL

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DFP Spending and Savings Plans 2011-15

8 September 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Dr Stephen Farry
Mr Simon Hamilton
Mr Mitchel McLaughlin
Mr Declan O'Loan
Ms Dawn Purvis

Witnesses:

Ms Deborah McNeilly	)	Department of Finance and Personnel
Mr Adrian Doherty	)	

The Chairperson (Ms J McCann):
I welcome Deborah McNeilly, finance director, and Adrian Doherty, from the finance division of the corporate services group. We are running a bit late today. I invite you to make a few opening remarks, after which I will open up the meeting for questions.

Ms Deborah McNeilly (Department of Finance and Personnel):
I will make some comments on our Budget 2010 position and give a brief summary of the information that is set out in the paper that was forwarded to the Committee.

As you know, the Executive will not know the exact amount of funding that is available until the national spending review announcement in late October. In the interim, Departments have been asked to start planning. Departments have been required to formulate spending proposals and come up with indicative saving options. The paper that we provided sets out our current expenditure proposals for both resource and capital, as well as our direction of travel as regards the indicative saving options.

To inform the planning process, we have been asked to identify saving options that range from £7·8 million in 2011-12, rising to £28·2 million in the fourth year. That represents a significant challenge for the Department, given the nature of the services that we provide. We do not have many programmes; our only programme is EU expenditure, and there is not a significant amount of funding in that, because it is tailing off. The lion's share of our costs comes in providing services, largely to other Departments. Those include accommodation; shared services, such as ICT and accounting; legal services; and procurement. Reductions in those areas will inevitably have consequences or implications for other Departments. It is important that we seek to minimise those, and we have been trying to do that to meet customer need.

Equally, we have front line services, which are confined to Land and Property Services (LPS) and the General Register Office services in the Northern Ireland Statistics and Research Agency.

Our approach to savings has been to ask all our business areas to identify savings, which are then ranked according to priority. The front line services may have come up with savings, but we will have to take cognisance of any resulting difficulties, to minimise the front line impact. We are very conscious of that.

You will have seen in the paper the difficulties that we will face, given the historical reductions in the Budget, which amount to more than £30 million since Budget 2004, six years of no inflation and the nature of our expenditure, with some £90 million already contractually committed. The challenge facing the Department of Finance and Personnel (DFP) is significant, as I expect it is for all Departments.

Our resource expenditure proposals focus largely on the areas that were identified at in-year monitoring rounds, such as the census, accommodation and Land and Property Services. Our capital expenditure proposals focus on maintaining and enhancing service delivery levels.

By taking the approach that we have, we have challenged all business areas. We take a rigorous approach to prioritisation across the Department, and we continue to engage with our business areas as we go through the iterations of the process.

Mr McNarry:

Thank you; you are very welcome to the Committee . We have been told that addition funding of £5·5 million per annum is required to maintain the ability of Land and Property Services to deliver on its current business obligations. We have been told that because LPS is now dealing with record levels of non-payment, which translates into increasing volumes of court cases and enforcement action and has resulted in a reduction in income streams. As a result, the Department says that it has had to rely heavily on in-year monitoring rounds to make up the shortfall in the agency's core budget. Amid the talk of efficiencies and management frailties in other Departments, what are the current outstanding arrears debts?

Ms McNeilly:

The most recent figure that I have seen is that it was being confirmed at £136 million.

Mr McNarry:

Yes, I thought that it was around that figure. Would it not be good management and productive to think more about reducing that debt, or am I being told that £5·5 million per annum is needed to reduce that debt but not being told by how much, because of the lamentable performance in bringing in arrears? Is it the case that the significant reduction of those arrears would bring in significant revenue? Has that been considered? You may tell me that it has been considered as it is obvious. However, I do not see any great steps being taken to buck that trend. If a business had £136 million of debt, it could not survive. If half of that figure could be brought in, that could go a long way to helping the situation facing all of the Executive's Departments.

