



**Northern Ireland
Assembly**

**COMMITTEE FOR CULTURE, ARTS
AND LEISURE**

**OFFICIAL REPORT
(Hansard)**

December Monitoring Round

6 December 2011

NORTHERN IRELAND ASSEMBLY

Committee for Culture, Arts and Leisure

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Chairperson)
Mr William Irwin (Deputy Chairperson)
Mrs Brenda Hale
Mr David Hilditch
Mr Michael McGimpsey
Mrs Karen McKeivitt
Mr Oliver McMullan
Mr Cathal Ó hOisín
Mr Pat Sheehan
Mr Robin Swann

Witnesses:

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

The Chairperson:

I welcome Deborah, Colin and Arthur. None of you is a stranger to the Committee.

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

Can I be all those people?

The Chairperson:

You can if you wish, but it might make the meeting quite complicated. Deborah, do you want to make your statement?

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

I thank the Committee for inviting the Department of Culture, Arts and Leisure (DCAL) before it this afternoon to present its proposals for the December monitoring round. I think that you know us all: I am Deborah Brown, the director of finance in the Department; Colin Watson is here from the sports directorate on behalf of Mick Cory; and Arthur Scott is the director of culture.

I want to set out some general points. I have probably covered these before, but I will do so again for anyone who is not familiar with them. Budget 2011-15 set out the Department's allocations for the next four years, and it was approved by the Executive and the Assembly in March. As part of the Budget process, all Departments have aligned their strategic priorities against the Budget outcome, and those have been set out against the planned expenditure for their key objectives. However, it is recognised that priorities may change over the four-year period. There may be unforeseen pressures or easements, and it is desirable that Departments have the ability to adapt their four-year plans to manage those changing circumstances. The monitoring rounds are the mechanism through which that can be done.

In the past, the Department of Finance and Personnel (DFP) undertook four monitoring rounds but has now reduced that to three; I have mentioned that previously. That will allow us to focus on issues such as the levels of overcommitment and to make full use of our available spend. We will align the December monitoring round with the spring Supplementary Estimates. The in-year monitoring rounds are the process by which we can bid to DFP for additional resources to meet any unexpected pressures. We can also surrender any of our reduced requirements, transfer de minimis levels of budgets between service areas and make linked bids or easements to transfer larger amounts. This December monitoring round is our last opportunity to make any changes to our budgets. As I mentioned, it feeds into the spring Supplementary Estimates, which is the method whereby we obtain statutory authority to spend and draw down our cash. That is confirmed and drawn up against the December position. Therefore, it is important that all budget amendments, including our easements and internal reallocations, are actioned in this final monitoring round.

DFP has commissioned this final monitoring round in two stages. DFP must be informed of all transactions that do not require Executive approval by 7 December 2011. Those include internal reallocations and other technical adjustments. All the transactions that require Executive

approval, which are our bids, easements and reclassifications, have to be made to DFP by 3 January 2012. However, given the timing and the need to obtain the relevant levels of approval to ensure that we can reallocate our budget as quickly as possible and make sure that we maximise our spend, the Department has decided to treat the two sections of the monitoring round as one. We are dealing with all our bids, easements, internal reallocations and technical transfers together. Those results are detailed in our briefing paper. If there are any changes between now and 3 January 2012, we will notify the Committee.

I am sure that you are all familiar with the structure of public expenditure. We have three categories: recurrent, which includes administration and resource; capital, which includes pure capital and capital grant; and other ring-fenced areas, such as invest to save. Any movements among those are regarded as reclassifications, which need to be approved by DFP. In the recurrent expenditure, there is also depreciation and impairments, both of which are ring-fenced. Movements into and out of those must be approved by DFP.

This is our opportunity to manage our emerging pressures through internal interventions that we might want to take to produce a reduced requirement in one area that could be transferred to another area that might be experiencing pressure. Flexibility to move between service areas in DCAL — for instance, between sport and art — is restricted by the de minimis rule. Any moves above that rule require DFP approval. The de minimis threshold is £1 million. DCAL usually actions a number of de minimis internal reallocations during any of its monitoring rounds.

I turn now to the detail of the proposals in DCAL's submission. On resource, we propose to make a bid for book stock for libraries of £578,000. That will be a bid to DFP, and it will be linked with a reduced requirement on our resource side. On capital, we are placing a bid of £2 million for the Public Record Office of Northern Ireland (PRONI) Balmoral buildings, which results from the sale of Balmoral having fallen through. We are unlikely to generate the £2 million receipts. Although we will put it back out to market, it is highly unlikely that there will be a sale in this financial year. However, we hope to generate that receipt in 2012-13. We need to bid for that £2 million to cover the receipt that we expected this year. We are also placing a bid for £350,000 to repair the roof of the Movanager hatchery, and £60,000 for the ministerial advisory group on the Ulster-Scots Academy (MAGUS) capital grant programme. We asked for a reclassification for those last two bids in the October monitoring round. We had freed up some resource moneys and asked for it to be reclassified as capital. That was unsuccessful, so on the

basis of advice from DFP, we are going to bid for it now. The corresponding easements on the resource are being used on our proposals to fund book stock for libraries. However, I must point out that there is no guarantee that DFP will take the reduced requirement and give us the money back on library book stock. We are presenting the matter in that way.

