Northern Ireland Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Savings Delivery Plans (Departmental Briefing)

11 September 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Sammy Douglas
Mr Chris Lyttle
Mr Fra McCann
Ms Bronwyn McGahan
Mr Alastair Ross

Witnesses:

Mr Derek Baker	Department for Employment and Learning
Mrs Catherine Bell CBE	Department for Employment and Learning
Mr Andrew Hamilton	Department for Employment and Learning

The Chairperson: This session is really just tidying up the four areas that we did not get to at the end of the previous one: B/1, B/2, B/5 and B/10.

Mr Andrew Hamilton (Department for Employment and Learning): Will I just take you through each one in turn?

The Chairperson: Briefly.

Mr A Hamilton: The first one is described as lower priority programmes. It is really the carry forward of 2010-11 savings. I will address Sammy's point. Sammy, I would not get too carried away with the definitions. They were given to us. We had to allocate the measures to individual programmes, and that is what we allocated to this.

This is really a carry forward from 2010-11. When George Osborne came in as Chancellor, one of the first steps that he took was to reduce spend. The Northern Ireland block share of that was *[Inaudible.]* million. Our share, in turn, of that was £6 million. The budgets in 2010-11 were reduced by £6 million for that year. When that was being rolled forward for the new comprehensive spending review (CSR) period, that money came back in. We were able to return £3 million of it to divisions' budgets, and we kept £3 million of it back as a contribution to our savings plan. It was really as straightforward as that.

The Chairperson: Do you want to touch on all four?

Mr A Hamilton: Again, I do not mind saying that the £8·5 million central budget reduction was slightly opportunistic. That would have been money that we had in our baseline. It was not allocated to individual programmes. It would have been what we would have called a reserve. When we were tasked with finding all the savings, we took the decision that, as that money was not allocated to any specific programmes, we would give that up as part of a contribution to the savings plan. Has it had any impact on services? Not directly. However, had it been available, the level of service that we would have been able to provide would have been higher. It was not taken away from any particular service.

The Chairperson: What about B/5?

Mr A Hamilton: It is about pay and price restraint. In financial planning, the first thing that you look at is your pressures going forward. The first big pressure that you have to consider is the cost of pay and inflation uplifts. We would have set moneys aside for that. When it came to the final budget decisions, we had to decide whether to apply those funds to uplift pay and price inflation in our budgets for providers. We took the decision that, at a time of constraint, we would not apply those uplifts to our provision; we decided to keep the money back as a contribution to the savings delivery plan. That is the equivalent of about 1·5% a year of our opening baseline accumulating over four years; so, it is about a 6% saving over that opening baseline. It was funds that we did not have to take away from services, but it was moneys that, had the austerity measures not been put in place, we would have had available for services. It was never invested in the first place.

The final one is B/10, which is staffing and accommodation efficiencies. We took the view that if we were imposing austerity measures on the providers, we also had to impose them on ourselves. This is really part of an efficiency programme across all our divisions whereby we tasked the divisions to contribute the equivalent of £5 million of savings over four years. Those savings reflect some reductions in posts, which we monitor on an annual basis. There were also some accommodation savings. For example, we closed the office of the employment and skills adviser earlier in the period. So, that is where those savings are coming from.

The Chairperson: OK. Thanks, Andrew. In relation to B/2, is the £8·5 million that was not assigned or was not given back a surrender or a saving?

Mr A Hamilton: It is a saving; it is contributing to our savings plan. It would have meant that we simply did not have the same flexibility to respond to our pressures where they emerged during the year, and that is the impact. *[Interruption.]* It could have been used to finance new programmes, as Catherine suggests, but it simply was not there.

The Chairperson: Sammy, earlier on you were asking —

Mr Douglas: I think that Andrew answered my question. May I just ask you a slightly different question? Under key risks, it states that two colleges are in recovery. Will you give us a wee bit of information on that?

Mrs Catherine Bell (Department for Employment and Learning): The two colleges are the Belfast Metropolitan College (BMC) and the Northern Regional College. Some time ago, Belfast Met — this was played out in the press — had a lot of problems, and we instigated an efficiency review to find out what the issues were. When that was completed, we required the college, with external support, to draw up an improvement plan to return to financial stability and to improve the curriculum, the standing of the organisation and its outcomes. To date, it has completed every single action in the improvement plan on time. It has actually been exemplary in following the improvement plan. I think that members know that, although there are still improvements to be made, Belfast Met is certainly a significant player in the economic and social agenda that we have to deliver.

