



Northern Ireland
Assembly

COMMITTEE FOR
HEALTH, SOCIAL SERVICES AND PUBLIC
SAFETY

OFFICIAL REPORT
(Hansard)

January Monitoring Round

14 December 2011

NORTHERN IRELAND ASSEMBLY

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HEALTH, SOCIAL SERVICES
AND PUBLIC SAFETY**

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Members present for all or part of the proceedings:

Ms Michelle Gildernew (Chairperson)
Mr Jim Wells (Deputy Chairperson)
Ms Paula Bradley
Mr Mickey Brady
Mr Gordon Dunne
Mr Mark H Durkan
Ms Pam Lewis
Mr John McCallister
Mr Kieran McCarthy

Witnesses:

Ms Julie Thompson) Department of Health, Social Services and Public Safety
Mr Peter Toogood)

The Chairperson:

I welcome back Julie, and I welcome Peter. You are doing a short presentation on the January monitoring. For members' information, a paper is available. Fire away, Julie.

Ms Julie Thompson (Department of Health, Social Services and Public Safety):

I will indeed. Thank you for the opportunity to provide evidence on the January monitoring round. By way of introduction, it will be helpful to recap some of the key aspects of the process as it affects the Department of Health, Social Services and Public Safety. First, as we outlined in the briefing paper, we have been granted certain flexibilities in the management of the budget which are not available to other Departments. Those include the

automatic retention of reduced requirements and full flexibility within the Department's budget. When it comes to monitoring, that means that our participation is different to that of other Departments, as we have indicated before. We are not permitted to table bids for current expenditure except in the event of major and unforeseeable circumstances, nor are we expected to declare reduced requirements.

Obviously, then, any allocations made through monitoring rounds are typically non-recurrent in nature. That means that the funding must be used in the current financial year and cannot be carried forward into future years. That presents a particular challenge associated with the January monitoring round, which really affects all Departments, namely timing. The full utilisation of funds before 31 March can prove to be a challenging proposition in light of the lead-in times associated with business case preparations, approvals and procurement regulations.

Against that background, I will go through the Department's proposed approach to current and capital expenditure. In relation to current expenditure, we have considered the latest financial assessment for 2011-12 and the capacity to spend money between the middle of January and 31 March. With regard to the overall financial position, as you are aware, we entered 2011-12 facing an unprecedented level of financial challenge and significant service pressures. However, we have been making good progress in resolving those difficulties financially in 2011-12. We now anticipate that we will secure a break-even position for 2011-12. That has not been easy. It has required a wide-ranging reworking of plans and savings proposals across all elements of the Department's budget. I would also like to highlight the fact that our budget is subject to a number of significant variables, including prescribing expenditures and service demand pressures, which all impact on the position and can change as we move towards the end of the year.

As we indicated to the Committee earlier in the year, that balanced financial position has not been without implications for services. In effect, the budgetary constraints have meant reductions in the scope of what health and social care offers, which means increasingly noticeable divergence from the quality of provision elsewhere in the UK. I also want to highlight the fact that, as the Executive's approval of January monitoring will not be announced until mid-January, our assessment is that such a time frame precludes any scope to secure and deliver additional activity before the end of the 2011-12 financial year. That reflects the lead-in times that are associated, as I said, with business cases and procurement. It does not allow expenditure to be incurred before the end of the financial year.

Against that background, we do not propose that the Department registers a bid for current expenditure through January monitoring. I want to highlight the fact, however, that we are currently progressing the winter fuel allowance scheme for those who are receiving cancer treatment, which was announced by the First Minister and the deputy First Minister last week and which is being funded by the Executive's social protection fund. Therefore, we will log our request for funding for that in our submission to the Department of Finance and Personnel on 3 January 2012.

Turning to capital, I can advise that the Department remains on track to spend its full capital budget of £206 million in 2011-12 and maintains its consistent record of strong financial management. No bids for additional resources have been made at this point in the year due to the lead-in time that, again, is required for any new capital funding.

In conclusion, as we outlined in our briefing paper, our proposed participation in the January monitoring round is, therefore, a range of technical transfers for current expenditure and budget realignments for capital expenditure. For current expenditure, they comprise receipt of funding from other Departments of £631,000. With regard to capital expenditure, they reflect the routine redeployment of money between budget lines to reflect where ongoing spend is being made in the capital programme. That is all that I would like to say at this point. I am happy to take any questions.

The Chairperson:

OK. Thanks, Julie. Do “major and unforeseeable circumstances” include, for example, the Welfare Reform Bill, which Mickey has mentioned a number of times in Committee, and the impact that it will have on families? The flip side of that is the likelihood of more pressures on services such as Home-Start. That budget has been significantly reduced. There are plenty of things that we would like to see money being spent on, which does not seem to be happening. That is one of them.

