



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Civil Service Compensation Scheme
(Amendment) Scheme (Northern Ireland)
2014: DFP and NIPSA

24 March 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 Paul Girvan
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:

Mrs Grace Nesbitt	Department of Finance and Personnel
Mrs Blathnaid Smyth	Department of Finance and Personnel
Mr Brian Campfield	NIPSA
Mr Billy Lynn	NIPSA

The Chairperson: Moving to the main item of business, I remind members that, as part of its scrutiny of the Superannuation Bill, the Committee's decision to accept the removal of the trade union veto over detrimental scheme changes was in part influenced by assurances from the Department that there would be fair and proper consultation with a view to reaching agreement with the trade union side on subsequent proposals for scheme changes. I advise members that, having regard to both the concerns that NIPSA raised on this point and the Department's counterview, the Committee now needs to decide whether it is content with the proposed scheme amendments that apply in respect of voluntary and compulsory redundancy arrangements.

I further advise members that the proposed scheme amendments are subject to negative resolution and will come into operation on 1 April, with a statutory period ending on 8 April. That being the case, if the Committee was to decide to pray against the proposals, it would need to lay a motion in the Business Office as soon as possible for the Business Committee's consideration.

I refer members to the following documents in their information packs: a memo from the Chairperson to Committee members; a letter from NIPSA and a NIPSA submission; relevant extracts from the Committee report on the Superannuation Bill; Department of Finance and Personnel correspondence; and a copy of the Civil Service compensation scheme amendment and explanatory note.

Do members wish to invite the DFP and NIPSA representatives to the table to outline their respective positions?

Members indicated assent.

The Chairperson: Can we have the representatives from both parties?

Mrs Grace Nesbitt (Department of Finance and Personnel): Do you want us together or separately?

The Chairperson: Together. *[Laughter.]* It is like a forced marriage. *[Laughter.]* Grace, I will turn to you first to give the departmental view. NIPSA was the last group to make representations to the Committee. Do you want to give a quick response to the issues that it raised during its evidence session?

Mrs G Nesbitt: I know that NIPSA, similar to other groups in previous sessions, raised the issue of whom the veto will rest with and who would make the decision. I also know that NIPSA has stated that the veto has now transferred from the trade union side to the management side. I do not disagree with that, because it is factually correct and is the change that went through in the primary legislation. At the end of the day, somebody has to make a decision, but that does not mean that the consultation was not genuine. Indeed, I think that it is appropriate that the decision and the veto, if you like, rest with the employer. So, I do not dispute that as a point of fact, but I think that the change that was agreed and that went through the Assembly is entirely appropriate.

There is also the scope of the consultation and the room for manoeuvre to consider. I and other officials have always made it clear to the Committee and, indeed, to the trade union side that the policy intention was parity. That has been the position not just for the Civil Service pension scheme and compensation scheme but generally across all the public service pension schemes in Northern Ireland. So, the room for manoeuvre was limited, but there was some. Indeed, as the Committee will be aware, some changes were made to the deemed minimum and maximum figures.

I also point out that setting out the room for manoeuvre is in keeping with the Gunning principles. I will ask my colleague to comment briefly on those principles, as I know that they have come up. We will not go into a long discussion of them, but I think that some comment would be appropriate and may be helpful for the Committee.

Mrs Blathnaid Smyth (Department of Finance and Personnel): There are four main Gunning principles. The first is that consultation must be undertaken before a decision is made. In fact, that was the case, as the decision was altered post-consultation.

The second Gunning principle is that the consultation should include enough information to allow any person to consider the proposal and potentially offer an alternative option. The Department also did that. We have been consulting with the trade union side since October 2011, and we have had more than 20 meetings with the pensions forum over a period of 29 months, published a consultation document and had an enhanced consultation period of 16 weeks.

In responding to the document, we took on board comments from the trade union side about the linking of the deemed figures. Changes were made to the GB scheme back in 2010. Since that time, there has been no change to the deemed minimum and maximum figures, because they are not linked to anything. So, the £23,000 that was set as the minimum at that stage is still in place. In our scheme, we have linked it to the maximum of the EO2 scale. That means that, when the pay scales change with annual pay awards, the deemed figure will also change. So, it is actually a very progressive and positive step.

The fourth principle is to ensure that any consultations are reflected in the final proposal. As I said, the comment from a trade union about linking those deemed figures was reflected in the final proposals.

Mrs G Nesbitt: I think that, most importantly, the second Gunning principle sets out the basis of the proposal. In other words, it outlines what the room is for the consultation and says that it should be transparent and open. That is exactly what we did, because we were not deciding whether to change the compensation scheme, and it would have been very misleading if officials from the Economic Research Institute of Northern Ireland (ERINI) had said that to trade union side or, indeed, to this Committee. We were setting out clearly that the compensation scheme needed to be revised, was discriminatory on the grounds of age and was more costly than other schemes across the public service in Northern Ireland. So, it had to be changed. Our baseline was looking at parity with the GB

scheme, but we also said that there might be some issues around the margins that we could look at. Indeed, that was exactly what happened.

