



Northern Ireland
Assembly

**COMMITTEE FOR
CULTURE, ARTS AND LEISURE**

**OFFICIAL REPORT
(Hansard)**

June Monitoring Round

1 June 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Ken Robinson (Acting Chairperson)
Mr Thomas Burns
Mr Trevor Clarke
Mr Billy Leonard
Mr Kieran McCarthy
Miss Michelle McIlveen

Witnesses:

Mrs Deborah Brown)
Mr Mick Cory) Department of Culture, Arts and Leisure
Mr Arthur Scott)

The Acting Chairperson (Mr K Robinson):

I welcome Deborah Brown, who is the director of finance and corporate services in the Department of Culture, Arts and Leisure (DCAL), Mick Cory, the director of sports, museums and recreation, and Arthur Scott, the director of culture. Thank you for your patience. I invite Deborah Brown to make an opening statement on the June monitoring round on behalf of the officials.

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

Thank you for inviting us to present DCAL's proposals for the June monitoring round. As you are aware, the Department of Finance and Personnel (DFP) usually commissions the monitoring rounds four weeks in advance of the return date. Therefore, the June monitoring round was

commissioned on 27 April 2010, with Thursday 3 June 2010 having been given as the deadline for returns to be with DFP. DCAL received returns from its sponsor bodies, and those were presented to its finance committee on 20 May 2010 in advance of its submission to the Minister on the same day and so that we could prepare and present this paper to the Committee.

The starting position for 2010-11 was revised as a consequence of the savings exercise, which was presented to the Committee in January 2010 and under which DCAL's budget was reduced by £5.9 million in resource and £20 million in capital. The review reduced the starting level of overcommitment across the Northern Ireland block in current expenditure to zero, and, in doing that, the approved end-year flexibility (EYF) for 2010-11 has already been allocated.

Some small additions from the UK Budget — around £6.4 million — remain unallocated. Provision has also been made for the settlement on the Northern Ireland Civil Service (NICS) equal pay claim. That should provide the Executive with the initial flexibility to address any emerging pressures. The degree to which emerging pressures can be met and addressed is dependent on the amount of reduced requirements that are declared in each monitoring round.

The outcome of the review for 2010-11 eliminated the overcommitment on capital investment, and access to capital EYF has now been allocated. Small additions in the capital budget of £5.7 million are now available for allocation in-year. However, there remains a number of significant issues to be addressed, such as the shortfall in capital receipts. Therefore, it is imperative that the Department surrender all its reduced requirements as early as possible.

DFP has asked Departments to provide details of all reduced requirements for resource expenditure and capital investment. Given the surprisingly high level of reduced requirements that materialised in February for 2010-11, DFP has said that it is critical that reduced requirements are surrendered as early as possible in the financial year. Therefore, DCAL is proposing to surrender £1.725 million of the multi-sports stadium budget. Departments are reminded that notification of a reduced requirement to Ministers is on a for-information basis only, as Departments must automatically surrender all reduced requirements at the earliest opportunity.

There is also an opportunity for proactive management actions. In view of the constrained position, and in keeping with previous years, DFP has advised that Departments will be given the

opportunity to manage their emerging pressures through proactive internal management actions. Departments have the opportunity to put forward proposals to limit the level of expenditure on specified services or functions so that resources to other pressures within their high priority areas can be released. DFP has asked that those are clearly distinguished from the normal reduced requirements, which must be surrendered in the usual way.

As the Committee is aware, a contribution to swine flu was made in the September 2009 monitoring round. In the February 2010 monitoring round, it was agreed that the Department of Health, Social Services and Public Safety (DHSSPS) would be allowed to retain £11.6 million of that funding on the basis that it would be returned to the contributing Departments in 2010-11. DFP has confirmed that return of that funding will now be processed in the June monitoring round. However, DCAL was able to utilise its element of that easement, and £391,000 was given back to the Department in the February monitoring round.

