



Northern Ireland
Assembly

Committee for the Environment

OFFICIAL REPORT (Hansard)

October 2014 Monitoring Round:
Department of the Environment Briefing

25 September 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Anna Lo (Chairperson)
Mrs Pam Cameron (Deputy Chairperson)
Mr Cathal Boylan
Mr Colum Eastwood
Mr Alban Maginness
Mr Ian Milne
Lord Morrow
Mrs Sandra Overend
Mr Peter Weir

Witnesses:

Mr Anthony Carlton	Department of the Environment
Ms Siobhan Lynn	Department of the Environment
Mr Kieran McMahan	Department of the Environment

The Chairperson: I welcome Anthony Carlton, who is the new director of the Department's finance and business planning division. I welcome back Kieran McMahan, who has moved on but is here to help us with this briefing. Where have you moved to, Kieran?

Mr Kieran McMahan (Department of the Environment): I am still with the Department of the Environment.

The Chairperson: Have you moved sideways or up?

Mr McMahan: Sideways. *[Laughter.]*

The Chairperson: I also welcome back Ms Siobhan Lynn. It is nice to see you, Siobhan.

We are in difficult times. Things are not easy.

Mr Anthony Carlton (Department of the Environment): These are difficult times for everybody.

First, I just want to say, "Hello". This is my first meeting in front of this Committee, and Kieran is here to make sure that I do not make too much of a fool of myself. I will hand over to Siobhan, who will take you through the paper, and I hope that we will be able to respond to any questions.

Ms Siobhan Lynn (Department of the Environment): I will begin by updating you on the outcome of the June monitoring round. The Department put forward six resource bids totalling £5.9 million and four capital investment bids totalling £5.8 million. They are outlined in tables 1 and 2 of our paper. Members will see that none of the resource bids were met, with the exception of the EU funding for INTERREG IVa of £0.3 million; and £4.4 million of the capital bids were met. In addition, we received allocations totalling £12.8 million for the local government reform funding agreed by the Executive in February 2013. Other smaller allocations have rolled forward, including unused carrier bag levy receipts totalling £0.3 million and £0.2 million for coastal communities.

We had to address reductions as part of the June monitoring round. We were instructed to impose a 2.1% reduction on the opening baseline, which was equivalent to £2.3 million. As part of June monitoring, we were also advised to plan for further cuts in October of 2.3%, which equated to £2.7 million. We are planning for total reductions of £5.1 million, which is 4.4% of our opening baseline.

Members will appreciate that this is a very challenging financial position. In the paper, we outlined a number of issues that make it so, the main one relating to the local government grants that the Department pays. The opening baseline on which the reductions are calculated includes £44 million of local government grants — the derating grants and the resources grants — which equates to 37% of the baseline. However, the Department cannot cut those grants in-year. Therefore, we have to apply the reductions to the remainder of the Department's budget, which makes it very difficult.

We have an action plan in place to deliver the £5.1 million. The plan is outlined in the paper and includes a number of actions. The first is vacancy management, and the current cessation of filling vacant posts in the Department has released £2.3 million of funding. We also phased out our contracted temporary workers, which has released £0.1 million. We realigned the coastal communities fund budget against the profile of the spend, and that freed up £0.5 million of funding in-year that is not needed for the fund this year. However, we will have to make good on that in future years.

We conducted a review of general administration across all business areas in the Department, which released £0.6 million. We postponed a number of planned procurements and curtailed spend on contracts and lower priority environmental programmes, which has released £1.6 million. We have in place a plan to meet total reductions of £5.1 million.

As part of October monitoring, we were asked to put forward bids, but the Department proposes to put forward only one bid, which is a request for the reinstatement of the cut relating to the local government grants that I mentioned and equates to £0.93 million. We do not propose to put forward any capital bids.

The Chairperson: Thank you. I remind everybody that the session is being recorded by Hansard.

This is difficult. You mentioned that you are ceasing to fill vacant posts in the Department. It is all right saying that, but you cannot leave an essential post unfilled when someone leaves. Will that happen across the board? If someone leaves a post, will you not fill it, or will you look at how important it is and whether it needs to be filled? Is it your blanket policy that you do not fill any posts that become vacant?

Mr Carlton: I think that our policy is that vacant posts will not be filled, but we will re-prioritise the key posts. The point is that we will reduce the headcount by a certain percentage. However, we will have to realign people to the higher priority areas. You are right to say that it is difficult. However, the Department and the Minister are looking at specific pieces and areas of work and setting priorities, and that is consistent with a reducing budget.