Deborah, I know that you are presenting the report, but, not speaking for anyone else, I am very reluctant to support any calls for an extra £5·5 million when I see no great steps being taken to reduce £136 million of arrears. I find that to be a very difficult situation.

The bid for £5·5 million for LPS in the June monitoring round, which comprised £5 million to cover the shortfall in the agency's baseline and £500,000 in transitional rates relief, was not successful.

Ms McNeilly:

I was looking at the Budget 2010 paper, which shows that the Department bid for £5·5 million. In the June monitoring round, £5 million was allocated to Land and Property Services on the basis that it would raise £10 million of additional rate income. The allocation for the transitional rates relief was not made, and it is in our September monitoring submission.

Mr McNarry:

According to the information that I have, the September return includes only a bid of £600,000 for transitional rates. Why is that the case and why has it not been necessary to bid for the additional baseline funding on this occasion?

Ms McNeilly:

At June monitoring we identified the pressure for £5·6 million, £5 million of which was for the baseline and £600,000 of which was for LPS for the current year. The outcome of the June monitoring round was that LPS got an allocation of £5 million. The bid was met on the basis that LPS would bring in an extra £10 million this year. The £600,000 for which we bid at June monitoring for the current year was not met at that time, and we are resubmitting that bid in September.

In Budget 2010, we are trying to secure £5·5 million per annum to address the underlying shortfall that has been in the LPS baseline.

Mr McNarry:

Are you making one bid of £5·5 million, rather than one for £5 million and another for £0·5 million? Are you simply saying that that, as is stated in the paper, is necessary for Land and Property Services to deliver its current business obligations? I find it very difficult to understand how LPS can deliver at all. Is it the case that instead of separating the bids, as you have done previously, you are now asking for £5·5 million in total, and you are telling us how you are going to use it? In other words, having been knocked back on the bid for £0·5 million, you are now grouping your bids together in one big lump sum?

Ms McNeilly:

No. For the Budget 2010 period, the transitional rates relief no longer applies. It was a two-year scheme. The £5·5 million is the revised or updated profile for the underlying shortfall in LPS's baseline. Therefore, there would be nothing required for transitional rates relief, the obligation for which runs out during the current financial year.

Mr McNarry:

Let us stick with the issue. Additional funding of £5·5 million per annum is required. That is a statement of fact made by the Department. It says that it needs £5·5 million. On what basis does it ask for that, other than that this is a failed agency, which is failing to do its work? Is it purely on that basis that the Department wants to prop it up? I know that you cannot speak for the agency, and it is unfair of me to ask you to. I am just asking for a technical answer.

Ms McNeilly:

The baseline, which has been available to the agency over the past three years and has been rolled forward to the next four years, was set as part of Budget 2007. It did not take account of all the rating reforms. There were some 43 rating reforms. Therefore, LPS has had to implement administration arrangements for those. It has also had to make other payments, court costs have increased and so on. In the proposals, the Department is trying to get the baseline onto an even keel in respect of where it should be in order to provide the services in accordance with the current service delivery model.

Mr McNarry:

Have you been presented with a case that says that LPS is — let us say — £136 million in arrears and that, by next year, it will not have those arrears?

Ms McNeilly:

The agency is in the process of preparing a business case to address the debt. That is one of its key priorities.

Mr McNarry:
How many business cases has the agency given you?

Ms McNeilly:
On the issue of debt reduction, I have seen only one recently. There is one on the go at the moment —

Mr McNarry:
Prior to the one that is on the go at the moment, no business case has been put to the Department?

Ms McNeilly:
It has bid as part of monitoring rounds, but the business case is a key piece of work — one that has been brought to our attention and that I am aware of — that the agency is currently taking forward in a specific way to see how best to redeploy resources into rate recovery. At the moment, LPS is redeploying staff from other areas into the recovery of rate arrears. That has already started. On top of that, it is preparing a business case, which may mean that it will want funds over and above the figure in the paper if the business case is approved by the permanent secretary.

