



Northern Ireland  
Assembly

Committee for Finance and Personnel

# OFFICIAL REPORT (Hansard)

Programme for Government, Business Plan and  
Savings Delivery Plan:  
Department of Finance and Personnel

15 January 2014

# 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)  
Ms Michaela Boyle  
Mrs Judith Cochrane  
Mr Leslie Cree  
Mr Paul Girvan  
Mr John McCallister  
Mr Ian McCrea  
Mr Mitchel McLaughlin  
Mr Adrian McQuillan  
Mr Peter Weir

**Witnesses:**

Ms Kathryn Hill	Department of Finance and Personnel
Mr Stephen Peover	Department of Finance and Personnel
Ms Brigitte Worth	Department of Finance and Personnel
Mr John Wilkinson	Land and Property Services

**The Chairperson:** OK, Stephen, do you want to make a few brief opening comments?

**Mr Stephen Peover (Department of Finance and Personnel):** I have not much to say, Chairman. We are reasonably comfortable with where we are. Our main concern is sickness absence, but, apart from that, things are going reasonably well. Indeed, some things have improved since you saw the update.

There is nothing huge that I want to say, but we are on target for our savings. We deduct savings from our business areas at the start of the year so that they have to make their savings. Brigitte gets anxious at this time of the year about how overspend and underspend will end up, but that is just part of her natural anxiety. We did well last year. I would like to do at least as well this year as Brigitte's performance target for the year, and perhaps better, if we can. Overall, I am comfortable enough with the way in which things are shaping up in the Department.

Our concerns are the obvious ones of sickness absence, both our own in the Department and in supporting the rest of the Northern Ireland Civil Service (NICS). It is something that is quite difficult to control. The bulk of our sickness absence is due to long-term sickness, and my directors, such as John, look at all the sickness absence cases every month. We get monthly returns. I brought John along today, unusually in these circumstances, in case you wanted to talk about Land and Property

Services (LPS) business. Quite often, we focus on that, and John knows the business in detail, but my directors and I look at every case of long-term sickness absence across the Department. A large proportion of them are people with serious physical illnesses who are undergoing chemotherapy or recovering from an accident, or whatever it might be, and for whom the recovery process will take as long as it takes. What we are doing generally is trying to encourage people to return or to look to medical retirement if that is the appropriate solution for the individual. We are trying to bear down on those long-term sickness cases where there is something that we can do that will facilitate the individual's return. It may be a work-related problem, and the person may need to move to another job or work with other people. If we can, we will facilitate that.

More generally, across the system, we have looked at a whole range of options. Our policy role is to support the NICS by providing the systems, processes and procedures that encourage a reduction in sickness absence. We have looked at a whole range of options, from fairly radical ones to intensifying what we already do. The Minister's view is that he is comfortable at the moment with our pursuing the better implementation of what we are already doing rather than going for a radical change in the terms and conditions of service for our staff.

We in the permanent secretaries' group have been in discussion about briefings and how we might learn from the experience of the best-performing organisations. In the main, people do the same things. They have the same processes, procedures, contact with staff and line manager involvement. Those are the same across the system, but there are variations in outcomes. We are looking at whether there are some lessons that we can learn and whether there may be some more things that we can do to standardise and unify the performance of all Departments.

It is a continuing problem for us, but, in our defence, we have consistently until last year reduced the overall level of absence year on year for quite a number of years now. We do better than many public sector organisations. In fact, we are slightly hoist by our own petard as we keep better records than many other organisations do, and therefore our performance is more transparent. However, it is an area of concern for us, and one that we are acting on both at departmental level and corporately across the NICS.

On the rest of the targets, I am happy to take questions.

**The Chairperson:** First, this obviously applies up until September. When will we be able to get a more updated version of events, or should we expect any change from September?

**Mr Peover:** There will be some changes but not huge ones. At our January departmental board meeting at the end of the month, we will have an update up until the end of December, I think, so we can certainly give you an update up until December later on this month when we clear it with our Minister. That will be available shortly.

**The Chairperson:** Sickness absence is of great concern to the Committee. There are two red traffic lights in there. If those two traffic lights were green and you were meeting your sickness absence targets, how much would we save in costs to the public purse?

**Mr Peover:** That is an interesting question. I have a philosophical issue with that. We quote figures every year. We could say that there would be £25 million saved across the system as a whole if sickness absence were reduced to our target levels. In some senses, that is true, because, if someone is not there processing an application and something has to wait or if we have to employ someone to stand in and do the work of someone who is off on long-term sick leave, there is a cost. In many cases, what happens is that either the work waits a bit or other staff do more to compensate for the absence of a colleague. Although there is a theoretical rationale to the idea that x number of staff absent means y cost multiplied by an average cost per person per absence, which is true in a statistical sense, to me, it does not give a full, rounded picture of what happens. To take a personal example, if John or I were off, John's staff or my staff would do what we would have done had we been there. They will not get paid any more for doing it. They will just add it on and work a bit longer and a bit harder. That applies to most senior staff. There are costs at the other end of the system when someone has a caseload that has to be managed. If the person is absent, you have to bring someone in to do that work. That costs money. Again, it is one of those areas in which we shoot ourselves in the foot slightly over the figures. Yes, they are statistically accurate and the methodology is fine, but the practical reality of what happens in a real system is that the system itself absorbs some of the costs without additional cost to the taxpayer. Therefore, I have a slight argument with the logic

of all of that. However, I think that my Northern Ireland Statistics and Research Agency (NISRA) colleagues would criticise me for criticising them.