The Chairperson: You say that that will lead to savings of £2.3 million. Roughly how many posts are we talking about?

Mr McMahon: In total, there were about 170 vacancies at the end of August. As Anthony said, the key posts will be prioritised. However, at the moment, there is a hold on refilling all of those. We will then move staff from lower priority activity into the key posts, which are higher priority. So it is a case of re-prioritisation. We will have to review that again in the context of any further budget reductions that the Executive agree.

The Chairperson: You say that your only bid is the £0.93 million for local government. How likely is it that you will get that? What happens?

Mr Carlton: I will clarify that for members: the £0.93 million is a percentage of the grant. We are not reducing the grant; we have to take that from other points and expenditure in the Department. At this stage, the mood music from DFP officials does not appear to be terribly hopeful. At the same time, there is an issue about reducing baselines. The Minister is very concerned about reducing the baseline on the foot of hosting what is, essentially, a grant process.

The Chairperson: If all Departments suffer a reduction, I suppose that local councils need to take their share of that.

Mr Boylan: Thank you very much for your presentation. I have concerns about local government. May I take it that we have ring-fenced the budget for the delivery of the transfer? It must be a priority to ensure that funds and resources are in place for what is being transferred to local government. Are you saying that we are still on target for that?

Mr Carlton: I am going to say yes unless somebody says no. The reductions are not impacting on any transfers to local government.

Mr Boylan: Grand. I see a reference to £4 million from the carrier bag levy. Are you saying that we are taking that money to shore up gaps in resource? I ask that only because, if we did not have the carrier bag levy, how would we address it?

Mr Carlton: The Department is looking to use some of the carrier bag levy to identify other environmental projects that, without that levy, it would not be able to take forward.

Mr Boylan: In that context, and using listed buildings as an example, where we put in money, we at least get a return, whether that is through tourism or whatever. My question is in the context of using the money properly. Mind you, I am concerned that some environmental projects that you outlined are not proceeding, but we have to cut our cloth to fit. Will you use the carrier bag levy for projects with a return?

Mr Carlton: Certainly, they are in the environmental envelope.

Mr McMahon: That is right, and there are proposed projects that will generate a return through investment and encouraging economic activity.

Mr Boylan: Can we have a copy of the listed buildings proposals? You made a bid for that area but did not receive any money. Also, can we get a copy of the dereliction intervention scheme? Councils have been asking about that, and there will be long-term gains for local authorities from it. Maybe you could pass that through to us, please.

The Chairperson: Letters of offer were issued to some local road traffic projects, but they are all being put on hold. Is that because of cuts? I heard from the voluntary sector that local road safety projects that were issued letters have been told that they will not get the money yet. Is that correct?

Mr McMahon: Yes, as part of the review of options in light of the budget reductions, those are temporarily on hold until we review the magnitude of those reductions. There are a number of very good projects, and we hope that a number of them will get reasonable funding. It is not the case that all funding has ceased.

The Chairperson: What about the challenge fund? Will you continue to give extra money to that? Last year, it got extra money from the receipts of the bag levy.

Mr McMahon: Yes, at least 25% of the carrier bag levy will go towards a new challenge fund in the current year.

The Chairperson: How much will that be?

Mr McMahon: Just over £1 million.

The Chairperson: So it will get £2 million. It always got £1 million, and, last year, did it not get nearly another £1 million on top of that?

Mr McMahon: That is right: it received a total of £2 million last year.

The Chairperson: Will it get £1 million or £2 million next year?

Mr McMahon: We will confirm that for you. It will certainly get £1 million from the carrier bag levy.

The Chairperson: OK, that could be on top of what we normally give.

Mr McMahon: We will come back and confirm that.

The Chairperson: It is a very good project, and people are very enthusiastic about it. There is a lot of volunteer effort, too, because it is a local project.

Mrs Overend: Thank you very much for being here to answer questions.

How have the cuts in the Northern Ireland Environment Agency (NIEA) and the resulting reduction in temporary workers impacted, especially considering that they were all laid off at the height of the tourist season?

Mr Carlton: The timing was slightly fortuitous, in that most of the seasonal workers who left NIEA did so towards the end of August, which was closer to the end of the season than the start of it. Any staff reduction will have an impact on services, but the Department faces drastic cuts in its funding and has to stick to the priorities. Casual staff members make a very important contribution, but at least they left at the end of August.

