



Northern Ireland
Assembly

**COMMITTEE
FOR THE OFFICE OF THE
FIRST MINISTER AND DEPUTY
FIRST MINISTER**

**OFFICIAL REPORT
(Hansard)**

**Programme for Government Delivery
Report**

23 September 2009

NORTHERN IRELAND ASSEMBLY

**COMMITTEE
FOR THE OFFICE OF THE FIRST MINISTER AND
DEPUTY FIRST MINISTER**

Programme for Government Delivery Report

23 September 2009

Members present for all or part of the proceedings:

Mr Danny Kennedy (Chairperson)
Mrs Naomi Long (Deputy Chairperson)
Ms Martina Anderson
Mr Alex Attwood
Mr Tom Elliott
Mr George Robinson
Mr Jim Shannon
Mr Jimmy Spratt

Witnesses:

Mr Colin Jack) Office of the First Minister and deputy First Minister
Dr Gerry Mulligan)

The Chairperson (Mr Kennedy):

Good afternoon, Mr Jack and Dr Mulligan. You are very welcome. Thank you for your return visit. Dr Mulligan has been here at least three times today, and Mr Jack returns from last week.

You were asked last Wednesday to provide us with an update on child poverty targets and the gender pay gap, and it would be helpful if you could share that information with the Committee and answer questions.

The Committee's proceedings are still being recorded by Hansard.

Mr Colin Jack (Office of the First Minister and deputy First Minister):

It might be more straightforward if I were to get the updated figures on the gender pay gap out of the way first. We do not have figures for 2009 yet. Last week, I gave the Committee the figures for 2006. The figures for 2009 will come out in November. However, the figures for 2008 were 97% for the ratio of female to male full-time median hourly earnings, compared with 98% in 2006.

The ratio of female to male part-time median hourly earnings in 2008 was 103%, compared with 96% in 2006. That shows that, as far as part-time earnings are concerned, the average hourly wage of females is higher than that of males.

Mrs Long:

Is the reverse true of full-time earnings?

Mr Jack:

Yes.

Mrs Long:

Has that situation worsened since 2006?

Mr Jack:

Yes, by 1%. There is, therefore, a mixed picture.

The Chairperson:

Are those statistics produced every two years?

Mr Jack:

They are produced every year.

The Chairperson:

What happened in 2007?

Mr Jack:

I do not have the figures for 2007 with me, but I can get them. I have the figures for 2006 and 2008, and the figures for 2009 will be available in November.

Mrs Long:

What about the other two ratios? We asked for the female to male full-time and part-time median gross weekly earnings.

Mr Jack:

I do not have those figures with me. We will get them to the Committee.

Those are the figures that illustrate the gender pay gap. The other issue —

The Chairperson:

Those are only some of the figures. You have agreed to provide the others to the Committee. It might be helpful if you were to produce a paper for us as soon as possible that sets out all that information.

Mr Jack:

OK.

The Chairperson:

We move on now to the —

Mrs Long:

Will we have an opportunity to put questions on that issue, perhaps at the end of the meeting?

The Chairperson:

We should deal with questions on the gender pay gap now.

Mrs Long:

As you know from last week's meeting, I am concerned that the targets measure activity but not necessarily outcomes. The target on page 64 of the report states that you are introducing:

“measures to work towards the total elimination of the gender pay gap.”

I cannot understand how you can be rated as green on a target when the gender pay gap for full-time earnings has widened. You are correct to say that it widened by only 1%, but it widened nevertheless, and that is a retrograde step. I assume that the rating is green because you are introducing measures to work towards the elimination of the gender pay gap. However, your statement that you are achieving something is illusory. You have not closed the gender pay gap in full-time earnings, which is, in some ways, critical. Part of the difficulty with gender pay gaps is that women tend to have a higher level of representation in part-time employment.

That highlights my concern that the targets measure activity, not outcome. Some targets are green even when you are moving in the wrong direction. I cannot see how it is useful to have a measure that requires people to dig deep into the green targets to find out what has been achieved in real terms. What measures have been introduced to work towards the elimination of the gender pay gap? Given that they have not worked on, for example, narrowing the gap in full-time median hourly earnings, what review of those measures has been put in place?

The Chairperson:

The Deputy Chairperson has raised issues that are central to those that we raised last week about the production of the statistics and the way in which they are presented. I am not saying that that is misleading, but it gives the wrong impression.