**The Chairperson:** Is there much of a knock-on effect? Obviously, you would say that, if somebody is off on long-term absence, you either bring somebody in to cover the post or you get fellow staff to cover it. Perhaps in some cases those staff are already under pressure, and the added pressure could result in their going on sick leave as well. Are there many examples of that?

**Mr Peover:** I do not know offhand. The examples that I look at relate to long-term sick leave. I cannot look at every absence in the Department, because a lot of absence is short term. If somebody has a cold —

**The Chairperson:** Is there a trend?

**Mr Peover:** Not particularly. I do not think so. I would need to look more closely at the figures. I do not see any trend of knock-on absenteeism owing to stress. Sometimes what happens is that there is a dispute in the workplace. A person and his or her line manager or colleague fall out. One accuses the other of bullying or harassment. Perhaps there are joint accusations. One or other or both of them may go off on sick leave as a consequence because they are suffering from work-related stress. They go to their doctor and talk about the anxiety that they are facing. It is real stress. I am not denigrating it. You do sometimes get little pockets of stress occurring because there are workplace difficulties. As to people going off on sick leave because they have contracted cancer or have had a car accident and that giving rise to work-related stress among their colleagues who are covering for them while they are absent, I do not think that that is an issue for us. I certainly have not seen any patterns of consequential illness happening because of the absence of an individual. It is a bit like your own support staff in the Committee. If the Committee Clerk is off with a cold or flu, his colleagues will cover for him while he is away. You would like to think that it would not be a major cost to the Committee if the Committee Clerk were on short-term absence.

**Mr Weir:** We could not afford his wages. *[Laughter.]*

**Mr Peover:** It is only when there is a longer-term absence that you have to think about the idea of cover and how to manage it. Most teams will pull together and try to make up for the absence of a member of staff. I do not want to annoy Norman Caven and his colleagues in NISRA. There is a theoretical rationale to quoting a cost of £x million for the absence of staff. However, that is not necessarily an extra cost to the taxpayer. It represents, in a sense, lost production rather than a cost to the taxpayer.

**The Chairperson:** It is obviously an interesting issue. The targets have been set for a reason. First, how do we compare with other jurisdictions? Are our figures above or below average? I have not really got an answer from you yet on the reason that we are not meeting targets. Is it because there is a poor standard of public health? On bullying and harassment, are there management issues for which training is required? Is there a deficit there that needs to be addressed?

**Mr Peover:** The answer to the second question is probably yes. I do not think that it is a major element in our sickness absence. I look at every sickness absence case in the Department of Finance and Personnel (DFP). As I look at them, I see that the majority are due to physical illnesses. A number of them are stress-related. Some are work-related and some are not. People suffer from all sorts of stresses outside the workplace, such as bereavement or a family break-up, or whatever it might be. There are all sorts of reasons.

**The Chairperson:** Do you compare the figures with other jurisdictions to see whether anything sticks out?

**Mr Peover:** No, we do not have that level of detail for other people. In general terms, if you are asking whether we perform less well than England, Scotland or Wales, the answer is yes. We report a higher level of sickness absence than our colleagues. We have tested that, and the advice that I have been given is that our measurements systems are the same as those in England, for example. There is no real difference between how we measure and how they measure, so I cannot blame the difference on a difference of measurement.

I have some slight doubts, however, over bits and pieces that are relatively small. For example, if Brigitte were to go on long-term sick leave, have to be medically retired and be granted that from tomorrow, she would still count on our books for 13 weeks after that date, even though she would be off on sick leave, would not be with us and would be glad to be medically retired, and we would be glad to give it to her and help her out of the system. However, she would remain on our books for 13 more weeks, as that is the way in which the system works. She would be entitled to a notice period of 13 weeks and would count against our sick leave targets for 13 weeks, even though we would not expect her to return and she would not expect to return. However, she would still be one of our staff. If we wrote those bits off, it would not make a huge difference to the figures, but it would make some difference.

One thing that I am not entirely sure about is how other employers treat those types of cases. I am unsure whether, when staff are on their way out and are being medically retired, they are still counted in other organisations. We count them, and quite a number of staff are medically retired. It sounds a bit odd, but that is the way that the system works. Even though someone is granted medical retirement and has received a note to say that he or she will go from such-and-such a date, that date is 13 weeks ahead, and, for those 13 weeks, that person still count as a member of our staff.

**The Chairperson:** I was going to say that I am getting very concerned at the rising level of sickness in this room, never mind elsewhere.

**Mr Cree:** I want to follow on from that, Stephen. We are three months down the line, and this is always an issue. I want to look particularly at the ambers, which record the overs and unders. In October, you surrendered £950,000. Was that sufficient to meet the remaining pressures? What happened in December?

**Mr Peover:** Let me start a wee bit further back, Mr Cree. At the start of the year, and in the light of previous years' experience, Brigitte ventured out across the Department, talked to all the business areas and put a bit of pressure on them to be clearer about the budgets that they needed. We reduced budgets significantly as a result of that exercise. In retrospect, we could have been rather more rigorous and borne down further on business areas. Despite business areas telling us that they were at the pin of their collar, we still found money being shaken out of the system. There are quite often good reasons for that. Things often depend on other things happening, and when those do not happen, things get pushed on.

Brigitte, do you want to talk about where exactly we are with the budget?