Mr McNarry:
I understand.

It is clear what the £5·5 million per annum is to be used for. Will you equate for me what the return will be against spending that £5·5 million per annum?

Ms McNeilly:
Spending that £5·5 million per annum supports the realisation of the rates income. Last year, £961 million was brought in. This year, that figure has increased to between £970 million and £980 million. That is the agency's target for this year. Even taking a flat line, the funding will support the delivery of a sum of £970 million to £980 million.

Mr McNarry:

So, what will an investment of £5·5 million bring in?

Ms McNeilly:

It will bring in the current target for the current year. If the agency gets a reasonable baseline, it will bring in somewhere in the region of £970 million to £980 million.

Mr McNarry:

I cannot figure that out. I am lost on how it would bring —

Ms McNeilly:

With the establishment of a proper baseline for Land and Property Services and recognition that there has been a shortfall in the baseline for the agency, the rate collection target for this year is £970 million to £980 million. That is my understanding.

Mr McNarry:

I realise that. However, the extra £5·5 million will not bring that in alone; it is an addition to the money that has already been spent. For my £5·5 million — I do not want to seem like one of those dragons in the den who is going to invest his or her own money, because I would not be putting a penny into this —

Mr Hamilton:

I'm out. *[Laughter.]*

Mr McNarry:

There is £136 million outstanding. What will be the return on my £5·5 million against that over the course of the year?

Ms McNeilly:

In the absence of more information from the agency, all I can say is that, without the £5·5 million, LPS would not bring in £970 million to £980 million. Therefore, without the £5·5 million, it would not be able to meet its target for the current year. The £5·5 million is just to keep the business running; to improve the return, more investment would probably be needed.

Mr McNarry:

You are doing a very good job at trying to explain somebody else's woes, and it is not fair to press you. Simon said that he was out, and I cannot buy into the case or the argument for the investment; I see no evidence that sets out how we attack the £136 million outstanding. Turned on its head, the argument could be that, unless LPS gets £5·5 million, the £136 million of arrears will increase.

Ms McNeilly:

That is true.

Mr McNarry:

I want to know what LPS is doing now. What has it done? You told us that it has not presented a business case until now.

Ms McNeilly:

It is very specific.

Mr McNarry:

Nevertheless, we have been financing the arrears. That is clear. Thank you.

Ms Purvis:

The Department had to produce a savings delivery plan by the end of August. How did you produce that plan, and did you produce it on time?

Ms McNeilly:

We had to key some savings onto our detailed financial database. The timetable is that we are due to produce the actual savings delivery plan — the date templates, measures and so on — towards the end of September, for publication alongside the draft Budget in October.

With regard to the approach that we have taken to savings, we asked all our business areas to identify savings of 6% each year on a cumulative basis to generate a long list of options. That long list of options was reviewed by our departmental board at a full-day session in June. Since then, the business areas have been reviewing and refining those options. We have been working to prioritise them in terms of their impact — low, medium, etc — and we still have a long list of options.

The permanent secretary has arranged bilateral meetings to take place over the next fortnight with all of his directors and chief executives to challenge and to refine the options again by probing their deliverability on savings. That will inform the detail of the efficiency delivery plan, which we have to produce in near final draft towards the end of this month. That plan will be subject to review, scrutiny and the Committee's views. The intention is to publish it in line with the timetable; within two weeks of the Executive's draft Budget being published at the end of October.

Ms Purvis:

When can the Committee have sight of that, or when will you brief the Committee on the delivery plan?

Ms McNeilly:

I need to look at the detail and work back, but we can probably brief the Committee on the savings delivery plan in early October.

Ms Purvis:

Paragraph 8 outlines the work that has been undertaken to date to achieve savings, including reductions in external consultancy expenditure, air fares, mileage, hospitality, etc. Is there potential for further savings in all the areas listed?