Trade union side also said that its proposal was not considered and was dismissed. I think that that was the term that was used. Yes, it was dismissed — I can feel Brian looking at me — but it was not dismissed on a whim, if I can use that term. It was dismissed after full consideration. The costings that we did on the trade union side proposal resulted in an eight-page summary table. I do not have with me all the other pages that we worked on or that my colleagues in pensions worked on to get that eight-page summary, but quite a detailed costing was done on that proposal.

I acknowledge that the proposal from the trade union side would have cost significantly less than our current scheme. I think that that was around £17 million. We costed out on the basis of 500 or 600 staff. I do not have the details of the numbers of staff, because we had to reach a figure and cost out the various proposals. However, the key issue was that it was still going to remain £8 million more expensive than the revised GB scheme. So, I acknowledge that trade union side went some way, but I do not accept that we just dismissed the proposal. We did dismiss it, but a lot of work and thought went into costing the proposal from trade union side, which was one that it proposed way back in March 2010. So, I do not want the Committee to think that we dismissed it out of hand; a significant amount of work went into costing that.

Mrs Smyth: It is correct to say that that proposal still had an age discrimination element to it. So, it was not acceptable, even if it was cost-effective.

Mrs G Nesbitt: We could not have used it.

I think that those are probably the key points. In summary, our view remains that the scheme needs to be revised. I acknowledge that its broad thrust is in keeping with the GB compensation scheme that was introduced nearly four years ago. I think that the changes that my colleagues outlined on the deemed minimum will be an advantage to and will provide a level of protection for the lower paid, albeit that the deemed maximum will have the opposite effect on the higher paid. Overall, that is fair and entirely acceptable. It removes the age discrimination issue, protects the public purse and brings the scheme more in line with other public service schemes. NIPSA said that staff in the Civil Service will be six months better off than their counterparts. I do not agree with that. There is a difference of three months, not six months. However, you are not comparing like with like, because we have other things, such as the deemed minimum, particularly for the lower paid. Those are the key points.

The Chairperson: OK. Brian, do you want to respond to those points briefly? We will go to questions after that.

Mr Brian Campfield (Northern Ireland Public Service Alliance): I am not sure that I share Blathnaid's confidence about the max of the pay scales and, therefore, the deemed minimum increasing in line with pay increases. Maybe she knows more than I do, but we expect pay negotiations over the next few years to be quite difficult. Although there may be a deemed minimum that is in excess of that in GB, I would have thought that the prospect of that increasing with inflation is pretty minimal.

I do not want to get into an argument about whether the consultation was genuine. We gave you our take on it last week. I reiterate the point that the variation of the original proposals on changing the deemed minimum and deemed maximum came very late in the day. That was very much a technical approach by the Department, because it knew the situation. We had 20 meetings with officials over 16 months. For a long period, there was absolutely no change at all, and the indication was that there would be no change. It was really towards the very end of the consultation process when the Department realised that it could not go back to the Committee saying that it was going to enter into genuine consultation when absolutely no change was being made to the original proposals. Officials then come up with the deemed minimum and deemed maximum proposal. Although it is an improvement, it is not sufficient, in our view.

Those changes were made in GB in, I think, October 2010, but the roof has not caved in and the world has not ended. We made this point last week as well. We are looking at a situation where all the political parties in the Northern Ireland Assembly are up in arms at the UK Minister's decision to centralise the 300-odd jobs in the Driver and Vehicle Agency (DVA) to Swansea. We held a rally last week in Coleraine at which Gregory Campbell and John Dallat spoke. They were angry, let me tell you; they were probably as angry as we were at the decision to centralise the jobs in Swansea.

We do not know how this is going to work out with potential voluntary or compulsory redundancies; there may or may not be such redundancies. We have criticised the UK Government's decision to centralise these jobs, but we know that it is outside your power and ours. However, maintaining the current compensation scheme is something that is within our power. We suggest that we do that at least for a period of time until we see whether there are going to be redundancies. There already have been some voluntary redundancies in the Planning Service. That happened, I think, about a year ago. The staff there were able to avail themselves of the existing provisions, which was of benefit to them.

In GB, before the new rules were introduced, some of the voluntary redundancy schemes that the Government were hoping to introduce were accelerated so that people could avail themselves of them in advance. We are not suggesting that you accelerate the DVA redundancies in any sense, because we are opposed to them. However, we have been in a situation where there has been a difference between us and GB for three and a bit years. It has not brought about the end of the world, and it is in the Committee's or the Assembly's power to say, "Hold on a second, what's the great rush?"