We are also asking for a number of internal reallocations as a form of housekeeping whereby we are realigning our budgets in the same business areas and managing some internal pressures. In areas in which we have had small easements, we have brought forward proposals to manage and maximise the use of that budget.

At this point, we have no technical transfers, so our planned resource spend for the current financial year is £112,420,000, which is set out in annex B of the briefing paper. It tracks our movements through the monitoring rounds. Annex A sets out our internal reallocations and the capital spend for the financial year, which is £18.7 million.

I am happy to take questions on our proposals for the December monitoring round.

The Chairperson:

Thank you, Deborah. There is £2.4 million of capital bids. What are the implications of the bid being unsuccessful?

Ms Brown:

I would like to think that the PRONI bid is completely outside our control because of the sale having fallen through. We have had early conversations at an operational level with DFP. I would suggest that it expects some easements to come forward from other areas and Departments. Therefore, DFP has indicated that it supports that bid and would recommend it. Of course, it is subject to whatever easements come through, but I would be reasonably confident that that bid will be met.

The Chairperson:

What is the current asking price for the property?

Ms Brown:

It is £2 million.

The Chairperson:

Has that been readjusted over the past year?

Ms Brown:

There were some readjustments. At the start of the year, we expected to bring in £2.25 million, which we readjusted down to £2 million after we had had proposals on the sale. The current advice is that £2 million is still a reasonable asking price, and we will be looking for that sum when we put the property back on sale.

The Chairperson:

Has there been any interest in the property?

Ms Brown:

We have not put it back out to sale yet. We are in the process of doing that. I am not sure whether we have put up the “for sale” sign again.

The Chairperson:

You spoke about the need for flexibility. Over the past couple of weeks, we have been speaking to the UK City of Culture representatives. I am aware that a business case is being drawn up for that project. What is the current position of the project? What demands will it make on the Department’s budget?

Ms Brown:

At this point, because the business plan and business case are not finalised, we are not quite sure what level of funding will be required. When we know that, we will have a look at how that might be managed in the Department. If it cannot be managed in the Department, we will go to the Executive to bid for funding. Obviously, DCAL will not be on its own; other funders such as the Office of the First Minister and deputy First Minister (OFMDFM) will be involved.

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

Joanna McConway, who is the head of DCAL’s arts branch, is working with the Culture Company on the business case and the business plan. From memory — I may need to come back to the Committee — a figure of around £3 million has been discussed. Until we see the detail of

the business case, the Department cannot seriously consider the matter. When the business case is received, it will have to go through the approval process, and we will see whether the Department can fund the project. As Deborah said, we would have to make a bid to the centre.

The Chairperson:

Will existing projects be given assurances that they will not be affected by that?

Mr Scott:

In what context?

The Chairperson:

If extra money is required, will there be reductions in other areas of work?

Mr Scott:

That will be subject to the priorities that the Minister sets and to existing commitments. In that sense, the whole expenditure process is a movable feast. The Department is given allocations and makes commitments. Once commitments have been made, there are contractual obligations. At every point through the monitoring round, the Department looks carefully to determine the best use of resources in line with its commitments and priorities.

Mr Swann:

Thanks, folks, for your presentation. I raised the following point during discussions on the previous monitoring round, and I now raise it again: regional stadiums. We are reducing the funding by £131,000 in December internal moves. My concern is that that money seems to be being used as a slush fund to balance DCAL's books. In earlier discussions, you came up with the answer that, in year 4, you hoped to find easements and all the rest of it. However, the pot of money that you will be looking for in year 4 is becoming bigger and bigger and is now in the region of over £200,000. What guarantee is there that that is not just being used to balance your books?

Mr Watson:

The majority of that money will be used to bring forward projects that we are planning for next year on the community sport programme. We have a list of projects that are waiting to go. We can do so many this year, and others are planned for next year. We are able to accelerate some of

next year's projects and bring them into this year to utilise that funding. The money can then come out of that other pot.

Mr Swann:

The community sport programme is sitting at £1.5 million, and you have put an extra £100,000 into it. It still looks as though you are moving money to balance the books. The regional stadiums will suffer at the end of year 4.

Ms Brown:

The regional stadiums will not suffer; there is still £110 million for them. There is £3.6 million in year 4 that has not been allocated to a specific project. Therefore, at the moment, the amount of re-profiling that we have had to do around the stadiums is nowhere near that magnitude. So we are still happy that there is a sufficient budget in that four-year period to meet demands.

Mr Swann:

So you are using this as a slush fund, knowing that you have £3.6 million to work with?

