



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

January Monitoring Round

14 December 2011

NORTHERN IRELAND ASSEMBLY

**COMMITTEE FOR
FINANCE AND PERSONNEL**

January Monitoring Round

14 December 2011

Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Mr David Hilditch
Mr William Humphrey
Mr Ross Hussey
Mr Paul Maskey
Mr Adrian McQuillan

Witnesses:

Ms Kathryn Hill) Department of Finance and Personnel
Ms Brigitte Worth)

The Chairperson:

I welcome Brigitte Worth, acting finance director at the finance division of the corporate services group; and Catherine Hill, head of the accounting and accountability branch. You are very welcome. Please make an opening statement, and then we will move to questions.

Ms Brigitte Worth (Department of Finance and Personnel):

Thank you, Chair. The January monitoring paper in front of you was prepared on the basis of our business areas' assessment of their budget position around the end of November. It was based on the actual out-turn to the end of October and, therefore, estimates for the five remaining months of the year. Our final deadline for submitting the Department's position to

central finance group is 3 January, so we will be able to factor in any changes that are required once we see our November out-turn. However, I am not expecting that they will be significant at this stage.

I think that it may be useful to highlight that there is an increased risk to our position this year because the final monitoring round is so early. A lot of our income is demand led, and it is difficult to forecast it with any certainty more than a few months ahead. The Estimates process that will be based on this monitoring round will set a limit on the amount of income that we can use, so any additional income that comes in over and above our forecast will not be able to be spent, and will show as part of an underspend.

You will see from the paper that we have identified £3.8 million of potential reduced requirements. However, we may need to use some of the flexibilities allowed to us under the budgetary rules in order to address some emerging pressures. At the moment, we estimate that our reduced requirements will be around £1.4 million or £1.5 million on the resource side and around £1.2 million on capital. I am happy to take any questions.

The Chairperson:

You have two figures for reduced requirements: £3.8 million and £1.4 million. Does the £1.4 million relate to the employment case that has been referred to? What is the explanation for the difference between the two figures for reduced requirement?

Ms Worth:

At the moment, we estimate that the employment case may cost us somewhere between £1 million and £2 million, so we are basing our costs on the higher end of that. We have also set aside £0.4 million of the £3.8 million of reduced requirements to meet some emerging pressures in Land and Property Services. So, if you take away £0.4 million for Land and Property Services and £2 million for the legal case from the £3.8 million, you arrive at the figure of £1.4 million.

The Chairperson:

There is obviously a question mark over what the final figure will be. How will that impact on the target of 1.5% underspend?

Ms Worth:

Staff are working on finalising the settlement figure, so we hope that between now and 3 January, we will have a more accurate figure for the settlement. There will probably still be some uncertainty around the pension element of the settlement. The settlement will be made up of an element of compensation, but there will also be a pension consequence. We probably will not get a final number for that and will, therefore, have to base it on an estimate, so there is a risk in respect of what the underspend might be.

The Chairperson:

Are you confident that you will not exceed the 1.5%?

Ms Worth:

For that reason and the reason that I mentioned earlier with regard to the increased risk for monitoring, there is greater risk this year than last year with regard to the 1.5% target. Recently, the departmental board increased that risk to amber level because of those uncertainties. Therefore, to say that we are confident is, probably, a little too hopeful. We are planning to do everything in our control to meet that target. However, to say that we were confident would, probably, be pushing it a little far at this stage.

Mr Hilditch:

Was the reduction in the staff element expected or unexpected? Have you any more detail on that?

Ms Worth:

A lot of that has been as a result of unexpected delays in filling vacancies. In my own business area, for example, we have a reduced requirement of £170,000, which is part of that £1.3 million. Of that reduced requirement, £65,000 relates to delays in filling two posts, one of which was that of finance director. We have suppressed a couple of posts. That has released another £55,000. We have also been able to release £50,000 as a result of being able to cover three maternity leaves in my division.

Mr Hilditch:

At another Committee yesterday, I was told about nine maternity leaves.

Ms Worth:

We had set some money aside to employ interim staff to cover those maternity leaves. We have actually been able to arrange for some of our own internal staff to cover that. Perhaps that gives you a flavour of the sorts of things that are happening across the business areas that have led to that level of reduced requirement.

Mr D Bradley:

Good morning. Is the employment case at court at present?

Ms Worth:

It was recently settled out of court. However, at the moment, work is ongoing on agreeing the exact details and amounts of the settlement.

Mr D Bradley:

Does that mean that you are not at liberty to tell us more about the background to it?

Ms Worth:

I can give you a bit of the background. The case relates to around 50 staff who are currently working across DFP, the Public Prosecution Service and the Crown Solicitor's Office in the NIO. It is actually a pre-devolution matter — it is a case that we inherited from the NIO. It is a complex case. I do not want to discuss too many details while it is still under negotiation. Perhaps that gives you a flavour of the background.

