



Northern Ireland
Assembly

Committee for Culture, Arts and Leisure

OFFICIAL REPORT (Hansard)

October Monitoring Round 2013:
Departmental Briefing

26 September 2013

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)
Mr David Hilditch
Mr William Humphrey
Ms Rosaleen McCorley
Mrs Karen McKeivitt

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: We welcome the following officials to the meeting: Deborah Brown, director of finance and corporate services; Colin Watson, director of sports and stadiums; and Arthur Scott, director of culture. I apologise to you all for the delay. Obviously, Colin, this is your penultimate briefing to the Committee, and we wish you well with what you intend to do when you go into your early retirement.

Mr Colin Watson (Department of Culture, Arts and Leisure): Thank you. You are all heart.

The Chairperson: Deborah, I ask you to make your opening statement, and members' questions will follow.

Ms Deborah Brown (Department of Culture, Arts and Leisure): Thank you for inviting the Department to present its proposals for the October monitoring round. I apologise for the delay experienced in receiving the papers. You received them only on Tuesday evening. You will note that you have received two submissions, one is specifically in respect of October monitoring and the other refers to a 2014-15 capital exercise, agreed by the Executive following the June monitoring round. If you are content, I will cover both papers in this session.

I will begin with the October monitoring round. As you are aware, Budget 2010, which set out the four financial years' budgets, was approved in March 2011. As part of that process, all Departments set out their strategic objectives and aligned them to the Budget. However, as we know, over a four-year period, priorities can change and the monitoring rounds are the opportunity for Departments to put forward their proposals; surrender any reduced requirements; ask for additional resources to meet unexpected pressures; transfer de minimis budgets between service areas; or submit a linked bid to transfer a large amount of budget. As part of the Budget 2011-15 process, there was a review of the

monitoring rounds. They have now been reduced to three and they happen in June, October and January.

As you are aware, the make-up of the public expenditure structure is in three areas. They are as follows: recurrent, which includes our administration and resource; capital, which includes capital and capital grant; and other, which are ring-fenced areas such as invest to save. Any movements between the classifications have to be approved by the Department of Finance and Personnel (DFP). Within recurrent, the budget for depreciation and the impairments are ring-fenced, and movements into or out of those are subject to DFP approval and may be limited to the corresponding movements in the opposite direction from other Departments.

Departments use the monitoring rounds to manage emerging pressures through internal interventions by requesting that reduced requirements in other areas be transferred to an area that is experiencing a pressure. Flexibility to move between these service areas — for example, between arts and sport in DCAL — is restricted by the de minimis rule, and any moves over and above the de minimis threshold of £1 million require DFP approval.

I will now turn specifically to the DCAL proposals for the October monitoring round. We propose to make a resource bid of £1 million and a capital bid of £1.5 million to fund a number of City of Culture legacy projects. These will build on the successes of 2013, maintain momentum and seek to secure sustainability benefits in the longer term. This covers the period January to March 2013. The types of project that we might fund under this will be those that have been successful in the current programme such as the Music Promise and Other Voices.

We have not proposed to make any reduced requirements in resource, but we will surrender £3.669 million in respect of the stadiums. That will create a corresponding pressure in 2014-15, and we will increase our 2014-15 proposal to ensure that the full £110 million is kept for the stadium programme.

We have not proposed to make any reclassifications, nor have we sought any reductions in internal reallocations above the de minimis level. We have, however, proposed a number of reallocations below the de minimis level, which are just a mixture of housekeeping and managing any pressures that we have.

We also have a number of technical transfers between Departments. We will receive a small contribution from DFP for our pension scheme, we will return £3,000 on advertising and there will be an £80,000 contribution from the Department of Enterprise, Trade and Investment (DETI) to DCAL for the music industry. There will also be an outward transfer to DFP to cover some EU secondees.

In summary, the planned resource spend for the current financial year is £122 million, and that is set out in annex B to the paper. The planned capital expenditure for the financial year is £37.247 million.