Where bids are concerned, the Department has now thoroughly reviewed its own resources and those of its arm's-length bodies. Its planned spend for the financial year is set out in our submission. After we action the technical transfer in this monitoring round, we anticipate spending £113,447,000 in resource. In addition, we will spend £58,208,000 in capital, although that is kept under monthly review. Any changes to that will be reported and sought in the September monitoring round. DCAL is not proposing to make any bids in this monitoring round. As I stated, we will surrender £1.725 million that was allocated to the multi-sports stadium, and we are content that we can manage other pressures by reprofiling the capital investment. Details of those adjustments are set out in the briefing papers.

To ensure the delivery of its objectives and targets, DCAL is seeking approval to fund its de minimis bids by reprioritising resources to meet pressures in high priority areas with proactive management by means of internal reallocations, which are set out in the papers. They fall under three main areas: the realignment of administrative salaries and the general administrative expenditure (GAE) budget, which, historically, has not been distributed correctly across the database; carving out moneys in the Department to meet high priorities in other areas; and the realignment of the budget with the actual business areas.

A number of technical transfers will be actioned between DCAL and other Departments. In advance of that process, we sought and secured agreement with the other Departments. The main

adjustment to highlight is the transfer to the Department of Enterprise, Trade and Investment (DETI) of the events unit budget, which amounts to £1,067,000. That function transferred at the start of April 2010.

The opening departmental capital budget was £59.933 million, after setting £20 million of savings against the multi-sports stadium, which was part of the exercise that began in January 2010. Our capital budget is split across two pillars: the skills pillar, where the libraries budget sits; and the social pillar, where the arts, sport, museums, inland waterways and Public Record Office of Northern Ireland (PRONI) budgets sit. The Department agreed opening allocations for 2010-11 with the Minister. However, not all of them could be actioned as part of the 2010-11 savings exercise, which was reported to the Committee in January 2010. Those moves are now being actioned as part of the June monitoring round.

You will notice that we have provided you with two annexes. The first represents the budget variances as stated in the letters that were issued to the arm's-length bodies against the proposed revised position for the June monitoring round. The allocation letters included the moves for the 2010-11 exercise that we could not action as part of that exercise. I shall quickly run through the variances between the opening budgets on the allocation letters.

For arts, against the original allocation, there is a spending reduction of approximately £4 million, due to a reduced requirement for the Lyric Theatre and some slippage against the MAC, a consequence of which is the creation of pressures of approximately £2.9 million in 2011-12.

In sport, we have a small reduction of £117,000, and we are recommending that we retain approximately £5.4 million against the multi-sports stadium, pending the outcome of the business cases that are being prepared.

On museums, there is a small increase in the profiled spend of about £1.49 million. National Museums advised that the disposal proceeds from the sale of the Malone buildings are unlikely to achieve £2 million and that they may achieve around £1.5 million. Therefore, in carving out additional provision for museums, we took account of that £500,000 shortfall. Additional expenditure has also been allocated for minor capital, general capital, commercial infrastructure and security.

The second annexe illustrates the alignment of the database baseline to the proposed position in June. Many of those moves were actioned in the allocation letters that were sent out, but we could not action them as part of the exercise in January. The major issue that we had with that was that an underspend on libraries of approximately £6 million to £7 million was anticipated, but large pressures arose against the PRONI build, where there was slippage from 2008-09 of about £6 million. There was also an anticipated receipt in the baseline for the PRONI sale of about £6.5 million, which will not be realised this year.

We know that we will not be able to achieve £6.5 million; the figure is likely to be much smaller. We do not yet know the value, but we know that the sale will not go through this year. Hopefully, that will be a receipt that will be realised in future years. Therefore, the incentive is to move those moneys to accommodate those emerging pressures. I am happy to take any questions that the Committee may have on the presentation.

