



**Northern Ireland
Assembly**

COMMITTEE FOR JUSTICE

OFFICIAL REPORT
(Hansard)

Draft Budge 2011-2015

11 January 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Lord Morrow (Chairperson)
Mr Raymond McCartney (Deputy Chairperson)
Lord Browne
Mr Paul Givan
Mr Conall McDevitt
Mr David McNarry
Mr John O'Dowd

Witnesses:

Mr Glyn Capper)
Mr Anthony Harbinson) Department of Justice
Mr Sean Lavery)

The Chairperson (Lord Morrow):

Departmental officials are attending to brief the Committee on the Department of Justice draft budget 2011-2015, spending priorities and savings plans. I propose to set aside one hour and 30 minutes for the session, with approximately 20 minutes of that being for the oral presentation. Are members content with that procedure?

Members indicated assent.

The Chairperson:

The following papers have been provided for members' assistance: further information from the

Department at the request of the Committee following the Budget briefing on 4 November; correspondence from the Committee for Finance and Personnel providing an Assembly research paper entitled 'Resource DEL: administrative cost controls'; and information on the draft Budget provided by the Department for today's briefing session. Members may find those papers useful during our deliberations.

I welcome to the meeting Anthony Harbinson, director of justice delivery; Glyn Capper, deputy director of finance; and Sean Laverty, head of financial planning and control. Gentlemen, you are very welcome to our first meeting of 2011. We look forward to your briefing.

Mr Anthony Harbinson (Department of Justice):

Thank you for the opportunity to update the Committee on the Department of Justice's (DOJ) Budget 2010 position. As you know, we published details of our budget settlement on 23 December following the draft Budget announcement made by the Finance Minister on 15 December 2010. Given that our draft budget has only now been agreed, spending areas are in the process of preparing detailed savings delivery plans and equality impact assessments (EQIAs). Those are due to be returned to us by 14 January and we will publish them as soon as possible thereafter. However, the Minister wanted to share with you as much detailed information as possible about our budget proposals at this stage.

That information includes an analysis of the overall Budget 2010 impact on the DOJ, the pressures that we intend to fund and the current projected baseline for each spending area. We have also provided the Committee with detailed resource departmental expenditure limit allocations for each of our spending areas showing their opening baseline, the specific pressures that we plan to fund, the savings that each area has been asked to deliver by 2014-15 and the revised budgets. The detailed capital information for each area shows their general capital budgets, any project-related capital budgets and their capital disposal targets.

The Executive's draft Budget proposes that the DOJ's funding will remain ring-fenced over the 2010 period. As I pointed out before, that does not mean that our budget is protected; instead, it means that we will receive the direct Barnett consequential arising from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall Departments.

As the information we have provided shows, our resource departmental expenditure limit baseline

will reduce by 6.2% by the end of the 2014-15 financial year. However, it is important to differentiate between our cash baseline and non-cash baseline. Our non-cash baseline is a technical budget used to cover, for example, depreciation costs. Although our overall level of funding is decreasing as a result of the negative Barnett consequentials, our non-cash budget increases over the Budget 2010 period.

Depending on our final capital plans, we could have a non-cash surplus of around £10 million each year, which we cannot use for any other purpose, and which we would, therefore, hand back to the Executive at in-year monitoring stages. That increase in our non-cash baseline somewhat masks the overall reduction that we face as our cash baseline reduces by £82 million, or 7.2%, by 2014-15. That is opposed to the total 6.2% reduction.

As I highlighted to the Committee during our previous Budget 2010 discussion, the 7.2% reduction in our budget over the four-year period is purely the cash impact of the negative Barnett consequentials. Taking into account the effect of inflation, the real terms impact is significantly greater, and could perhaps be double that amount. All those figures relate to our baseline cost and exclude additional funding provided by the Executive, which I will discuss later.

The Committee will be aware that the Minister and lead policy officials met key stakeholders across the justice family to identify the main issues and areas of concern and to assist the Minister in reaching a judgement on priorities for the allocation of resources. As a result, the Minister's high-level priorities are to secure additional security funding for the PSNI, to protect front line policing and to protect front line areas across the Department and the voluntary and community sectors as far as possible, with the aim of protecting outcomes for the public.

In terms of our capital plans, the Minister wants to upgrade Forensic Science accommodation, take forward the Desertcreat integrated training college, improve facilities for female prisoners and redevelop Magilligan prison. We also want to complete essential maintenance projects across the DOJ estate.

In allocating budgets, we have not simply applied Barnett consequential to our spending areas on a straight pro rata basis. Although that would have been the easiest approach, it would not have been the best. It would have involved treating all areas equally, but would not have reflected the Minister's priorities. Instead, the pressures and new projects presented by each spending area have been considered, and those judged to be the highest priority in line with the Minister's priorities have been

funded.

Recognising that all areas need to deliver efficiencies, the specific levels of savings required from each area's baseline have been set, again in line with the Minister's priorities, in order to protect front line services as far as possible. Annex A of the information we shared with you sets out how those priorities have been accommodated in our draft Budget allocations. For example, £176 million of baseline pressures will be funded across the Budget 2010 period. As the majority of our costs relate to staff, most of the pressures that we have funded are pay costs.