**Ms Brigitte Worth (Department of Finance and Personnel):** Yes, that is fine. We surrendered an additional amount of money in the January monitoring round. That was more money that I would have liked, because, as Stephen said, we went around the business areas at the start of the year and thought that we had pushed people. I think that another £5 million of current expenditure was surrendered in the January monitoring round. With hindsight, £950,000 was probably not enough to surrender in October, but hindsight is a wonderful thing. That certainly made me think long and hard about how hard to bear down on people at the start of 2014-15. We clearly could have been harder on them.

To answer your question, we did have enough resources to manage the existing pressures. At the time of writing the report, I was more optimistic that the level of our budget was correct than I had cause to be, given the experience that we then had in the January monitoring round.

**Mr Cree:** This is a classic case. I have some sympathy for you, but the worst possible scenario would be that you end up with a lot of unspent money that you cannot do anything with at year end. Taking the January monitoring round minor fiasco into account, how do you see it running through to the end of March?

**Ms Worth:** I am hopeful. As Stephen said earlier, this is the time of year when I get anxious, because it is my job to get anxious. Given my anxiety, I never feel comfortable downgrading that target to anything below amber until we see some numbers coming in in April. However, I have no specific reason to be anxious at this time. It is a reflection of my general anxiety that the target remains

amber. Given the large amounts that we surrendered in January monitoring, I am hopeful that our performance at the end of this year will be good.

**Mr Cree:** You can utilise the surplus, if I can call it that, in January profitably.

**Mr Peover:** Yes.

**Mr Cree:** What about on the capital side? Some £1.8 million was submitted.

**Ms Worth:** On the capital side, yes, the bid for £1.8 million was submitted and was successful, but, again, time moved on, and, with the particular project that we had submitted the bid for, which was on the rate rebate side, things moved on, the programme became delayed and we again ended up with a capital surrender in January monitoring. We have a better record on the capital side than on the current side for underspending. Over the past few years, we have regularly come in with a couple of hundred thousand pounds on our capital budget at year end. I do not have any reason to expect that it will be any different this year.

**Mr Cree:** Logically, capital should be easier to handle because of the lead time, and all of the rest of it.

**Mr Peover:** We are not a big capital spending Department anyway, so it is not a big issue for us normally. There was a particular issue on rate rebate. The whole system has moved back by a year. We had originally planned to have it finished by 2015, but now we will have full implementation by 2016. Therefore, we have had more time with that. In a sense, it is not of our doing. It is because the wider system has changed its view of how it is going to manage over 2014, 2015 and 2016 through the welfare reform programme.

**Mr Cree:** You have a lovely expression in your paper that I think should go down in history:

*"This target remains amber due to the inherent uncertainties in budget management."*

That has got to be a textbook case.

**Mr Peover:** It is. To be fair to our colleagues, the absolute capital hanging offence in public sector spending is overspending. Therefore, business areas are naturally very concerned not to overspend, so they tend to be conservative in their budget estimations and keep a little bit of spare money in their back pocket just in case. Quite a lot of this is staffing related. It is hard to forecast exactly what your staffing is going to be, because people will leave, retire, get ill, move on, get promoted or move around the system, so it is hard to be exact on how your budget planning and staff planning fit together. People tend to keep a little bit of spare money around.

**Mr Cree:** Just in case.

**Mr Peover:** A bit of roughness, as they used to say in the country, just to make sure that they do not end up overspending. We have been shaking that roughness out of the system for a number of years now. It is quite apparent that, at the start of the process, there must have been an awful lot of roughness in the system.

Part of Brigitte's job is to try to manage people's budgets down. To be honest, DFP is a sort of corporate Department. We support the rest of the system. With the exception of John's people, who relate to the public, most of our staff relate to other civil servants. I am more concerned that money get spent on houses, roads, schools or hospitals rather than on support services, so if we can push the money out at the start of the year and say, "We do not need that £5 million", it could be spent on something else.

**Mr Cree:** You mention the capital offence. That is a good thing, but there is no revenue or resource offence yet, is there?

**Mr Peover:** There is a capital offence on both sides. Overspending on revenue —

**Mr Mitchel McLaughlin:** It is not a death penalty.

**Mr Peover:** No, they got rid of the death penalty, fortunately, but it is the equivalent of ritual humiliation in front of the Public Accounts Committee (PAC).

**Mr John Wilkinson (Land and Property Services):** I am starting to feel a little uncomfortable about this conversation. *[Laughter.]*

**Mr Mitchel McLaughlin:** I want to ask about corporation tax, which is target number R1.01. First, is the report based on September returns? Is there an update that we need to know about?

**Mr Peover:** Yes, there have been further discussions among the various parties: HM Treasury, HM Revenue and Customs (HMRC), and us. That process is continuing. There is no real sign of any change in the UK Government's timetable or attitude to all of that. The discussions are continuing, and the Minister is taking the opportunity to remind our colleagues that it is a key issue for us.

**Mr Mitchel McLaughlin:** I think that we understand that the reference to autumn 2014 relates to the Scottish independence referendum. However, in the event that we reach that point, are we going into that period, at this stage, with an assurance that the Executive and the Assembly have all the information that they need? There is going to be a direct impact on the block grant. Do we know in advance, and are we satisfied at this stage, that we have all the necessary information?

