



Northern Ireland
Assembly

**COMMITTEE FOR
CULTURE, ARTS AND LEISURE**

**OFFICIAL REPORT
(Hansard)**

December Monitoring

3 December 2009

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Barry McElduff (Chairperson)
Mr David McNarry (Deputy Chairperson)
Mr Dominic Bradley
Mr Francie Brolly
Lord Browne
Mr Trevor Clarke
Mr Kieran McCarthy
Mr Raymond McCartney
Miss Michelle McIlveen
Mr Ken Robinson

Witnesses:

Mrs Deborah Brown)	
Mr Arthur Scott)	Department of Culture, Arts and Leisure
Mr Colin Watson)	

The Chairperson (Mr McElduff):

I welcome three senior officials from the Department of Culture, Arts and Leisure (DCAL): Deborah Brown, director of finance and corporate services; Arthur Scott, director of culture; and Colin Watson, head of sport and lottery branch.

Mrs Deborah Brown (Department of Culture, Arts and Leisure):

Thank you for inviting us to present DCAL's proposals for the December monitoring round. As you are aware, the Department of Finance and Personnel (DFP) usually commissions each

monitoring round four weeks in advance of the return date. The December monitoring round was commissioned on 10 November, with a deadline of today, 3 December. The December monitoring round is the last opportunity to bid for additional resources and to move budget, as the monitoring round in February is only a lining to confirm December monitoring for the preparation of the estimates, which are presented and finalised in January.

DCAL received returns from its sponsor bodies and presented those to its finance committee on 23 November. They were then presented to the departmental board on 25 November, and that was followed up with meetings with branches in advance of their presentation and submission to the Minister for approval for submission to the Committee today.

I will outline some background on the management of public expenditure, the monitoring process and the outcome of the September monitoring round before presenting our proposals for December monitoring.

Following the outcome of the September monitoring round, of which I will provide more details later in the presentation, the planned level of overcommitment across all Departments is £45.8 million of current expenditure and £20 million of capital expenditure.

As highlighted in the briefing paper to the Committee, DFP has advised that the focus throughout this year's monitoring process will continue to be on reducing the planned level of overcommitment to a prudent level. As in previous monitoring rounds, that means that the capacity to reduce any pressures will depend entirely on the extent to which Departments surrender reduced requirements for reallocation at this stage.

It is also worth noting that this is the last monitoring round before the spring Supplementary Estimates, which seek the authority for additional or reduced resources to those sought in the Main Estimates. Estimates set out the detailed spending plans of Northern Ireland Departments on public bodies and form the basis of the authorisation by the Northern Ireland Assembly for sufficient funding and resources for services, as detailed in the corresponding Budget Act. Therefore, DFP has asked that all reduced requirements are identified at this stage to allow the Executive to make effective use of the resources available.

DFP has asked Departments to provide details of all reduced requirements for both current and

capital expenditure. In this monitoring round, DCAL is not declaring any reduced requirements.

Given the constrained position, and in keeping with previous years, DFP has advised that Departments will be given the opportunity to manage their emerging pressures with proactive management actions. Departments have the opportunity to put forward proposals to limit the level of expenditure on specified services or functions in order to release resources to meet pressures in other high priority areas within the Departments. DFP has asked that those be distinguished clearly from normal reduced requirements that occur and stated that such amounts must continue to be surrendered in the normal way.

DFP has advised that where a Department proposes an above de minimis reduction or cessation of expenditure, the relevant proposed reduction and pressure will be considered jointly and DFP will recommend that either both or neither be approved.

In the September monitoring round, DCAL made bids of £140,000 for administration costs, £600,000 for Libraries NI redundancy costs and £7.85 million capital to fund the arts, museums and the Public Records Office of Northern Ireland (PRONI). The Department also declared reduced requirements of £2 million relating to the Ulster-Scots Academy and £1.1 million on the stadium budget. No bids were met in the September monitoring round and all easements were taken by DFP.

In addition to the standard procedure for the September monitoring round, Departments were asked to consider contributions towards swine flu costs. Minister Wilson made a statement in the Assembly on 13 October in which he outlined the financial pressures in relation to swine flu. That equated to a pressure of £27.9 million on current expenditure and £10 million on capital. The Executive unanimously agreed that those pressures would be funded by way of a pro rata contribution from all other Departments.