The PSNI's budget represents 65% of the DOJ total, and it will receive 72%, or £126 million, of the total funding for pressures. By 2014-15, the DOJ aims to deliver savings totalling £162 million. The PSNI will be expected to deliver £86 million, or 53%, of that total. In addition, however, £38 million of police pressures will be funded in that year, meaning that its budget will fall by a net £48 million in 2014-15. That is in line with the Minister's intention to fund as many PSNI pressures as possible and reduce its savings targets to enable it to allocate as much resource as possible to the front line.

That combination of funding pressures and savings targets to be met results in the PSNI having the lowest percentage baseline reduction of all the Department's areas. The PSNI's budget will reduce by 6.3% across the four-year period. By contrast, the justice delivery directorate, which provides back office support to the Department, will be expected to deliver savings totalling 44% of its opening baseline by the end of the 2014-15 financial year. That target includes the delivery of efficiencies through projects on which my directorate will lead, but which will have an impact across the Department as a whole, such as the delivery of shared services.

As I mentioned earlier, all those figures exclude the impact of additional security funding for the PSNI. As the Committee will be aware, the police have indicated a requirement of approximately £250 million over the Budget 2010 period. The DOJ's draft Budget allocation from the Executive includes an additional £45 million, which we plan to use towards the security pressures faced by the police. We will continue to work to secure the remaining security funding necessary from HM Treasury.

It is important to stress that we are not simply asking the police to make savings on one hand and, on the other, asking for additional funding to replace those. As with all areas, the police have been asked to make savings through more efficient and cost-effective delivery of support services, albeit,

we are protecting their level of savings. The additional security funding will not be used in the same areas. It is, instead, a particular package of funding for a specific and different purpose.

Members will, no doubt, be interested in the proposed budget for the Prison Service. Its opening baseline will reduce by £18 million by the end of the 2014-15 financial year. However, in year one of the Budget 2010 period, we intend to inject an additional £13 million into the Prison Service's budget to fund an invest-to-save programme from which savings will flow in future years. The precise details of that modernisation programme are still being developed. We will update the Committee when that information is available.

In total, across the four-year period we have decided not to allocate £7 million of our cash budget because we know from experience that new pressures will emerge. We will hold that amount in the centre as a small contingency, which will provide us with some flexibility to manage emerging pressures and any other costs that come to light and that prove to be unavoidable. If it is possible to generate additional savings in the early years to offset pressures in later years, or in one area to deploy to another, we will do so. Ring-fencing gives us the flexibility to carry forward end-year flexibility (EYF) and move money between spending areas. However, it remains to be seen what scope there will be to do so.

I will turn to our capital position. The Department's capital budget will fall from £72 million to £55 million by 2014-15 as a result of the Barnett consequentials. However, the Executive have decided to provide an extra £30 million for Desertcreat training college and an extra £27 million, which we propose to use to develop the prison estate. That funding, together with the carry-forward slippage in Desertcreat expenditure and the anticipated funding from the sale of former military sites, will allow the Department to take forward projects in line with the Minister's priorities.

First, we intend to rebuild Forensic Science's accommodation at a cost of £12 million. We can now progress the Desertcreat integrated training college at a cost of up to £138 million. We also propose to allocate £54 million for the redevelopment of the prison estate. Planning for a new women's facility is at an early stage and the business case for the redevelopment of Magilligan prison is being drafted. Of course, that level of funding is insufficient to allow both projects to be completed, but it will allow us to begin those projects during the Budget 2010 period as either regular capital builds or by using the private sector. Final funding options will be determined by the business cases as and when they are developed.

I hope that this summary and the detailed information that members have received has provided you with a useful briefing on our Budget 2010 proposals. As I said, there are still challenges ahead, but that applies to all areas of government. We believe that the Executive's Budget, allocated to our spending areas in the way that I outlined, will allow the Minister's priorities to be taken forward.

Although ring-fencing means that we have a slightly worse resource baseline than the average Northern Ireland settlement, as I said, it provides us with the flexibility to move funding between our spending areas. We also have guaranteed access to underspends generated, both this year and in the 2010 Budget period. The additional £45 million provided by the Executive will also allow us to contribute to the PSNI security pressure, and our capital allocations, including the £57 million of additional funds committed to the DOJ by the Executive, mean that we can take forward projects that we have planned. I am happy to take any questions that you may have.

The Chairperson:

Thank you very much, Mr Harbinson. It is a bit like the curate's egg: it is good and bad. You confirmed that the Desertcreat training college can go ahead, because it will not be necessary to have to ask the Department of Health, Social Services and Public Safety to contribute the additional £30 million. We thought that that might have been necessary, but it appears that the £30 million has now been made directly available. Am I right?

Mr Harbinson:

That is absolutely correct.

The Chairperson:

Therefore, that major scheme is now on course to go ahead.

Mr Harbinson:

Yes, the project can now run full steam ahead.

