



Northern Ireland
Assembly

Committee for Culture, Arts and Leisure

OFFICIAL REPORT (Hansard)

June Monitoring Round: DCAL Briefing

31 May 2012

NORTHERN IRELAND ASSEMBLY

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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
Mr Oliver McMullan
Mr Cathal Ó hOisín
Mr Pat Sheehan
Mr Robin Swann

Witnesses:

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

The Chairperson: I welcome Ms Deborah Brown, the Department's director of finance and corporate services; Mr Arthur Scott, the director of culture; and Mr Colin Watson, the director of sports and stadiums, who has not been with us for two weeks. I will ask Deborah to make an opening statement, which we will follow up with some questions.

Ms Deborah Brown (Department of Culture, Arts and Leisure): Thank you for inviting the Department to present its proposals for the June monitoring round. I will quickly run through some of the background information.

Budget 2010 set out the departmental allocations for the four financial years from 2011-12 to 2014-15, and that was approved by the Executive in March 2011. As part of that Budget process, all the Departments set out their strategic priorities, aligning them with their Budget outcomes. However, it is recognised that priorities will change over a four-year period and there needs to be a process in place to help Departments face unforeseen pressures and manage their easements. The method of doing that is through these Budget monitoring rounds, by which Departments are allowed to bid to the Department of Finance and Personnel (DFP) for additional resources, meet any unexpected pressures, surrender any reduced requirements and transfer de minimis budgets between service areas or submit a linked bid or reduced requirement to transfer a larger amount.

As part of the Budget 2011-15 process, a review was carried out of the number and timing of the monitoring rounds, which resulted in the reduction in the number of monitoring rounds from four to three. These are now happening in June, October and January.

I will move now to some of the specifics around public expenditure. I am sure that you are aware that there are three categories, which are recurrent, capital and ring-fenced. Any movements between those three areas have to be approved by DFP. In recurrent, the budget for depreciation and impairments is still ring-fenced; therefore, any movements into or out of those must have DFP approval and may be limited, depending on the movements in opposite directions in other Departments.

Monitoring rounds also provide the opportunity to manage emerging pressures through internal interventions. That is where you could request that a reduced requirement in one area is transferred to another. The flexibility to move between service areas, for example, between sport or arts, is restricted by the de minimis rule, and any move over and above that threshold requires DFP approval. The de minimis threshold is £1 million. The Department of Culture, Arts and Leisure (DCAL) usually actions a number of de minimis internal transfers during its monitoring rounds.

I will turn now to the detail of the DCAL proposals for the June monitoring round. On resource, we propose to make a series of bids. We wish to bid £7,770,000 for the City of Culture. I am sure that you are aware that DCAL is the lead Department for support of the Derry/Londonderry City of Culture cultural programme — I emphasise that it is responsible for the cultural programme. The Executive agreed to make available £12.6 million for DCAL to support this cultural programme in 2012-13 and 2013-14. This is a bid for the element of the £12.6 million that will be spent in 2012-13.

We are also making a bid for small salary pressures in the Public Records Office of Northern Ireland (PRONI) of £200,000. Although this is de minimis, we are allowed to make bids in exceptional circumstances, and we believe that this is an exceptional circumstance, in which new work has come to PRONI which also is of benefit across the Northern Ireland Civil Service (NICS) and is a statutory requirement. That includes work on the introduction of the 20-year rule; work for the Office of the Police Ombudsman; the historical and institutional abuse inquiry; the implementation of retention and disposal schedules; and the digital preservation project.

We are also placing a bid for £200,000 for depreciation pressures on the new PRONI building. We calculated depreciation earlier in the process, but now that we have more accurate figures, we are merely updating that.

We have also reviewed our capital and are proposing to make a £1.5 million bid in respect of the pool, where we had damaged beams last year. We surrendered money in the December monitoring round, and we are bidding for that money back again.