Following Minister Wilson's statement, DFP requested details of where DCAL's contribution to the swine flu costs would come from. After a number of internal meetings, it was agreed that the contributions would be £425,000 of resource from the Ulster-Scots Academy, £248,000 from the North/South Language Body, £200,000 of capital from the libraries budget and £338,000 of capital from the House of Sport.

In summary, the September monitoring round confirmed that DCAL's position was £109,829,000 in resource and £66,178,000 in capital.

I now move on to the December monitoring round. Due to the implementation of the international financial reporting standards, DFP is seeking details of any prior period adjustments required in respect of the restatement of opening balances. In order to comply with international accounting standards in the preparation of the 2008-09 shadow accounts, Departments were required to restate their opening net assets as of 1 April 2008. That was to take account of any accounting adjustments that were required as a result of the application of those standards.

DFP has also asked Departments to submit any changes that are required to bring the capital investment budget allocations into line with the information that is recorded on the investment strategy's delivery tracking system.

The Department has thoroughly reviewed its resources and those of its arm's-length bodies. It has a projected spend for the financial year of £111,461,000 in resource and £66,178,000 in capital. That position is reviewed on a monthly basis, and any changes will be sought in the February monitoring round.

At this stage, it is worth reiterating that December monitoring is the last opportunity to bid for additional resources and move budgets. The last monitoring round in February is very different to the previous in-year rounds as agreement to fund any inescapable pressures and the movement among budget areas has to be notified earlier to DFP supply. That is because all changes to budgets must agree with the Department's spring Supplementary Estimates.

I will first address resource and then capital. The Department is bidding for £1.7 million for libraries for redundancy costs. That is to reduce the current staffing numbers at middle management and to reduce administration costs while providing a reformed and effective service. As I mentioned, the Department is not declaring any reduced requirements. With respect to internal reallocations, DCAL has reprioritised its resources to meet pressures in other high-priority areas, with proactive management by means of internal allocations, including capital. It is seeking to reallocate and realign its administration budget to the correct units of service within the Department.

The Department is also seeking approval to transfer capital budget of approximately £8 million from sport to relieve the pressures in museums, arts and PRONI, following the failure to secure money in the September monitoring round. Those details are in Annex B of our briefing paper.

In Annex C of the briefing paper, members will find a number of technical transfers being actioned between DCAL and other Departments. DCAL has identified one prior period adjustment that was required in respect of the restatement of our opening balances due to the implementation of our international financial reporting standards. That adjustment is to the value of £172,000 and represents an accrual for employee benefits that have been earned but not used at 31 March, which is, basically, annual leave that has not been taken by 31 March.

After September monitoring, the revised capital budget is £66,178,000. Projections and assurances from arm's-length bodies indicate that they will spend within their budget allocations. At this point in the year, therefore, the Department proposes to retain the current budget and not declare any easement. The Department also seeks approval to transfer capital budget of £8 million from sport to relieve pressures in museums, arts and PRONI. The bids that we placed in June and September were unsuccessful.

Annex D1 of our briefing paper provides details of acceleration and slippage in DFP control totals. Annex D2 provides details of the proposed capital budget for 2009-2010. I am happy to take any questions or comments.

Mr D Bradley:

In relation to the contribution that the Department had to make to DFP to pay for the cost of swine flu, will you tell us what impact those surrenders will have on the various business areas of the Ulster-Scots Academy, the North/South Language Body, the Library Authority and House of Sport capital?

Mrs D Brown:

The impact on the Ulster-Scots Academy will be that that money is not available to be spent this year. We will try to ensure that progress is made in 2010-11. Moving forward, we will submit a bid in the comprehensive spending review to make sure that progress is made with the academy.

The North/South Language Body easement has been achieved because, due to the position in the South and the pressures in the Budget there, a cap of 80% was applied to the funding that was being provided. That has provided the scope to surrender that funding, which will not be spent before the end of the current financial year.

The adjustments in the capital budget for libraries mean that some of what had been planned will be deferred and will be mopped in 2010-11 and beyond. A review of the library estate is under way and will help to inform the way forward. The contribution from the House of Sport budget will mean that some refurbishment work will be delayed.