The Chairperson:

I think that Committee members will welcome that, because we had that scheme as one of our priorities. We are delighted to hear what you are telling us. It is very good news.

Ring-fencing seems to lead to a mixed package. We talked about that at a previous meeting, and you are telling us that, by 2014-15, your cash baseline will reduce by 7.2% or £82 million in real

terms. Without taking into account the effect of inflation, is ring-fencing the budget the best approach? It strikes me that ring-fencing is not a straight line. Am I right in my assessment? It is not a win-win, is it?

Mr Harbinson:

There is additional flexibility, and we have to reflect the fact that the Executive, via the Department of Finance and Personnel (DFP) draft Budget, have given us funding in addition to the ring-fencing. There is £45 million of additional revenue and £57 million of additional capital. There is ring-fencing, but we have had some top-up money as well. It is as good a settlement as I could have hoped for, if not better.

The Chairperson:

Does the impact of the Barnett formula deficit disadvantage you and take away the advantage of ring-fencing?

Mr Harbinson:

It does disadvantage us, but it does not take away the advantages. As you said, it is a curate's egg.

The Chairperson:

Have you got confirmation yet that end-year flexibility will continue?

Mr Harbinson:

Yes, we have.

The Chairperson:

That will continue.

Mr Harbinson:

That will continue right the way through. It is part of the ring-fencing deal. We are probably the only Department in the UK that will have access to EYF going forward. It is a very big concession.

Mr McDevitt:

I join with the Chairperson in welcoming the confirmation that Desertcreat will go ahead. That will be great news across mid-Ulster and with the Committee.

Mr Harbinson and colleagues, you talked about the Police Service delivering savings, but its resource allocation will go up in real terms over the cycle. Have you factored in things such as, for example, the proposed pay freeze. Will that apply to PSNI officers?

Mr Harbinson:

We have used the pay inflators that have been given by DFP, which controls all pay settlements. The pay freeze does not apply to contractually committed stepped pay enhancements, so people will continue to go up the scale. Most of the pay relates purely to increases in the scale, as opposed to direct pay awards.

Mr McDevitt:

Have those adjustments been factored in to the budget?

Mr Harbinson:

Yes.

Mr McDevitt:

You pay for the Prisoner Ombudsman, but the office is not listed in your papers. Where is her office's funding?

Mr Glyn Capper (Department of Justice):

The Prisoner Ombudsman's budget sits in the Department of Justice policy directorate funding, so it is included in that table.

Mr McDevitt:

What assurances can you give us that you have made provision for the funding of that office until 2015?

Mr Harbinson:

Its budget would have been put forward and gone through the same process as every other arm's-length body, so it would be there and accounted for in those figures.

Mr McDevitt:

The Courts and Tribunals Service's budget goes up, although only marginally. Has the Minister raised any issues about judges' pay in all of that?

Mr Harbinson:

Not that I am aware of.

Mr McDevitt:

You say that the budget reflects his priorities. It is notable that, if we were to follow the money, we would see that the police are the big winners.

Mr Harbinson:

Yes.

Mr McDevitt:

However, things such as diversionary policies, which we talk a lot about at a policy level, and the Minister keeps telling us that he wants to move to diversionary stuff, are not prioritised at all. The Probation Board or the Youth Justice Agency get nothing out of this, in fact, they are going backwards.

Mr Harbinson:

Well, everybody's going backwards and everybody is losing money along the line, certainly in real terms.

Mr McDevitt:

But they are not being prioritised in the budget.

Mr Harbinson:

They were prioritised, but, at present, they are a lower priority than policing.

Mr McDevitt:

So, the Minister's priority is security.

Mr Harbinson:

Yes; policing and security.

Mr McDevitt:

OK, and policing and security in the sense that we are catching and chasing the problem rather than

trying to divert people.

Mr Harbinson:

Hopefully, the police engage in preventative work as well as catching criminals.

Mr Capper:

As Anthony said, one of the Minister's priorities is to protect the voluntary and community sectors, and that is reflected in the figures.

Mr McDevitt:

I acknowledge the anticipated savings in the Prison Service budget. Do those projected savings, and, particularly the resource invest-to-save allocation made in this year and next anticipate the report by Dame Anne Owers?

Mr Harbinson:

It is all bound up in that package. We know that the Owers report will recommend a number of sweeping changes, but it is also a fact that the Prison Service must act and realise that it must change its staffing structure and grades.

Mr McDevitt:

Therefore, if there were to be, for example, some severance arrangement in the Prison Service as a result of the Anne Owers report, the Department has made provision for that?

Mr Harbinson:

The bulk of that money is for severance.

Mr McDevitt:

Am I correct in saying that we are looking at £40 million?

Mr Harbinson:

In terms of?

Mr McDevitt:

How much is your invest to save in years one and two?

Mr Capper:

In year one, the upfront figure is £13 million.

Mr McDevitt:

OK.

Mr O'Dowd:

I missed the response to Mr McDevitt's last point. Did you say that, through invest to save, moneys will be set aside for possible redundancies in the Prison Service?

Mr Harbinson:

Yes.