On reduced requirements, we are not surrendering any resource in this round. We are surrendering capital to a total of £13,909,000. We are declaring £1.5 million in respect of the sale of the Balmoral building. That is approaching completion, and, therefore, we are easing the budget value of the net book amount, which is the amount at which it currently sits in the Department's books. That does not reflect the current bid that is on the table, which is commercial and in confidence.

We are also surrendering an easement of £12.4 million in respect of the regional stadiums following extensive work that has been carried out by the stadiums programme director to clarify that spending profile. We intend to ask for that money back, and we have been in liaison with DFP to secure that money in 2013-14 and 2014-15 and still secure the £110 million over the current comprehensive spending review (CSR) period.

The Department is seeking one reclassification of £355,000, which is from capital to resource. That is in respect of W5 and is in line with the agreement that we reached with the Odyssey Trust Company (OTC) on the future funding as it takes control of the company. That is our move towards the removal of public funding from W5 over the CSR period, and that reclassification of the existing budget gives it more flexibility during the transitional period.

DCAL is seeking no internal reallocations above the de minimis threshold. However, we are proposing a number of small resource and capital reallocations below the de minimis amount. On the resource side, most are just for housekeeping, where we are realigning budgets in the same business area or trying to manage some of our small internal pressures. The details of some of the capital reallocations that we are proposing are in the table.

We have an easement of £3 million on the Electronic Libraries for Northern Ireland (ELFNI) project, and we will use that money to progress the Kilkeel library refurbishment of approximately £800,000 and to cover some library sales that we are not able to materialise this year. We are holding some

money in against the Londonderry papers, the fisheries weed harvester and for Raidió Fáilte. However, business cases still have to be completed on those, and decisions have to be taken once we have certainty on the sale of the Balmoral site. No action will be taken on those until then. We also have a small amount to cover the pressure of the Mourne mountain bike project, which has slipped from previous years. There are some other easements that we are using from PRONI to meet some of the smaller pressures arising on the pool and the Mourne mountain bike projects.

It should be noted that, to mitigate the risk to the capital should the Balmoral site not go through, we are delaying decisions on the fisheries weed harvester and the PRONI Londonderry papers. However, once business cases are prepared and assessed and we have certainty on the Balmoral site, decisions will be taken on those. It may be done in the context of a different climate or other pressures, but we will make that assessment at that point. The Department has proposed a number of technical transfers as part of the June monitoring round. These will result in an additional £376,000 in resource and a reduction in administration of £77,000. The biggest of these is the movement of money for the Special Olympics, which comes from the Department of Health, Social Services and Public Safety (DHSSPS), the Office of the First Minister and deputy First Minister (OFMDFM), the Department for Social Development (DSD) and the Department of Education (DE), and is administered through Sport NI.

To summarise, the planned resource spend for the current financial year is £117,714,000, which is described in annex C. The planned capital spend for the financial year is £21,368,000. That summarises the Department's proposals for the June monitoring round. I am happy to take any questions.

The Chairperson: Thank you very much, Deborah. That was very detailed. It has probably left us with a few questions. I understand that the sale of the Balmoral site is commercially sensitive. At what stage do you think that you may get some clarification on that?

Ms D Brown: We hope to have certainty by the end of June, but, again, with these things, anything can happen. At the minute, that is the timescale that we are hoping for.

The Chairperson: We are in a better position on that in this monitoring round than we were previously.

Ms D Brown: Yes, we are in a slightly better position, but nothing is certain until —

The Chairperson: — everything is signed and sealed. Absolutely.

Ms D Brown: Yes. That is the risk with that.

The Chairperson: You spoke about the reduced requirements for stadia. I suppose that we would like to be further forward with that. Have you received reassurance from DFP that there will not be an issue with getting that money back in 2014-15?

Ms D Brown: DFP cannot give us that reassurance at this stage because this is obviously an issue for the Executive. However, it is a Programme for Government commitment, and we will still spend the £110 million within the four-year period. It was always accepted that the initial profile was done at a particular point in time when we did not have the amount of information that we really needed. We are very pleased at this point that the profile brings it in within the current CSR period.