**Mr Peover:** We have as much as we can reasonably expect to have at the moment. These things are obviously dynamic and can change, depending on where things stand and what the corporation tax take is, in accordance with the estimates from HMRC, and so on. It is a bit of a moving target. I am not aware that our people are concerned about a lack of information available at the moment. There is no feeling that information is being withheld from us, but the position will change over time as we get nearer to the decision.

**Mr Mitchel McLaughlin:** For example, throughout the process, there was a concern that the quality of information that we were getting — the feedback from the Treasury — was not of the detail, for instance, that was being made available to the Scottish Government. Are we satisfied —

**Mr Peover:** I am not aware of —

**Mr Mitchel McLaughlin:** Is that what you refer to when you say that the First Minister and the deputy First Minister:

*"wrote to the Secretary of State on 24 September 2013 stressing the need to agree on a process and timetable to resolve the outstanding issues."*

Perhaps you can help us understand what the outstanding issues are.

**Mr Peover:** That is the point we are making. We need to sit down with Treasury over a period and agree the levels of things, such as the proposed reduction in the block grant. I do not think that there is any feeling of having information withheld from us, or that Treasury is being more open with the Scots than it is with us — at least I have no such feeling. I will check the position and make sure that my colleagues do not feel any more concerned than I do. I certainly do not feel concerned at the moment. I do not see it as a failure of information-giving. It is just that it is some time away, the figures will change and we will need —

**Mr Mitchel McLaughlin:** No. Obviously, with respect to what is happening in the economy generally, those fluctuations have to be factored in. It is either an issue or it is not. If we understand with absolute clarity that Treasury, which has all the information, has actually given you information that the Committee does not have and that we do not have any experience of, and it is of the quality that is being made available to Scotland, we can then move on to discussions — even at this stage and in advance of any decision or a positive decision — to examine the timeline by which we will start to factor this, presumably into the next mandate or budget process, which is, in fact, about to kick off. We want to know in some detail what the outstanding issues are.

**Mr Peover:** The main one is the one that we have talked about: the level of the reduction in the block grant that might be applied, if corporation tax were devolved. I am not aware of any feeling among the team on our side that there is a blockage of information, but I will check that point and come back to you about it, just in case there is something that I am missing. I am not personally involved in it and

*[Inaudible.]* with the various teams. I am getting no feedback from our people that they are frustrated at the lack of information. However, I will check the point for you.

**Mr Mitchel McLaughlin:** Not to oversimplify it, but I imagine that our own economists would wish to be in a position to model this out in advance of a decision so that we know in advance what the impact is and what the sensible and necessary measures are that we should be planning for now. There will, indeed, be a timeline with particular milestones and whatever, and we look forward to the detail of that when it becomes available. However, we have this nine-month period in which to ensure that we have full access to the information that will allow us to make informed decisions going forward.

**Mr Peover:** As I say, I am not getting any sense from our economist colleagues, or from Bill Pauley on the strategic policy side, that there is an information gap, but I will check the point specifically and make sure —

**Mr Mitchel McLaughlin:** In coming to a view that we have a green status on this target, would that be subject to any —

**Mr Peover:** We will not get green until the British Government make a decision on that.

**Mr Mitchel McLaughlin:** Gives us the green?

**Mr Peover:** Yes.

**Mr Mitchel McLaughlin:** Why is it marked green here? Is there outstanding work? That is what I am getting at.

**Mr Peover:** It is because we cannot say that it has been achieved; it has not been achieved. We had this discussion at the Committee some time ago about when you count something as having been done and having gone to green; the question is about dates and targets. If we give a target date of 31 March or whatever and it does not happen, then we will not go green. At the moment, I am not concerned that there is a problem.

**Mr Mitchel McLaughlin:** Yes, but if we were to take the departmental status report for the current year 2013-14, will the outstanding issues referred to here be resolved and given a green status by the end of this financial year?

**Mr Peover:** It is green/amber. It is amber only because we have not been given a go-ahead from the UK Government.

**Mr Mitchel McLaughlin:** According to my papers, it is green.

**Ms Worth:** It is green/amber in the Programme for Government but green in the departmental business plan. It is green/amber in the Programme for Government for the reasons that Stephen has just set out: we are not going to hit the time frame in the Programme for Government. We have assessed it as green in the Department because officials are doing everything that we can to facilitate the process. I suppose that the distinction between them is whether the Programme for Government target will be achieved on time and whether DFP has done everything that it can to facilitate that.

**Mr Mitchel McLaughlin:** The Committee would be much more forgiving of factors that are outside the control of the Executive. The Westminster Government will play their cards close to their chest, and we all understand the reasons for that. However, what we would not understand is if that allowed people to take their foot off the pedal in gathering up all the necessary intelligence, reports, data and economic facts, which are precisely what the revenue authorities themselves are working on. We need to be in a position, in the event of a positive decision, to have an action plan. We need to, at that point, start to gather up the information. We should be using this period in the run-up to autumn as productively as possible.

**Mr Peover:** Yes, and that is happening as far as I am aware. I will check that. The point is that I am not aware of there being any failure on the part of the UK authorities to give us the information that we need. As Brigitte says, we are where we are with our bit of it. The real issue is the decision by the UK Government.



**Mr Mitchel McLaughlin:** OK. I will not labour it. Stephen, over the period of this discussion and the Assembly coming to a settled view that this is the direction of travel, there has been evidence that Scotland was getting a qualitatively different feedback from the revenue authorities than we were getting. I welcome your offer to come back to us with it and I welcome the opportunity to flag up that the Committee stands by the work on this issue in a positive and constructive way. There is no point in scrambling for information after the fact; it is a question of getting the detail and we might change our minds, although I doubt that. We might want to be certain that we are going forward on the basis of having all the relevant information to hand.

