



Northern Ireland  
Assembly

Committee for Finance and Personnel

# OFFICIAL REPORT (Hansard)

Savings Delivery Plans: Department of  
Finance and Personnel Briefing

8 October 2014

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance and Personnel

### Savings Delivery Plans: Department of Finance and Personnel Briefing

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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 John McCallister

Mr Raymond McCartney

Mr Ian McCrea

Mr Adrian McQuillan

Mr Peter Weir

**Witnesses:**

Ms Agnes Lennon

Department of Finance and Personnel

Ms Janis Marynowski

Department of Finance and Personnel

Ms Joanne McBurney

Department of Finance and Personnel

Ms Preeti Miller

Department of Finance and Personnel

**The Chairperson (Mr McKay):** I welcome to the meeting Joanne McBurney, head of supply for the central expenditure division (CED) in the Department; Agnes Lennon, also from CED; Preeti Miller, whom we all know from the finance division in CSG; and Janis Marynowski, head of financial management. You are very welcome. Perhaps you want to make a brief presentation on the paper before we move to questions.

**Ms Joanne McBurney (Department of Finance and Personnel):** Yes, thank you, Chair. As you are probably aware, following the draft Budget 2011-15, Departments were asked to publish draft savings delivery plans (SDPs) for consultation. Following agreement on the final Budget, Departments were asked to finalise and publish their SDPs.

The primary responsibility for the identification and delivery of savings lies with individual Departments and Ministers. However, there are central monitoring arrangements in place, and our Minister reports bi-annually to the Executive and the Committee on the delivery of SDPs, hence this update.

However, Ministers are not required to participate in the monitoring, and it is somewhat disappointing that the Department of Education has not done so; however, it is perfectly within its rights to do that. At the time of our paper the Health Minister had not yet published his savings delivery plan for 2014-15, as Health prepares those on an annual basis. However, we have been informed that it is due to be published within days.

You will have seen the report that was forwarded to the Committee by our Minister on 8 September, so I do not plan to go through it in any detail. However, just the headline figures: £511.3 million of savings were achieved in 2013-14, which represented 96.1% of the total departmental targets. Six Departments met their savings targets for 2013-14, while three exceeded them: the Department for Social Development, the Office of the First Minister and deputy First Minister, and the Food Standards Agency. However, four Departments, unfortunately, failed to deliver the required savings: the Department of the Environment, the Department of Justice, the Department for Regional Development and the Public Prosecution Service.

In the current 2014-15 year, savings of £432.7 million are forecast to be delivered, which represents 97% of the savings target of £446.2 million. The most significant shortfall expected relates to DOJ, which forecasts that it does not anticipate delivery in full of the net savings expected from the Prison Service staff exit scheme. Departments have also identified a number of adverse implications for front line services. A table has been included at the end of the report listing those impacts. I am happy to take questions.

**The Chairperson (Mr McKay):** Previously, departmental officials assured the Committee that the Department was on track to achieve its own target savings of £13.4 million. Is there any scope at all to exceed those targets?

**Ms Preeta Miller (Department of Finance and Personnel):** Yes, hopefully you will recall the October monitoring Committee meeting that we were recently at. Given the pressures that we are facing this year with the additional budget reductions required by the Executive, we could not guarantee that additional savings will be made this year. We will continue to try to achieve those, primarily through exiting leases as early as possible, but I would not like to commit to savings over and above what we are signed up to deliver.

**The Chairperson (Mr McKay):** Given that nine Departments have either achieved or exceeded their savings targets in 2013-14, how confident can we be that the targets were challenging enough in the first place, given that high level of success?

**Ms McBurney:** At the time of the Budget it was left to individual Departments and their Ministers to determine the level of savings that they were required to make to achieve their objectives within the reduced budget that they were given. I suppose that, in those terms, we did not have a say in how challenging, or not, the savings were. However, as we move into the next Budget period it is obvious that the savings that need to be delivered will be very challenging for all Departments.

**The Chairperson (Mr McKay):** So you are confident that the targets for 2014-15, including for DFP, are challenging enough.

**Ms McBurney:** The 2014-15 Budget was set some time ago. The savings delivery plan targets were probably not going to be sufficient to allow Departments to meet all the challenges that they face this year. They were probably challenging when they were agreed and set, but as we move into a more challenging budget position, more will need to be done.

**Mr D Bradley:** Given the fact that all Departments except two have had considerable cuts to their budget, how realistic is it to expect them to continue to reach targets for savings delivery under those circumstances?

**Ms McBurney:** There are two aspects to that. The savings that they have planned will obviously be made and will contribute to their living within the budget that was set at the start of the year. With more reductions being made, Departments will be required to make further savings. Given the environment, I think that it will be harder and harder to achieve them from reductions in administration or bureaucracy, and that will have some impact on other services. It will be up to individual Ministers to try, as far as possible, to mitigate that impact.

**Mr D Bradley:** As I said, under the current circumstances, is it realistic to ask Departments to squeeze further savings when they are already under huge pressure and front line services are being affected?