The timescales that were involved in trying to find cuts to help with the cost of swine flu have meant that all that we have been able to do is defer some work that the Department was doing, and we will try to mop that up later on. I appreciate that that will present pressures for future years and that those projects will have to be considered in line with other priorities.

Mr D Bradley:

Last year, money was surrendered from the budget for the Ulster-Scots Academy. Further funding is now being taken from that. What is the cumulative effect of the surrender from the 2008-09 budget and the money that is being surrendered to help with the cost of swine flu? You said that a 80% cap has been imposed in the South; is that not a proposal on which no firm decision has been made?

Mrs D Brown:

Decisions were taken to make 3% and 6% cuts, but, because there was uncertainty about what the budget allocation was, the bodies were asked to operate at approximately 80% in order to manage the spend and ensure that we did not end up in an overspend position. That came with the facility to ensure that that was mopped up towards the end of the year, and, because of those two controls, the Department has been able to surrender that amount.

Mr D Bradley:

What would happen if the cut in the South were varied? If the cut was not as high as originally planned, how would that impact on the budget here for the North/South Language Body?

Mrs D Brown:

The agreement is for a split between the two jurisdictions of 75:25, 25:75 and, for Waterways Ireland, 80:20. We always try to ensure that we are managing within those proportions.

Mr K Robinson:

Deborah, thank you for your presentation. Annex D2 of your briefing paper shows over £3.5 million being added to the sports strategy implementation budget, which will bring that budget up to approximately £13 million. Given that that strategy is still awaiting Executive clearance, how does the Department expect the bodies to be able to spend £13 million in the short time between now and March 2010?

Mr Colin Watson (Department of Culture, Arts and Leisure):

The sports strategy money includes the funding that is being paid out under the Building Sport and Places for Sport programmes. The expenditure on those programmes will be taken out of that budget line.

Mr K Robinson:

That will ensure that the moneys are spent within the time frame. It did look opportunistic to plan a spend of £13 million in two or three months.

Mr Watson:

The reallocation is based on the fact that those programmes fall within the sports strategy.

Mr Brolly:

The Department is seeking permission to move £8.5 million from elite facilities to other elements, including museums and arts. That is because a judicial review has held up the elite facilities programme. Are you confident that you can retrieve that £8.5 million for elite facilities?

Mrs D Brown:

We are moving that £8.5 million to other areas, and, in doing so, we are applying the principle that, in future years, we expect those other areas to reimburse the funding to elite facilities to ensure that funding is available for that programme. However, I am aware that the next spending review will take place after 2010-11, so it will be subject to the next spending review and the priorities that are then set.

Mr Brolly:

Therefore, you are not sure whether or not that money will return to elite facilities.

Lord Browne:

Carrying on with the discussion on elite facilities, more than £2 million that was allocated for the 50-metre pool in Bangor has slipped. What is the reason for that? Bearing that in mind, can we be confident that the pool will be ready to be used as a training facility for the Olympics in 2012?

Mr Watson:

Slippage is inevitable in a number of areas on such major projects, but we have had indications from North Down Borough Council that it will meet the deadlines and the facility will be ready for 2012.

Lord Browne:

Is the council confident?

Mr Watson:

Yes, it is. Well, the council has told us that it is confident that the project will be ready. We have no reason to dispute that.

Mr McCarthy:

I hope that the council is more confident about the 50-metre pool than it was about the development of the shore front in Bangor. The council has been saying for years that it is confident about that project, but that is by the by.

A bid of £1.7 million has been submitted to cover the libraries redundancies. In your briefing paper that is described as a marker bid, because a business case has not yet been received from Libraries NI. What is the delay in preparing the business case?

Mr Arthur Scott (Department of Culture, Arts and Leisure):

The issue with the business case is that in preparing the figures, Libraries NI does not know who is going to apply. Libraries NI has sought expressions of interest from staff, but until those are received, the costs will vary. The Department is providing Libraries NI with support to deal with

the remaining aspects of the business case, and we expect to receive a draft business case by Friday 11 December.

Mr McCarthy:

That being the case, will you be able to move on? Hopefully, the bid for £1.7 million will settle the situation.