I am trying to find my second issue here while we are chatting. At target R2.08, which is to do with exemplar online transactions, there is an intriguing reference to "internal resource unavailability". What are the key issues that we are dealing with there? Can you help us to understand that?

**Mr Peover:** Yes. The genealogy one has gone green. Phase 1 is done, although the timescale was slightly delayed. I am assured by Norman Caven that phases 2 and 3 will be up and running by the end of March this year, on target. The system will be available to the public in early April.

There was an issue about the scope of the social investment fund project, if I remember rightly. The scope has been changed, and that has required a bit of a delay in the programme, but it is working. The GRO genealogy target is now on schedule. It is the first time that we have done such a project that makes information available online. We are working with our strategic partners in BT, which runs the NI Direct system. We pressed BT on a number of occasions to increase the resource available to us to allow the project to be done. That has been done now, and I am satisfied that those problems have been resolved and that the system will be available by the date that we originally specified.

**Mr Mitchel McLaughlin:** Stephen, I am not sure that I understand what the internal resource on availability is. Are we talking about hardware, software or personnel?

**Mr Peover:** There were issues about the IT accreditation of the system, and Class Consultancy needed to check that the system was secure. That took some time to get done. It was internal to BT in this case rather than us, but that has now been done.

**Mr Mitchel McLaughlin:** Is the present situation different from when the report was prepared?

**Mr Peover:** The present situation is green now; the project will be delivered on time. Without washing our dirty linen in public, we have had discussions internally in the Department and between us and BT at a high level about dealing with the resource availability needed to deliver this project on time. It was the first one that BT had done, to be fair. It is a bit of a pilot, and the first phases were a bit delayed. We were anxious that BT should put more resource into it, and it has done so successfully. We are very happy with where things are now.

**Mr Mitchel McLaughlin:** What contradiction, if any, is there in a costed proposal for progressing core capabilities against the PFG projects under consideration? Does that not indicate that there is a bit of an afterthought here?

**Mr Peover:** We did a stocktake across the system of all the available projects that could be digitalised, which is the phrase that I am using now, and on the impact of those projects on the delivery of services to the public. We had a meeting at the end of December, and we are having another meeting this Friday with the permanent secretary's group where we are looking at a proposal for how we handle the next phases. There is huge scope across the system on transactional services that we could deliver better to the public.

More simply, when my daughter went to university in Edinburgh she had to notify the driving licence authorities of her move. I had to get the form for her. I regard myself as reasonably well educated and informed about administration, and I found it difficult to help her to fill the form in. We are keen to provide systems for the public that lead them through those application processes — transactional processes with government — in a way that is as simple and straightforward as possible, where, if you answer yes to question A, you do not have to answer another six questions but are moved immediately on to question 7 and so on. How we do that and how we identify the services that are most relevant for it is being addressed this week.

We have done a stocktake of all our services. We have looked at the ones with the maximum number of transactions and at transactions with John's people on the rates side, with DOE and all sorts of

Departments. We have a master list of transactional services that are suitable for digitalisation. There are number of quick wins, about 20%, and there is another 80% in the second phase that will require a bit more investment. The trick is not so much the technical side of it but getting a commonality in approach between Departments on what they do and how they do it. Ideally, we want a common front end to all public sector systems so that people can go on to the website, click on the service that they want and see generally the same structure and follow it through rather than having 10 different front ends on their IT systems.

**Mr Mitchel McLaughlin:** I am a strong supporter of all of that.

**Mr Peover:** We will need Executive clearance on the priority services and the resourcing of those and what comes in the second phase. We will have to go to our Minister and then to the Executive with a proposal on what we do next to drive the digitisation of services.

**Mr Mitchel McLaughlin:** Given that we are going for as much accessibility as possible and are trying to help the public interface, are we making progress with every Department — you referred to this operating off the same hymn sheet — and are agencies and arm's-length bodies delivering services on their behalf? Are you thinking about clearing all those hurdles over data sharing and data protection so that you get pre-populated forms and all that business instead of putting people through the onerous and frustrating process of filling them in?

**Mr Peover:** That is a bit more tricky. There are difficulties in sharing data among different bodies, but there are no difficulties, by and large, in sharing data in the Civil Service, so we should be able to have the same front end. Ideally, what you want is a person to have a single point of contact so that once you put in your basic information or notify a change, such as a bereavement, you do so once rather than multiple times. There has been some progress on that. That is where we would like to get to: a single system in which changes can be notified and embedded without playing havoc.

**Mr Mitchel McLaughlin:** Some of our agencies are pretty advanced at this. Procurement, which has always been a focus of the Committee, has done some very useful work in this area. I understand that John's agency, as well as Land and Property Services, is trying to upgrade its processes. In respect of procurement, contractors can now go to a portal where their information is uploaded, and they can update that if necessary. They can then move straight into the detail of registering their interests and tendering because the information has already been captured and made available. The form is populated as soon as they put in their unique identifier. Is that the direction of travel for all our Departments? Are they cooperating with one another on that?