Mrs Overend: How long would they normally work on?

Mr Carlton: They work through to the middle of September or October.

Mrs Overend: So they have lost a month. That is rather disappointing.

Looking back to the June monitoring bids, I see a figure of £1.75 million for NIEA waste. Was that to do with illegal smuggling or something else?

Mr McMahon: That related to a combination of waste issues on the environmental protection front: funding to address fly-tipping; monitoring arrangements for water quality; and additional monitoring mechanisms for some potentially illegal landfill sites.

Mrs Overend: Having not got that money, do you have the capacity to deal with those issues? How are you managing?

Mr McMahon: That is one of the areas where activity on the ground will have to be re-prioritised in light of the budget reductions. Hence, lower priority work will have to stop and efforts redirected into areas in which there is, potentially, a higher risk.

Mrs Overend: An illegal dump was found outside Londonderry early in the year. How much did tackling that cost, and how were you able to finance that? Was it included in a bid?

Mr McMahon: Some of the monitoring arrangements were included in that bid. Those are the additional monitoring arrangements to ensure that there is no pollution coming from the site, and the Environment Agency continues to carry out that work. It uses its own staff to do that at the moment.

Mrs Overend: Explain that to me again: how is it being paid for?

Mr McMahon: The Environment Agency has been carrying out very close monitoring activity to ensure that there is no leakage from the site into the surrounding water supply. It has been carrying out regular site visits, and that work continues.

Mrs Overend: So the money is coming out of the current budget.

Mr McMahon: Yes. However, if resources were made available, there would be additional monitoring of the wider area. Existing resources are being focused on the key priority areas, but that monitoring is ongoing.

The Chairperson: Kieran, it is not just about monitoring; it is about clearing that massive dump.

Mr McMahon: It is, and I understand that. The Environment Agency is looking at various options for the entirety of the site, and that work is ongoing. When concluded, that work will determine the best way to address the issues on the entire site.

The Chairperson: It will take a massive amount of money to do that work.

Mrs Overend: Will you make further bids to get that completed?

Mr McMahon: Yes, depending on the chosen route for cleaning up the site, significant bids could be made in the future. Those will have to go through the Executive.

Mrs Overend: What is your time frame for completion?

Mr McMahon: We will have to clarify the time frame following the publication of a report last year on the site's potential effect on the environment and the surrounding area.

Mrs Overend: Does it normally take that length of time? Sorry, I am new to the Committee.

Mr McMahon: We can follow up on a timescale.

The Chairperson: We can follow up on this, which is to do with the Mills report. A legal investigation is also ongoing. The main thing is that the polluters pay rather than the Department footing the bill.

Mrs Overend: Do you have details of the grades of post that are vacant? If not, could you provide them?

Mr Carlton: I think so. We do not have the details with us now, but we will certainly send that information to the Committee.

Mr Weir: Thank you for your presentation. I have three points that I want to touch on very briefly. One of the major savings is from the postponement of planned procurements and curtailing spend on a number of contracts. That seems to cover quite a wide range of issues, but what you have in your paper is a bit vague. Can you provide the Committee with a table or something showing a breakdown of the £1.6 million in each area?

Maybe I am being a bit obtuse. I understand that a range of grants, particularly the two main ones to councils, is used to calculate the baseline reduction, but you cannot reduce those because of legal issues or the in-year factor. What constitutes the £0.93 million? What grant areas does that cover? I am not clear on where that kicks in.

Mr Carlton: The £0.93 million does not affect grants. The £0.93 million is added on and becomes part of the reduction to other services.

Ms Lynn: The £0.93 million is 2.1% of the £44 million, which is made up of the derating and the local government grant.

Mr Weir: So your bid proposal is saying, "The cut's gone too deep because we are getting hit in an area in which we cannot make reductions."

Ms Lynn: Yes, and we are asking for that element of the cut back.

Mr Weir: With respect, there can always be a slight element of management speak. Your paper states:

"Re-alignment of Coastal Communities grant releases £0.5 million in the current year which will have to be made good in future years".

Will you talk us through what that means in practice? Who is being affected by the release of that £0.5 million, and how is that simply knocked on to a later year? What way does that operate?