The Chairperson: There are obviously concerns, particularly in North Down Borough Council, about the £1.5 million that is still required for the completion of the 50-metre swimming pool in Bangor. Where are you in relation to that?

Ms D Brown: We have been in conversation with DFP. Because the money was given back last year, it is very sympathetic. Obviously, because of the sale of the Balmoral site, etc, additional receipts will be brought in by the Department this year. All that is subject to Executive approval and to what happens in other Departments. However, given that it is a commitment, we would like to think that it would be looked on favourably.

Mr Swann: Thank you very much for your presentation. With regard to prepared business cases for capital moves, you said that you were delaying the move on the fisheries weed harvester.

Ms D Brown: We will not press the button to go ahead with that until the business case has been approved and we have certainty on the Balmoral site. If the sale of the Balmoral site does not go through, we will not have the money available. That is the risk associated with that. This is just good financial planning. Based on the best-case scenario, where the sale of the Balmoral site goes through, these are the other higher-priority capital projects that we have in line. We are getting everything lined up so that we are ready to go the minute we have that certainty.

Mr Swann: How soon after you press the button on the weed harvester will it be there?

Ms D Brown: I do not have the details on that. Obviously the business case and the procurement process for that will have to be brought forward before the end of the financial year. However, I do not have the detail on when exactly that will happen.

Mr Swann: What about the £140,000 for Raidió Fáilte? You said that there is no business case for that.

Ms D Brown: The business case is being worked up at the moment.

Mr Swann: Yet you have already assigned the allocation.

Ms D Brown: We have not assigned the allocation. These are our proposals for this monitoring round.

Mr Swann: Without a business case?

Ms D Brown: The business case is being worked up, and quite a lot of work has been done on it in the Department. Arthur might want to say something on that.

Mr Arthur Scott (Department of Culture, Arts and Leisure): As a capital project, it is still in its preparatory stages. We have the preparation of the business case, as well as the design briefs and plans for the preferred site. We do not anticipate the spend until later, subject to the final business case being approved.

Mr Swann: Are the projects for Raidió Fáilte and the weed harvester at similar stages of development?

Ms D Brown: To be honest, I am not sure whether they are at the same stage. I could not tell you for sure whether they are at exactly the same stage or at slightly different stages.

Mr Swann: There is a figure of £2.6 million for the ELFNI project. What is the detail of that? That is a significant amount to be spent on an internal move at this point.

Ms D Brown: With the ELFNI project, the CSR was done at a particular time when the profile of the spend was unknown. We are now getting to the tendering stage with that one. The work has been re-profiled and we know exactly where the money is needed, so that is us giving the money back to DFP, and we will have to secure it next year. We are highlighting all these issues to DFP at this stage. However, as I said, it is accepted that this is a four-year Budget, and the purpose of the monitoring rounds is to allow for the fact that, at the start of a four-year process, you cannot have certainty as to when exactly all that spend will occur. We are flagging all these issues up to DFP at the moment. DFP has talked about an exercise for 2013-14 and 2014-15. After this session, we are giving a presentation on the provisional out-turn, which may be one of the things that helps to inform that. This Department has performed very well in the 2011-12 year. We think that we are doing all the right things, and we are flagging these issues up to DFP early so that we can make sure that they are taken into consideration for future allocations as well.

Mr Ó hOisín: I may have misheard, but was there a reference to the Clipper Festival? Did you say that there was funding there for the Clipper Festival?

Ms D Brown: I did not mention the Clipper Festival.

Mr Ó hOisín: You did not. I did mishear then; sorry.

The Chairperson: Was that wishful thinking?

Mr Ó hOisín: Possibly, yes.