A figure of £8 million has been mentioned, but that was predicated on some assumptions about the number of redundancies that there may be at the various grades. So, it has been costed out in that way. However, we were told originally that no redundancies were envisaged and that there were unlikely to be any. The Department said that it could not give any guarantees. However, now we are in a bit of a different situation with DVA and the serious difficulties that that decision may pose for people in a variety of grades who live in the Coleraine area. They may have difficult domestic arrangements with children, or sick or elderly relatives. The prospect of having to travel to Belfast on redeployment may well force people to say, "Look, at the end of the day, I can't manage this. I need a redundancy package".

Clearly, we do not want the scheme itself, but we are realistic enough to know that we are not necessarily going to convince you of that. Given the DVA situation, at the least there should be no rush in the process and that the legislation should be put in abeyance until we see how the potential redundancy situation develops from the DVA position.

Going back to the consultation, we had 20 meetings, but they were not all about the redundancy compensation scheme. They were also about changes to Civil Service pensions arrangements and increased contributions. We have been talking and sharing information and views on those matters, but we are still of the view that the consultation on the compensation scheme and the changes were very much on the margins and were restricted because of what I think was the Minister's policy to maintain as strict a parity approach as possible. Therefore, the scope for meaningful consultation was restricted.

My colleague Billy Lynn may want to make some comment on some of that, but we are of the view that there is no great rush to do this. Given the DVA situation, it would make imminent sense to say that we should just hold off on this, because there is a potential redundancy situation in Coleraine and people up there are very angry and hurt but also fearful for their jobs. We do not want a decision that the UK Government made to be compounded by a decision by the Northern Ireland Assembly; in other words, kicking those people when they are already on the ground.

Mr Billy Lynn (NIPSA): To add to that, depending on what happens with the Welfare Reform Bill, when it is migrated and bedded in, there is potential for several hundred surpluses in DSD. There is also the potential for redundancies in DSD, and that could affect virtually every single town in Northern Ireland where there is a jobs and benefits office or a social security office.

Mr Mitchel McLaughlin: I apologise for having to run; I am due to be in the Chair for the plenary sitting.

The core of the issue for me is the departmental letter of 4 March, which states:

"Following a Committee Amendment, Article 4 of the Superannuation (Northern Ireland) Order 1972 now subjects any scheme, which would have the effect of reducing the amount of compensation benefit, to Negative Resolution.

In addition, in accordance with Article 4 of the Superannuation (Northern Ireland) Order 1972, the Department is required to lay a report before the Assembly providing information about: The consultation that took place;

The steps taken in connection with that consultation with a view to reaching agreement, and Whether such agreement has been reached."

The steps that were taken in connection with that consultation with a view to reaching agreement are very important to the Committee.

The letter continues:

"Officials gave an undertaking to the Committee during scrutiny of the Superannuation Bill to share this report as soon as it is available. The Department is currently finalising the Report and a copy will be sent to the Committee once the Minister has approved publication. It remains the Department's intention to lay this report in the Assembly at the same time as laying the legislation."

I see a problem here. How does this Committee satisfy itself that there was a genuine attempt to reach agreement with that approach?

Mrs G Nesbitt: I am not quite sure that I understand your issue. The Committee should now have a copy of the report. I can see that you have got it. Is your issue because it is being laid at the same time?

Mr Mitchel McLaughlin: This Committee, on behalf of the Assembly, examines the matter, so do all Members have the report? Is there a reason for laying the report at the same time as you are laying the legislation?

Mrs G Nesbitt: I just want to check that members have a copy of the report. Do members have a copy of the report? Yes, I can see that you do.

I do not know whether members have read the report, but it sets out exactly what steps were taken. The next step will be to lay it at the same time. That is because the report is there to inform members and MLAs about what happened. It is an informative report; it is not a report that requires approval, as such. We are just required to lay it in the Assembly. So, without being disrespectful, it does not require an approval from either the Committee or the Assembly. It is there to inform. I am sorry; maybe I am missing your point.

Mr Mitchel McLaughlin: I think that you are avoiding my point. I have started a conversation that I will not be here for the end of, but this is a key departure when you consider that the unions had an effective veto. I will not open that up, because we have been through it, and the Committee arrived at its own view. It is a completely changed situation, and one of the key discussions that we had was about the difference between consultation and negotiation and the significance, in legal terms, of consultation with a view to reaching agreement. That is a condition to be satisfied, and I suspect that you are falling short of that, particularly since this is the first time that we have come to the practical outcome of the change in legislation. The first time, the second time and the third time might be an issue of diminishing pain and angst for the unions; I do not know. Certainly, the first time, however, was going to be a huge test of what people, including MLAs, would regard as a good-faith engagement on this issue, given the significant reversal of power in it. Do you think that proper cognisance has been taken of that context?