The Acting Chairperson:

Thank you, Deborah, for that very comprehensive report. I am sure that we are all wowed with the figures that you put in front of us. Would it be correct to say that the Department is basically engaged in a juggling exercise within very tight constraints? Do you feel that your ability to juggle even further is extremely limited this year, should any unforeseen demands come forward?

Mrs D Brown:

That becomes more difficult as commitments are made. The arm's-length bodies are running a number of programmes on the resource side, so it can be quite difficult to stop funding once it has been issued. The capital side is always a moveable feast, because there is slippage on capital projects, most of which are outside our control. However, we are putting forward a number of scenarios to our Minister to show what certain cuts may look like.

We are also looking at what commitments are sitting on the ground on 2011-12, based on where we are now in 2010-11, and we are making sure that the high priority projects have sufficient funding. However, until we know the level of any cuts or savings, it is difficult at this point to say what can stop and start. That is a difficulty specifically for our arm's-length bodies, because a number of those capital projects have a lead-in time. The difficulty comes in their making an investment upfront and then not necessarily knowing whether the funding will be available long term.

Mr McCarthy:

I want to ask an important question about the reduced requirements for a multi-sports stadium. The Committee notes that £20 million was surrendered against the multi-sports stadium as part of the 2010-11 saving exercise. Therefore, why is the Department surrendering a further £1.725 million now? Does the opportunity not exist to spend that money on other capital sports projects such as the Places for Sport programme, which, as we all know, was very popular last year? Finally, there is still almost £5.5 million against the multi-sports stadium line for 2010-11. How will that money be spent?

Mr Mick Cory (Department of Culture, Arts and Leisure):

I will answer the three parts of that question, the first of which was about why that money is being surrendered at this point. The Committee will be aware that the three sports bodies provided options for stadia, and consultants were commissioned through Sport Northern Ireland to produce an outline business case, which has to include a review of value for money, operational viability, sustainability and affordability for football, rugby and Gaelic games options.

The indicative overall allocation of £110 million exists, but it is subject to normal budgetary processes. Looking at the elements that I outlined, the business case will report in the near future with recommendations that will be subject to consideration by the Department, but also by Sport Northern Ireland and DFP. Ultimately, that will require Executive consideration because of the significant budgetary implications that will result.

Therefore, once we have looked at all those options, we will be able to move through the various approval regimes and into the development of the design and build. It is a complex process. In reality, the money that is in the budget for this financial year cannot be spent realistically within this financial year, hence, the release of that money.

The second part of your question was about why that money is not used elsewhere. We are conscious not to miss out on such opportunities, but even those programmes require quite a significant gearing-up of the processes in Sport Northern Ireland, to enable it to get that money out.

Mr McCarthy:

That would be a repetition of what was done last year. There would not be many changes to what was done previously.

Mr Cory:

That is a fair point. However, in reality, announcements must be made to the public, bodies must gear themselves up to apply and business cases must be written. It is now June, and it could take three months until we can announce such a programme. It could take three months to prepare business cases and another three months for construction to begin. At that point, it will be winter. Spending all the money in this financial year puts a huge pressure on the year end. Moreover, Sport Northern Ireland might have a problem finding the capacity to deliver on that, given that all its efforts are already geared towards existing programmes.

Will you repeat the third part of the question?

Mr McCarthy:

How will the £5.5 million that had been earmarked for the stadium in 2010-11 be spent?

Mr Cory:

Once we move past the approval stage to design, build and so on, those costs will be allocated to design costs and to the initial build costs. At this point, that figure is a preliminary estimate because the commissioning of that is still subject to the approval of Sport Northern Ireland, the Department, DFP and the Executive. Therefore, at the moment, our approach to the budget is prudent, but, at this stage of the year, that is our best guess. I am aware that officials will come to the Committee on 17 June to discuss the stadium. Therefore, if members want more detail, that might be the best time to ask for it.

Miss McIlveen:

Thank you for your presentation. I have a couple of questions about technical transfers. A total of £100,000 will be transferred from the Office of the First Minister and deputy First Minister to DCAL for Re-Imaging Communities. Do you know how that money will be distributed? Will it be distributed through the Arts Council?

