



Northern Ireland  
Assembly

Committee for Finance and Personnel

# OFFICIAL REPORT (Hansard)

Savings Delivery Plans:  
Ms Brigitte Worth, Department of Finance  
and Personnel

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to roll forward. Effectively, the additional savings that we are trying to deliver are £1.3 million; the difference between the £12.1 million and £13.4 million. I suppose that when you put it in that context, it does not appear as difficult a target as it would be if we were trying to achieve £13.4 million from a standing start. That is what I mean when I say that having had three years to plan to gradually build up to the £13.4 million is what gives me a level of confidence that it will be achieved.

**The Deputy Chairperson:** Are all the target areas on track?

**Ms Worth:** Yes; they are at the moment.

**The Deputy Chairperson:** OK. The paper that you provided to us states that you hope to have savings over the four-year period of £400,000 coming from other bodies. What are those other bodies? Why has the target not increased over the period?

**Ms Worth:** We do not have very many other bodies. It is primarily the Special EU Programmes Body (SEUPB). It was set a target of 3% a year of savings, but its budget is quite small. So, although it is showing as £0.1 million a year, it has gone from something that was just above £0.05 million up to something that is just below £0.15 million, if you see what I mean. It is actually a rising target; it is just that it still rounds to a relatively small number.

**The Deputy Chairperson:** I understand, yes.

Are there any opportunities to exceed the £13.4 million?

**Ms Worth:** We will always look for opportunities to make greater levels of savings. I think that we have demonstrated that in the first couple of years of the budget, in which we have exceeded our savings target. It is simply that as the numbers get bigger, it becomes harder. I would not like to promise anything in excess of £13.4 million, but certainly, if opportunities arise, we will be the first people to come forward and look for them.

**Mr Girvan:** Thank you very much indeed. Brigitte, I just want to come in on one point. I appreciate that there is a projected saving of £3.5 million in procurement for 2014-15. I wonder whether there is any mechanism in place to ensure that, where we say that we are making a saving, we are not actually just reallocating. By that I mean, for example, that you can clearly demonstrate that when somebody orders a particular item from somebody, they do not actually have it and, because it has been allocated to one Department to be classed as savings, there is not somebody else doing equal, dual accounting along the way where there are orders going from another Department for the same thing.

I have identified this through the Health Department. I will just give you one example. It decided that it would use one stationery supplier. That is the way that it is done. You order staples. Instead of getting just staples, you get staplers along with the staples because they have no staples available. As a consequence of that, the Department says, yes, because we have classed that and we have gone out to tender, we think that we are getting better value for money. It is getting staples, but it is buying staples along with staplers because that is the way that it was done — as a package. It does not mean that it is getting any saving.

Is there any way to ensure that those are not just numbers on a sheet of paper, because paper refuses nothing, and to ensure that we are not getting more but that we are saving?

**Mr Weir:** Very nice stapled paper.

**Ms Worth:** At the start of the Budget period, when each of the business areas signed up to those numbers, I took the money out of their budgets.

**Mr Girvan:** So, it is removed.

**Ms Worth:** It is gone, so they cannot spend it because they have not got it anymore.

**Mr Girvan:** I am happy. That is the point, and I am happy to hear that the money is actually removed from the budget and is not lost in some other area where they have created another title, where you could have a slush fund gathered up somewhere.

**Ms Worth:** No, it is taken away from them. It is only fair to incentivise people to continue to work to savings above that. If somebody makes a small saving below the budgetary de minimis limit over and above that amount, I am perfectly happy for them to reinvest that into their own activities, provided that it is within the budgetary rules and is a relatively small amount of money. But I certainly know that that particular amount of money has gone from their budgets.

**Mr Girvan:** That is fine. I am happy enough to hear that.

**The Deputy Chairperson:** That is getting down near enough to brass tacks; staples, anyway.

**Mr Cree:** So you are selling staplers as well. Does that mean that there is a wee sideline there?

**Ms Worth:** I think that it is maybe the Department of Health.

**Mr Girvan:** They are buying them from a supplier.

**Mr Cree:** Brigitte, can I ask you about savings? They have to be real savings. Take the example I was discussing with Stephen just a while ago. Take the reduction of leases, which is shown on the schedule, where you decide to move people around, close places temporarily, perhaps for refurbishment or whatever, or have capital spend. That could effectively release the savings that you are looking for.

**Ms Worth:** Yes.

**Mr Cree:** I do not want to sound cynical, but is that really a genuine saving if you have actually used capital in the process?

**Ms Worth:** When we do the business case for our office refurbishment project, we will look to make sure that that capital investment has an appropriate payback period. Because we have a large number of properties that are space inefficient, the first few office refurbishments that we are in the process of doing and the ones that we have been doing over the last seven years have yielded very short payback periods. Those payback periods will lengthen, and there probably will come a time when it is not worth investing the capital for the revenue savings, but I think that we are a long way off that yet. We will assess the business case for each individual capital investment.

**Mr Cree:** So, you are happy enough that the expenditure on capital produces the savings for you. It is a win-win situation.

**Ms Worth:** Yes. I think that we have to recognise that capital investment needs to happen up front in order to drive those savings, but what we are seeing is that, although we might invest the capital now, within five years we have saved that money back and then we continue not to pay those leases beyond that five-year period, so we make more of a return on that capital investment than simply getting the capital back. It continues to pay back beyond that as well.

**Mr Cree:** How many leases do you anticipate surrendering during the next financial year?

**Ms Worth:** I am not sure that I have that figure with me. I will have a look. If I do not have it with me, I can certainly provide it to you.

**Mr Cree:** Thank you.

**The Deputy Chairperson:** Brigitte, thanks very much. I do not think that there are any further questions. If any further information becomes available, you will provide it to us.

**Ms Worth:** We will certainly provide you with six-monthly updates on that, so, if nothing else, another update will be with you in October.

**The Deputy Chairperson:** That is fine. Thank you.