Mr O'Dowd:

And the programme has not yet been finalised because the inquiry is ongoing, is that the case?

Mr Harbinson:

Yes. The ongoing inquiry will look at the structural make-up of the Prison Service. Any redundancy package would have to be separately negotiated with the unions and DFP.

Mr O'Dowd:

OK. If my reading of the figures is correct, the Police Ombudsman's office faces an 11·8% cut. That seems to be significantly higher than the cuts for other agencies. Why do you think there is so much flexibility in the Police Ombudsman's office?

Mr Capper:

The figures show that by year four, the budget for the Police Ombudsman's office will increase because it is to be allocated additional funding for the Historical Enquiries Team (HET) costs.

Mr O'Dowd:

The way I read the figures shows that, if you remove the HET figures — I will look for the original document.

Mr Capper:

Yes, sorry, it increases if we add in the HET funding.

Mr O'Dowd:

Yes, but the HET is a specific project. Your document states:

“This baseline includes £5m of HET funding over 4 year period. If excluded, the % reduction would be 11.8%.”

Mr Capper:

That is correct.

Mr O'Dowd:

So, which is it, a reduction or an increase?

Mr Harbinson:

It is a reduction in the baseline and an increase in the HET.

Mr O'Dowd:

Right, OK, so, the Police Ombudsman's office is facing an 11.8% cut.

Mr Harbinson:

Yes.

Mr O'Dowd:

Why have you decided that the role of the Police Ombudsman's office can be so significantly sliced?

Mr Harbinson:

Basically, a lot of what we are trying to do across a lot of the areas is also bound up in reducing the administration and the back office function. Every agency in every such area has its own finance, HR and IT. A lot of the areas that face cuts will be involved in the shared services that we are trying to bring forward. We sat down and discussed the priorities of various areas, and the ombudsman offered up those savings, so that is the level of cut that the office is taking.

Mr O'Dowd:

So, the Police Ombudsman's office came forward and said that it could afford to take an 11.8% cut?

Mr Harbinson:

Everybody was asked to indicate how they would survive with a 5% year-on-year cut. The Police

Ombudsman offered up that level of saving.

Mr O'Dowd:

I think you said that detailed spending plans of each agency and each directorate would be brought forward, hopefully by 14 January. So, we will then be able to see where each body, including the Police Ombudsman's office —

Mr Harbinson:

Where each body will make specific cuts.

Mr O'Dowd:

So, there is an overall aim in the Department to centralise back office staff support?

Mr Harbinson:

Yes, as much as we possibly can. We accept that it will not always be possible, but the overall aim is to have a shared services programme.

Mr O'Dowd:

From your comments, can I take it that you are reassuring us that the investigatory and reporting powers of the Police Ombudsman will not be diminished and that we will see a reduction, not in investigators and fieldworkers, but in administration etc?

Mr Harbinson:

I do not have the detailed breakdown for that office with me. However, one of my colleagues might do.

Mr Capper:

I have some of the earlier information from the ombudsman's office. From what I can see, and this will be obviously be firmed up when it presents the final savings plans, the majority of the savings will be made in administrative costs.

Mr O'Dowd:

OK. I will wait for the final report.

How does the PSNI access the security funding? Does it have to encounter the spend first and then

access the funding or can it plan?

Mr Harbinson:

We are seeking to negotiate a four-year settlement with Treasury so that the money will be confirmed for four years. That way the police will not have to incur the costs and then try to claw them back in some other way.

The Chairperson:

When are you likely to know about the outcome of the request for additional funding from the Treasury?

Mr Harbinson:

We are hoping to have an answer within the next few weeks. For the past two years, we negotiated with Treasury for the year. We are trying to get a package to give the Chief Constable and the police certainty in activity and manpower that they can work with over a four-year period. The discussion with Treasury at the moment is about a four-year settlement for security funding.

The Chairperson:

In the event of that bid not being successful, do you have contingency plans? If it is not successful, what impact will that have on the budget?

Mr Harbinson:

To be honest: we do not have contingency plans at this point. There is £250 million in total, of which we have received about £50 million through extra money from the Executive. Taking out £200 million would be too big. We really need Treasury to provide that money or we will be cutting everything else around the place.

The Chairperson:

You are saying that you would be in severe difficulties.

Mr Harbinson:

Yes, we would.

The Chairperson:

So, you are praying hard that the bid will be successful.

Mr Harbinson:

Yes, we are.

Mr McNarry:

You are welcome, gentlemen. You have a Bill in progress and a commitment on prison reforms. As this is a four-year budget, are there any budget consequences connected with bringing forward the Bill and the prison reforms.

Mr Harbinson:

We think that prison reform is coped with. The biggest concern with the Bill is the Bamford review and what comes out of it, because we have not got any funding for that. One of the principles would be for the lead Department, in this case the Department of Health, Social Services and Public Safety, to make bids for any changes that it is proposing as a result of new legislation.

Mr McNarry:

The Committee is very conscious of the fact that the Bill is going through and that there could be consequences for the item that you identified — I think that there are others also — in respect of being able to fund it.