That summarises the October monitoring round. If you are content, I will now outline the 2014-15 capital exercise.

The Chairperson: Would it be useful for us to ask questions at this stage on the October monitoring round?

Ms D Brown: Sure. That is fine.

The Chairperson: Are you confident that the surrender of the £3.669 million for the stadia development will be recovered in the following Budget year?

Ms D Brown: Yes, the profile that we got in the comprehensive spending review (CSR) was never going to meet the actual profile spend, because of the point at which we had put the submissions in under Budget 2010. DFP has always been aware that that budget allocation in the baseline was never going to be what we needed. Therefore, the only way in which we can deal with that is through the in-year monitoring rounds, and DFP is well aware that those are inescapable pressures. I would like to think that this proposal will be seen favourably by DFP and be supported. There is a slippage of that amount into 2014-15, but we also had slippage last year. You will see that, in the 2014-15 exercise, we are bidding for £16 million to cover all that to bring it back to the full £110 million complement. It is an inescapable pressure, and I do not foresee any huge problems in securing that.

The Chairperson: I am glad you clarified that. My next question concerned the previous slippage. This has been an irregular situation, and we understand the issues around that. We will return to that in the next part of your briefing.

The original profile for the UK City of Culture legacy programme was £6.5 million, and there was an optimism bias (OB) of £2 million. Has that OB been spent?

Ms D Brown: Yes; the majority of that has been allocated. Arthur might want to say something more about that.

Mr Arthur Scott (Department of Culture, Arts and Leisure): I am not sure of the exact figure, but there is a small figure — around £120,000 — of OB that is still live.

The Chairperson: That is out of a budget of £2 million. So we are currently sitting at an £8.5 million spend from the Department for that particular project, and we are looking at capital bids of £1.5 million this year and £1 million next year, and another £1 million in resource. That would take the figure up to £12 million for the full project. Is that right?

Ms D Brown: No. The total project was £12.6 million up to the end of December. In addition to that, we will make bids for £1 million resource and £1.5 million of capital for the January to March period. In the 2014-15 capital exercise, you will also see that we will make capital bids for City of Culture legacy. That will build on what we have done in the City of Culture in 2013.

The Chairperson: So what is the total likely to be?

Ms D Brown: The City of Culture programme was £12.6 million. We are now looking at developing something to build on the legacy of that. We do not have a final figure at this time; we are building up some projects that we want to take forward in 2014-15 and beyond.

The Chairperson: What are you looking to spend the capital bid on? I know that you mentioned Music Promise and Other Voices. How are those regarded as capital?

Ms D Brown: No. Those are the resource bids for £1 million. We are working on a number of capital projects at the moment, but I am not in a position to go into any detail — we are still examining the viability of those, and I would not want to create any expectations about who might get funding. We will take some of those forward in the January to March period, and others will continue into 2014-15. You will also see some other bids in the 2014-15 exercise. Once we have some more information, we will come back to the Committee.

The Chairperson: That clarification would be helpful.

Finally, we have had discussions previously about Líoifa. I will not make any political points because we have covered that in previous discussions. A total of £60,000 is being allocated for the Líoifa website. Will you clarify how the Líoifa budget is actually classified in the Department? Is there a budget for it? It is clearly a programme rather than a project, and the Committee is at sea as to whether it is within or outwith its budget.

Ms D Brown: I do not have the detail of that budget, but a budget has been allocated for Líoifa in resource, and there is also an element of capital. I think that the budget is a couple of hundred thousand pounds. If it would be helpful, I can get you the details of that and of the spend to date.