Ms McNeilly:

Expenditure on external consultancy dropped dramatically. If a business area wants to engage in external consultancy, it is subject to review by the permanent secretary and senior directors. We already have a target in place in the current year for another 5% reduction in areas such as air fares and mileage costs, and we want to drive those costs down as we go forward. It is the same for hospitality. We have halved hospitality costs over the past two years and will try to drive it down further. The departmental board has a range of general economies in place at the minute whereby people are not allowed to go on external training without senior management approval. We will continue to drive down on that, and it is a key component.

Ms Purvis:

Your staff costs comprise 43% of your overall budget, and you say that staff reductions are inevitable. What does that mean in practice? Given that other Departments are probably under pressure to reduce their own staff costs, what are the opportunities for the redeployment of staff?

Ms McNeilly:

Given the nature of the service provided by the Department and the fact that there is not one big button that will realise a large amount of savings, a lot of the savings will arise from reductions in posts. Business areas have been doing post-by-post reviews to determine where they can make reductions. At an average employer cost of £30,000 per person, we are talking about 30 people per £1 million to try to manage reductions. However, we do not know what quantity of savings we will have to deliver, and we do not know if any of our bids will be met. Therefore, we are working in a lot of uncertainty at the minute. On the wider position, we have highlighted the fact that the key risk for us, like any Department, will be the impact on all other Departments and the ability to absorb staff numbers. Our colleagues in corporate HR are looking at the potential for absorbing staff numbers, but the ability to do that will diminish, and it is a significant risk.

Ms Purvis:

At the minute, are you simply looking to not recruit into vacancies and to review posts? Some posts are crucial, and, therefore, you will have to recruit into them. Are you looking at natural wastage from other parts of the Department?

Ms McNeilly:

Yes. Recent figures that I saw indicated that natural wastage usually runs at about 100 posts a year. However, it may not keep up at those levels, and, given that people can work on, retirement levels may not keep up either. At the minute, there is a freeze on recruitment to the general service grades up to grade 7, and specific posts have recently been subject to review. The permanent secretary asked for all those to be seen, because, as a Department, the last thing that we want to do is to bring people in now who we cannot afford and, therefore, worsen the problem. That is a key area. Increased controls have been placed on temporary promotions, and numbers of agency staff have been reduced. It is an ongoing process, and the departmental board is very alert to the fact that it should not recruit people now and be faced with a bigger problem later. Equally, it is aware of the need to look at whether business-critical posts can be filled, and if they can be filled from surpluses in other Departments, that will be the initial way forward.

Ms Purvis:

Do you envisage voluntary or compulsory redundancies?

Ms McNeilly:

I cannot comment on that at this stage. Our corporate HR people are looking at that issue at the Northern Ireland block level, but I know that Departments are having difficulty providing any quantification for them at this stage, whether on overall numbers or on complement and grade structure. However, we are looking at that issue at the minute.

Mr Hamilton:

Paragraph 15 talks about some of the categories where savings are being considered. I want to ask about two of them. The first is maximising revenue. When the Committee has taken evidence previously, it has considered the fact that increasing the amount of money that comes in is not technically a saving or efficiency. Aside from that point, what is suggested in that short paragraph all seems very acceptable. It talks about widening the customer base and, basically, selling more services. If there was to be an upswing in the property market, it would increase the work that LPS does. That would bring in revenue, which is great. It might sell a few more maps or whatever. That is acceptable. However, in the current climate, none of that is certain. Therefore, to factor that in as a definitive saving or additional revenue is quite uncertain.

I presume that, apart from the “nice” stuff that is listed in that paragraph, consideration has also been given to increasing fees for some of those services, so that if the quantum of services that are being sold does not increase, the revenue that is taken does. In some cases, such as solicitors carrying out searches for conveyancing as required, that money is pretty much a guaranteed business stream. Is that also being considered, aside from the hope — the hope rather than the expectation — that you will be able to sell more services?