Mrs G Nesbitt: I do, because I think that I have always been clear to the Committee and, indeed, to the unions any time that this matter was raised when discussing the change to the primary legislation. With the primary legislation, we talked a lot about what exactly was on the table or on the agenda with the compensation scheme. As I said, I acknowledge and agree that there has been limited room for manoeuvre, because we are looking at keeping in step with GB. We are also looking at keeping in step with other public service pensions schemes across Northern Ireland, because I am not quite sure how we could justify civil servants being treated differently. We are looking at the fact that we had to change because of age discrimination. So, I agree with colleagues from the trade union side that there was limited room for manoeuvre.

On the matter of laying the report at the same time as the legislation, I will go back to my point that the report was being laid for information, not for the Assembly's approval. The legislation does not require us to have the Assembly's, or, indeed, this Committee's, approval before we lay it. So, in that sense, the report is for information to set out what steps were taken with a view to reach an agreement. I was also very clear in my previous evidence sessions that, on what are detrimental changes to the current scheme— I make no bones about that — it was very unlikely that we were going to reaching an

agreement with the union and that the proposal from the union was still very far short. Brian is absolutely right; we had to do some costing, so we had to put forward hypothetical scenarios about people in different grades. I am sorry; I am trying to talk faster.

Mr Mitchel McLaughlin: No, you are doing well. I am going to have to leave.

Mrs G Nesbitt: We had to do that based on what grade the employees were and their length of service, because you have to do that to come up with a costing. It was a hypothetical issue, and, based on that, there still would have been a greater cost to the public purse in Northern Ireland had we gone with the trade union side proposal. I think that it is fair to say that that was the only proposal that we received from trade union side. I do not mean that in any derogatory way, because it is a difficult issue, but that was the only proposal that we received.

Likewise, Mr Campfield is absolutely right to say that the only proposal, which I acknowledge that we put forward was late in the day, was the change to the date minimum and the date maximum. That has increased from the level at which it was set in GB. When we were talking about this, we originally looked at what the August 2012 pay rise would be, and, because we are in a two-year pay deal, that level went up in August 2013. Yes, we are entering pay negotiations again, but who knows? I think that the fact that we have that automatic link cannot be overlooked. I am not going to predict what pay is going to be. All that I will say is that, in GB, they do not have an automatic link. They have that level set, and that has not changed.

I will clarify a couple of other points. Different approaches were used in different parts of GB. In some areas, it may well have been that they waited until the compensation scheme was introduced before they launched a redundancy exercise. In others, different parts and different Departments may have had different views, and they may have pressed ahead further. This has taken a lot longer than any of us thought, and my view has always been that this requirement was being put in place because of the thrust that we had with pension policy and compensation scheme policy and not because there was a pressing need for redundancy. I do not know what will happen with the DVA and what the prospects are for the staff there. What I am aware of is that the intention will be to redeploy staff. Obviously people who are in mobile grades — more junior staff — have to be looked at in terms of how far they can travel. I think that the Civil Service has a good record of redeploying people, also because it is actually cheaper to the public purse to do so, because, even with the revised scheme, there is still a significant cost to the public purse, never mind the upset to the individual of losing their job. So, every effort will be made, and has been made over the years, to redeploy people.

Mr D Bradley: Good afternoon, everybody, again. Brian, according to the Department, the existing scheme, the status quo, is discriminatory in relation to age. Is the trade union side happy with that position?

Mr Campfield: That is a view that has been expressed. That is advice that the Civil Service in Britain — the UK Civil Service, home Civil Service or whatever you want to call it — got from its legal advisers. It was not necessarily shared by the trade unions in Britain. I am not sure whether DFP got advice from the Departmental Solicitor's Office as well on the potential discriminatory elements of the existing scheme.

With the best will in the world, you cannot create a situation where there is no prospect of someone taking a case against you because a scheme might be potentially discriminatory. With a lot of those things, what you are doing is minimising the risk. I do not think we even got into a discussion on that in our consultation in any detail, because the focus seemed to be more on, first, the parity issue but also the cost issue. So, it may or may not be discriminatory. We would not have had the same concern. In fact, we think that the concerns expressed by the UK Civil Service were somewhat exaggerated in order to encourage and justify the implementation of the new provisions.

Because there was no real engagement in any substantive way until close to the end — that was in respect of the deemed minimum and deemed maximum — it was shadow boxing, in many ways. We understand that the officials were there with a particular remit. We are not criticising officials. We were there trying to defend what we had, but we took a leap of faith and put on the table proposals that were detrimental to our position. That got no response. There was no echo at all, other than parity. Then we got into a situation where there were arguments that we could talk about the margins. We had a big discussion about nuances. I do not have it, but you probably have it there. We were being advised that nuances were really to deal with the margins, but, as I said last week, we provided a chart. I do not have it here. You might want to show them it, Grace.