Mr McGimpsey: The reduced requirement for stadiums is almost £12.5 million. That is a very substantial amount. What happened there that meant that you were unable to spend the money this year? Presumably, there were schemes that you expected to come forward that never reached fulfilment or maturity or whatever. Who was it who did not come forward for the money earmarked for them, or what is the explanation? OK, DFP is being kind and is saying that you will keep the money, but, in any other year, it might not have said that. What is the reason for that?

Mr Colin Watson (Department of Culture, Arts and Leisure): At the start of the process, you go in as best you can with very tentative plans, and the funding was profiled on that basis. This is all part of good, normal project management. You have to redraw the plans because plans will change over a four-year period, and £110 million over four years represents a fairly extensive and complex programme. The new plans show where the funding is going to be required. It is simply a re-profiling exercise over the four years. It is part of normal project management to plan as you go along.

Mr McGimpsey: How much did you actually spend in-year on stadium renewal? How much went out? All right, you have your plans, and those plans can be rejigged or whatever. However, you set aside a lump of money for capital spend this year, £12.5 million of which you do not need, so how much did you actually spend?

Mr Watson: There was £20 million profiled in the budget for stadiums this year, so we have spent £7.5 million or £8 million. Sorry, we have not spent it yet; we plan to spend it — the year is not over. We plan to spend £7.5 million to £8 million this year.

Mr McGimpsey: So, you are out £12.5 million. OK. That throws it over into next year. Are you confident that you can spend it next year?

Mr Watson: Over the next couple of years, yes. The most recent plans show that the £110 million will be spent within this CSR period.

Mr McGimpsey: We will keep it under close watch.

Mr Watson: Well, like I said, as part of good, normal project management, we will be keeping it under close watch as well.

Mr McGimpsey: You may say that, but you anticipated that this substantial lump of money would go out, largely in investment in construction, which is on the floor at the minute as far as economic activity is concerned. That is the sort of money that the construction industry would have enjoyed earning. That is why I asked about it. This is wider than simply good bookkeeping in DCAL. The plan was not to spend just this sum specifically; there was another sum involved, and it involved the economy.

Mr McMullan: How long is a business case viable? How long can it go before it —

Ms D Brown: Before it becomes obsolete or out of date? A business case is prepared, and when we are about to spend the money, we revisit it and check that the data is up to date. We might have to refresh it, depending on how much time has elapsed. It is difficult to say how long it can still stand for. If some time has elapsed, we always go back and have a look at the business case again before we run with it.

Mr McMullan: So, if a business case were done today, it would be OK over the next four years?

Ms D Brown: I do not think it would be OK over the next four years. I think it is reasonable to say that things will have changed. You would have to assess the options, and the options might change, depending on what the climate is at the time. The amount of work on the business case that you would have to redo would depend on when you take the decision to revisit it. However, it is prudent to

have these business cases ready. The timescale should not be so long that it would mean that the business case would become obsolete.

Mr McMullan: It would go back to DFP then.

Ms D Brown: Yes.

The Chairperson: Deborah, will you rewind just a bit to the discussions on library refurbishment? I know that you mentioned that £800,000 is going to Kilkeel library for refurbishment. Will you just talk me through that?

Ms D Brown: As you know, there was very little capital allocation for libraries over the CSR period, so, when the easement on the ELFNI project came up, the decision was taken to have a look at other priorities, and Kilkeel library was one of those projects where refurbishment was required, the business case was ready and the work could be done in this year, although there is a tail into next year. So that is how that decision was taken. What we are trying to do with our capital programme is make sure that, when we do have some slippage, we have other projects that we know are of high enough priority but for which we did not get the cover in the CSR. We look for opportunities to make sure that we can put that investment back into culture, arts and leisure.

The Chairperson: There is clearly a lesson for other areas; they should have their business cases ready to go. Thank you. Arthur, you have been very quiet this morning. Have you nothing to add?

Mr Scott: No, I am happy to address the Committee's questions.

The Chairperson: Thank you very much.