



Northern Ireland
Assembly

Committee for Justice

OFFICIAL REPORT (Hansard)

June Monitoring Round and Savings Delivery
Plans: DOJ Briefing

7 June 2012

NORTHERN IRELAND ASSEMBLY

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June Monitoring Round and Savings Delivery Plans: DOJ Briefing

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Members present for all or part of the proceedings:

Mr Paul Givan (Chairperson)
Mr Raymond McCartney (Deputy Chairperson)
Mr Sydney Anderson
Mr Stewart Dickson
Mr Tom Elliott
Mr Alban Maginness
Ms Jennifer McCann
Mr Patsy McGlone
Mr Peter Weir

Witnesses:

Mr Mark Bryson	Department of Justice
Mr Glyn Capper	Department of Justice
Mr Anthony Harbinson	Department of Justice

The Chairperson: I invite the officials to come forward. This session will involve a six-monthly update on the savings delivery plans and a briefing on the 2011-12 provisional out-turn and the June 2012 monitoring round. The relevant papers are in members' packs. I welcome to the meeting Anthony Harbinson, who is director of justice delivery; Glyn Capper, who is deputy director of finance; and Mark Bryson, who is acting head of financial planning and budgeting in the Department of Justice (DOJ). The session will be recorded by Hansard and a report will be published on the Assembly's website. Anthony, I will hand over to you at this stage.

Mr Anthony Harbinson (Department of Justice): Thank you for the opportunity to give an update on the Department's current financial position. In this briefing, I plan to cover three areas: an update on our savings delivery plans as at 31 March 2012; our provisional out-turn for the 2011-12 financial year; and a summary of our in-year position following the June monitoring round. I will address the savings delivery plans first.

You will recall that we presented to the Committee on 21 January 2011 initial details on how each area of the Department planned to deliver its savings targets. We highlighted the fact that the savings targets for each area were factored in to the Budget 2010 allocations. In other words, the budgets for each of the core directorates or various arm's-length bodies were reduced by the target savings amounts in each year for the four Budget 2010 years. Following consultations, our savings plans were amended to reflect a number of concerns that were raised, particularly in respect of the funding of the Probation Board. We presented these updated plans to the Committee in October 2011. This is the second six-monthly update as at 31 March 2012, and, following today's presentation, we will publish this update on the Department's website. As the briefing points out, the information provided has been

prepared by each of the arm's-length bodies and, therefore, is their own and not the Department's interpretation of their progress against the savings plans. At the end of 2011-12, the Department delivered in-year savings of £40 million against a target of £36 million. In the longer term, we remain on course to deliver our total Budget 2010 savings target of £114 million by March 2015.

As you will see from the update, some areas have indicated that there will be some impact on front line services, so I thought that it would be helpful to say something about some of the key areas. DOJ officials continue to work closely with the Probation Board's senior management team to minimise the impact on front line staffing. The board has reprofiled its non-staff savings, and, as part of the process of setting the final budget, over £1 million of additional funding was provided by the Department to reduce the impact on staffing levels. As a result, the Probation Board now contributes lower savings than the DOJ average and is one of the areas of the Department that is most protected from budget reductions. We also committed to funding as many of the Probation Board pressures as possible via the in-year monitoring process for the remainder of the Budget 2010 period and have asked the board to prepare a business case setting out a case for additional funding. I will keep you informed as this progresses.

The Police Ombudsman's budget will require efficiencies to be made across the work of the office, but the Department has also fully funded the pressures flagged by the Office of the Police Ombudsman for Northern Ireland (OPONI), totalling £5 million over the Budget 2010 period to deal with cases referred to it by the Historical Enquiries Team. In effect, OPONI has seen its budget increase in cash terms. This will provide the office with the opportunity to reallocate staff and thus mitigate the impact of efficiencies on staff numbers. We will continue to work with the Ombudsman's Office to fund as many of its pressures as possible throughout the in-year monitoring process.

This is, obviously, a very difficult time financially, and, as with all areas of the public sector, the Department must make savings. Officials will continue to liaise with all spending areas to ensure that savings plans remain on track and that savings targets are delivered. We will also continue to work with all the various bodies across the Department and look at ways to protect front line services as much as possible.