Mr Scott: As I have explained previously, Líoifa is an initiative and a number of projects have been developed around it. For each spend, a business case is prepared. The Líoifa website will be delivered by Foras na Gaeilge, and the tender for that will be issued shortly. Part of the tender will be to provide a dedicated Líoifa website and a second tender will be issued for online learning materials. Those materials will provide greater access to those who want to learn Irish and are, perhaps, prevented from attending existing classes. Some of the feedback that we have received on the efforts that have been made throughout the Líoifa initiative demonstrates that a number of people are unable to access community classes because of work commitments or childcare arrangements, or because they are looking after a sick relative, and so on. Part of bid is to fund the website, which will be a dedicated website rather than just a page, as it is at the moment. There will also be a range of quality materials that people will be able to download and interact with to help them develop their

understanding. As I have explained previously, the budget for that is set at £60,000. There is an approved business case for that spend.

The other costs around Líoifa relate to staff. There are two Líoifa officers in the Department, who travel across the region providing support to local groups from across the community that want to take forward opportunities for people to sign up to learn and develop their use of the language. For any additional costs, such as marketing, promotional or assistance materials, specific business cases are prepared for approval.

Mr Hilditch: I want to return briefly to the regional stadiums and the handing back of that money. I know that you are with the finance people, Deborah, but I reiterate the fear that there may be money lost in the chain. I have every confidence that the three stadiums will be delivered, but there is a fear that any further bids in the middle-ranking area, particularly in football, in which I declare a personal interest, could be jeopardised. The paper states that half the budget for the sports governing bodies is being moved. What is going on in that area?

Ms D Brown: There was £1.5 million allocated to the governing bodies, split between resource and capital. Some moneys were given back.

Mr Hilditch: You have no other details on that?

Mr Watson: Not at this point. We can get you some details. It is just that some of the projects that the governing bodies had been moving forward moved a bit slower than they had anticipated, which was why the funding slipped for them. They are small amounts.

Mr Hilditch: In some cases, in some sports, small amounts are quite big amounts to some individuals. I would certainly like to know the detail of that.

Mr Watson: We can get you the detail on that.

Mr Hilditch: Thank you.

Mr Humphrey: Thank you very much for your presentation. I want to back up Mr Hilditch's point on the stadium slippage. Once the figures are out there in public that nearly £3.7 million is being surrendered, alarm bells will ring in the footballing fraternity. The Department needs to be very proactive to make sure that the message that we have received here today gets out: that there will be no slippage with Windsor Park and the other regional stadia and that there will be no adverse effects on those developments.

It has very clearly been established by the Committee some time ago that Líoifa is a political directive on the part of the Minister. I am concerned that there is an open chequebook for that project. When we are talking about legacy projects and I hear from you, Deborah, that there is no complete figure, that worries me. How do we keep a control and a check on the spending on Líoifa? It seems to me that money is spent whenever there is any requirement for it to be spent. If £60,000 is being spent on a website for Foras na Gaeilge, which is a North/South body, how much is the Republic of Ireland's Government contributing to that?

Ms D Brown: We will deal with the last question first, if that is OK, and we will come back to the others.

Mr Scott: I have explained the £60,000. Part of it is for the development of a website and part of it is for the development of learning materials. I am sorry, but I do not have the split of the funding of that, but I certainly undertake to provide that to the Committee. Líoifa is a departmental initiative. Foras na Gaeilge, as a body, has been used to do it. There is no contribution from the Government in the South to that project; it is a project for our Department.

Ms D Brown: You asked how we keep a handle on the amount of funds, going forward, if we are not sure what these bids for. It is not that we are not sure what the bids are for. What we are saying is that there are a number of projects that we are assessing. We are assessing their viability and deciding at what stage we can start to work on them. The bids that we have placed at the moment are prudent bids for which we are sure we can deliver that level of funding to a number of projects. The question is at what stage we start them. We will also feed that into the 2014-15 capital exercise to

ensure that we have that momentum carried forward. Therefore, there will be a list of projects, and they will be managed and controlled to ensure that the funds are spent appropriately within their particular financial years. We will provide you with details once we have done some more assessment.

Mr Humphrey: It is not the first time, in relation to this project, that we have had figures that have not been concrete and costed, and I am concerned about that.

