



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

October Monitoring Round: Departmental
Position (DFP Evidence Session)

25 September 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Peter Weir

Witnesses:

Ms Preeti Miller	Department of Finance and Personnel
Ms Brigitte Worth	Department of Finance and Personnel
Ms Patricia McAuley	Land and Property Services

The Chairperson: Good morning. You are very welcome. Do you want to make a few opening comments before we go to questions?

Ms Brigitte Worth (Department of Finance and Personnel): Yes. Thank you, Chair. You will see from our paper that this has been a bit of a single issue monitoring round for us. I know that you have been well briefed on the background to the legislative side of the rate rebate programme by colleagues from rating policy division. Patricia McAuley from Land and Property Services has been kind enough to volunteer to join me today in case you ask me any difficult questions about the operational side.

The Chairperson: Are you sure she volunteered? *[Laughter.]*

Ms Patricia McAuley (Land and Property Services): Well, she kind of had my arm up my back. *[Laughter.]*

Ms Worth: We have reached the stage in the programme where we need to invest in our IT in order to ensure that the programme is successful, and our latest estimate of the cost is £1.8 million. At this stage of the year, we cannot accommodate that within our existing capital baseline. That is why we are submitting a bid to the centre at this monitoring round.

My paper also notes that we have not identified any reduced requirements, although there might be a slight change to that position. We are always monitoring our budget position, and our ongoing

monitoring process has identified that there may be an emerging small reduced requirement. We are still working on refining that. However, I am sure that you will all agree that if something should emerge, it is important that we declare it at this monitoring round rather than leave it until January.

The Chairperson: What is it?

Ms Worth: We are still refining it.

The Chairperson: You do not know what it is.

Ms Worth: It will be under £1 million; it will be relatively small in the overall scheme of things.

Mr Weir: I would not mind that very small amount.

Ms Worth: Indeed. In the context of the block as a whole, it is likely to be a relatively small amount of money. Nevertheless, it is important that we get it submitted and available for reallocation as soon as possible.

The Chairperson: OK. The bid states that the resource is necessary to ensure that project timetables are met. What are the timescales for that?

Ms Worth: That is quite an interesting question. The Minister met the Minister for Social Development on Monday. We had originally anticipated that we would need to have that in place for 1 April 2014. Although we are still working through the consequences, it now looks as though we may be working towards 1 April 2015. It is important that we maintain the momentum with the development of the system. We do not want to diverge from the path that we are on as we want to have it in place, fully tested and ready to go for that date. Do you want to add anything, Patricia?

Ms McAuley: As Brigitte said, the Ministers met a couple of days ago. We have now agreed that the current administrative arrangements, which I am happy to explain if the Committee wants me to do so, will continue during 2014-15 until 1 April 2015. We need to be ready to take on board new rate-rebate claims from that date.

Briefly, the position is that LPS, as part of DFP, administers the housing benefit rate element to owner-occupiers. That is done through the rating system. We do not make any payments to anybody. We simply make a credit on somebody's rate bill, so we do not have a system to begin to make payments to individuals.

The situation for tenants is very different, in that the tenant housing benefit rate is administered by the Housing Executive alongside the rent rebate. What happens there is that payments can be made to the tenants, to the landlord, or, indeed, in the case of the rates system, directly to LPS. It is an entirely different approach to that used in DFP. That is one of the reasons that we have to look at a completely different means of managing and administering that. The main reason that we have to look at getting a new computer system, and investing quite heavily in it, is in order to do that.

The Chairperson: What is the reason for the delay from 2014 to 2015?

Ms McAuley: As I said, the Housing Executive does the tenants' side and we do the owner occupiers. The strategic housing review carried out in DSD will change the functions of the Housing Executive, and it will no longer administer either rent or rate rebate, currently known as housing benefit. Because of that, we have to find some other way of administering it. However, DSD has agreed that the Housing Executive will continue to administer those payments until 1 April 2015. That is the real reason why the change does not have to be made until 1 April 2015.

The Chairperson: What would the cost of increasing staffing be if it is not improved?

Ms Worth: We have not attempted to estimate it specifically, have we, if we did not have an IT solution?

Ms McAuley: No.

Ms Worth: However, it would be significant.

Ms McAuley: The only word to use is enormous. At present with an IT system, the Housing Executive has some 400 staff administering housing benefit, and that is with an IT system that does payments and so on. Without the IT system, the staffing costs would be much more significant; you would need an awful lot more staff to do it.

Mr Weir: Yes, just briefly on it, I suppose, are we saying in terms of the additional costs and the staff implications, if we take the worst-case scenario and this is refused, in terms of any other implications for the Department?

Ms Worth: Sorry, would you repeat the question?

Mr Weir: Right; you have mentioned that there would be enormous additional staff costs if we have to do this another way. What you are saying obviously a bid has been put in, the time side of which is vital. What I am trying to say is that as with all monitoring round bids, a certain number of which will be accepted and prioritised and others will not, in connection with that. It may well be that it is fairly inescapable that this needs to be done. I am trying to establish from that what the implications are. What is plan B if this, for some reason, turns out to be unsuccessful? What are the implications? You have mentioned the staffing side, but are there any other implications?