Northern Regional College was slightly different in that it recognised a risk itself. It did not need an efficiency review at that stage, but it came up with an improvement plan, and it has delivered on that. We are still working with that college, because we still think that there is work to be done.

Mr Douglas: I was at Belfast Metropolitan College over the summer to give out some certificates, and I was very impressed by the work going on there. It is very encouraging, as you say, Catherine.

Mrs C Bell: Absolutely. I have to say that I have worked with these colleges for many, many years. Belfast Met has been transformed. The new college in the Titanic Quarter is phenomenal and has attracted many more students than we thought it would. Employers come in freely. It is engaged in really helping to develop that quarter and has won design awards as well. It is wonderful to see that.

Mr A Hamilton: I am not directly responsible for further education, but I would have been party to the discussions about the recovery plan. As Catherine says, what we have seen from that college is transformational. I think that it is probably the best case study of an organisation coming through serious difficulties, with significant financial commitments, and actually delivering what is a top-quality institution offering top-quality services to the local population.

Ms McGahan: I raised a concern earlier on, which I will flag up here, regarding the savings on redundant programmes at B/6. The Committee received a list of those redundant programmes; I think that there are 12 in total, representing quite a substantial amount of money under the concept of strengthening the all-Ireland research base. You talk about the fact that there is no direct impact on services, but what would the impact be on that particular knowledge base? That research comes across to me as being very valuable. Some of that research is on cancer, which is a very emotive issue. It would be useful for the Committee to receive a report on the benefits of that funding for those 12 research projects during that particular period. I have concerns around that.

Mr A Hamilton: OK. I will just look at the money side of this. Those moneys would have been used to finance those research projects. All the research projects would have been completed; it was not as if they were stopped in mid-stream because the money was taken off them. They were allowed to run their course. Had we not been faced with the efficiency and savings plans and the need to deliver savings, that money would have been available again to finance a second tranche of that type of research. So, yes, there is an indirect impact on what would otherwise have occurred. We would be the very first to recognise the important contribution that research makes to the economy, particularly, on a collaborative cross-border and international basis.

Ms McGahan: If you tot up the figures for those 12 projects, they amount to something like £15 million or £16 million. That is quite substantial, especially under that concept of strengthening the all-Ireland research base.

Mr A Hamilton: You are right; that funding is not in that programme. It does not mean that there is not any collaborative research going on on an all-Ireland basis. There is still quite a lot of activity in that area, which is being financed by another funding stream. The moneys connected to those specific research projects were freed up when those projects were completed. That was the money that was used to contribute to the savings plans.

Ms McGahan: You said that those research projects may be receiving funding from elsewhere. Would you be able to provide that information?

Mr A Hamilton: We can give you an overall position on that, Bronwyn. If the Committee asks us for that, we can give you an overview.

Ms McGahan: Can we also get a report on the benefits of those 12 research projects? I am sure that the Department has been carrying out reviews of those projects.

Mr A Hamilton: That information should be available as well.

Mr F McCann: On the back of that, I wanted to make the point that when you go through all the programmes that are there — programmes that deal with people's health, their future health and key aspects of the economy, whether in agrifoods, IT and so on — you see that some of them are tied in with an impressive list of companies. The mind boggles sometimes at how people come to the conclusion that such programmes are surplus to requirements. When you look at the general budgets that are available in DEL, the question arises as to how they are chosen in front of others even though they may seem not to be as relevant.

Mr A Hamilton: The Minister would always give a very high priority to the financing of research. The programme that we are talking about is only one strand of that. Within the overall funding package for the higher education sector, we provide about £50 million a year to help with the research infrastructure of the universities. They will then use that to finance the researchers and the professors who, in turn, will compete for more funding from places such as the European Union and the research councils. So, over the four-year period, a minimum of £200 million of government funding through

DEL has been directly devoted to quality-related research (QR), and that will have enabled the universities to increase their total income in this area significantly, because that money is used to lever in additional money from other agencies.

Mr F McCann: I have one final point on that. The vast majority of those 12 projects are cross-border projects. Is the £50 million a year insular? Is it spread throughout the island?

Mr A Hamilton: That is used to finance all projects. It is not exclusively in Northern Ireland.

Mr F McCann: If we write in, can we get a breakdown?

Mr A Hamilton: We will give you as much information as we can get. We would have to go back to the universities.

Mr F McCann: I would appreciate that.

Mrs C Bell: It is not my area, but there is one strand that I am aware of. That is research on an all-island basis but also with the United States. It is the US-Ireland R&D partnership programme, and that has been very successful, way beyond anyone's expectations. We are punching above our weight on that.

The Chairperson: OK. Thank you, Andrew and Catherine.