Mr Harbinson:

There are consequences for a lot of other issues as well, but we have those covered in the four-year plan.

Mr McNarry:

I realise that. You identified one thing in the Bill and I am aware of some others, but I will not go into those just now. I am surprised to hear you saying that you have covered implementing prison reform in the manner in which it has been outlined to us. Are you saying that you have covered that in the budget or that finding the money for it will not lead to serious consequences?

Mr Harbinson:

No, I think that the invest-to-save programme and the strategic efficiency and effectiveness programme (SEEP) that the Prison Service is already running should cover any reforms that come out of the Owers report.

Mr McNarry:

In other words, you have anticipated what those reforms may be and you have costed them?

Mr Harbinson:

No, we anticipated how we would find funding for them. There is a level of savings that we will need to make. I am not sure what the amendments or changes will be, but they will have to be found in existing resources.

Mr McNarry:

I express caution on that because I am not too sure that that will be a fulfilling situation.

There is the matter of the PSNI. Although I am not fixated, I keep raising with you the Chief Constable's recent visit to London in an attempt to secure the £200 million. I have had various answers to my questions, and I now hear another answer. Do you feel any pressure in meeting PSNI security pressures over the next four years?

Mr Harbinson:

As I said, we hope, within the next couple of weeks, to have word about whether Treasury has accepted the resource requirements that the Chief Constable outlined. It would result in an additional £250 million for the PSNI: £200 million from Treasury and £50 million from the DOJ.

Mr McNarry:

How is that factored in to the budget?

Mr Harbinson:

It is not, at this point.

Mr McNarry:

That is very disappointing.

Mr Harbinson:

We know exactly what is going to be spent and how it will be spent because it is the information that we supplied to Treasury.

Mr McNarry:

I understand. I am not going to dwell on it, but we have been given successive responses when I have raised the question. I was, up to now, anyhow, of the clear opinion that what had been gained was access to reserves from the Treasury and that that access would deal with any fears that I had that the PSNI may be stretched or put under pressure in security related matters. Is that deal that you hope to have secured with Treasury, in your words, within the next few weeks, a replacement of the access? In other words, is the deal to say that we will not need any further access if we get £200 million?

Mr Harbinson:

The Chief Constable set out what he believes he would need from the reserve over the next four years. Therefore, that is a call on the reserve, but it is a four-year call rather than a year-by-year call, which we have generally made up to this point. It is to give the Chief Constable certainty so that he does not have to put in short-term measures such as overtime and so on, so that, when he gets to the end of the year, he then has to make another bid. This will give him the chance to —

Mr McNarry:

I am sorry to interrupt you, but I am quite sure that, if I look through the records, I will see that that is the very same answer that you would have given to me in the past. There was certainly the use of the term “certainty” that the Chief Constable was seeking in the manner of the access that was open. Is that access now going to be closed?

Mr Harbinson:

When I spoke to you before, I think that it was before the UK Budget. I always said that, certainly for this year and up to this point, we had access to the reserve but that the UK Government could withdraw that at any stage.

Mr McNarry:

Have they withdrawn it?

Mr Harbinson:

No. We are making a bid against the reserve, but it is a four-year bid.

Mr McNarry:

And that is not in the budget?

Mr Harbinson:

It is not in the budget at this point. However, as soon as the reserve is confirmed, we will put it in the budget and show you exactly how that is made up.

Mr McNarry:

I am concerned about that also.

I have one other brief question. In the realm of inquiries — I am ignorant to this, which is why I am asking — would any involving the police be funded by the Justice Department?

Mr Harbinson:

My understanding of where that sits is that whoever initiates an inquiry would be expected to pay for it. For example, if the Executive decide to have an inquiry into something, the Executive would be expected to pay; if Whitehall initiate an inquiry, it would be for Whitehall to pay.

Mr McNarry:

So, there is very little chance of the Department with responsibility for policing and justice initiating an inquiry, is that what you are saying?

Mr Harbinson:

I think that any inquiries would be at the behest of the Executive, rather than the DOJ.

Mr McNarry:

I am sure that that is something we will return to.

The Chairperson:

I expect we might.

Mr McNarry:

It is a bit open-ended, but thank you very much.

The Chairperson:

Mr Harbinson, other Departments have approached the issue of consultants by stipulating that they are going to have a year-on-year 10% cut, and that any expenditure in addition to £10,000 will need ministerial approval. Is that the attitude of your Department?

Mr Harbinson:

Yes, we are seeking to cut out as much use of consultants, if not all, as we possibly can. Anything over the value of £10,000 will need ministerial approval.

The Chairperson:

Based on experience, can you hazard a guess as to what the consultancy spend figure may be?

Mr Harbinson:

Our use of consultants has fallen significantly. The biggest area of use would have been in the police, and that has also fallen dramatically over the past few years. I do not have the figure, but, unless one of my colleagues has it, I am happy to write to you.

The Chairperson:

It is a substantial sum of money, is it not?

Mr Harbinson:

It was, but —

The Chairperson:

You used the word “dramatically”. Therefore, I thought that you must be talking about something substantial.