Mrs G Nesbitt: It is not in colour.

Mr Campfield: It was a matrix of about 48 to 50 different shades of blue, green, red or whatever colour suits you. We were saying that there is heavily nuanced and lightly nuanced. The way we would want the scheme nuanced would be at least somewhere in the middle. That is where we thought we had got to.

Mrs Smyth: This is the fifty shades of grey provided by NIPSA. *[Laughter.]*

Mr Campfield: It was blue.

Mr Weir: I will wait until the movie comes out.

Mr Campfield: What we were saying was that, of course, things could be slightly nuanced or heavily nuanced. The Department's movement from its position was minimal. At least, if we were at the other end of the spectrum, we had jumped considerably. We were looking to meet somewhere in the middle, or at least to have a bit more give and take. We did not think that the deemed minimum and maximum were indicative of a significant commitment to coming to an agreement as a result of the consultation.

Mr D Bradley: Who ever thought that we would get round to discussing 'Fifty Shades of Grey'? *[Laughter.]* Thanks for that, Brian.

If the existing scheme is, in your view, discriminatory on the basis of age, has it been subject on that account to any legal actions?

Mrs G Nesbitt: I will need to be careful what I say. To my knowledge, it has not been in Northern Ireland, and I am not encouraging challenge in the interests of the public purse, but I understand that there have been successful challenges in GB. It is very clear when you read the scheme, if you have something that is a reference point to age. As Mr Campfield has said, it is about minimising risk, but if you have something that has, "You will get this if you are such and such an age", that is obviously a vulnerability in respect of age discrimination that needs to be addressed and corrected. My understanding is that there have been successful challenges in GB, but not, to my knowledge, in Northern Ireland to date. So, it is very clear that there is a vulnerability, which may or may not have the potential to develop. But when there is something so stark, in the interests of the public purse and in the interests of fairness and equality, it needs to be removed and addressed.

Mr D Bradley: In Northern Ireland, to date, there has been no action on those grounds?

Mrs G Nesbitt: No, not to date.

Mr D Bradley: Can I ask you about the financial modelling that you did to come up with the figures? Can you explain, in layman's terms, how you did that?

Mrs G Nesbitt: Probably not.

Mr D Bradley: That is why I said, "in layman's terms".

Mrs G Nesbitt: Probably not, because the unions put forward a number of proposals as to how we would treat different groups of people under different types of exit arrangements. That is probably the simplest way to describe it. We then looked at 100 different people for each of the categories and went through and costed those. The key figure to home in on is that it was still going to be, on average, looking at those 500 people — we did 100 for each scenario — £800 million more than the current GB scheme, which was introduced in December 2010, albeit I acknowledge that it was £17 million less than the current scheme that we operate; in other words, the former GB scheme. So, I acknowledge that the unions went some way to producing a proposal.

The two issues with that were, first, that the cost was still significantly greater to the public purse, and, secondly, it still had age reference points, which would have been a real issue. One of the reasons for reforming the scheme was to remove age reference points.

There are eight pages of summary calculations. That is why, in the interests of time, to go through that would be quite difficult. I am happy if the Committee wishes to see that, but the key thing is what the bottom line is.

Mr D Bradley: I think that we will go for the fifty shades of grey instead.

Mrs G Nesbitt: OK. We will get a colour printer.

Mr D Bradley: Last week, Brian said that remaining with the present scheme would be of no cost to the block grant. Do you accept that?

Mrs G Nesbitt: No. There would be no cost to the block grant in terms of the money that we get under the Barnett formula, but in terms of the expenditure in Northern Ireland, I think that someone in the Committee commented that there is a common pot of money. So, if a Department is having to run a scheme to make staff redundant, which we hope to avoid, that money has to be found from that Department or Departments. So, if the scheme is across the service, it will have to be found from across the service. If it is a specialist group in one Department, such as DOE, as we had with planners, or the Prison Service, it has to find the money. If it is spending the money on that, it means that that money is not available to be spent on something else. So, it can be described as an opportunity cost. I want to emphasise that it is something that we will make our best efforts to avoid. We are not looking to make people redundant. It is not a good option for the reasons that I have already stated, but there is a consequence —

Mr D Bradley: You are just looking to make it cheaper to do so.

Mrs G Nesbitt: No. My agenda will be to avoid this at all costs. It is still cheaper. The National Audit Office produced a report — way back in the mists of time, we gave a link to the Committee — which says that, from the work that it had done, from the changes introduced in GB, overall, it is on average about 40% cheaper. It had looked at a number of big schemes. So, it is still 40% cheaper. That is money that we still want to avoid —

Mr D Bradley: Basically, you are saying that the block grant that we get under the Barnett formula would not be affected by this, but, occasionally, if the situation arose where there would be redundancies, there would be a cost, as there is under the current scheme.