Ms Brown:

We are not using it as a slush fund. We use it to manage our capital programme. As Colin says, we are being proactive in trying to bring projects forward. There will always be areas of pressure. The Department has a very small capital budget, unlike those it has had in previous years. So something very small will have a big impact. The de minimis level is £1 million, so it is completely within our gift to move budgets round as best we see fit. If we are able to bring projects forward, that creates easements in the next year, which can in turn help out with year 2 pressures. As far as I am concerned, this is good financial management; we are working closely with our arm's-length bodies to manage the issue and make sure that we create opportunities to manage pressures in later years.

Mr Swann:

I remain to be convinced.

The Chairperson:

Are you satisfied?

Mr Swann:

No.

Mr Hilditch:

I will ask questions on a similar vein on safe sports grounds. There has been a reduction there.

Mr Watson:

Yes, we have a £23,000 easement. It revolves around costs that should have accrued into last year but did not, because things were done a bit late. We were able to make an easement out of this year's funding to cater for that. It is a purely technical issue; it does not impact on any project or programme. They will all be finished. *[Inaudible due to mobile phone interference.]*

Mr Hilditch:

There is a reduced requirement on the Ulster-Scots Academy. How does that leave its situation?

Mr Scott:

The reduced requirement for the academy reflects the fact that this is its first year of operation, so there is a bedding-in and setting-up period for its procedures, schemes and application processes to the sector. That money could not be spent in the accounting period, which is why it has been surrendered. It does not reflect the academy's needs in future years.

Mr Hilditch:

I declare an interest as the chair of the steering group of the Andrew Jackson cottage and US rangers centre in Carrickfergus. Will any of the phase 2 programmes, which are currently up and bid for, be affected?

Mr Scott:

As I explained earlier, any project that has been supported and has had a letter of offer will receive that resourcing. There are some projects at the moment that *[inaudible]* considered. If people have applied to the ministerial advisory group fund for a project and received approval, that commitment will be met.

Mr McGimpsey:

On the Ulster-Scots Academy: £499,000, which is almost half a million pounds, has been handed

in. What is its total budget?

Mr Scott:

The total amount that was allocated as part of the Budget settlement this year was £1 million.

Mr McGimpsey:

So it is handing back 50%?

Mr Scott:

Yes.

Mr McGimpsey:

Has there not been a miscalculation somewhere along the line? We are halfway through the year, and you have already discovered that you do not need half the money, so is it a case of your overbidding?

Mr Scott:

The ministerial advisory group allocation was determined by the previous Minister in the allocation of the Department's budget, and it was anticipated that the group could have spent that money in the year. However, a number of things happened such as getting staff for the secretariat and the development of schemes, and, in accordance with flagging up the issue early, there was surrender in a previous monitoring round so that money could be diverted to other priorities in the Department or across other Departments.

Mr McGimpsey:

You put forward a business case and a request for, in this case, £1 million. It is not giant money, but I presume that the business case went off and came back and, within six months, you tell us that you do not need half the money. You need to give us some confidence that, come next year, the same thing will not occur again.

Mr Scott:

As I explained, the draft strategy is close to being considered by the Minister, and it sets up three streams under which the sector or those who are interested in Ulster-Scots heritage can apply for funding. I am confident that, in the future, a pipeline of projects will come through that should be

able to be considered against that level of resource.

Mr McGimpsey:

We were looking at that type of project 10 years ago, and it seems a pity that, when we start to get it off the ground, we are already 50% off as far as our money is concerned. It seems to me that there has been a serious miscalculation by whoever approved the business case in the Department. What sort of money are you looking at for next year, the year after and the year after that? It is a four-year budget.

Mr Scott:

The indicative allocation is £1 million in each of the survey years, but that will perhaps be revisited in light of this.

Mr McGimpsey:

Are you confident that you can spend that money?

Mr Scott:

This is the first year. No one really knew because it was 10 years since anything had happened.

Mr McGimpsey:

Are you confident that you have a business case and that you can spend the money over the next three years?

Mr Scott:

I am confident that the strategy will encourage people to apply for projects. Those projects have to go through individual business cases, satisfy the objectives set for MAGUS and fit with departmental priorities. Subject to that being the case, I am confident that that amount of money could be spent. It is like any grant application scheme in that you are dependent on quality projects coming forward.

Mr McGimpsey:

At a time of financial constraint, we will be unhappy if you come back next year with a 50% underspend after six months. We need a bit of accuracy.

Mr Scott:

I note your comments.

Mr Irwin:

My question about Ulster Scots has been mainly covered. Are you saying that that amount of money is for the first year?

Mr Scott:

This is the first year of a four-year period.

Mr Irwin:

You propose to use that £578,000 to make a resource bid for library bulk book stocks. Is that correct?

Ms Brown:

Yes. We have identified some easements and have had a look at where we could spend money and achieve value. Libraries were hit hard, as were all our arm's-length bodies, and the question was where the money could be spent to make up that difference. We decided that that was a high enough priority to divert those easements there. As I said, we surrender the money and then we bid for it, so there are no guarantees that we will get that money back for library book stocks.

The Chairperson:

No other member wants to speak. I note your comments that, should there be any changes, you will brief the Committee by way of a paper. Thank you very much for attending this afternoon and for taking questions.