Mr Scott:

We have received the personal assurance of the chief executive of Libraries NI that if the bid is successful and the moneys are made available, those moneys will be used and the redundancies will take effect by March 2010.

Mr McCarthy:

OK. That is fine.

Mrs D Brown:

The pressure will be that if the bid is not met in December, the February monitoring round will not provide an opportunity to place bids. We will then be in the 2010-11 financial year, and that will present pressures for the rest of that year.

Mr McCarthy:

Does that mean that in the meantime, those savings will not be made?

Mrs D Brown:

Either the redundancies will be made by 31 March 2010 or, if they are not made by then and it goes into the new financial year, they will be made by 1 April or as soon as possible after that date. The differential might not be too great.

Mr K Robinson:

I have a question that is slightly off-beam, Chairperson, so I hope that you will bear with me. Part of the business case, when it is eventually presented, will involve looking for people to volunteer for redundancy. The review of public administration and the planned establishment of the education and skills authority has meant that we are in a period of flux that will involve some people receiving generous redundancy settlements. Is anything built into the agreements that

would preclude those people coming back as highly paid consultants? A substantial amount of public money will be spent on redundancies, and, down the years, experience has shown us that people can reinvent themselves in certain situations. Is there anything to prevent individuals from exiting through one door, going around the block and entering again through another door? I am not referring specifically to the Library Authority; I am using it as an example.

Mrs D Brown:

There are normally clauses to deal with that. I do not have the details with me, but such clauses usually impose a standard two-year period before an individual can come back in.

Mr K Robinson:

Are there built-in safeguards? It is just that we may be entering a period in which there could be an avalanche of people doing that.

Mrs D Brown:

Yes, there are safeguards.

Mr McNarry:

Steady on, Kenneth. If the Shinners pull this place down, we might all be looking for consultancy positions. *[Laughter.]*

The Chairperson:

I will move to one of those people. Raymond, do you have a question? *[Laughter.]*

Mr McCartney:

I have a question about the Metropolitan Arts Centre (MAC) project, on which there has been slippage of £1 million. Has the construction work started on that, and can you explain the internal moves in relation to that project?

Mr Scott:

There have been difficulties with the MAC project, but I am pleased to be able to tell the Committee that those have been resolved. My understanding is that the contractor will be on site.

Mr McCartney:

I wanted to ask about the internal moves column in annex D2 of your submission. Can you explain the process that is involved?

Mrs D Brown:

We have tried to meet the pressures of the bids that we met in September. In future years, we hope to reverse those moves so that the money is repaid, but that will obviously be within the constraints of the eventual Budget settlements. That is the principle on which we are working.

Mr McCartney:

Is that done within the Department?

Mrs D Brown:

Yes.

Mr McCartney:

The NI Events Company/events unit is listed in annex F. I take it that the events unit is taking the lead with regard to spend, is that correct?

Mrs D Brown:

Yes.

Mr McCartney:

What is the role of the Events Company?

Mrs D Brown:

The events unit is in charge of that. The situation is as it is with the Events Company. The spend is being made by our events unit.

Mr McCartney:

Why is the Events Company still listed?

Mrs D Brown:

There are still some liabilities of the Events Company that have to be discharged, that is why it

has been included.

Mr McNarry:

To date, how much of the Department's original budget allocation has been surrendered?

Mrs D Brown:

Some £3 million has been surrendered on the stadium, of which £2 million was surrendered in June and £1.1 million in September; £4.8 million has been surrendered on libraries; and £2 million was surrendered on the academy in the September monitoring round. I can get you a complete breakdown in a more appropriate format, but I do not have it with me.

Mr McNarry:

Is it approximately £10 million?

Mrs D Browne:

Yes.

Mr McNarry:

And is that complete? Is that it?

Mrs D Brown:

I cannot tell you off the top of my head, but I will get you a complete breakdown.

Mr McNarry:

I am surprised that you do not have it; it is an important figure.

The Finance Minister is asking for reductions from all Departments to cover pressures. How much is DCAL being asked to reduce?

Mrs D Brown:

That is the subject of an Executive paper; therefore, I do not think that I can provide that information at this stage.