Ms D Brown: Are we talking about the City of Culture?

Mr Humphrey: I had not come to that yet. I am talking away about the Líoifa project. I had not yet come to the City of Culture. So maybe can you answer the question that was asked?

Mr Scott: Sorry. I thought you were talking about the City of Culture. As I explained previously to the Committee, this is a departmental initiative, designed to promote and support those who want to improve their use of, or to learn, the Irish language. The main thrust of the support is the Líoifa officers, who attend various events and organisations who want to encourage people to sign up. They point people in the direction of comprehensive information on the range of learning opportunities that are available. The main costs in relation to that are around staffing. The website development was in response to a need that was identified —

The Chairperson: I am sorry, Arthur. Could I ask you please to speak up?

Mr Scott: The development of the website was in response to the need for materials for people who may not be able to access local language classes to develop or acquire the language. There have also been a number of promotional activities, on which we have previously provided information to the Committee and presented business cases. Therefore, there was a defined budget for the Líoifa programme. It may be helpful if I provided the Committee with the Líoifa programme, and how its costs are estimated. It is a responsive programme, in that it responds to needs in the community. That is where the change comes in the original plans. However, as Deborah has outlined, with respect to controls in the Department, if there are insufficient funds to support an activity that is considered essential for Líoifa, like any other branch in the Department, we bid for the money, develop a business case, and submit that to see whether it can be funded.

Mr Humphrey: That would be good. You may remember the event held at Custom House Square. An open chequebook policy was adopted for that.

Mr Scott: I would not agree with that comment. A budget was set for that event. From memory, it was around £20,000. Again, a business case for that was completed and approved. The purpose of that event was to acknowledge the initiative, one year on, and to celebrate its success in the number of people that it had signed up and the learning that had been demonstrated. It was also intended to bring the Irish language to the entire community and demonstrate, as the Minister has on many occasions, that the language is for everyone who wants it.

Mr Humphrey: I will go back a bit because there was some confusion about what we were talking about. If £60,000 is going to Foras na Gaeilge, why is some of that contribution for the website not coming from the Irish Government?

Mr Scott: There is a history of such particular projects and programmes. Not all of what Foras na Gaeilge does is funded by both Governments. Some aspects of what Foras na Gaeilge does are funded only by the Southern Government. Líoifa was a departmental initiative. I think I did explain in a previous answer to the Committee that, when the Department wanted to launch this initiative, Foras na Gaeilge was asked to do it but was not in a position to do so. To return to the present, the reason for that £60,000 is that it is a departmental initiative. The Department feels that Foras na Gaeilge is better placed to take this initiative forward with regard to the development of the website and the learning materials. In effect, it is doing it for us on an agency basis. There is nothing new about funding coming from either Government to that body for a discrete project.

Mr Humphrey: Was it a tender, Arthur, or was the approach made to Foras na Gaeilge because it is a North/South Irish language body?

Mr Scott: The decision to ask Foras na Gaeilge to act as the agency to take it forward was not tendered. The competitions to develop the website and the learning materials that will be hosted on it will both be open competitive tenders.

Mr Humphrey: They will be tendered for?

Mr Scott: Yes.

Mr Humphrey: I return to the point that the Chair raised about the City of Culture. Deborah, by the end of the financial year, how much will your Department have spent on the City of Culture?

Ms D Brown: At the moment, it is on target to spend about £12.5 million, against the £12.6 million.

Mr Humphrey: And that is money coming simply from the Department. It is not coming from the council or others?

Ms D Brown: No.

Mr Humphrey: There will be a capital bid of £1.5 million for the City of Culture legacy programme; is that right?

Ms D Brown: Yes.

Mr Humphrey: And then there is a resource bid of £1 million. What is that for?

Ms D Brown: The £1 million resource is to continue some of the successes that have happened in 2013. It will fund projects such as Other Voices and Music Promise.