Mrs D Brown:

It is co-ordinated by the Arts Council, and the funding goes through that body.

Miss McIlveen:

I am seeking confirmation that the Re-Imaging Communities project will be in place for 2010-11.

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

Yes; that funding will allow the project to continue, and the money is available to community groups that want to change murals in their communities that contain threatening images and language to murals that are more representative of culture. There is an application process and various criteria must be met. Moreover, there is sometimes quite a long lead-in time and negotiation over how the murals will change, and having buy-in from the community is key. The Arts Council facilitates that with a series of partners, and it is a welcome addition to the Department's budget.

Miss McIlveen:

It certainly looks very positive. The Arts Council has met the Committee, and we commend it on that project.

I have a query about the £643,000 that is coming from the Department of Agriculture and Rural Development (DARD) to DCAL. Is that a transfer of a function?

Mr Cory:

No. When the Agri-Food and Biosciences Institute (AFBI) was created, it, in effect, offered its services under contract with service level agreements. It provides a science provision service to DCAL, particularly at Bushmills Salmon Station. Therefore, to facilitate the payment of the contract, we pay AFBI to do the work. The money that was originally allocated to DARD and went straight to AFBI now comes to us and we pay it to AFBI, because we hold AFBI to account for the service that it provides for us under the service level agreement. It is a technical nicety but it ensures that the people who receive the service pay the service provider.

Mr Burns:

We had hoped that the elite facilities would be ready for 2012. I understand that only £779,000 has been spent so far on the elite facilities. What action is being taken to accelerate the allocation

of money to those facilities?

Mr Cory:

Are you referring specifically to the elite facilities, as opposed to the multi-sports stadium?

Mr Burns:

Yes.

Mr Cory:

We are looking at the elite facilities as major facilities. The term “elite” is a bit unfortunate, because the aim is to develop facilities that are of benefit not just to an elite few, but are available for the community.

There have been delays in that programme for various reasons over the years. We still have to go through a standard competitive process that members may or may not be aware of. Sports Northern Ireland invited a number of bodies to bid for money from that programme. When the preferred projects are selected they must then produce a full business case. That is quite a complex stage in the process. The projects have to prove value for money and business viability before any money is made available. Since the programme was announced, the economic climate has shifted things quite significantly. No decisions will be made in the short term until full business cases have been produced.

However, there is a cautious note over the whole programme because we do not know what the next comprehensive spending review allocation will be. Acceleration would be fine, but full business cases still have to be provided and value for money and economic and business viability must be proven. We must then ensure that we have the money to fund the projects.

Mr Burns:

A lot of the people involved feel that they have had to go through hoops to get elite facilities. They lodged business cases and so on with the Department some time ago, and they feel that the whole process is desperately slow. Since the scheme was announced, it seems to be going at a snail’s pace. The problem is that there is no pace about it whatsoever; it is just dragging on and on.

Mr Cory:

We are required to follow that process to ensure that public money is spent in an appropriate and valid way. The whole process is somewhat long-winded; it requires economic appraisals and the use of centres of procurement excellence and it involves the Central Procurement Directorate in managing the contracts. It is a long, drawn-out process, but that is understandable because it involves the potential spending of significant amounts of public money. We have to ensure value for money in the first instance.

The Acting Chairperson:

There is a danger of us becoming long-winded as well; I will move on to the next question. I am conscious of time and the fact that we had a late start. Some members have other Committees to attend.

Mr T Clarke:

I join others in welcoming the officials. Under the budget line for museums, there is a line for the Somme Heritage Centre, but no budget has been allocated for that this year. Are there plans to fund the Somme Heritage Centre in the future?

Mr Cory:

To which table are you referring?

Mr T Clarke:

I am referring to the table in annex D1.