I will now look at our provisional out-turn for the 2011-12 financial year. This can be broken down into three areas of spend. First, we underspent against our resource DEL cash budget of £1.2 billion by £9.5 million, a variance of 0.8%. Under the terms of the Department's security funding package, we are committed to carry upwards of £10 million of underspends into the remainder of the Budget 2010 period to offset pressures. In the context of this facility, our underspend of £9.5 million represents what I think is reasonably good financial management.

Secondly, when setting budgets for the 2010 period, I previously informed the Committee that we have a surplus of non-cash funding in our baseline. This is a technical budget for costs such as depreciation and cannot be used to fund other areas of spend. In the 2011-12 financial year, we did not use £12 million of our non-cash budget. Thirdly, our provisional out-turn shows a capital underspend of £23.5 million. As the briefing paper outlines, £20 million of that relates to the Desertcreat integrated training college, all of which will be carried forward as part of the security funding package. The remaining £3.5 million will be carried forward and used to offset this year's security funding claim from Her Majesty's Treasury reserve.

Finally, I will update you on our June in-year monitoring position. We are only a few weeks into the financial year, and we have had to use the monitoring round to get an early view of this year's financial position. No major issues were raised, other than those included in your briefing. As you can see, the Prison Service staff exit scheme creates a potential pressure this year of £13 million. That will be refined during the year when decisions are made by Prison Service colleagues about the timing and number of leavers.

As the Committee is aware, the Northern Ireland Legal Services Commission has, historically, had significant in-year pressures. However, this year's pressure, after taking into account the final £2.8 million of devolution funding for legal aid, has reduced to £3.7 million. That is evidence of the Department's efforts to improve financial management and deliver savings in the legal aid expenditure, and that they remain on track. We will continue to work closely with the commission as the year progresses.

A number of the aspects of the financial package on devolution will also impact in year. The PSNI currently estimates that it will pay £39 million in hearing loss costs this year. However, that figure will

change as the year progresses and assumptions become firmer. Again, the first £12 million of that is factored into the PSNI's budget, and the remainder will come from Her Majesty's reserve.

As you know, the coalition Government have agreed to provide an additional £200 million required by the PSNI over the Budget 2010 period for security funding. Of that, £53 million relates to 2012-13 and will be accessed later in the year via the Estimates process.

I hope that provides you with an overview of our in-year financial position. As the year progresses, a fuller picture will develop, and we will have a better understanding of the actual pressures and easements we will face. We are happy to take any questions you may have.

The Chairperson: Thank you, Mr Harbinson. I have a couple of questions. Is the legal aid position coming to a point where you can more accurately project the spend each year, now that the changes are filtered through and the very high costs are gone? We are not going to have the scenario of a £20 million shortfall. The forecasts have been significantly wrong in the past. Are you now able to predict more accurately?

Mr Harbinson: We now believe that we can live within the budget. As you said, the budget was £20 million or £30 million overspent. This year, we are projecting an overspend of £3.7 million, and next year we expect to come in within budget. Yes; the forecasts are becoming much more accurate as we go forward.

The Chairperson: As you know, you have only £2.8 million left of that additional money that was available. Once that is gone, it is gone, and you will have to find it yourselves.

Mr Harbinson: Absolutely.

The Chairperson: Where are we with the hearing loss claims? What percentage is complete and how many are still left to go?

Mr Harbinson: We got about 100 new claims a month during the past year. At its height, that was running at 300 to 400 a month, so you can see that it has fallen quite dramatically. We have paid upwards of about 3,000 claims to date and there are about 3,500 still outstanding, which should be cleared over the next 18 months. Again, it depends on how many fresh claims come, but I think that we have hit the bell curve and we are now down to the reducing numbers side of it.

The Chairperson: For how many years did we have access to that £12 million? Is it time-limited or tied to the scheme?

Mr Harbinson: No, it was not time-limited.

The Chairperson: OK, and we are still dealing with the applications on the basis of an individual, legal and medical assessment, as opposed to collectively.

Mr Harbinson: Yes.

Mr Weir: With regard to the resource departmental expenditure limit on the security funding package, I presume that that is just showing flexibility of being able to carry forward. With regard to the underspend of £9.5 million, is that simply money that you did not need to draw down, or were there some projected spends that did not happen? Can you give us more detail on the £9.5 million?

