Northern Ireland Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

January Monitoring Round: Department of Finance and Personnel and Land and Property Services

11 December 2013

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Members present for all or part of the proceedings:
Mr Daithí McKay (Chairperson)
Ms Michaela Boyle
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr Mitchel McLaughlin
Mr Peter Weir

Witnesses:

Ms Kathryn Hill	Department of Finance and Personnel
Ms Brigitte Worth	Department of Finance and Personnel
Ms Patricia McAuley	Land and Property Services

The Chairperson: I welcome to the Committee for the last session of the year Brigitte Worth, the head of the finance division in the Department of Finance and Personnel (DFP); Kathryn Hill, from the finance division; and Patricia McAuley, the director of revenues and benefits in Land and Property Services (LPS). You are all very welcome. We will try not to keep you too long. Do you want to make some opening comments, Brigitte?

Ms Brigitte Worth (Department of Finance and Personnel): Thank you, Chair. As you can see from our paper, the Department has £3·8 million of current and £1·3 million of capital budget to surrender at this monitoring round. Much of the current money relates to budget that we set aside to deal with ongoing legal cases. The timing and the amounts of the payments required in those cases remains uncertain, but we are now at the time of year at which we have to make our best guesstimate, really, of what is required. We expect that some of the cases will not be heard until the next financial year and that some of the amounts that we set aside are unlikely to be agreed in the next three months. On that basis, we are releasing the funding that we had kept to deal with those issues for redeployment elsewhere in this monitoring round.

On the capital side, the main issue remains the funding that is required for the rate rebate programme. You can see that I have dragged Patricia here with me again to deal with the specifics of that. When we were here previously at the end of September, we had just learned about the delay to the programme and that it had just been agreed. So, I am not entirely surprised that we are here with a reassessment of the requirements. At that time, I did not expect the reassessment to be as significant as it has turned out to be. However, at the end of the day, I am more concerned that the money is spent well than that it is spent quickly.

Looking forward, we still have a few weeks before making our final submission to our colleagues who have just left the room. Business areas will be looking at their November figures, which they would not have had available to them when we prepared this information, to see whether any revision is needed to what they have submitted to us already. In that assessment, it is normal that a few more reduced requirements will emerge. I do not expect anything significant, but, if anything additional is coming out, we will add it in and also surrender it to the centre.

I am happy to take any questions that you may have.

The Chairperson: At the last monitoring round in October, LPS submitted a bid of £1·8 million for IT improvements associated with the rate rebate changes. The Committee now sees a reduced requirement of £1·3 million coming back again. Can you perhaps elaborate on the specific circumstances that resulted in that? How defensible was the initial bid in October, given that the money has now been handed back?

Ms Worth: When we put that bid together in October, we were working towards an implementation date of 1 April 2014 for the scheme. When we wrote the initial October paper, we were aiming to have that system in place for the start of the next financial year. At the very end of September, our Minister met the Minister for Social Development and they agreed that that scheme could be delayed until 1 April 2015. So, when we came to submit our October monitoring return, we were faced with not really knowing exactly how much capital we would spend while wanting to maintain the momentum on the development of the IT system to make sure that we had it in place for 1 April 2015. However, after we had submitted our October monitoring bid, we went through a process of reassessing the business case, making sure that we had everything stacked up and looking again at the timetable to see what was practical. Through that process, it became apparent that it was not sensible for us to spend the capital in the current financial year and that we would get a more robust and better system in place if we were to delay. Do you want to add anything to that, Patricia?

Ms Patricia McAuley (Land and Property Services): I think that the major issue was that, when we did the original estimates, part of the process in obtaining the new IT system was that we had to do a value-for-money exercise to ensure that the price that we are quoted is reasonable and stands up against other prices in the market for that type of thing. More recently, the experience is normally that that process is scheduled and the exercise takes three to four weeks. However, there have been a couple of exercises recently, not related to LPS but to do with other IT projects, that have taken seven to eight weeks instead of the original three to four that had been estimated. One of the main reasons why we have had to put it back is because we need to do the value-for-money exercise as we do not want to spend money and suddenly find a year or three years later that we could have obtained the same system cheaper somewhere else. So, the time taken to do that has had to be put into the timetable, and that has brought us beyond 31 March. That is one of the main reasons why we will not be able to purchase the entire system this year. As Brigitte says, we want to get this done quickly, but we want to get it done right and to ensure that whatever governance procedures that we have to go through are taken through appropriately, that we do a full value-for-money exercise and that we have the best system for the price.