For me, the starkest thing is that, at the beginning of the year, I was at Executive meetings when we were told that the Department of Health was nearly going to have to announce bankruptcy — was it chapter 11 proceedings or something like that? How did we get, within the space of months in the same calendar year, from warnings of bankruptcy and a doomsday scenario to breaking even before the end of the year?

Mr Wells:

With a new Minister.

The Chairperson:

Well, unless he opened his wallet — *[Laughter.]*

You said that there has been strong financial management in the Department. I know that quite a bit of that strong financial management would have been passed down to the five trust chairpersons in order for them to make some unpopular and difficult decisions. However difficult those decisions may have been this year, we are certainly hearing that they will be more difficult in future years. I just do not understand, even with the cuts that have been made to the

budget, how you can get from such a scenario to breaking even in such a short space of time.

Ms Thompson:

We have been advising and updating the Committee throughout the autumn. When I was with you in September, we talked about this very issue of the change from the start of this year. We talked about a whole range of initiatives right across the budget that had brought us, at that point, to the position of forecasting a deficit of £15 million and working hard to resolve the rest.

The initiatives are many and varied. There are controls in every single area of the budget, whether in the pharmacy budget, the Fire and Rescue Service or pay. We talked about wide-ranging areas right across the Department's entire budget to try to bring the deficits that were in play at the start of the year down towards a balanced position. That has not been easy. One of the things we were talking about was the implications for patient care. As we know, waiting times have extended over that period, part of which is to do with the financial position. You are quite right: it translates down into the trusts and, in fact, into every body that reports through the Department. It has not been without its challenges.

As we sit today, we forecast a break-even position. We hope to maintain that to the end of the year, but there are obviously still a few months to go. A lot of what I described to you in September are the main things that have effected the changes through the summer and autumn.

Mr Wells:

It is very good news that it looks like, as a result of very hard work, with some pain, you are going to balance the budget. It is fortunate that we have not had a swine flu outbreak, which caused problems in the two previous winters. However, I am slightly disappointed.

I understand why you are not bidding for capital; we all accept that that is impossible. However, on current expenditure, you bid for £5 million in the last monitoring round for essential drug treatments, which are very welcome when successful. I would have thought that some of those drug treatments are available in warehouses now and that you could literally ring up today and have the drugs shipped to Northern Ireland within a week. Therefore, is an opportunity not being missed to reduce waiting lists further by making a bid, obviously subject to that bid being successful? I speak to the pharmaceutical companies regularly, and they tell me that they have the stuff in stock and could deliver almost instantly. Why is this issue about not being able to do it in three months arising?

Ms Thompson:

There are a couple of issues with that. One is the need to ensure that you can supply the drugs and the staffing. Some

of those are complex drugs that need support with them. There is also, as we debated at the time of October monitoring, a recurrent position. Once you have started someone on a drug, you cannot say on 31 March, "I am taking you off this drug." You are committing to delivery into the next financial year.

You raise the point about the challenges as we look forward to 2012-13. As the Minister has indicated, we need to find a funding source to maintain those drugs. However, he is very committed to providing those drugs to people who need them.

Mr Wells:

OK. I accept that. However, there are, for instance, significant waiting lists for hip replacements, knee replacements and heart bypasses. There is capacity for some of those operations to be performed in Manchester, London and Dublin and in the private sector. Could you not clear some of that backlog by bidding again? I suspect that all those providers could deliver within the period up to 31 March. Is that not an option?

Ms Thompson:

We have liaised with the Health and Social Care Board (HSCB) on the options for use of the independent sector. Considerable effort and investment is already planned in the independent sector between now and the end of the financial year to try to get people treated. In terms of time, you are talking about people being called for treatment, being assessed and then having inpatient treatment, which is the more expensive element of the treatment, all having to be done this side of the year end. The issue is that a large portion of that is already being planned by the HSCB to ensure that people are treated before the end of the year.

Mr Wells:

I sat on the Regional Development Committee for two years, and the way that Department got round this was by having the business case or plans passed and the drawings ready. It was literally ready to turn the key in the bulldozer if the money became available through monitoring round slippage. I thought that was very wise, and the only problem was that it never started in Ballynahinch for the bypass, because that was the one I was anticipating. Are you not working up business cases along the line in order to be ready in case a sudden spurt of money arrives?

Mr Peter Toogood (Department of Health, Social Services and Public Safety):

Yes, and the business case aspect is one bit of it. The procurement regulations kick in after that. We have been putting our procurement centres and advisers on this, and they advise that, even with a business case ready to go, in the best case scenario we are looking at a three- to four-month procurement process to effect that business case. In some instances, if you go into the larger expenditure above the EU procurement thresholds, that could extend to between six and nine months. Having the business case ready to go is one thing, but getting it procured is another

aspect that pushes us beyond the March deadline.