Mr Harbinson:

Four or five years ago, the use of consultants for a range of services provided was substantial. For example, the whole recruitment programme was done through the use of management consultants. That has all come to an end. Therefore, the level of consultancy spend is significantly lower than it was a few years prior to that.

The Chairperson:

You are confirming that any spend over £10,000 will need ministerial approval?

Mr Harbinson:

Yes.

The Chairperson:

You are also doing year-on-year cuts of 10%, as other Departments are doing?

Mr Harbinson:

We have not specifically given such a figure. However, we hope to cut consultancy spend to almost zero if we possibly can.

The Chairperson:

You are going to do better than the rest and wipe it out all together?

Mr Harbinson:

We are trying to drive it down to the absolute minimum. We have not set an arbitrary figure of 10%. However, I am certain that we will probably look at that.

Mr McDevitt:

Do consultants include solicitors?

Mr Harbinson:

It depends on what they are used for. Legal advice tends not to be classed as consultancy. I tend to think of consultancy as management consultancy, whereby we hire people to do specific —

Mr McDevitt:

Committee members will probably remember the answer to a question from my colleague Patsy McGlone, which, from memory, said that the Department spent about £600,000 on solicitors in its first three months following the devolution of policing and justice powers. That is an extraordinary sum of money. What steps are you taking to reduce that spend in the Department?

Mr Harbinson:

The issue of solicitors is a little bit strange. For example, it depends on where we account for solicitors and whether they come under legal aid budgets. Do you mean purely for the Department?

Mr McDevitt:

To clarify for my colleagues: that figure was for solicitors corporately commissioned by the Department in a consultancy sense, not through the Legal Services Commission or legal aid, to provide legal advice. The figure was extraordinarily large: I think it was £600,000 in less than a

quarter of a year. Surely, that is an area of expenditure in which you would be very keen to see savings.

Mr Harbinson:

Absolutely. Any area —

Mr McDevitt:

What target do you think you will set for that this year?

Mr Harbinson:

I cannot say without looking at that specifically. However, it depends on how we use the solicitors. For example, we generally tend to use external solicitors for things such as conveyancing, buying and selling and the setting up of contracts. By and large, we use in-house legal services via the Departmental Solicitor's Office. Again, however, we pay it. I am not sure whether that figure includes the payments that we have made to the Departmental Solicitor's Office, which is also an in-house hard charge. However, again, I can certainly look at it and come back to you.

Mr Givan:

How much do you anticipate being able to reallocate through the EYF mechanism?

Mr Harbinson:

Anything that we have at the end of the financial year, most of which will be capital in the region of —

Mr Capper:

By the time we get to the end of this financial year, we will have allocated some of our EYF. The main amount that we will have sitting will be the slippage on the Desertcreat training college, which we have factored into the budget that we have been allocated to complete the project.

Mr Givan:

Historically, how much did you anticipate being typically able to reallocate each year in recurrent and capital expenditure?

Mr Capper:

It remains to be seen what will happen in the future, but we may have generated an underspend of

round about £10 million. That figure is not specific; it covers 15 or 16 spending areas coming in slightly shy of budget and generating up to £10 million.

Mr Harbinson:

We have always tried to create a contingency fund in the Department, and we tend to roll forward any money that we save at year end in order to help out. For example, in this budget, £7 million will be unallocated for use as slippage. However, over a four period, when you are hit with unexpected costs, £7 million is not a lot of money. The EYF facility is very good, because we are able to roll up, take forward and reallocate slippage money or money that is genuinely unused. It is a fantastic facility to have, and it is the best of the ring-fencing aspects because it gives us great flexibility.

Mr Givan:

From your point of view, therefore, you will want to make sure that, if they can, your agencies and others do things even more efficiently?

Mr Harbinson:

Absolutely. Most areas would say that years 3 and 4 are really painful for them, with years 1 and 2 not so much. Therefore, I will encourage each area to generate as much savings as possible in years 1 and 2. We could then, perhaps, package that and use it to help out in years 3 and 4.

Mr Givan:

The reserve bid is all for front line equipment, including the PSNI's armoured vehicle fleet. Are all the bids for front line services?

Mr Harbinson:

Yes, absolutely.

Mr Givan:

Will funding be available to cover the future costs of the PSNI's Historical Enquiries Team so that it can continue its work of looking into past murders?

Mr Capper:

The PSNI figures show that £13 million has been allocated for HET.

Mr Givan:

I know that there was concern that funding was going to end before its work is concluded. Will the funding stream ensure that that work is funded until it is concluded?

Mr Capper:

The Police bid to complete that work is factored in to the figures.

Mr Givan:

If the Secretary of State asks for a public inquiry, would the money for it come from the NIO?

Mr Harbinson:

If the NIO instigates an inquiry, it will have to pay for it. The rule of thumb is that whoever instigates an inquiry pays for it.

Mr Givan:

So, it cannot pass the buck for the financial cost to the Executive or the Department?

Mr Harbinson:

Not unless the Executive decide to have an inquiry. The Secretary of State could always say that he thinks it would be good if..., and, if the Executive were to agree to have an inquiry, the Executive would have to pay for it. However, generally speaking, if the Secretary of State initiates an inquiry, he has to pay for it.