Mr McMahon: It is a Treasury-led scheme. The allocations had been set out from 2012-13. In the current year, the scheme works, effectively, one year in arrears by the time that letters of offer are issued and grant applicants commence spending their funding. It is at that point that the Department would reimburse those projects. In the current year — 2014-15 — the estimated forecast spend by grant applicants is in the order of just over £800,000. However, the budget cover that we have available from Treasury is around £1.4 million. As a consequence of realigning actual activity on the ground with the budget provision, we have been able to —

Mr Weir: You will not need the £1.4 million; you will need about —

Mr McMahon: Yes, about £800,000.

Mr Weir: When presenting in the future, maybe that could be made slightly more explicit. I suspect that you could torture various people by asking them what is meant by the realignment of grant releases. It is not particularly plain to anybody looking in from outside.

The Chairperson: Sorry, I misinterpreted it. You say that £0.93 million is what you are trying to recoup through the bid and that it will not affect local government. Is there any way in which we can say, "Right, all Departments have been asked to reduce spending, but what about councils?"

Mr Carlton: The Minister is very strong in his commitment this year to protect the amounts being moved out of the Department as part of the reorganisation. That position might become more difficult as the Executive move forward with next year's Budget. As the Department's hosting of certain grants gets bigger, the quantum gets bigger. If, for instance, the Department was hosting a grant of £100 million, it would be very difficult for it to take a certain percentage of that and apply it to the rest of the Department spend. It is a difficult position this year because local government is protected. I am not sure whether that protection will carry on once we get into the 2015-16 Budget cycle.

The Chairperson: That is quite a large amount going from the Department to local government. If that is all protected and ring-fenced, it means that, proportionally, other activities will suffer more.

Mr Eastwood: Thank you for your presentation. I think that you said that £2.3 million had been saved through the reduction in posts. How sustainable is that in the short and medium term for the running of the Department? You needed those posts for a reason.

Mr Carlton: Yes. Part of the Department's business plan and longer term plan involved those posts. It was like every other Department. When you look at the sustainability of the size of the workforce with the available budget, you will see, I imagine, that, like us, every other Department will be looking at what it can deliver. That will form a crucial part of the Minister's considerations. It is almost October, and the opportunity to take reductions from the money that is left is quite short. We want to look at planning for next year and beyond.

Mr Eastwood: Is that a looking forward scenario whereby you think that a bit of the £2.3 million will save you from taking a bit more in October, or is that just for June?

Mr Carlton: That is looking to the suggested 4.4% reduction in October, but, as you know, there is another paper. The Executive are meeting this afternoon. The actual amount is becoming quite fluid.

Mr Eastwood: If we get an October monitoring round, we will be doing well.

For clarity, will you explain how taking money from the carrier bag levy works? What projects were you hoping to fund with that originally, and what will not now be funded as a result of having to use it, or a significant amount of it, for other purposes?

Mr Carlton: I will ask Kieran for a few of the details. I know that it might be difficult to identify specific projects. We might have to come back to you on that.

Mr Eastwood: I am trying to work out how you decided what not to fund.

Mr McMahon: It is not that a large range of projects is being significantly curtailed as a result of the budget reductions linking into the carrier bag levy. There will still be a fund of £4 million. The point of clarity in the paper is that, if we were not operating a carrier bag levy, we would have more flexibility with the £4 million in our baseline to put in place the range of projects that could be funded, whereas certain restrictions are applied to the operation of the carrier bag levy, both by Treasury and as a consequence —

Mr Eastwood: Was it never ring-fenced? I assumed that it was.

Mr McMahon: It has been ring-fenced in line with a range of environmental protection measures, but our point is that, if we were not operating the carrier bag levy, the £4 million could be used for a wider range of purposes.

Mr Eastwood: Yes, but you would not have it.

Mr McMahon: Well, yes, on day one, we would not have it. This was moved from the baseline as part of the Budget 2012-15 exercise, so we did not have it on day one, but then we were given the capacity to generate income from the carrier bag levy of up to £4 million.

Mr Eastwood: Fine. I know that it is very important that we get the Mobuoy site cleared, and how that ends up being funded is another story, but you talked about monitoring. That is very important because people are panicking about it infecting other water supplies, the River Faughan and so on. Can you confirm that monitoring is still at the same level — the level that it needs to be at — to ensure that we do not slip into a situation where things are being polluted and we miss that.

Mr McMahon: We can clarify that, but I am reasonably certain that the levels of monitoring will, at least, have been maintained.

Mr Eastwood: Thank you.

The Chairperson: That is important.

Thank you for your presentation, and the best of luck. We hope that you get back the £0.9 million. You will give us further information on the questions from members. Thank you.