Mr Wells:

This issue is repeated through 10 or 11 Departments, and we end up handing money back. At the end of this financial year, we will be ridiculed by the public if we do not have sufficient flexibility to spend money in the present economic conditions. The Chairman raised the issue of Home-Start and Sure Start, and I am absolutely sure that they could take that money and run with it immediately; it could reinvigorate programmes in Down, Armagh and Newtownards. I am just worried that, if you say you cannot do it, then presumably other Departments are saying the same thing. However, remember that they do not have the same flexibility that you have. They may be forced to hand money back, and the public will never forgive us if a single penny goes back on 31 March 2012, because they will ask what kind of wasters cannot spend the money that they are given and then cry out for more.

Ms Thompson:

The January monitoring round is traditionally difficult for Departments because the capacity to spend is so limited between then and the end of the financial year. You are quite right; that it is probably replicated across more than this Department. That means that particularly the October monitoring round and the June monitoring round tend to be more important in recycling resources, and that is why the Department of Finance and Personnel pushes very strongly for moneys to be handed back early in the financial year so that they can be recycled and re-utilised much easier. You are quite right; hand-backs late in the financial year become incredibly difficult to deal with because of the time frames that you have to operate with.

The Chairperson:

Following on from that, we have seen mental situations where empty hospitals have had a coat of paint and new curtains because money had to be spent before the end of the financial year. The talk is that quite a significant amount of money that Invest NI was not able to spend will be coming back as a reduced requirement from the Department of Enterprise, Trade and Investment. I agree wholeheartedly with the Deputy Chair that we should not be giving money back at the end of this financial year in this climate.

One area where the Department could spend money is on equipment. We had a very good presentation here from the speech and language therapists, not just about working with children and people with communication issues, but around the infrastructure of making that happen. They showed us leaflets about the machines that can help someone who cannot talk at all to communicate. Those machines start at price A and finish — well, really, the sky is the limit on these pieces of machinery. The Department of Health could put its hands on significant capital spend, if that is the right classification, without going through those procurement processes. There are things that could be bought, with a wee bit of imagination and creativity, that do not come up on that European threshold. If the strong financial

management is so good now, it does not say much for the financial management over the past few years. There are plenty of things the Department could bid for that could make a real difference. I do not think anybody would be too annoyed if it was not technically “major and unforeseeable” if it meant that we got money spent.

Ms Thompson:

I guess it just comes back to the procurement side of the piece, if you like, in how you buy equipment like that, and ensuring that you have worked through all the stages of the process. Now, as Peter has advised, we have checked with the procurement specialists about how long it takes to procure, whether it be small items of expenditure. The EU limits kick in at around £150,000. For smaller items of expenditure, you still only have between the middle of January and the end of March; that is an eight- to nine-week window in which to advertise what you want to do, get quotations back and then look in and award the spend. That is the advice that we are getting around the procurement rules, and I suspect that every Department is facing the same situation between the middle of January and the end of the financial year.

The Chairperson:

We are talking about projects that are spade-ready, for want of a better term. Surely you have spade-ready projects on the shelf that money could be spend on quickly. I am not talking about getting round the rules but projects of a scale that money can be spent on essential equipment and stuff that we need. I am not saying to go out and spend money rubbish that we do not need and would be surplus to requirements. There are so many essential pieces of equipment: for example, portable air for people who are housebound or chair-bound because they have chronic obstructive pulmonary disease or respiratory problems. I am not a medic, but I can think of 10 things off the top of my head that we could be doing with.

Ms Thompson:

The capital programme is very much looked at on that basis in ensuring that something else can come in to fill the gap when projects slow down or there is a reason for a delay. The Department has a really good record on the capital side and the revenue side for ensuring that its budgets are spent. A very proactive piece of work goes on to ensure that where there is a gap in the budget and potential to move spend in, those spade-ready projects, to use your term, can be pulled forward and in. That is managed on an ongoing basis in the capital budget.

Mr Toogood:

The submission for capital in the January monitoring paper that you have reflects what Julie has been saying, namely that the capital people are moving money out of its originally planned homes into a general capital area, which gives the trusts greater flexibility to do the type of stuff you are talking about. I know it is only a table with lots of codes and stuff, but that is essentially what that does: making sure that the money is where it can be spent on items.

The Chairperson:

What about current, which is maybe not as difficult to spend at the end of the year? Could money be spent by, say, giving trusts an amount to provide overtime to people already working in the system to clear up some outpatient appointments? Are there practical ways in which people could help people waiting for treatment by giving them an increased pot of money that does not need to go through a whole big process of recruitment and all that? Just basically ask people to come in on a Saturday and Sunday to clear up backlogs?