Mr Humphrey: That is £2.5 million on top of the £12.5 million. The Department will have put in a total of £15 million to Londonderry's for the City of Culture project.

Ms D Brown: The business case for the 2013 programme was for £12.6 million. This is our building on the legacy of that.

Mr Humphrey: For how long will that legacy-building last? Will it be one year?

Ms D Brown: We are scoping that to see exactly what it will look like.

Mr Scott: In the context of what the Minister said in the earlier session about the Department's objective to promote equality and to target poverty and social exclusion, I would add that the City of Culture programme was obviously a kick-start to the One Plan, which has a 20-year time frame. We have discovered a number of successes from the immense investment that was made in this cultural programme. It has inspired and involved local people. Many people who were not engaged in the arts are now engaged. Different communities that had not been in contact with one another have had an opportunity to come together through the various projects, many of which are at community level. There have been many social benefits in respect of skills development and an improved feeling of well-being. It is also fair to say that it created a sense of expectation. Given the priorities that the Minister has outlined and the desire to ensure that the Department of Culture, Arts and Leisure's interventions make a difference to those most in need, I imagine that we will be looking at sustainable programmes that deliver those sorts of benefits.

Mr Humphrey: Sustainability is absolutely key to this. Is this being done in collaboration with the council in Londonderry?

Mr Scott: Deborah outlined why we are not in a position to be able to give the detail that we would normally give as a Department. The success of the City of Culture has relied on immense collaboration with a wide range of stakeholders, including the council, arts groups and local communities. We are looking at a whole range of options. Some level of public financing will clearly be needed, but we are not doing it in isolation. A collaborative partnership approach will be required to get those sorts of long-term benefits.

Mr Humphrey: The biggest bang for the buck of the ratepayer and the taxpayer will come when that happens. Finally — I know that you are signalling for me to shut up, Chair — it states that there is £0.5 million for "IFG plant & machinery"; what is that?

Ms D Brown: That is to purchase a patrol boat and to install —

Mr Humphrey: Is that for inland fisheries?

Ms D Brown: Yes; it will be used to buy a patrol boat and put in an electrical fish barrier at Bushmills. We also need to make safe some Movanager ponds. Please do not ask me the details.

Mr Humphrey: What exactly are — *[Laughter.]*

The Chairperson: Thank you. Do you want to move on to the next section?

Ms D Brown: The 2014-15 capital budget exercise has arisen because there have been a number of emerging issues around the infrastructure of the A5, along with reinvestment and reform initiative (RRI) borrowing and reprofiling. That has meant that the Executive have a significant level of capital funding available for reallocation in 2014-15. The exact amount that is available will become clear only as this exercise proceeds.

Following the Executive's agreement at the June monitoring round, DFP commissioned this exercise of asking Departments for details of likely budget easements in 2014-15; capital bids for projects starting in 2014-15, including the capital budget implications for future years; existing and new capital projects consistent with the Together: Building a United Community strategy to make use of the £50 million RRI borrowing in 2014-15 and 2015-16; and bids for financial transaction funding.

We sought proposals within the Department and across our arm's-length bodies. We submitted to DFP no easements in 2014-15. We bid for capital of £1.694 million; that is detailed on annex A1 to the paper.

Under the Together: Building a United Community strategy, this is the money that the Executive have obtained through additional borrowing powers. However, this borrowing has to be used for the Together: Building a United Community agenda. We were also asked to consider whether any of the budget that we were allocated for 2014-15 meets that agenda and to alert the Executive of the amount that could be eased and used for other purposes. We have provided proposals amounting to £31 million; those are detailed at annex A2 to the paper.

On the second request around elements of our existing baseline that also contribute to the agenda, we identified nearly £451,000. On the bids for financial transactions funding, this is where DFP will provide a loan for equity investment to the private sector, and you have to pay back 80% of that. DCAL has not really been involved in any initiatives of that kind. When you think of the kind of organisations that we fund, their ability to pay back money is probably extremely limited because they have very little income generation. Therefore, we were unable to provide anything on that. We are still looking to see if there are opportunities, but the risks are very high for us in that area.