Mr McNarry:

The Executive are meeting today. Do you have the information? Do you know what reductions the Minister is being asked to make?

Mrs D Brown:

Yes.

Mr McNarry:

Are you unable to share it with us?

Mrs D Brown:

I am not sure what I can disclose. It is the subject of a discussion at today's Executive meeting, and it is a restricted paper. Therefore, I do not believe that I am able to provide that detail.

Mr McNarry:

Perhaps we can look at it another way. It was a subject of discussion at the most recent Executive meeting. Can you tell me what figure was produced at that Executive meeting?

Mrs D Brown:

I do not have the most recent Executive paper with me, so I do not have the details; I am sorry.

Mr McNarry:

Chairman, perhaps we could await information on the exact breakdown of the money to be surrendered in time for the next meeting, and, hopefully, if —

Mr T Clarke:

If you have it, David, why not just say?

Mr McNarry:

Pardon?

Mr T Clarke:

It seems that you are privy to the information. Chairperson, it is obvious that Mr McNarry has the information; that is why he is pressing the question.

If you have it, just put it out. Then you will not be putting the departmental officials in such a position. If you are already privy to that through one of your Ministers, just put it out there, instead of holding on to it.

Mr McNarry:

I have no idea where you are coming from. You are making assumptions for which you have no grounds.

Mr T Clarke:

I am making that assumption because you are driving a particular line of questioning, and it is obvious that you have the figure. You are trying to cause embarrassment. I suggest that if you have the figure, just put it out there. What is the point of holding on to it?

The Chairperson:

Without getting totally embroiled in this, the Deputy Chairperson may not —

Mr McNarry:

I do not have the figure.

Mr T Clarke:

You should ask the witnesses to share all the information rather than give it to you piecemeal.

The Chairperson:

David, if you were to sum up your question, you would like the figure here and now or the total departmental underspend; is that right?

Mr McNarry:

Yes. Mr Clarke obviously wants to protect his DUP Minister; I do not know where he is coming from.

Mr T Clarke:

I have no problem —

Mr McNarry:

Do not make assumptions about me —

Mr T Clarke:

I have no problem with —

Mr McNarry:

Just listen: do not make assumptions about me —

Mr T Clarke:

Do not point your finger at me.

Mr McNarry:

Do not make assumptions about me —

The Chairperson:

Order, order. *[Interruption.]*

Mr T Clarke:

I will not be talked down to.

Mr McNarry:

You can play whatever politics you want, but do not play them with me.

Mr T Clarke:

You may be older than me, but I will not be talked down to.

The Chairperson:

Order, order. Let us have no personal comments, please. Try to regain order in the meeting.

Mr McNarry:

If Deborah is released from Executive confidence after today, she should furnish us with the full figures on what has been surrendered. It is important that the Committee know what money it is working with. It is a pity that it is subject to Executive privilege; I appreciate that it is, but it is a

pity that that cannot happen.

The Chairperson:

Trevor and Michelle have yet to pose a question.

Mr T Clarke:

I have no questions.

Mr McNarry:

He wants to ask questions for everybody else.

Mr T Clarke:

I can help you to answer the ones with your Minister. If I were privy to the same information as you before it went to the Executive, I could share it as well. Our Minister is going to take that figure to the meeting in confidence.

Mr McNarry:

Do not make accusations either. I do not have —

Mr T Clarke:

I am not making accusations.

Mr McNarry:

I do not have the information.

Mr T Clarke:

Put it whatever way you like.

Mr McNarry:

It is important that you either believe me or you do not.

Mr T Clarke:

Put it whatever way you like.

The Chairperson:

Some party-political disagreement is understandable, but I am going to move on.

Mr McNarry:

You cannot substantiate that.

Mr T Clarke:

Put it whatever way you like.

Mr McNarry:

That is a typical answer from you lot.

The Chairperson:

We will move on. I thank the officials from the Department for their attendance this morning. Deborah, Arthur and Colin, thank you.

The Committee has to work out whether it wants to take action based on the briefing and whether there are legitimate questions that it wishes to pose. Kathryn and Ashleigh will have captured what was said, as will have Hansard. Are there any proposed actions arising? The Committee can follow up unresolved matters in writing.

Mr D Bradley:

I propose that we examine the Hansard record of the meeting next week and follow up on it.