**Mr Peover:** Ideally, it would be. Yes.

**Mr Mitchel McLaughlin:** Ideally, it would be. That does not sound reassuring.

**Mr Peover:** It is not easy.

**Mr Mitchel McLaughlin:** I could argue that, ideally, it should be. I would like you to say, "Yes. That is the position of my Department, and we are going to see that it happens".

**Mr Peover:** We have difficulties even in sharing information with other public bodies. John knows all about that as well.

The legislation is complicated. There may need to be ways of saying to a person, "Do you mind if we share this information that you have given us with services x, y and z?". If people give you clearance, you can do it. However, you are not supposed to use information for purposes for which it was not originally given. There are strict controls, under data protection legislation, that do not allow you to process personal information that you have received other than for the purpose intended.

**Mr Mitchel McLaughlin:** I know that. The legislation emerged after people had perhaps established a record of their details. However, on the first occasion on which people interface with the new digitised service, they are given the opportunity to say, "Yes, I am happy".

**Mr Peover:** Our objective is to have free movement of information so that the individual does not have to give the same information six different times.

**Mr Mitchel McLaughlin:** I suppose, at that point, we could give a green light.

**Mr Peover:** There is much to do. We are a diverse system. Our functions in the Civil Service are a mixture of policy-level legislation right down to actual delivery, which you might not find in some of the bigger systems, such as Whitehall. The public engage with us about services that they would engage with local authorities about in England, Scotland or Wales. Ours is a slightly more complicated arrangement. Our pattern of non-departmental public bodies is different as well.

The intention is to attack the big issues first. We want to sort out the major transactional services and those that the public engage with most so that the main contacts that the public have with our system are straightforward, consistent, coherent, accessible and easily usable. We are struggling with what the vision for that should be. It is about making sure that the public access services easily rather than through complicated mechanisms. That is our objective. We need to get Executive clearance for that. We need to find the mechanism for driving it in our system. If DFP drives it, it looks a bit like a cost-saving proposal; but it is not. This is about providing a better-quality service with the diminishing resources that we have. In Whitehall, that is being driven through the Cabinet Office, with Francis Maude as the main proponent. We do not have an equivalent here. We need to find a mechanism in our system to enable such an impetus. Ours is a diverse system, with a number of different parties involved in administration.

**Mr Mitchel McLaughlin:** OK. Finally, the new council structure should also provide an impetus because of the devolution of powers.

**Mr Peover:** Yes.

**Mr Weir:** Thank you, Stephen. I did not think a while ago that I would be welcoming the greening of the Department —

**Mr Mitchel McLaughlin:** Is this being recorded by Hansard? *[Laughter.]*

**Mr Weir:** They are taking it down and using it in evidence against me.

One aspect that has not been touched on so far, which is in reference to R1.02 — I am almost tempted to say R2D2 — is that of the European structural funds and the programme aimed between 2014 and 2020. Obviously, part of the objective is to try to reach agreement on a programme of activities with the UK Government and the EU. You seem to be fairly optimistic that that is moving towards a conclusion and is green-lighted. I wonder whether you can put more meat on the bones as to where we are with that and give us a bit of an update.

**Mr Peover:** I think that my colleagues from the European division are to brief the Committee on 5 February. The budget regulation was published on 20 December 2013, and the regulations and the agricultural regulations were published on the same day, so that allowed the formal submission of proposals to start. That was the starting gun on 20 December. The fisheries fund regulation has not yet been agreed, but the overall financial allocations to the United Kingdom were notified by the Commission on 20 December. There is a UK partnership agreement to be put together and delivered to the Commission. The deadline for that is, if I remember rightly, 22 April. The intention of the Department of Business, Innovation and Skills (BIS) is to submit that by the end of February.

We have been consulting Departments and social and sectoral partners in order to identify the priority investments in line with the Programme for Government, and our intention is to put our material to BIS in accordance with that timescale. The Commission has, I think, three months after the submission of the partnership agreement to come back with its response, so we are looking at some time around May-ish by the time we get a final outcome from all of this.

On the operational side, the programmes to implement the priorities can be submitted once the partnership agreement has gone in, and that work is going on. They have to be submitted within three months, I think. If the partnership agreement goes in at the end of February, the operational programmes need to go in by the end of May, except for the cross-border ones that do not need to go in until the end of September, which I think is the deadline.

**Mr Weir:** I know it is not quite of the same nature, but there is an element of a degree of parallel with corporation tax in that there are difficulties in getting all the boxes ticked. There are various things that

lie outside our direct control, albeit that corporation tax is a very different situation in that you have a clear level of blockage at present for obvious reasons. However, from that point of view, yes, there are various hurdles to overcome from the European side. We are not aware of any delays on that side, and, from what you were saying, we are essentially in a situation whereby everything that we can possibly do has been done or is in the process of being finalised so there is no blockage in the system from our end.

**Mr Peover:** No, things seem to be proceeding in a reasonably straight-forward manner and on schedule.

**Mr D Bradley:** Good morning. I want to ask you about R1.03, which is about social clauses. I think that you said that progress has been made on the implementation of the targets for inclusion of the social clauses in contracts and that all Departments have the targets in place. Do you have any estimation of what progress has been made against the targets?

**Mr Peover:** No, I have not seen any monitoring outcomes. I can give the Committee an update for 2012-13, but I have not seen any more recent updates. It has been complicated, and we had several goes at producing guidance that Departments could accept. We now have guidance that Departments have accepted — that was our target. To put it in ordinary language, it sets out a floor level that everybody is expected to achieve. If some or all Departments want to do more than that, they can do so.