That is just a quick summary; you have the detail behind it. This will be discussed at the Executive as part of the October monitoring round. What the final pot will be will be very dependent on what other moneys come through from other Departments. You will notice that a lot of our bids are made under the Together: Building a United Community strategy. That is very much focused around our priority to promote equality and tackle poverty and social exclusion. There are also huge educational benefits — there is an awful lot in there around libraries. I think that that strengthens our position to perhaps secure some additional funding.

The Chairperson: Thank you for that. It is probably something that we will come back to. Does the fact that a lot of these projects are now in this document raise an expectation?

Ms D Brown: The arm's-length bodies have put forward the proposals. Business cases have yet to be prepared for all of those. We are cautious about putting a lot of people to an awful lot of effort until we have some sort of idea about what level of funding we will get. We will try to prioritise these and start to build some of them up so that we are ready to go.

The Chairperson: Is the fact that they are numbered significant or is that just a random exercise? I am looking through the document with my constituency hat on, and I see that Newtownards library is number 35. I am not sure whether or not I should take anything from that. I could take exception to the fact that it refers to it as "other", rather than as a departmental priority. Constituency representatives will obviously have a different focus.

Ms D Brown: Yes, as you say, everyone will probably have their own view. However, DFP wanted the prioritised list. That was difficult for us, because it is very difficult to compare something in libraries with something in sport, and decide which adds the greater value. As you can see, there are some inescapables and things that we have to do. There is repair work on a weir, which is a health and safety matter. The stadiums money is inescapable, and DFP is already aware of the level that we require. That is the way that we categorised it. It is definitely open to debate, and it will be again once it gets into the Executive arena. However, that is an attempt at a prioritised list. However, within each category, I would not say that it is necessarily the right prioritisation. It is our best attempt. There has been nothing extremely scientific done because we do not yet have a business case. It is hard to know exactly what outputs and new outcomes you would be measuring each of them against.

The Chairperson: So, at this stage, it is a wish list?

Ms D Brown: No. If we get the money, we are confident that we can deliver. We want to. There are some very big projects in there, like the central library, but you will notice that only £1 million is needed in 2014-15 because we recognise that that is a long-term project and that we are seeking a huge amount of funding over a significant period.

The Chairperson: When you look at the Belfast Central Library refurbishment, I am not sure that the moneys that you have allocated in 2015-16 or 2016-17 are even going to match the bid that is likely to come in, come October.

Ms D Brown: Until we have the business case finalised, we cannot really say.

Mr Irwin: In relation to the sum of £150,000 allocated in 2015-16 for the regeneration of the former fire station in Armagh, I know that that probably does not mean Armagh Council. That is nothing to do with the purchase of the building? Is it solely for its regeneration?

Mr Scott: As far as I know, it is nothing to do with the actual purchase of it; it is for the fitting out that will take place within the building.

Mr Irwin: My other query is about the £400,000 allocated in 2015-16. Two sums of £200,000 are allocated in 2015-16, so I presume that each takes place in each half of the year. Is it £200,000 in each half of the year for a new library in Armagh?

Ms D Brown: Sorry; which number in the table are you looking at?

Mr Irwin: Number 23.

The Chairperson: One sum of £200,000 is for capital, the other for resource.

Ms D Brown: Yes. We had to set out the resource consequential of these as well. There is an area that we are unclear about: if we secure the capital, will we still be able to secure the resource, or will we be expected to find that from the existing baselines? Obviously, that would present a challenge for us.

Mr Irwin: OK. You are working in partnership with the council on that. Is it the case that the council will be expected to fund some of that?

Ms D Brown: Yes.

Mr Irwin: That is OK. Thank you.

The Chairperson: No other members have indicated that they want to ask a question. Obviously, this will roll on over the next number of months and years, and we will return to it. Thank you very much.