



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

December Monitoring Round

1 December 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr David McNarry (Deputy Chairperson)
Dr Stephen Farry
Mr Paul Frew
Mr Daithí McKay
Mr Adrian McQuillan
Mr Declan O'Loan
Ms Dawn Purvis

Witnesses:

Ms Deborah McNeilly) Department of Finance and Personnel
Ms Brigitte Worth)

The Deputy Chairperson (Mr McNarry):

Members, we are now going to find out what is happening to our money in reality. This session is being recorded by Hansard, so all electronic devices must be turned off. I welcome Deborah McNeilly, finance director of the corporate services group, and Brigitte Worth, corporate services group representative. You are both very welcome.

Ms Deborah McNeilly (Department of Finance and Personnel):

December monitoring is one of the most critical monitoring rounds for the Department in finalising, as far as possible, its budget for the 2010-11 financial year. Although there is February

monitoring, we tend to look at that as a fine-tuning opportunity.

As members will know from the paper, on entering September monitoring we had registered some pressures for the Northern Ireland census and for Land and Property Services (LPS) in transitional rates relief for district councils. Going into December monitoring, we pressed and challenged the business areas on the basis that, somehow or other, they had to find reduced requirements that would allow us to fund those two inescapable pressures. That is the approach that we have taken to December monitoring.

As you will see from the paper, the business areas in the Department are now able to contain those two pressures. Indeed, a number of further issues were identified by the Department; namely potential anticipated pay costs, albeit without knowing at this stage what the pay award is likely to be, and exchange rate movements. Again, we went back to the business areas and asked them to find further reduced requirements to mitigate those pressures. Therefore, at this stage, no bids are being put forward by the Department. In addition, at this point we expect to declare a reduced requirement.

The paper that we submitted to the Committee indicated a reduced requirement in the range of £0.5 million to £1 million. In the intervening period, we have officially finalised the revaluation of the Northern Ireland Office estate, allowing us to increase the reduced requirement due to savings in non-cash costs arising from the revaluation. Therefore, we hope to increase the reduced requirement of £0.5 million to £1 million to a figure in the region of £2.5 million. That will largely be as a result of the reduced requirement for non-cash costs in the Northern Ireland Office estate.

We will also look for a reclassification. Unusually for us, this time, we will look for a reclassification out of admin and into other resource. Normally we try the more difficult scenario.

The Deputy Chairperson:

Will you speak up, Deborah, we did not hear that.

Ms McNeilly:

My apologies —

The Deputy Chairperson:

I am only joking. *[Laughter.]*

Ms McNeilly:

Unusually for us, we are looking for money to go into other resource, where it is more accessible. That is where we are at this stage. We continue to monitor a number of issues, particularly, for example, the uncertainties associated with what may or may not be a pay award. If the outcome of the pay award turns out to be £250 for people earning less than £21,000, it would have significant implications for how much we have to put back into the system at February monitoring. That is a rough summary of where we are at.

The Deputy Chairperson:

Thank you both very much.

Mr McQuillan:

If there is a pay award, are you comfortable that you will be fit to manage it in the February monitoring round?

Ms McNeilly:

At this stage, we are forecasting and budgeting on the basis of a “worst case” scenario, which would be one-step pay progression for staff below Senior Civil Service level. That would cost us about £2 million, which is the upper limit that we have been working towards. The lower limit could be zero, if zero is zero, but obviously that is subject to wider negotiations. The impact of a payment of £250 for staff earning below £21,000 would cost us approximately £250,000. We have budgeted for the higher level. Subject to a decision or an agreement on a pay award effective from August 2010, which is when it would be due from, we will have to make a decision at February monitoring to give up additional funding.

Mr McQuillan:

In addition, LPS has reduced its forecast expenditure on IT maintenance. Will that have an effect on the collection of outstanding rate debts?

Ms McNeilly:

No. LPS has been reviewing and renewing its IT contracts and pushing the cost of them down, so those reductions will have no impact on its systems. It is just that it has managed to make some savings on maintenance.

Mr McQuillan:

Also, having further scrutinised LPS expenditure, is the Department comfortable that the LPS baseline is adequate to maximise the collection of outstanding rates? I have been raising that point for some time, and I am quite alarmed by the figures that I have been getting back.

Ms McNeilly:

For the current financial year, 2010-11, LPS has a baseline in place that will allow it to increase its debt collection activity. Having already moved some staff into that priority area, it is looking at taking on temporary staff for the next three or four months.

Mr McQuillan:

So, I suppose that we will see a change over the next quarter.

Ms McNeilly:

I hope so.

Ms Purvis:

If the reclassification to meet expected internal pressures is successful, do you expect further census bids, or would that meet the expected pressures?

Ms McNeilly:

Yes, that would meet the expected pressures on the work profile in the current financial year, which is obviously quite a spike, given the need to deal with bringing in additional staff and

contractual issues.

Ms Purvis:

Are you satisfied that the baseline is adequate for the Northern Ireland Statistics and Research Agency (NISRA)? Could that organisation make any savings after this financial year? Are you challenging that business area?

Ms McNeilly:

Yes, that is part of our day-to-day activities. This year is one of its higher expenditure years, but, as part of the Budget 2010 process, NISRA also recorded a pressure of £2.1 million. That business area will continue to robustly review that pressure against its business case and the available funding. We expect to see the expenditure on the census reduce in the following years, and that is something that the business area and the Department are alert to.

Ms Purvis:

How does the budget for NISRA compare with that of organisations in England, Scotland and Wales?

Ms McNeilly:

Those in NISRA would probably say that it receives less, particularly for the next census. The Office for National Statistics is putting together a project on the 2021 census, and it has sought a significant sum for that work. Those in NISRA look at how it meets its requirement in the most efficient and effective way, and they probably see themselves in an unfavourable position.

Mr O'Loan:

I want to add a little to what Adrian said about LPS. Was the resource element that you have absorbed in that area approximately £1 million?

Ms McNeilly:

It was £600,000.

Mr O'Loan:

The Committee was surprised that you were able to absorb that amount between September and now. How was that done?

Ms McNeilly:

LPS has an overall expenditure of approximately £50 million. It has renegotiated and reviewed its maintenance contracts for the systems, and, in so doing, reduced its costs. As it would ordinarily do, it also reassessed its income projections for the year based on the latest information, which was helped by the fact that it now has two more lumps of data on which to re-profile its income expenditure. It also indicated that it will have to pay out less interest as a result of its current position. Therefore, it has flexed all its budgets, and a combination of all those factors means that it is able to absorb that expenditure.

Mr O'Loan:

I endorse Adrian's comment that there must be no slackening in the collection of debts. I am always interested in the rates deferment scheme. I was keen on it, although I and the Committee made it clear that we would have to see how it worked out. I see that uptake is lower than anticipated for that scheme. Do you have any more detail on that?

Ms McNeilly:

I do not have any more detail on the uptake, but I could come back to the Committee on that.

Mr O'Loan:

It would be useful if the Committee could get some more information on that.

The Deputy Chairperson:

I am going to close the session. I thank Deborah and Brigitte for their attendance. You have got away lightly today, but we will get you next time. The Committee appreciates your help.