Ms Thompson:

Our advice from the HSCB is that in-house initiatives to clear up backlogs and waiting lists are traditionally like capital, in that there is quite a lot of capital spend in the latter months of the year. Equally, a significant amount of spend is already factored in for waiting-list initiatives between now and the end of the year to do those types of things. That is the advice that we are getting. Therefore, that is already factored in to what is already planned within the existing budgets.

Mr Wells:

I submitted a written question a few years ago after discovering that an ambulance in Dungannon had 430,000 miles on the clock. I would have thought that it would be relatively simple to ring up Mr Ambulance Manufacturer and ask: “Have you got a new ambulance in stock?” He replies: “Yes, we have several hundred.” “Can I buy one and can you deliver it next week?” That is below any threshold for any procurement exercise. Could you not at least be looking around the various fleets — Fire and Rescue, and Ambulance — and saying: “Look, folks, what’s about to go to the dogs? Can we get you a few new ambulances?”

The other thing I have to ask is what is happening about the very large amount of money for the A5, regardless of where you stand on that road project? There is £400 million that does not look as if it will be spent in the near future. Where is that floating around, and is Health bidding in any respect for any of that money through monitoring rounds or otherwise? That is probably an unfair question but it is bound to be something the public are thinking about. A small fraction of that money could go a long way in Health.

I get the awful impression that the answer is: “No, Mr Wells, now what is the question?” With a wee bit of creativity, there are bound to be ways to spend a few hundred thousand pounds here and a million there very quickly that would not go through all those hoops. Vehicles strike me as the obvious one because they are off-the-peg and ready. Why not buy a few new ambulances?

Ms Thompson:

I will deal with the A5 and Peter will deal with the ambulances.

As I understand it, the moneys for the A5 are predominantly for 2012-13 and 2013-14. Obviously, there then needs to be a look at what can be used in 2012-13. We have already talked about the fact that capital projects are difficult; we will not be able to do a large-scale capital programme in 2012-13. Of course, we will be part of wishing to avail ourselves of any spare resource, and I am sure that the Minister will be keen to do so, but that will not fit into the time frame of this monitoring round.

The Chairperson:

Before you let Peter in on the ambulance thing, it is worth putting on the record that the A5 is an Executive project and that the money for it is ring-fenced for the A5. We still want the A5 to go ahead. Mark is from Derry, and I am sure that he will be quare and glad of it because it will help to improve road safety in an area west of the Bann that has had a significant reduction in infrastructure spending.

Mr Durkan:

Absolutely, and thanks for that, Chair. Tonight, I would rather have the A6 done, right enough.

The Chairperson:

Thanks, Mark. A bit of backup would have been nice.

Mr Durkan:

It is important that we do not spend money that is allocated elsewhere.

The Chairperson:

Do not get too carried away, Jim.

Mr Toogood:

We asked about ambulances and fire engines, because it is an area that we should be looking at. Our advice is that they are bespoke vehicles and that autumn is the time that you have to place your order. They are bespoke-built, and the chassis are very particular and built to our specifications.

The Chairperson:

Because the roads are narrower in Dungannon? That is rubbish. Are we waiting for the autumn collection of ambulances? Oh my God.

Mr Toogood:

They are very fetching. We have explored that area, and the advice that we get is that there is not the opportunity to go and have a —

Mr Wells:

What about Fiestas for social workers? Are some of those available and ready immediately? This is archaic. In the modern technological era that we are in, you should have a computer programme that can be activated immediately to bring about capital expenditure or revenue expenditure at the drop of a hat for stuff that is pre-prepared. It takes three months to buy a vehicle, but there are bound to be things that you can buy with that money that you can do in a week. I mean at a small level, not exceeding the European threshold so that you have to advertise in the journal. I am fearful of the slating that the Assembly will get if we do not get this right this year of all years.

Mr Durkan:

It is also worth noting that improved road infrastructure helps to get people to hospitals quicker.

Mr Wells:

You cannot do that by March.

The Chairperson:

We have raised the point with the Department before that health visitors need laptops. They need to input the information that they pick up in people's homes, instead of going home and spending three hours a night at a computer, catching up on their paperwork. There are lots of ways that the Committee could spend a few million pounds, but we are disappointed that the Department has not seen fit to bid. We are impressed that you came in to tell us that you are not bidding for anything, because, when you do bid, you do not tell us about it. Hopefully, we can have a new ethos of transparency between you and the Committee.

Ms Thompson:

Absolutely.

The Chairperson:

Julie and Peter, thanks very much. Happy Christmas, and have a healthy new year.