Ms Worth: Given that we now have a one-year delay, I suppose that we would start by looking at whether we could push it into next year. When we originally submitted the bid, we needed to have the money spent this year because we were looking at a 1 April 2014 start. Our first thing to look at would be whether we can defer any of this expenditure into next year, although that would bring risks in timing. The sooner we have the system developed and tested, the more time we have and the more chance we have to mitigate risks. That is the first thing that we would do.

We would also look to see whether there was any other capital expenditure in the Department that could be deferred. I would be concerned that we would not be able to defer sufficient expenditure, at this stage of the year to make a dent in it; however, it is possible that we may be able to defer some to enable us to make a start this year.

On the time frame, we end up, I think, with a suboptimal solution. Ideally, you would like to have the system up and running early in the 2014-15 financial year so that you can do testing and training.

Ms McAuley: It might be useful to give a sense of scale on this. At present, DFP administers the rate rebate side for about 65,000 owner occupiers, and the Housing Executive administers it for 165,000; therefore we are talking about a huge increase in the numbers that we will have to deal with. That is one of the reasons why we think the only way to do this is to get an IT system, as opposed to managing it manually.

Mr Weir: As mentioned earlier, the reduced requirements obviously seem to be a work in progress, but you are not expecting those to be particularly big. On the other side of the coin, have any emerging pressures on the resource side been identified, or is that so small that it really could be coped with internally?

Ms Worth: As part of this monitoring round, we are managing a number of uncertainties. Before the reduced requirement emerged, we felt that we had sufficient contingency to manage those uncertainties without needing to retain the small easement that we now see emerging.

Mr Cree: I see that £2 million has been written back in for equal pay. Perhaps you can update us on why that is.

Ms Worth: Certainly. You might recall that, at June monitoring, we asked for that to be reallocated, so we looked for that money to be retained in the budget to deal with those issues. Our colleagues in corporate HR are working towards a solution and, hopefully, towards an agreed position with NIPSA, although that will be subject to ministerial approval. That is one of the uncertainties referred to earlier that we are still managing. However, we still do not have a final estimate on the likely cost.

Mr Cree: It is back in play, though.

Ms Worth: We have a number of claims on the table. As I say, our colleagues are working through them to see how valid they are and are also working towards a potential settlement.

Mr Cree: On the IT system, I am little bit concerned when you talk about the necessary capital expense of updating the computer system or perhaps replacing it and about the amount of staff there are to run it. How can we be assured that the system will be better than it is at present?

I will give you the example of my first-hand experience last week when I got a final demand for the rates for my office, which had, in fact, already been sorted. When I rang up to see why that was, I was told, "Somebody has not updated the computer", and the girl put the phone down. We expect a service that is a little bit better than that and some assurance that the kind of money being spent on this is going towards providing a better service for customers.

Ms McAuley: I am not aware of your individual case, Mr Cree.

Mr Cree: I have written, so I am sure that you will become aware of it.

Ms McAuley: I am sure that I shall.

The computer system does certain things automatically. There is always the question of manual intervention and whether people actually update the system when they are supposed to. The IT system that we are talking about now enables us to make credits to ratepayers who are in some financial difficulty and who have been assessed as requiring assistance. From our perspective, given all the changes that are happening because of welfare reform, and so on, and given the changes that have been agreed in relation to the Housing Executive's role, we cannot afford to sit back and wait. We have to do something now to try to ensure that those who get a rate rebate now, and who will get it in 2014-15, will continue to get it from 2015-16 onwards, provided that they meet the conditions of the scheme. We want to start this work now because it is a big change to what we do. It means that we have to become a paying authority, which we have never done before, and we want an IT system that will help us to do that. I cannot give a guarantee — I do not think that anybody could ever give a guarantee — that mistakes will not be made. When you are dealing with more than 800,000 properties, it is inevitable that things will sometimes go wrong, and, when that happens, all we can do is apologise and try to put it right for the individual.

Mr Cree: That is what I am asking you: how can you be sure that, with that investment in the electronic resource, the human resource will work with it?

Ms McAuley: The human resource will be trained on the new system when it comes in. That is the way the Housing Executive operates, and it makes payments. We will train staff to do what the Housing Executive staff do. However, you can never completely get rid of human error; it is just not possible.

Mr Cree: No, but, hopefully, we will work towards eliminating it as far as possible through training.

Ms McAuley: Yes. All we can do is reduce it to as low a level as we can, but we will never be able to eliminate it completely.

Ms Worth: We want to push forward with developing the system now rather than delaying, because the sooner it is up and running, the sooner we can get people trained. That is likely to assist in ensuring that they are sufficiently familiar with the system before it goes live, because if we are running right up against the deadline and people have not had time to be trained as much as we want them to be it will increase the risk of error.

Mr D Bradley: Appendix 1 shows that there were transfers and technical adjustments of £3.7 million in resource and £2.8 million in capital. Is it possible to have further detail on that?

Ms Worth: Yes. A good proportion of that was in relation to EU programmes. At June monitoring time, we talked a bit about how, when an EU project is approved, there is a pot of money at the centre that gets distributed to the relevant Department to enable it to spend that money on the relevant EU project. The rest of it is transfers into our budget from other Departments. Most notably, the Department of Justice is onboard with IT Assist and so has transferred in budget, both in current and

capital, to enable us to provide its IT service rather than that being provided by somebody else. That is what the majority of that is.

Mr D Bradley: Can you provide us with a paper on the breakdown?

Ms Worth: Certainly, yes.

The Chairperson: Thank you all very much.