The Chairperson:

We may have touched on this before, but I would like to hear you on it again. To what extent is funding for the voluntary and community sectors protected? I am thinking in particular of an organisation such as the Disabled Police Officers Association, which does invaluable work for police officers who have suffered severely. What about funding for them? Where is it in your papers?

Mr Harbinson:

I think that comes under the budget for the policing and security directorate. The Police Rehabilitation and Retraining Trust (PPRT) gets its funding via that directorate, and I know that it recognises the value of the work that goes on. As I said, the aim is to protect those services as much as we possibly can.

The Chairperson:

I am a bit concerned when you say, “as much as we possibly can”. That could mean that you are going to slash its funding by 80% because that is the best that you can do.

Mr Harbinson:

I think the overall average that we are asking the voluntary sector to take over the four-year period is a 1.5% reduction, which is an efficiency saving more than anything else.

The Chairperson:

So, you are talking about a maximum of 1.5% over the four-year period?

Mr Harbinson:

That is the average that we have plugged in.

The Chairperson:

Annually, it will be approximately 0.4%, which is very little.

Mr Harbinson:

We are meeting with the Northern Ireland Council for Voluntary Action (NICVA) tomorrow to explain and go through it.

Mr McCartney:

My question is about the consultation process. From your contact with the voluntary sector, if you find that it cannot deliver front line services, do you have anything built in to rejig the figures, or are the figures fixed?

Mr Harbinson:

Anything at this stage is around the margins. As I said, there is £7 million of unallocated funding that we could play with and squeeze. It would depend on whether we generated any underspend this year, next year or the following year, that would give us some surplus to carry forward to use. However, mostly what we are talking about now is around the margins.

Mr McCartney:

So, there is provision if you spot a gap during the consultation process?

Mr Harbinson:

Yes, because we will still go through monitoring rounds. People will still get pressures throughout the four-year period. It will not be locked in concrete. We will have to deal with pressures as and when they arise, and that may mean trying to rejig budgets as best we can as we go forward. However, for spending areas, that is basically what we are allocating for four years.

Mr McCartney:

What role did the Department have in the additional security funding process, or was it down to the Policing Board and the Chief Constable?

Mr Harbinson:

It was for the Chief Constable to indicate the resources that he felt he needed over the four-year period. The Department has been involved in those discussions. The NIO and the Treasury have also been involved in the discussions, and, to a degree, DFP, because it has to request the money; we cannot go directly to Treasury.

Mr McCartney:

It is a bit surprising that one of the lines projected in the budget was for civilian armed guards, but there was no agreement on that, so it has now been taken out. Yet, it does not seem to have an impact on any other aspect of the bid. The Chief Constable has designed this for a specific purpose, which is not now being done, and it surprises me that there is no impact on estate security, for example.

Mr Harbinson:

That is a valid point. I do not know the detail of what the Chief Constable has in mind in respect of how to cover for the lack of civilian armed guards —

Mr Capper:

It is fair to say that the Chief Constable's revised bid covers all the elements that he considers he needs to meet the security pressures.

Mr Harbinson:

The bid increased from £200 million to £250 million, so that is probably where it is covered.

Mr McCartney:

If any of the budget lines are not required, is the money handed back, or is it used in the wider spend?

Mr Harbinson:

That will be in the detail that we will agree with Treasury. We are trying to get Treasury to agree to a four-year funding plan, but, obviously, it cuts both ways. If, for example, the security situation were to take a further nosedive, we would have to go back to Treasury to say that we need even more money from the reserve because resources for the four-year period would not cover it. By the same token, if we were not spending the allocation, I would imagine that Treasury would say that it wants it back. Therefore, it is specifically ring-fenced for security. It is not to be bled into normal police activities.

Mr McCartney:

One of the bids is for the World Police and Fire Games.

Mr Harbinson:

That was dropped completely.

The Chairperson:

When will the Prison Service modernisation programme be available for the Committee to consider?

Mr Harbinson:

A lot of the Prison Service plans will depend on the outcome of the Owers report and its recommendations and on what they agree with the Prison Officers' Association (POA) on redundancy packages and numbers, etc. Therefore, we are likely to have its savings targets, but those will be fleshed out further over the coming months, particularly as we wait for the Owers report to come along.

The Chairperson:

So, you are talking about months?

Mr Harbinson:

The savings targets that they will know will certainly be there, but, to be honest, it will be months before we can say that it is concrete, because it is such a fluid area at this time.

The Chairperson:

Is the Department participating in the Budget review group's review of all arm's-length bodies and

quangos?

Mr Harbinson:

Yes, we are involved in all that.

The Chairperson:

So, you are playing your part there too.

I do not have any other names in front of me at the moment, so I take it that members have no further questions. Gentlemen, I thank you for your briefing and for taking questions this afternoon.