We have defined the policy level. It took us quite a while to get that sorted out with Departments, but it has been sorted out.

The figures for 2012-13 showed that some 229 contracts involved social clauses as performance clauses. They required the contractors to employ staff such as apprentices, trainees and those on student placements. I understand that 33 trainees are detailed in the paper. However, that was only for 2012-13; I hope that we will get more recent figures soon. Now that the policy context is more settled, we should see an improvement in the figures.

**Mr D Bradley:** Thanks very much. How is the content of social clauses in contracts determined?

**Mr Peover:** In what sense? It is really by the contracting authority.

**Mr D Bradley:** In the sense that perhaps 10 apprentices would be employed or so many people who were previously unemployed would be taken into employment. How is that decided and who makes the decision?

**Mr Peover:** The policy sets out a framework in which the decisions are made. However, the contracting authority would make the decision, and it depends on the nature of the contract. I do not have the figures here, but, in capital works contracts, there is a ratio of so much spend —

**Mr D Bradley:** Which authority?

**Mr Peover:** The contracting authority. There is a ratio of so much spend —

**Mr D Bradley:** Whoever commissions the contract?

**Mr Peover:** Yes. If you spend x million pounds, you would employ so many trainees. There is a direct relationship in capital contracts.

It is a bit more difficult for non-capital contracts. For example, we do not want someone who is long-term unemployed to be taken on for the period of the contract and then made unemployed at the end of it. That is what delayed part of the *[Inaudible.]* We were keen to find a mechanism whereby we could use a third-party partner to employ the staff and deploy them to the appropriate contracts. You or I would be taken on by a third party and, when a contractor needed an unemployed person, they would take on an unemployed person through the Department. When that contract finished you or I would move on to another contract. We were not keen on a revolving door. That mechanism still needs to be resolved. On the DFP and CPD side we were keen to pursue that idea, but it took us a long time to get the policy resolved.

**Mr D Bradley:** Do you intend to assess the worth of social contracts?

**Mr Peover:** In the sense of the numbers of people who are employed or beyond that?

**Mr D Bradley:** In the sense of whether the bar has been set high enough and whether we are getting enough out of them from the point of view of social benefit.

**Mr Peover:** The intention is that Departments report on their performance and on the benefits of social clauses, some of which are quite difficult to assess. Contractors have told us that, if they are forced to take on a long-term unemployed person, they might have to let somebody in their existing workforce go in order to accommodate an additional person. I suppose that you might expect that. If an apprentice is taken on for a contract that does not last the full length of an apprenticeship, that person may not benefit in the long term from that period of employment.

The long-term benefits are hard to assess. However, contracting authorities are meant to measure the benefits that flow, once they have been included in the contract, they are part of the performance measurements that go with managing the contract. The contracting authorities should ensure that people who they said would be employed are employed and that the trainees who should be taken on are taken on and so on.

**Mr D Bradley:** On the point that you made, the feedback from contractors suggests that there is a need for some sort of assessment to ensure, for one thing, that social contracts are not causing displacement. If they are, they are defeating the purpose from the beginning. It would be interesting to have some sort of study or assessment of that, and perhaps the information from that would help us to improve them in the future.

**Mr Peover:** I will raise that at the next procurement board, which will probably be in May or June. We will see what performance measures we can —

**Mr D Bradley:** I want to ask you about target R1.03, which deals with procurement. I know that a number of the Health Department procurement contracts are let on a bi-nation or tri-nation basis, with Wales in one case and with Wales and Scotland in another. Some of the feedback on that shows that there is a requirement in some contracts that those who tender need to supply at least four items, for example. Some of the smaller companies here perhaps only provide one, two or three items and are excluded from even applying for those contracts. One of the major themes in your policy on procurement is to bring in the smaller companies so that they can benefit from procurement as much as the larger companies. Does having that bar, which smaller companies cannot meet, not contradict that?

**Mr Peover:** I suppose that the short answer is yes. There are two objectives in procurement, which are, to some degree, always in tension. Those are getting the best value for money, which usually means going big, and keeping local suppliers involved in the supply chain, which, ideally, means going small.

To be fair, I cannot comment on Health procurement directly and I would need to talk to my colleagues in the Health Department about how they manage those contracts through their service provision. However, generally speaking, in Northern Ireland procurement terms, we do very well in supporting local SMEs, and a large proportion of our contracts go to local SMEs.

There is no point trying to avoid it; there is an inherent tension between value for money, on one side, and supporting local businesses, on the other. Value for money is usually, but not always, achieved by making contracts as large as possible and driving economies of scale through the procurement system.

To be fair to us, I think that we have managed that reasonably well, and I am happy to give the Committee figures for where local SMEs stand in our procurement contracts. I would need to talk to my Health colleagues about how they operate their contracts. I presume that those contracts are for drugs and surgical appliances and so on.

**Mr D Bradley:** The requirement for companies to supply at least four items seems to be a bureaucratic thing rather than a value-for-money consideration. I do not think that we should allow bureaucracy to get in the way of keeping smaller companies involved.

**Mr Peover:** I am not close enough to that to know. I would need to check that and get a view for the Committee. Quite often, there is a requirement for companies to have a certain level of turnover and

so on to tender for contracts of a certain size — there are criteria that have to be satisfied as part of the procurement process. I have not come across the criteria that you mentioned, but they may be used in Health contracts.