Mr D Bradley:

You said that there would be implications for pensions and compensation. Are there any other potential costs?

Ms Worth:

We will need to pick up the legal fees. At present, the estimate is around £250,000. However, we have still to finalise that. That figure would cover our own legal costs and those of the plaintiffs.

Mr D Bradley:

You said that the case covers a number of years?

Ms Worth:

Yes. It goes back to 1996. Therefore, it covers a substantial period, pre-devolution.

The Chairperson:

Does it have any implications for the equal pay issue that has bedevilled the Department for some time?

Ms Worth:

Not directly. I understand that it is a breach of contract issue rather than an equal pay issue. However, I understand that they are also looking at whether there would be wider consequences other than those for that group of 50 staff. That work is also being undertaken urgently at present. Therefore, to say that there would definitely not be further consequences would be incorrect. We are working out what they are, or could be, at present.

The Chairperson:

We have received a series of legal answers on the equal pay claim in correspondence from the Department today. I wondered whether that is fixed or flexible, depending on the outcome of the court case.

Ms Worth:

As I have said, I do not think that there will be a direct relationship between the court case and the ongoing equal pay negotiations. However, as I have also said, we need to wait and work through that. People are looking at that urgently now. I do not expect and I have not been led to believe that there are any direct implications for that at present.

Mr P Maskey:

Will the cost of the case come from NIO's budget or DFP's budget?

Ms Worth:

We are currently negotiating with NIO, the Public Prosecution Service and the Department of Justice on exactly how we will split liability. I expect it to be split three or four ways, but we are at the early stages of negotiation. The NIO has offered to meet some of those costs.

Mr P Maskey:

That is very good of it, seeing as it is its fault. It is an historical case that dates back to before

devolution, so it is an NIO issue. Why is it not covering all the costs?

Ms Worth:

I am told that those liabilities legally passed to the NICS on devolution.

Mr P Maskey:

Chair, we need to keep an eye on this. I am unsure what the legalities of the case are. However, I know that, in other cases in which contracts have moved from one firm to another, the costs have not transferred. Perhaps there was bad negotiating at that time; I do not know. I know of other contracts in which the detail was set out prior to the contract being signed and the liability sat with the original employer. I do not know whether that is the case here.

I imagine that, if the NIO has agreed to cover some of the costs, it is admitting some blame. If what you have said is correct, the blame lies with the NIO and not with the Civil Service. Perhaps we can get more detail on that.

The Chairperson:

It might be an idea to get a briefing in closed session on that specific court case in the new year. That will allow us to tease out some of the questions. We continue to deal with the equal pay issue, and, whether or not there are overlaps, there are certainly parallels.

Ms Worth:

There are other colleagues who are better placed to brief you on those issues.

The Chairperson:

With agreement from members, we may come back and get more information on the case in closed session.

Mr Cree:

Is there provision for sums to be set aside for equal pay? Have those sums changed?

Ms Worth:

The previous settlement on equal pay was provided for in previous years. I do not expect there to be a significant change as that is rolled out. I think that we have put aside the right amount of money in the past. I am not aware of any likely backdated element to the ongoing

equal pay discussions. That would need to be considered if and when it becomes part of those negotiations.

Mr Cree:

Is there provision for that at the moment?

Ms Worth:

There is no provision in respect of the ongoing equal pay discussions. We have already made provision for the payments that have been made that are ongoing.

Mr Cree:

I am glad to hear that; they have been paid. So there is no provision. You mentioned that, in the case that we will return to later, a breach of contract was the difference. As I understand it, a breach of contract is also involved in the current equal pay cases.

Ms Worth:

I am sorry but I am not aware of the detail of that. I really cannot comment.

Mr Cree:

We will leave that for another day. There seems to be very little provision for the Special EU Programmes Body (SEUPB). There is no change and the resource element is only £1.2 million. Bearing in mind the difficulty that we have seen in fulfilling the INTERREG project, no provision has been made for that programme.

Ms Worth:

I should explain that that £1.2 million is simply for administration costs, and the SEUPB has not indicated that it has any need for increased administration costs. It obtains funding from Europe for some of its activities around the INTERREG programme and its promotion. It has made some efficiencies in that area, which is perhaps why it is not looking for additional money.

Mr Cree:

Is there nothing in the form of additional projects that the departmental officials have not yet wakened up to?

Ms Worth:

No. Looking at the sorts of things that the INTERREG IV programme covers, there is very little that DFP does that it could bring into that programme. That is mainly because of the North/South split element of the project. Most of the Department's activities are solely based in the North, because of our main role in supporting public services here.

The Chairperson:

That is probably consistent with the Finance Minister's view that they do not need additional resources and that the hold-ups are elsewhere. If they are not bidding for additional resources, I suppose that bears that out. No one has any further questions on the monitoring round. Thank you very much.