A further briefing has been provisionally scheduled into the work programme for Thursday 20 January to cover the detailed savings delivery plans and equality impact assessments. I remind members that the Committee for Finance and Personnel has requested a response to the draft Budget by Friday 21 January. Given that the Committee will receive the detailed savings delivery plans only next week, I propose to write and ask for an extension of time. Are members happy with that approach?

Members indicated assent.

The Chairperson:

I think that we just need a little longer to give further and due consideration to it all. Are members content with what they have heard so far, bearing in mind that there will be another opportunity a little later in the month?

Mr McNarry:

I have to be content with what I heard. I just did not hear —

The Chairperson:

What you wanted to hear?

Mr McNarry:

No; I just did not hear things to a satisfactory degree. I welcome the opportunity to come back. There is far too much missing from it to be able to make an accurate assessment, and the time seems to be going through very quickly. I understand that there will be a take-note Budget debate on 25 January. I assume that you may still want to participate in that as Chairman of this Committee, but I do not

know what you would go armed with on behalf of the Committee. You may have a lot of personal stuff to say. I hope that we might have some clear direction as to how the gaps are going to be filled in. There are too many gaps in it, and so I wait with interest to see what develops.

The Chairperson:

We will certainly wait with interest to hear about the £200 million. We do need some filling in and confirmation there. However, to be fair to those who have just left, I suppose they are not in a position to give us any more information at this stage. Having listened carefully to what Mr Harbinson said, and bearing in mind that he has no contingency plans — to be fair, it would be difficult to have contingency plans to fill in £200 million — I suspect that it will be a case of waiting with bated breath to see whether that bid has been successful. We should not have too long to wait to hear about that, but it is an important element in the whole budget procedure.

Mr McNarry:

You make a very valid point, Chairman. I also think that much work needs to be done on it. I am not so sure that the cost of prison reforms will be as easy on the purse as I may have been led to believe today. If those prison reforms are to be based on what we have been told are the needs, it really might necessitate the whole current structure being chucked out and something completely new built. That will be costly.

Mr O'Dowd:

We have to wait for the various reports to come back from the agencies under the control of the Justice Department.

The Department issued the budget on 23 December. Was it issued to the Committee on that date? I have no recollection of receiving a copy.

The Committee Clerk:

Are you talking about material that was put on the Department of Justice's website?

Mr O'Dowd:

Yes.

The Committee Clerk:

We picked it up when we came back. It was e-mailed to us after it was put on the website.

Mr O'Dowd:

I heard a number of reports in the media about the effects on the budget of the Department of Justice, and I assumed that it had not made any attempt to inform the Committee of its plans before the media got hold of it. That is regrettable. There should have been some attempt to forward the information to the Committee before the media got hold of it.

The Chairperson:

Did you think that the selection of the date of 23 December was a good day to bury bad news, because most MLAs and councillors were struggling to get their constituents reconnected with a water supply?
[Laughter.]

Mr O'Dowd:

Those factors could have been in the mix.

Mr McNarry:

You would not put words in anybody's mouth, would you?

The Chairperson:

No.

Mr McDevitt:

Like Mr McNarry, I have a reservation about the invest-to-save number on the Prison Service. It would be a great deal if we managed to get all the necessary reform for £13 million. It strikes me that that will not stand up to scrutiny, and it should probably be us who should ask the Minister to have a reality check on that.

I am sensitive about the security situation, as we all are, and I do not want to second-guess the Chief Constable and his expertise. However, very little is going into preventative work and diversionary work. In fact, they are taking some of the pain that we champion a lot in the Committee. As Mr McCartney established, there is not a huge amount of clarity about what is going into the PSNI. We are placing a lot of faith in the Chief Constable, and we are accepting his bids, on the face of it. Money is tight. Is that something that we should reflect on? I would like to see a little more detail. Mr McNarry's question was well put. If the private security officers are taken away from the front gates of the police stations and something else is put in, but that does not have an impact on the

budget even though it was one of the things that was bid for, it begs a question about the level of detail that that bid had.

The Chairperson:

You are right. We cannot second-guess what anyone is doing or not doing, regardless of whether that person is the Chief Constable. That is one of the reasons why we have asked for an extension of time before we make our response. We need further details, and we will get more details.

We will have an opportunity to come back to prison reform. We will do that in a couple of weeks' time when we receive further information from the folk who have just left. It is imperative that we get transparent and easy to understand information that is not tucked away under some headline that is difficult to dig out. That is why we need the additional time. We need it to ensure that the Committee is well informed and well briefed on what is available. It is difficult to anticipate what the situation might be in four years' time. To be fair to them: they cannot second-guess it any more than anyone else can. However, they can make provision, and they have done that. They have also admitted that, potentially, the scene could be totally different in four years' time. Those of us who are realistic accept that that could well be the case. It could also be infinitely better, of course.

Mr McNarry:

You make a valid point about four years' time. We are dealing with a budget over the next four years. If those prison reforms are not going to be introduced over the next four years, what state will the prisons be in? There is a matter of urgency.

The Chairperson:

I asked when we would see this report. We were told that he was talking about months, not years, down the road. Are members content to rest it there in the meantime because it will stand more discussion and debate in the not-too-distant future?

Members indicated assent.