Mr Harbinson: It is a combination of a lot of factors. However, it is basically an in-year underspend. It is expenditure that did not come to fruition. We had a built-in contingency, and that was also part of it.

Mr Weir: Broadly speaking, that is fair enough. Will you send the Committee more details on that? In my experience on Committees, it is normal practice to break down an underspend of the magnitude of £9.5 million. It is a little unsatisfactory to simply give a bald figure of £9.5 million without providing a breakdown. Other Departments will give a degree of indication of how that amount is made up. However, rather than get into that at the moment, it would be helpful if you could send those details to us.

Mr Harbinson: Yes; that is fine. I will certainly do that.

Mr Weir: Thank you.

Mr McGlone: I am intrigued if not almost astounded to hear the amounts of money for hearing loss claims. You have paid out on 3,000 hearing loss claims already and there are, roughly, another 3,500 to come.

Mr Harbinson: Yes.

Mr McGlone: Is the £39 million that you referred to the bit that has already been paid or the bit that you have set aside to pay?

Mr Harbinson: That is the bit that was paid in 2011-12. It is not the total paid to date, just the amount paid last year.

Mr McGlone: You may not have the figure, but you have paid on 3,000 claims and you know that £39 million was paid last year. Have you any indication of even a rough ballpark figure of how much has been paid to date on those 3,000 claims?

Mr Glynn Capper (Department of Justice): We will be able to come back to you in writing with that.

Mr McGlone: Will you, please? It seems an incredible figure and there are another 3,500 claims to come. That is absolutely astounding. However, we will await the details. Thank you.

My other question, which is of obvious local concern to me, relates to the underspend of £23.5 million, of which £20 million relates to the Desertcreat project. All of that will be carried forward. Why has that £20 million not been spent as projected in the Budget?

Mr Harbinson: I think that it is just because of the time involved in going through the process to establish the college. There is now a full agreed business case and we are taking forward the procurement side. I believe that building work should begin early next year.

Mr McGlone: Yes, but it is guaranteed money anyway, so, that —

Mr Harbinson: It is guaranteed for carry-forward in this Budget 2010 period; yes. If we need to, we can wrap it up right up until the end of March 2015.

Mr McGlone: That is grand. Thank you.

Ms J McCann: I have a couple of concerns about the savings delivery plans and their impact on the front line services of both main policing oversight bodies — the Policing Board and the Office of the Police Ombudsman. I am particularly concerned about the impact on the length of time it will take the Police Ombudsman's Office to process cases, and quality of the investigation of those cases. I know from experience that families that are dealing with the Police Ombudsman's Office already wait over and above the length of time that they should. Some people have been waiting years for cases to be completed, so I am concerned that the impact of the savings plans will be to make that situation even worse.

The Policing Board savings will lead to another delay in recruitment to the policing and community safety partnerships. I am concerned about community policing and the impact on local communities.

I have a big concern about probation services as well. Week after week, the Committee hears about the likes of fine default and trying to get more community service orders, yet, once again we will have a front line service facing greater caseloads and the Probation Board's work with community and voluntary organisations being affected. That is particularly true with the waiting lists for sex offender and domestic violence programmes. I am concerned about those three parts of this. We asked for more information and it is set out clearly, but I want to voice my concerns about those areas.

Mr Harbinson: The only thing I can say in response is, yes, there are impacts on some front line services, and we are trying to mitigate those as much as possible. We are also trying to use flexibility in year by transferring money from some areas that do not need as much money as originally planned to those that do. We are working closely particularly with the Probation Board, because it has seen a significant increase in its workload, to build up a business case for additional resources, which will be over and above the £1 million extra that we put in above its baseline at the start of this process.

The Chairperson: How much of that do you tease out with those organisations to assess whether it really has an impact on the front line? A lot of organisations, to try to shelter themselves, will immediately say that it will hit the front line and that there will be a direct impact on service delivery, as opposed to concentrating on the administrative side, which can perhaps make cuts that it will not impact on the front line. What is your role in teasing all that out to make sure that what they say is true?

Mr Harbinson: We are trying to deal with the pressures as part of the in-year monitoring process, and we try to make sure that, before each organisation comes to us with a pressure, they identify any easements in their organisations and any areas where they can make internal savings. We try to put them through a process that makes them stop, think and see where they can fund pressures internally, and, where it is over and above what they can find internally, we try to fund it from whatever other sources of easements we can find across the Department.