Ms McNeilly:

Yes, it is. However —

Mr Hamilton:

In what areas are fees being looked at?

Ms McNeilly:

Work is ongoing to review how all the Department's business areas calculate fees and to determine where there are inconsistencies in how they calculate overheads and so on. We want to ensure that they at least operate on the same basis. That has been looked at, and it will inform some of the fee setting.

The key thing for us is that, if we reduce expenditure in an area and it becomes more efficient, we must reduce our fees because we cannot recover more than our full cost. It is a matter of ensuring that fees are taut enough to recover full cost. We cannot go above that to bring in more revenue to use for something else. That is our focus. We have already issued a high-level policy paper to our business areas that explains the principles of calculating all of that and how to do it. We are also reviewing how business areas throughout the Department calculate their overheads because there are inconsistencies. That may help to make sure that there is more consistency across the fees and, at least, to reinforce their tautness to ensure that they bring in full cost.

Mr Hamilton:

OK. My second and final question relates to lower priority programmes. The commentary suggests that the Department, having reviewed all its programmes, finds that none of them is lower priority. I am sure that that is the case in the other 11 Departments as well. I will make a statement and ask you to confirm whether it is correct. In DFP's case, is that finding due to the Department's distinctive nature and the fact that, apart from LPS and perhaps a few other agencies, it does not really do things itself? It does things on behalf of others. It provides central services for other Departments. Is that why there is a limited amount of discretionary expenditure or number of programmes going on?

Ms McNeilly:

That is the primary reason for us. A programme, in terms of what you would be familiar with as a programme, will be an EU one. It is what it is, if you like. As regards other small, discretionary items of spend, we have a small number of grants; for example, to the sports association. I think that we used to make grants to the holiday play scheme. Those are tiny amounts of money.

Reducing checking, for example, is another area currently included in that, though it is perhaps more appropriately reflected in corporate services. We are looking to see whether, in relation to those programmes, we can "increase the risk" and reduce the level of checking that goes into certain functions. At the minute, that is a high priority as regards following audit recommendations, but it is something that we are going to revisit. You are quite right about actual programmes. It is not something that we have a lot of material on.

Mr Hamilton:

OK, that is fine.

Mr O'Loan:

You said that you have presented no savings plan in detail but have just given directions of travel. All Departments were asked to provide a savings plan by a certain date, which has expired — was it 2 September?

Ms McNeilly:

We were asked to key savings equivalent to our indicative savings targets onto the database, which has all the expenditure on it. We keyed those to meet the deadline of 26 August — I think that we got it in on 31 August. We keyed those at the very highest level in the Department. They are not keyed against individual lines in our database; we keyed them on at the highest level, which we were able to do, with a view to working within them further down the line. In respect of the detailed work of the savings delivery plan, the timetable requires us to have a near draft of our savings delivery plan by the end of September, with a view to publishing that draft within two weeks of the publication of the Executive’s draft Budget 2010 document.

Mr O’Loan:

So you have done all that was required of any Department?

Ms McNeilly:

We have fed in what we were required to feed in.

Mr O’Loan:

My next question covers similar ground to a couple of points that Simon raised. You said that the Department has no lower priority programmes. It disappoints me that you are not managing to go further on a couple of fronts, of which this is one. For example, the fact that there are three separate economic policy units in the Executive, one of which is in your Department, has been referred to a number of times in the past. Is consideration not given to rationalisation of that, for example?

Ms McNeilly:

I will have to look at that for you.

Mr O’Loan:

I am not inside the Department, and I do not know what areas exist there, but I think that it is too easy just to say that there are no lower priority programmes, given the stringency of the situation that we face. All Departments must look more acutely at their areas of work. Clearly, your Department is different from any other, as you have spoken about, insofar as it does not have programmes as such but, by and large, services other areas of government. However, I think that there is a greater onus on the Department than has perhaps emerged. I am disappointed that there are no major initiatives coming forward. In the past, we have had major initiatives that have done things better and saved money. We are told — I have no evidence to discount it — that Account NI and HR Connect, for example, are major programmes. It is in that kind of arena that we ought to be seeing at least the beginnings of ideas coming forward.