**Mr D Bradley:** It would be interesting to hear back from you on that.

**Mr Peover:** Sure; I can do that.

**Mr Girvan:** Thank you very much for coming along. I want to go into the savings delivery measures, which I appreciate were green at the end of September. On that basis, are they likely to remain so until the end of the year?

**Mr Peover:** Yes is the answer. We are fairly hard-nosed about this — this is Brigitte's area again. We plan before the start of the year, and, if a business area's budget is  $x$  and it is reduced by 5%, we tend to take the 5% off that at the start of the year. So, instead of starting with  $x$ , they start with  $x$  minus 5%. That is their budget, and they cannot not deliver it, as it has been taken away from them and used for other purposes. So, in strict savings terms, yes, the business areas will deliver and so will the Department. The point we were talking about earlier is whether we should have taken 8% or 10% from many of them, rather than 5%.

**Mr Girvan:** That takes me to the point that I want to make. You referred earlier to the fact that some business areas had generated fat within their organisation or running, whether that was all revenue. As a consequence of that, the savings delivery is not actually savings, it is efficiencies. The business areas were not being efficient. I wonder whether there is a difference between what is seen as savings and what is seen as efficiencies? If you are saying that we should have cut by 8%, are we being under-ambitious in the way that we are dragging the efficiencies out of Departments to make sure that we are getting proper delivery?

**Mr Peover:** I think that the answer is yes. Obviously, we are being under-ambitious. We could have been more ambitious at the start of the year and probably at the start of the previous year and so on. We can put more pressure on the system to generate efficiencies. Efficiencies are savings in the financial sense, in that, instead of having a budget of £182 point something million, we can live with one of £179 million. So, we are reducing the Department's budget. There is a cash saving to the system, and that money can be used elsewhere. How are those savings generated? We like to think that they are being made through efficiencies: people doing things more efficiently, having fewer staff, not filling vacancies, dropping redundant work and finding smarter ways to work. Those are the efficiency processes that we expect business areas to undertake.

**Mr Girvan:** That is the point. We do not want to be cutting the service that the public receives. As a consequence of those efficiencies and savings — I will use both terms — have we had cuts? We always hear it. Departments say, "If you cut our budget, we are going to have to cut this, that and the other". We had it in the Department of Health a number of years ago, when we were given a doomsday scenario, whereby, come a certain date, they were going to be closing down hospitals and this, that and the other was going to happen. I wonder whether some people in Departments are not seeing the distinction and, instead of making savings, are making cuts.

**Mr Peover:** I do not think that it applies to DFP. I am not aware of it. John may want to comment with respect to LPS's interface with the public. I am not aware of our having worsened the quality of service to the public as a result of efficiency measures and savings that we have delivered. We have tried to focus on internal efficiency rather than the outward working of the Department. John has budget pressures and has had them for a number of years, but, by and large, the quality of our service has not been affected by that. It may apply elsewhere but not to us, I think.

**Mr Girvan:** We had a report on the year 2012-13, when you exceeded the target for savings by £0.8 million. What are you going to exceed it by this year?

**Ms Worth:** We are careful. I have mentioned that we surrendered £5 million worth of resources at January monitoring. I would not expect that we will be reporting that sum total amount as savings, because some of that has happened because things have been shifted in time or, maybe, because vacancies have not been filled when expected. What we try to do is make sure that, in the savings, we report things that we have done over and above our savings delivery plan to genuinely drive long-term savings. So, we would include in the savings delivery plan things like surrendering a lease

earlier than we thought we were going to. That would have generated additional savings in the current year, over and above what we had in the original plan. So, I suppose that is a long-winded way of saying, "I do not know yet".

**Mr Girvan:** I appreciate that we are a little bit further in than we were when these figures were produced in September. We did make it last year, when we exceeded a £9.7 million target to bring savings up to £10.5 million. This year, as of September, we were sitting on £6.05 million. I appreciate that we are not talking about the £5 million but about the targets that were set as overall savings, if we can achieve them. I think, going by your comment, Stephen, we may have been under-ambitious in setting those targets in the initial stage. I would take from that that you believe we will exceed what was set down.

**Mr Peover:** It may well happen. To be fair to Brigitte and her team, they did the rounds of all of our colleagues and pushed quite hard on savings. You mentioned the Health example. I do not want to get into a situation where people are telling me that they cannot do what they are being asked to do because they do not have the resources to do it. At the end of the day, we push as far as we can, but if someone says that there is a bottom line that they cannot go below, we have to take something on trust. If it turns out that, in fact, they have done better in the subsequent year, then we will revisit that and remind them that they told us that doom and gloom would happen if we reduced them further, but they have, in fact, reduced themselves further. We would exact our revenge in the future.

**The Chairperson:** Stephen, to go back to the sickness targets issue, you referred to the different kinds of sickness. Could we get a bit more information on that? It is just that there is another issue on the agenda today in regard to an Audit Office report, which the Committee may decide to consider in the weeks and months ahead, so it would be useful —

**Mr Peover:** You mean the breakdown into short term and long term and the types —

**The Chairperson:** Yes, just a general overview would be useful at this stage.

**Mr Peover:** NISRA publishes an annual report for the system as a whole, with all of the detail of the types of sickness and the duration, so we could certainly make that available. Do you want specific information? I am happy to work with Shane to provide specific information, or we can provide the overall report and then pull out issues.

**The Chairperson:** Liaise with Shane. Thanks very much again, Stephen. All the best.