Mrs G Nesbitt: Yes, there is a cost, and that cost has to be borne by the public purse in Northern Ireland. I think that is the easiest way to describe —

Mr D Bradley: How is it dealt with currently? Is there a contingency fund?

Mrs G Nesbitt: No.

Mr D Bradley: If it crops up, it has to be dealt with.

Mrs G Nesbitt: If it crops up, a Department, agency or whatever organisation it is would have to try to find that money within its existing resources. If they are not able to do that, depending on the scale, they have to bid for that money as part of our bidding process. That money is then spent on making staff redundant. It means that that money is not available —

Mr D Bradley: You said that you always try to avoid the situation by redeploying people —

Mrs G Nesbitt: Yes, absolutely.

Mr D Bradley: — because, in your view, that is cheaper, and it maintains jobs.

Mrs G Nesbitt: Yes. I think that history has shown that we have been able to do that. When we have had fairly difficult economic times, we have been able to do things like stopping recruitment to the Civil Service and pulling back on promotion opportunities. I know that that is unpalatable, but at least we do not have to dispense with the services of existing staff. We have been able to successfully deploy a number of levers in the past. I do not know whether they will be successful in the future; it depends

on the money available. That has been our stance. I have no doubt that continuing to do things like that and not to rush to make people redundant will be our first option.

Mr D Bradley: The consultation states:

"with a view to reaching agreement".

Was it not a beaten docket from the beginning, considering the fact that you were almost totally wedded to the policy position of maintaining strict parity?

Mrs G Nesbitt: I think that it was always going to be very difficult, and I think I am on record on previous Hansard reports —

Mr D Bradley: So, there was very little to consult on.

Mrs G Nesbitt: There was very little room for manoeuvre with regard to what could change. I think that I have always made that absolutely apparent and explicit to this Committee and to the trade union side. Not to do so, would have been failing in the Gunning principles that we set out earlier, because you have to set out what room for manoeuvre there is and the scope. Otherwise, it would have been completely meaningless to do anything with regard to a consultation exercise. There were some changes. I do accept —

Mr D Bradley: There was never any hope of reaching agreement, was there?

Mrs G Nesbitt: In my personal view, no, and I think I have said that to the Committee. The union's view was that it did not want any change. It wanted the existing scheme to stay. To be fair, as we got into consultation, the union did come up with a significant change. I acknowledge that, but it was still very far off our starting point. It would have been very difficult to reach an agreement on such a detrimental change for the union and its members. I think a touch of realism was needed, and I think I acknowledged that in previous sessions with the Committee. The simple answer is probably no.

Mr Lynn: This union is completely opposed to redundancies. We do not want to see any of our members being made redundant. We will sit down with the management side, and we will discuss how to deal with that situation where there are surpluses. That includes discussing redeployment. We have been doing that for many, many years. However, we have to be clear: there is the potential for redundancies, and we need to ensure that people who may face redundancy are treated fairly and properly.

Mr Campfield: I will venture a few comments on some of the things that Grace has said. I am not taking issue with some of the stuff, but the age discrimination dimension was really not a focus of the negotiations. I am not being disingenuous when I say that maybe we should be trying to construct a scheme that reduces the risk of age discrimination. In all of our discussions over the past 16 months or so, in the 16 or 20 meetings that we have had, the age discrimination element was not a consideration. The consideration was primarily on how far they would stray from parity and what the potential costs of any changes would be.

Maybe both sides, dealing from their bunkers to some extent, missed an opportunity to construct something which would have been acceptable to both or all parties and which would have reduced the risk of age discrimination. I do not think that the Department can say that the proposals that we put on the table were still age discriminatory. Whether they would have reduced the risk or maintained it, there was no serious consideration of that. Officials did some financial calculations as to what our scheme would have meant, and I accept them. Look at where we were and where the Department was. We were meeting it half way; we were taking a major stride towards bridging the gap.

One of the points that has been made is the issue of other public sector schemes. It is a bit of a red herring. At one point, Grace said that we are not comparing like with like when we talk of other schemes. Strictly speaking, I think that, in relation to voluntary redundancy, the Civil Service Compensation Scheme is worse than the schemes in local government or the health service. That can only be made up by Departments, on a discretionary basis, by giving pay in lieu and notice to people in the Civil Service scheme. The Civil Service scheme is technically worse, in relation to the number of months or weeks that you can get by way of redundancy, than most of the other public

sector schemes. It would require a beneficent discretionary approach on the part of a Department to ensure that that gap is made up; but there is no requirement on Departments to do that.