Ms McNeilly:

The shared services, in particular, have been a focus for us in seeking to identify savings. We are talking about looking at whether we can streamline the processes further. Following its establishment, the Enterprise Shared Services centre is reviewing its management structure with a view to making it more streamlined across the organisation. It is also considering its processes in relation to things such as levels of checking, so we will see some savings coming through that. Our interpretation of the word "programmes" may be an issue.

Mr O'Loan:

To what extent do you agree with me that it is not possible to carry out the enormous project of writing a four-year Budget within the current timetables at this stage, when it is an incredibly difficult, demanding and politically challenging task to face up to very substantial cuts in budget and to manage those cuts in a way that is not going to do enormous harm to the public sector but, on the contrary, protects the front line service of our public sector? We ought to be taking quite a different approach that involves the political arena and real communication with our public. Attempting to create headline figures will end up with what is essentially a salami-slicing exercise. You referred to that yourself when you said that the small number of other agencies that you have control of will be told to take proportionate cuts. That sends out the wrong message from the central Finance Department. How do you react to that thesis?

Ms McNeilly:

The timetable for all the work that is required, whether at the departmental level or Executive preparation, is extremely challenging. At this point, however, we effectively do not have a Budget for 1 April next year to enable us to provide services. Therefore, that is a priority, and the timetable attached to it is pressured.

Mr O'Loan:

Yes, I have no doubt that a Budget has to be created for next year, but what is being planned for is creating a four-year Budget. That is a very questionable project.

Mr McLaughlin:

You are very welcome. Is it correct that the central finance group asked Departments, in delivering their efficiency or savings plans, to explain the impact on the standard of public service and any mitigating actions?

Ms McNeilly:

Yes.

Mr McLaughlin:

Was that then applied to your proposals or responses?

Ms McNeilly:

Yes.

Mr McLaughlin:

The Department's spending and savings proposals paper states on page 9 that there will inevitably be staff reductions, which will have an impact on the Department's capacity to develop and review policy as well as to provide advice and guidance to customers and stakeholders. Will you give the Committee examples of what you are talking about there and detail of the mitigation?

Ms McNeilly:

The focus of the Department is two or three fold. Some policy functions, such as the central finance group, provide support to the Executive and the Minister in managing the Northern Ireland block grant. Central personnel, or corporate HR, will be increasingly required to deal with issues surrounding the management of staff. If those areas, for example, have to take significant staff reductions as part and parcel of any outcome, the work that they currently do would have to be scaled back. In that case, they would not be able to take forward as much policy work or to provide the same level of support. Those are two areas. There are other areas across the Department where there is work on developing policies in and around valuation, legal policies, and the legislative process. That work would have to be scaled back, and it may take longer for things to be done. For example, the administration to support a piece of legislation may take longer to process. Those are broad examples of the areas that we are considering.

Mr McLaughlin:

That is of limited assistance. Are you proposing a menu of options for consideration by the Minister, with not necessarily 100% of them to be accepted, but with enough selected from the menu to meet the Department's target? Is that how you are approaching the matter?

Ms McNeilly:

Yes, a long list of options.

Mr McLaughlin:

And you are not only identifying those possible areas of service delivery but the equality impact, and you are indicating the mitigation measures that could be applied in those circumstances if those particular recommendations were adopted?

Ms McNeilly:

Yes, because mitigating may mean just taking longer to do things or doing things slightly differently, or it may have to be accepted that there will be a marginal adverse impact. That information will go to the Minister as part of the detailed list.