**Ms McBurney:** It will be very difficult for Departments, and it is something that we do not want to do. However, with the challenges facing the Executive, we have very limited resources, and action will have to be taken to live within those resources. We will have to work closely together to try to mitigate

the impact as far as we can. There is no doubt that it will be extremely challenging and it is not a situation that anybody would want to find themselves in, but, unfortunately, that is where we are.

**Mr D Bradley:** I agree with you that it will be extremely challenging, but is it achievable?

**Ms McBurney:** The longer the delays in giving Departments certainty, the harder it will be for them to achieve it. We are more than halfway through the year, so it will be particularly challenging now to make significant reductions in 2014-15, but, with the limited budget available, we are going to have to make efforts to do that.

**The Chairperson (Mr McKay):** In terms of the savings for 2013-14, DOJ had a shortfall of £7.2 million. How much of that relates to the higher-than-anticipated cost of the Prison Service staff exit scheme?

**Ms McBurney:** I do not have the breakdown of that in front of me.

**Ms Agnes Lennon (Department of Finance and Personnel):** I do not think that we have the precise amount for the Prison Service staff exit scheme in front of us.

**Ms McBurney:** No, we do not have the precise figures. The Justice Committee would have them, or we can get back to you on that. However, I think that it made up a significant amount of the shortfall. It was due to them increasing the scope of the scheme to allow more people to leave. I think that it was increased from 360 to 524. So, it was not that the scheme was failing to deliver; it was that they changed the scope of the exit scheme, which has changed the profile of savings. There will be more savings overall; they will just fall later in the period.

**The Chairperson (Mr McKay):** What are the considerable risks to delivery for DRD in relation to the £20 million release of value from the Belfast harbour commissioners?

**Ms McBurney:** In 2013-14, that was covered by a bid from the Executive. DRD is still raising that as a pressure in 2014-15. It will be up to the Executive to decide whether they provide funding to DRD for that; however, DRD does see it as a significant pressure and therefore as a risk to its savings plans.

**The Chairperson (Mr McKay):** Has the Department of Health prepared its 2014-15 SDP?

**Ms McBurney:** We have been informed that it is due to be published in the next day or so, but, as it has not been published, we have not had sight of it. However, we have been told that it has been agreed by the Minister and is due to be published. I hope that that is the case.

**The Chairperson (Mr McKay):** Have you had any view of it yet?

**Ms McBurney:** We have not seen it yet.

**The Chairperson (Mr McKay):** That is OK.

**Ms Boyle:** Does the Department envisage having to surrender funding to make up for possible shortfalls in other Departments' budgets as a result of the ongoing cut to the block grant?

**Ms McBurney:** You are asking about Departments' further reductions. Yes, I think that further reductions are, unfortunately, inevitable. The quantum is a matter for the Executive to decide.

**Mrs Cochrane:** I see the little section on the impact on front line services. Are we confident that the majority of the savings delivered are actually due to efficiencies and improved processes rather than simply cutting things that should be being done under the Programme for Government?

**Ms McBurney:** At the time of the Budget, when the savings delivery plan guidance was issued, it was made clear to Departments that the majority of them should be from a reduction of administration and improvements in efficiency and that every effort should be made to minimise the impact on front line services. It was recognised that the situation was different from previous years, where they were to be pure efficiencies, and that there may be more risk around that. That is why we ask Departments,

when reporting on their savings delivery plan, to identify any risks or impacts to front line services. So, our supply colleagues talk to the Departments through their regular stock takes, and the table represents what we are aware of as being those impacts. We will continue to report on any impacts.

**Mrs Cochrane:** We have potential impact on front line services, but it might be more useful to identify that x number of pounds were saved by one Department and how much of that is related to each of the things referred to. It would be more helpful for us to see that rather than assume that it is only a small part of it.

**Ms McBurney:** I imagine that that is something that Departments would share with their Committees and that those Committees may be willing to share with you. It is certainly something that we can look at in future when commissioning this. We are providing a summary from all the Departments. A lot of the detail should be discussed with Departments' own Committees, which should be aware of that.

**Mrs Cochrane:** We should seek to find out whether the other Committees have had a breakdown of that. We could then have a look at it overall.

**The Chairperson (Mr McKay):** Are members content with that?

**Mr Girvan:** Some Committees will not have it because they are not participating.

**Mrs Cochrane:** Exactly.

**The Chairperson (Mr McKay):** Are there any other questions?

**Mr D Bradley:** I want to ask one more. The Comptroller and Auditor General's office did a report on savings delivery plans. What improvements or changes have been brought about in the operation of plans since then? One criticism was that front line services were being cut in some instances to achieve savings, whereas the criteria, which had been laid down by a government body, were that front line services should be protected.

**Ms McBurney:** The Audit Office report was on the efficiency delivery plans in the previous Budget period. However, you are right; it does cut across what we are doing now. That is why our guidance on savings delivery plans was very specific in saying that they should try to avoid any impact on front line services. That is why we have included asking for the risks to front line services in our monitoring of that. Obviously, it will be a matter for individual Departments and Ministers how they decide to make the savings, but we have asked to be made aware of any risks so that we can report to the Committee and the Executive.

**The Chairperson (Mr McKay):** Thank you all very much.