Mr Weir: An accompanying paper in the tabled papers gives us a wee bit of detail on some of the other aspects. However, there are two areas on which the information is fairly scant, but maybe there is not a great deal to expand on. Those areas are the reduced requirements for staffing and the depreciation. Can you tell us anything additional about those?

Ms Worth: Having delayed a significant proportion of our capital spend, there is a consequential, knock-on issue with the depreciation. That is largely why that has arisen.

On the staffing side, the Department routinely carries a number of vacancies. At the moment, we are carrying over 100, which, in a staffing complement of 3,000-plus, is not a huge number. To put the reduced requirement into context, it is less than 1% of our overall staffing budget. We would normally spend around £125 million a year.

Mr Weir: When you draw up the initial figures, do you work on the assumption that you will effectively have 100% staffing? Presumably you must appreciate that each year there will always be periods where there will be some vacancies. What assumptions do you make about those vacancies?

Ms Worth: Each business area would look at their own staffing complement to see what they would expect the movements to be. We have seen a couple of big general service competitions run this year, and all business areas will have staff going up on those competitions. It is very difficult to predict which staff will be successful and, when they are successful, at what point in the year they will move on. You would normally find that there would be a few weeks or months before you would have a member of staff replace somebody who has been promoted, so, despite our best estimate of where we think the movement will be, there is always that to consider.

Mr Weir: Finally, you said that you are going to give a slightly updated picture and that you anticipate that that might lead to a small number of additional reduced requirements. You are not identifying any particular pressures on bids, but do you expect that situation to be the same after November?

Ms Worth: I do not anticipate that there will be any additional bids. We tend to find that, perhaps inevitably, people find it easier to identify areas where they do not have the funding.

Mr Weir: Yes, they tend to be quicker with that. So, you are not anticipating any late indications that some may need £500,000 here or there?

Ms Worth: I am not. We tell people that the deadline to have bids in is before we would come to the Committee, whereas we give them a second chance to submit reduced requirements. Having said that, if something unfortunate were to happen, there is always the possibility that such late indications will be given. However, I do not expect that to happen.

Mr Weir: Barring an emergency. OK.

Mr Mitchel McLaughlin: My point relates to Peter's line of questioning. I do not see anything in the paper about the increase in confidence that the Minister was going to look at the outstanding issues around the equal pay settlement.

Ms Worth: You might remember that, at the June monitoring round, we set aside £2 million in connection with the Abdulla ruling. We found there that our latest estimate of where we might be on that situation in the current financial year is coming in lower than that initial estimate. So, part of our surrender on the legal case side is to reflect that we had put more money aside for that particular issue than was needed.

On the broader equal pay issues, those consequentials would not fall to the DFP budget. Some would fall to, I believe, the DOJ budget and therefore would not be addressed in this.

Mr Mitchel McLaughlin: If there were an intention to address those anomalies, which I think is the best way of putting it, it would be reflected in DFP's budget as well as those of other Departments, would it not? There does not seem to be any kind of cross reference.

Ms Worth: As I said, the consequentials of the Abdulla ruling around the leavers —

Mr Mitchel McLaughlin: No, I understand that.

Ms Worth: — are in here, but where the broader issue is concerned, I am not aware of any imminent —

Mr Mitchel McLaughlin: There is no ministerial initiative.

Ms Worth: I am not aware of anything imminent, other than the Abdulla issue, that is likely to happen in the current financial year that would affect the DFP budget.

Mr Mitchel McLaughlin: OK. Watch this space. *[Laughter.]*

Mr Weir: Very ominous.

The Chairperson: OK. Thank you all very much.