Mr McLaughlin:

The calculation of whether it could be reduced — presumably the bean counters will do that anyway — would not necessarily be about delivering the same range and quality of service for less money but cuts in services, and you have identified those services that you believe will have to be considered.

Ms McNeilly:

That is what we are working towards.

Mr McLaughlin:

Will that be on a reduced budget?

Ms McNeilly:

Yes, but we can manage to deliver on critical needs with a reduced budget.

Mr McLaughlin:

In my head, this is a related point. We have heard in the media that 60 staff members were redeployed to the Department from planning. How does that significant influx of staff fit into this very difficult issue?

Ms McNeilly:

The 60 staff are on loan to DFP for two years to work in LPS and will return to their parent Departments following that period. They are assisting in a project to improve the mapping information that informs EU subsidies for farmers, and the funding for those staff members will come from the Department of Agriculture and Rural Development. Therefore, it is a nil cost to us.

Dr Farry:

Most of the main issues have been covered, so I will not detain things for too long. You are talking about £28 million in cuts over a four year period, which roughly equates to an overall cut of some 15% or 16%. Obviously, there is a certain degree of anticipation among the central finance group regarding what is likely to happen, but has the Department been advised to carry out further contingency planning in the event that the cuts are worse than what you have been asked to plan for?

Ms McNeilly:

Not yet.

Dr Farry:

Has the Department planned for how it would cope if it were asked to go beyond what has so far been asked for?

Ms McNeilly:

The Department asked the business areas to generate options for consideration on the basis of cumulative cuts of 6% per annum over the next four years, so the long list of options generated would exceed that target. However, a large proportion of the options put forward were classified as being of very high pain in relation to deliverability and there are issues with them.

Dr Farry:

In essence, are you saying that there are certain areas in which there are inescapable ongoing commitments and there are other business areas that will have to absorb whatever level of cuts are called for, whether that is 15%, 16% or 20%?

Ms McNeilly:

At the end of the process it may not necessarily be that each business area will have faced the same percentage cut. Although each business area has been asked to consider cutting 6% per annum cumulative as a starting point, the prioritisation aspect will then come into play. The engagement with the permanent secretary over the next fortnight will be to work through the proposed cuts with each business area to challenge and probe what could be delivered. The cuts in different business areas will be lower or higher depending on their relative prioritisation.

Dr Farry:

Building on what Declan said earlier, the Committee appreciates that the Department has introduced a number of innovations in recent years, but what is planned by the Department over the next four years seems to be simply a continuation or consolidation of those. Four years is a considerable period. Looking back through history, some of the most important innovations in policy or business have come during periods of particular stress. Does the Department have in mind any new initiatives for this period?

It almost seems that there is a drawing-in of the wagons around the core areas. The debate has centred on what areas are more core than others, rather than on any notion of taking a leap of faith and doing something differently, to take away some of the cost pressures. There does not seem to be any evidence of the Department considering new innovations.

Ms McNeilly:

Not in the area of shared services that you referred to, as that falls under the consolidation aspect. With the other services provided to the Department, we are looking at what they are doing, why they are doing it, whether they still need to do it and whether it could be done better. We are also looking at changing such things as management structures and processes. You are quite right; that is where the main focus is.

Innovation may involve a cost implication in some areas; for example, if Land and Property Services were to introduce an e-registration system for its registry function. I believe that those are the areas that you are referring to.

Dr Farry:
Correct me if I am wrong, but with past innovations, has the tendency been to fund the core service and the innovation simultaneously and hope that, down the line, the innovation will pay off, reducing the cost of the core service? Can we try to make innovation work, thereby reducing the cost of the core service, rather than running the two in tandem?

Ms McNeilly:
As I understand it, the e-registration system would require capital investment and the implementation of changes to current systems. I would not see those two courses of action working in tandem in that example. If there were other examples that the Department could develop, that would be something that it would have to consider.

The Chairperson:
Thank you; that concludes our questions for this session. I hope that if other issues are raised we can write to you and receive a response.