Billy says that we are opposed to redundancies. There is a history of both sides working cooperatively to try to avoid them. What we are saying is that we have the current scheme with the current provisions. If you are going to reduce that in a redundancy situation, what you are doing is taking money out of the pockets of those who are being made redundant and putting it into the public purse. There might be an argument for that; but it is effectively what is happening. It is a transfer of resource from people who are being made redundant back into the public purse. I think it is unfortunate that that is the impact. If I were to be made redundant now, as opposed to in six weeks' time, I would be worse off in six weeks' time. And yes, that money would stay in the public purse to be used for whatever. However, we have a status quo situation whereby, when redundancy takes place, the current provisions apply. That has not been a major problem. So, I do not think that the argument about the public purse is a real one. If you want to reduce it to that argument, effectively there is a transfer of the compensation that people in a redundancy situation would have been entitled to, and that money is going elsewhere. That is effectively what is happening.

We are more than happy to continue our discussions with the Department to try to come to a resolution of this which meets some more of our concerns, covers the age discrimination dimension and gives us a bit of time to find out whether there are going to be redundancies arising out of the DVA situation in particular. We caution against moving ahead with the implementation of these regulations from 1 April. That is why we ask you to oppose them. If there were to be a years' delay, or whatever, during which the regulations could be frozen or put aside, it would allow for further discussions, consultations or negotiations — call them what you will — to take place between us and the Department, during which we might come up with some alternative. In the meantime, if there are people in Coleraine who will fall by the wayside as a result of the UK Government's decision, at least they will not be penalised by the coincidence of the timing of all this.

The Chairperson: Members, before I bring Paul in, we should be conscious that there is daily business to go through and there is also a vote forthcoming.

Mr Girvan: Part of my question has already been answered. It is really to do with what we currently have and how there is variance between what we have here and what is agreed in other parts of GB — that is, the inclusion of the pay increase as part of that aspect. It is in relation to the removal of the enhanced voluntary redundancy scheme and how that has worked out. I appreciate that, until now, if people were offered the opportunity of taking redundancy, there was the enhancement for the multiplier of the number of months, as opposed to falling back to the 24-month maximum. Just on that, has that been accepted in GB as a fallback? There is no advantage for somebody to take a voluntary redundancy package, but they are also penalised on some occasions if they do.

Mrs G Nesbitt: The way the scheme is written, it is to people's advantage to go on a voluntary basis. If they cannot be accommodated on a voluntary basis, they then need to move to a compulsory basis. For those people who wanted to go on a voluntary basis but there were not enough schemes, even though they then have to resort to compulsory, they will get voluntary terms, so there still is an advantage for individuals to go on a voluntary basis.

Mrs Smyth: That is 21 months compared to 12 months. Before they could move to compulsory redundancy, everybody would have to have had the offer of voluntary redundancy.

Mr Girvan: And therefore they could not have availed themselves of the same terms as the other.

Mrs Smyth: They can get the 21 months.

Mrs G Nesbitt: The difference between us and the other public service scheme is three months. They would have 24 months and we would have 21 months. The bit about not comparing like with like is because we actually have the deemed minimum. I do not want to overplay it, but it does give a level of protection to lower-paid staff. I am not familiar with the detail of other compensation schemes in other public sectors. I am just saying that it is something that we have. It is about public money, at the end of the day. Mr Campfield is absolutely right. If we reduce what we are paying out, that is more money for the public purse. There is a choice to be made on how much compensation you want to pay to civil servants who are made redundant. That is a choice that has to be made in terms of public expenditure.

Mr McQuillan: Grace, how many redundancies have there been over the last three or four years, roughly?

Mrs G Nesbitt: I cannot give you an exact figure. Setting aside the Prison Service, which was a special exercise, this year, because of the changes in planning, which, the Committee might be aware, led to us having surplus planners, the figure, from memory, is 40. It is very unusual for us to actually make people redundant. I cannot recall any time in my experience — I am sure Mr Campfield can correct me — when we have even had to use compulsory redundancy. You are absolutely right: the best endeavours between management and trade union side are to avoid redundancies. Because we are actually quite skilled at using the other things, such as promotion and recruitment, the numbers have been very low.

Mr Campfield: Just on that point, I am not going to correct Grace, but I am going to enlighten her. *[Laughter.]* We had a significant number of compulsory redundancies of cleaners in the 1980s when we moved to contracting out, at a time when it was not —

Mr McQuillan: My question was on the last three or four years. We are not going back as far as the 1980s.

Mr Campfield: Yes, but those were compulsory redundancies, particularly in the PSNI and mainstream Civil Service areas. Hundreds and hundreds of cleaners were made compulsorily redundant because of the privatisation of the cleaning service.

Mrs G Nesbitt: I think the last main scheme we had, from my memory, was a voluntary scheme in the 1980s, and in the early 1990s we may have had another. But, again, those were voluntary schemes and were to do with restructuring of ventilation and all sorts of things. But Brian is right, we did have the cleaners.