Mr A Maginness: The Probation Board has a much more significant part to play. I should maybe rephrase that: its importance has been enhanced, particularly in relation to non-custodial methods of dealing with offending. So the funding is vital. Are you confident that the Probation Board is receiving sufficient funding to carry out those additional duties?

Mr Harbinson: I totally agree with you that, without doubt, the Probation Board is taking on a greater and enhanced role as we go forward.

Mr A Maginness: It always had a significant role.

Mr Harbinson: Absolutely, but is becoming more central to everything that is happening. Therefore, we are working closely with it to develop a business case for additional resources over and above normal pressures to take on the additional workload that you mentioned and that centralisation of its role. I am working closely with it in taking that forward, as is its sponsor unit and the board itself.

Mr A Maginness: Are you confident that it will have sufficient funding?

Mr Harbinson: It will bring forward a business case for a significant amount of additional funding, and we will look to meet that.

Mr A Maginness: You do not want to give too much away.

Mr Harbinson: I honestly do not know because, like everything else, it might ask me for £10 million and it might be given £2 million. It depends on how much we can find. However, we recognise that it is one of the key players in this and the first port of call for any additional funding that we can find.

Mr A Maginness: Mr McGlone made a point about the deafness cases involving the police. Are those historical cases in the sense that you are dealing with ex-members of the Police Service — former RUC members — or does it include current members of the Police Service?

Mr Harbinson: It could cover current members of the PSNI who were originally members of the RUC. From about 1998 onwards, there are sufficient records to defend any claim because, from that point on, we can show that ear defenders, ear muffs, and so on, were used, and that was recorded. So there should not be any cases post-1998.

Mr A Maginness: And they will be defended?

Mr Harbinson: Yes, if there are any, they will be defended, because we have the records to substantiate that.

Mr A Maginness: In essence, you are talking about large numbers of RUC members. I know you made the point about RUC members who continued in the PSNI, but, very largely, it is RUC members.

Mr Harbinson: It certainly will have been officers who started their career in the RUC and served mainly within the RUC.

Mr A Maginness: Six and a half thousand seems an incredibly high number of persons adversely affected due to their service in the Police Service.

Mr Harbinson: It is about one third of the number that we estimated served during that period, when there were about 20,000 officers. It is a considerable number; yes.

Mr A Maginness: The alleged cause of deafness was unprotected practice on the firing range. Is that correct?

Mr Harbinson: Yes.

Mr McCartney: I have a couple of questions. In relation to the filling out of the information, is this the Department's assessment, or, is it an agreed assessment with the agencies?

Mr Harbinson: This is the agency's assessment.

Mr McCartney: You might not be the person to ask, but the Police Ombudsman said that he will continue to consider other measures, including the leaseback of investigations to the PSNI. What does "leaseback of investigations" mean?

Mr Harbinson: I am not sure, but I can find out for you.

Mr McCartney: That is fine; I was not sure if it was a question I should be asking you.

The Chairperson: Thank you; that ends the meeting.

Mr Elliott: Chair, I indicated that I had a question.

The Chairperson: Sorry.

Mr Elliott: I have a couple of very brief questions. The Probation Board has been touched on, but it might be useful to keep us updated on the Probation Board issues.

Mr Harbinson: Certainly.

Mr Elliott: I have two quick questions around the PSNI equal pay issue. Will the £26 million be retained indefinitely?

Mr Harbinson: No.

Mr Elliott: What is the situation?

Mr Harbinson: As it stands, the current financial year, 2012-13, is our last opportunity to access that funding.

Mr Elliott: There has been no progress on that. Is that correct?

Mr Harbinson: A court case was due to run somewhere around the 25, 26 or 27 May. It has been postponed until mid to late September.

Mr Elliott: Thank you for that. I note that the additional security funding of £53 million will be formally accessed from Her Majesty's Treasury via the Department of Finance and Personnel. I assume that is still automatic and that there is no chance of that not coming.

Mr Harbinson: That is part of the scheme that we have agreed.

Mr Elliott: OK. Thank you.

The Chairperson: Thank you for attending this afternoon's Committee meeting.