Mr McNarry:

Will we have the Hansard report in time for next week's meeting?

The Committee Clerk:

It usually arrives in the Committee Office on Thursday afternoon and is immediately forwarded to members.

Mr D Bradley:

Will a draft version be available?

The Chairperson:

Or perhaps an uncorrected version?

The Committee Clerk:

I will ask Hansard. However, it depends on how busy they are with other work.

The Chairperson:

We will seek an uncorrected version as early as possible.

Mr Brolly:

Would it be possible to find out how the amount that the Department of Culture, Arts and Leisure had to surrender for swine flu and other demands compares with that of other Departments?

The Chairperson:

The legitimate question that can be asked of any Department or Minister that puts officials on the back foot is whether there is a culture of underspend in their Department. They do not want to say yes to that. David's position is that £10 million is a significant underspend in a relatively short period. That is a legitimate concern for any Committee.

Mr Brolly:

My concern is that the Department of Culture, Arts and Leisure is in some way considered a soft touch; the importance of what we do is not recognised, and people think that we do not really need the money. There may be a view that money can be taken from Culture, Arts and Leisure rather than from Agriculture and Rural Development, for example.

The Chairperson:

Therefore the more underspend there is, the more likely we are to stand accused.

Mr T Clarke:

Is it an underspend? Although £10 million has been returned, is it not a good thing that the money has been put back into the system and re-spent on something else rather than be lost? I appreciate that £10 million was underspent, and it is obvious that the Department has not been fit to deliver projects at the time, but am I right in saying that, under the previous Assembly, that £10 million would have been lost?

Mr McNarry:

We need the figures from the management of the Department. We want to see the effect of the underspend on the Department's programmes and priorities, and we will not know that until we see the correct figures. There is additional pressure from the management of the Finance Department, which is asking all Departments to surrender money. I am not sure whether Departments have a choice in the matter, although it appears not. Each Department will be asked, pro rata, to give an amount of money.

We need to know that to see how it will affect the Department of Culture, Arts and Leisure's priorities and the Programme for Government. We must bear in mind that we agreed the Programme for Government and the original priorities, and we need to see whether they will be affected dramatically. As you know, the Committee is highly lobbied. We may have told people that it looked as though certain issues were coming down the line to them in our Programme for Government or in our priority list. However, those issues may now be affected, and, as a matter of courtesy if nothing else, we will have to inform them of the situation. That is my anxiety.

Mr Brolly:

I want to make a point about Trevor's question. Deborah told me that £8.5 million was crossed in the Department. However, there is no certainty that if that money runs into 2011 we will ever get it back; the same could happen to money that has come out of the Department and moved to other Departments. If that money does not come back before the end of this Administration, could it be lost altogether?

Mr T Clarke:

Although that may be relevant, many Departments were unable to spend money and it has been put up for the monitoring rounds. Surely, in the previous Assembly that money was lost; it is not lost this time, although it has been reallocated. If a Department said that it was returning £4 million because it could not spend it, would it not make more sense to give that money to another Department to spend rather than send it back.

Mr McNarry:

The only thing is, Trevor, that surrendering large amounts of money was almost a culture in the previous Assembly. Due to pressure to correct that and due also to Committees working

effectively — to date anyhow — none of the Departments admits to underspending; they are also trying not to cross the fine line into overspending. However, they are not underspending, so there is no money. We are not talking about underspends of £10 million in a real sense, and the money that the Finance Minister wants to take away is not an underspend either; it comes out of the budget, and the Committee is concerned about the effect of that on budgets.

We hope that, after recess, we will be entitled to tell the Minister what he has returned and what has been taken from him, and ask him how that affects his programme. We will be able to ask him whether he is reviewing his priorities and whether there will be changes. That is all that we need to ask.

The Chairperson:

We will view the Hansard report. .

Mr D Bradley:

If you will excuse me, Chairperson, I have to leave early. However, before I go I would like to ask about the Irish Government's draft 20-year strategy for the Irish language, as reports of it have appeared in the press. Would it be possible to get copies of it? It would be useful to see what approach has been taken in the South, bearing in mind that our Minister is preparing a strategy.

The Chairperson:

We will get that information.