Mr Campfield: Also, it is not mainstream Civil Service, but a number of staff of ours are in smaller non-departmental public bodies, which do not have the scope to redeploy people because they are areas such as the Equality Commission, the Human Rights Commission and a number of other individual bodies. They have had their budgets significantly capped and cut. We are getting into a more difficult situation, as you know, and their ability to redeploy staff in the circumstances with the Civil Service, because of the actual size of it, is much more difficult. So, we have found ourselves in some NDPBs where there have been some voluntary redundancies. Some of those voluntary redundancies are really compulsory, but you are better going on a voluntary basis because the compensation will be better. So, it is not just about the Civil Service being able to manage redeploying people. There are a considerable number of small non-departmental public bodies whose staff would be affected by this and which would not have the same flexibility and scope, and some of them might not even have the same commitment to avoid redundancies among staff, given the cuts in their budgets.

Mrs G Nesbitt: We have given information to the Committee on those bodies. They are called schedule 1 bodies. Likewise, if there is limited scope to redeploy, there is also limited scope to pay for it. So, it is difficult.

Mr Campfield: Give us a no redundancy guarantee then, and we will go away tomorrow.

The Chairperson: OK. Members have no more questions. Thank you both very much again. I like this new format. I might stick with it.

Mr Campfield: If there are any further negotiations, we might be better doing them in front of you. *[Laughter.]*

Mr Lynn: Grace has just said that she has not seen me for a while, so I am quite certain that she would be happy to sit around the table with us again.

Mrs G Nesbitt: I just want this divider removed.

Mr D Bradley: It is more efficient, but it could lead to redundancies.

The Chairperson: OK, members. Can I seek views from the Committee on whether you are content with the scheme amendment, or if there are any proposals for the Committee to put down a prayer of annulment?

Mr D Bradley: I would be inclined to support the proposal to put down a prayer of annulment, given the circumstances that we find ourselves in. I think that the argument around the DVA is a strong one. We already have people in Northern Ireland who are under the threat of redundancy, and it would be savage if those people were made redundant and the amount of redundancy that they could otherwise expect were to be reduced. I do not think that this is the time to do this. I agree with the points put forward by the trade union side that we should buy some time on this, re-examine it and come up with a scheme that is more acceptable to and suitable for us here in Northern Ireland.

Mr Weir: Not surprisingly, I take a contrary view to that of Dominic. The unions have fought very hard for their members. That is what they are entitled to do. To be fair, the gap between the trade union and the Department has narrowed. However, if we simply retain the current scheme, even for a while, we will add to the additional cost, which has to come out of somewhere, and the fact that it does not come out of the block grant effectively means cuts elsewhere. I think that is significant.

Secondly, I know that it has not been agreed as to whether there is a differentiation between one public sector scheme and another, and I appreciate that there might be a contrast of views within that, but we have something that potentially perpetuates age discrimination. Mention has been made that there has been a case across the water. That is analogous with the situation that we had last week with changes to local government legislation, because there was a feeling that the current situation was vulnerable to legal challenge, not even that it had been challenged successfully. Where there have been challenges across the water, we have to make some level of changes. I have to say that it is a lack of ambition if we are looking at the situation in Coleraine and, instead of looking for other jobs and fighting for people seeking redeployment, we are saying that we can palm people off with a slightly better or worse form of redundancy. That would be failing people. We ought to be looking to maximise, as much as possible, the redeployment side of it. So, with respect, I oppose Dominic's proposal.

Mr D Bradley: I am not saying that we in any way roll back from redeployment, but there is no guarantee that redeployment will be for everyone concerned. Those who are not redeployed, as I said, will have a double blow to deal with — the loss of their job and the reduction of their compensation.

The Chairperson: OK, members, if there are no other comments we will go straight to a vote on Dominic's proposal that the Civil Service Compensation Scheme (Amendment) Scheme (NI) 2014 be annulled. Are Members agreed?

Ayes 3; Noes 4; Abstentions 1.

AYES

Ms Boyle, Mr D Bradley, Mr McKay.

NOES

Mr Girvan, Mr I McCrea, Mr McQuillan, Mr Weir.

ABSTENTIONS

Mrs Cochrane.

Question accordingly negatived.

The Chairperson: OK, it falls.

Moving on, the substantial motion is that the Committee has considered the Civil Service Compensation Scheme (Amendment) Scheme (NI) 2014 and has no objection to the scheme. Are Members agreed?

Ayes 4; Noes 3; Abstentions 1.

AYES

Mr Girvan, Mr I McCrea, Mr McQuillan, Mr Weir.

NOES

Ms Boyle, Mr D Bradley, Mr McKay.

ABSTENTIONS

Mrs Cochrane.

Question accordingly agreed to.