Mr Cory:

That table refers to capital spend. A small amount was spent on capital last year, but no capital spend is planned this year. However, money is being provided to the Somme Heritage Centre in 2010-11.

Mr T Clarke:

Was money returned from the Somme Heritage Centre budget last year?

Mr Cory:

No. You are referring to the figure of minus £12,000. The centre was given money last year; the

June monitoring round is the first point at which we have been able to regularise that.

Mr T Clarke:

Was that money an internal transfer? How much has the Department given the Somme Heritage Centre on an annual basis?

Mr Cory:

It is important to separate the capital spend from the resource or running costs. You have put me on the spot. I will have to look up how much the centre gets. It gets an allocation each year from the Department for running costs. I cannot give the exact figure right now because it is not in the table. The centre will still get that allocation in the current year. There is no allocation in this financial year for capital investment for works of whatever form. The figure of minus £12,000 is regularising the position from last year, when, as I understand it, some money was allocated to the centre.

Mr T Clarke:

Was that an internal transfer, or where was it from?

Mrs D Brown:

Yes, money was reallocated from other areas. Therefore, that money must be given back, but there is no money in the line to give it back this year.

Mr T Clarke:

Perhaps Mike could write to us and let us know how much is funded on a year-by-year basis.

The Acting Chairperson:

Will you give that undertaking Mike? It would be very helpful.

Mr Cory:

Absolutely.

The Acting Chairperson:

I am very conscious, Billy, that you have been sitting there very patiently and I know that you have lots to ask.

Mr Leonard:

I welcome the officials and thank them for all of the detailed work. According to the table in annex D1, the opening budget for the collections resource centre is £10,650,000 and the proposed June budget is zero. What is happening with the collections resource centre? What is its future with zilch?

Mr Cory:

The investment strategy for Northern Ireland's allocation for the collection resource centre is £24 million over a six-year period. As I explained earlier, the project requires a business case. That business case has not been completed; therefore, the allocation for this year could not be spent. It is some way off meeting the Public Accounts Committee's (PAC) requirements on collections. We have to look at that carefully, but National Museums has said that it will not be in a position to spend any of that allocation in the current year.

Mr Leonard:

So if it comes back on the radar in future years —

Mr Cory:

It is not off the radar. It is still definitely on the radar, particularly as it has been subject to a PAC recommendation.

Mr Leonard:

But that cannot progress within the year?

Mr Cory:

No, not in the current year.

Mr Leonard:

I also have a question about the sports strategy referred to in the table in annex D1. The proposed June budget allocation for the sport strategy implementation is £8,182,000. There is also a soccer strategy, with a proposed allocation of £758,000. That is an awful lot of strategising. Can we nail this; what is the work that is involved? Is there any possibility of overlap between the work on the soccer strategy and that on the general sport strategy? How on earth do we get over £8

million for strategising?

Mr Cory:

That is actually not for strategising. I will explain the first bit: the allocation for the soccer strategy is the final amount for a programme that has been running since around 2002-03 — *[Inaudible due to mobile phone interference.]* That will be the last of that, and it is directed primarily at soccer. The sport strategy implementation includes the programmes that were referred to earlier: Places for Sport and Building Sport. That is grant money going to communities. It is not for developing strategies; it is money for community sports facilities.

Mr Leonard:

So the programmes that are being allocated the £8.1 million —

Mr Cory;

Those are Places for Sport and Building Sport.

Mr Leonard:

So how are they reflected in the rest of your figures?

Mr Cory:

There is a difference. The £3.8 million allocation for safe sports grounds is part of the implementation of a statutory requirement. Tollymore is a specific project, and members will be familiar with the 50 m pool. There is a small capital allocation for Sport Northern Ireland's building purposes, and we have already mentioned the elite, or major, facilities.

Mr Leonard:

Perhaps you could follow up with the exact figures.

The Acting Chairperson:

I thank the deputation for coming along. I am sorry for the rush today, but you understand the circumstances under which we are operating.