Dr Gerry Mulligan (Office of the First Minister and deputy First Minister):

I would like to come back on several points that have been raised. The particular target of reducing the gender pay gap is not completely in the gift of the Government, as is highlighted by the differences between the gender pay gaps in the public and private sectors. If we were concerned only with the public sector, we could set targets more confidently. However, the target covers both sectors. That is why the public service agreement in the Programme for Government places a greater emphasis on input. I agree that it would be better to set a specific target to eliminate the gender pay gap. That we cannot do so is a reflection of the fact that we do not have complete control of it.

Some of the measures that are designed to eliminate the pay gap are reflected in the implementation plan for the gender-equality strategy, which we discussed previously and which will include the type of activity in which the Department of Finance and Personnel (DFP) is involved in respect of the pay audit. We will be considering legislation to see whether that is

something that could be reinforced, but a pay audit would assist employers in knowing that they have a problem and in helping them to decide what they might do about it. That is an area that we will have to examine.

Mr Jack:

More general points can be made about the targets, and about tracking progress in their delivery. As John McMillen outlined last week, each of the PSAs has a delivery board, which is responsible for producing a delivery agreement for the target. Those delivery agreements are documents that are in development, but it would be desirable to bring them to a point at which they could be shared with the Committee, because it is intended that they will have a great deal of the background information that is associated with the target ratings.

One other point that I should reiterate from last week is that the red, amber and green ratings are determined not just by the target owners but centrally by the performance and efficiency delivery unit (PEDU) in DFP and the economic policy unit in the Office of the First Minister and deputy First Minister (OFMDFM). Therefore, there is a degree of distance from the people who are directly responsible for the delivery of the targets included.

The Chairperson:

I am getting a doubtful look from the Deputy Chairperson.

Mrs Long:

I am sorry to come back on this point, but it frustrates me. I do not hear an answer to my question. First, I am not suggesting that people are happily colouring in the document in green to make themselves look good. I am suggesting that what is being measured tells us nothing and merely create the illusion of giving us information. The target,

“Introduce measures to work towards the total elimination of the gender pay gap” suggests that the pay gap will be coming down. However, even if you have achieved that target, it tells us nothing about the pay gap, which is what matters to people. They are more concerned about the outcome than about the introduction of measures.

Gerry’s explanation was illuminating, because targets were chosen that aimed to introduce measures to work towards the total elimination of the gender pay gap; targets were not chosen that sought the total elimination of the gender pay gap in the public service, over which

OFMDFM would have total control, and on which it could have delivered. You chose to talk about a target that is aimed at the total elimination of the gender pay gap. Therefore OFMDFM's measures to work towards that must take account of the fact that it does not have all the levers of control. To what degree can you influence the private sector? All that must be in the mix when OFMDFM is introducing measures to achieve those targets.

It is not good enough to come here and say that it is not entirely in your control, because you knew that when the target was set, and OFMDFM must have had some kind of thoughts about how it could influence or drive other sectors that are not under its direct control. If OFMDFM cannot control a particular issue, it should not be contained in the target. If Dr Mulligan is saying that OFMDFM cannot introduce any measures that would achieve the elimination of the gender pay gap, because so much of it is outwith its control, why is it a target? Why do the targets not ask whether leadership is being shown by tackling the gender pay gap in the public service and eliminating the gap? That would show leadership in how we do business. I do not understand why a target is included that you feel that you cannot control, unless you have considered the mechanisms that you would have to bring about influence. That suggests that the targets are not well thought through. They may be well meaning, but they are not well developed. That is a fundamental concern.

I do not want to sound as if I am obsessed with the gender pay gap, although it is coming across that way, but it is indicative of my concern about many of the targets.

The Chairperson:

You may want to reflect and comment on that.

Mr Jack:

We have been given information about the comparative position in the UK as a whole. The figures for Northern Ireland are closer to 100%, which is the ideal level, than the figures for the UK as a whole. In that sense, the gender pay gap in Northern Ireland is smaller than it is elsewhere. That may be because we have a larger public sector.

The Chairperson:

That does not address the fundamental —

Mrs Long:

Why target the gap if it is already OK?

Mr Jack:

We can only reflect on the point, which is well made, about including targets over which we do not have complete control.

The Chairperson:

We want you not only to reflect on the point but to respond to it. I suppose that you will have to consider it after the meeting. The Committee agrees that it is a well-made point that should be addressed and responded to. We look forward to an early response.

Ms Anderson:

As some Committee members tell me every now and again, I am a new kid on the block. I do not know about other members, but I did not realise that each PSA had a delivery board. What is their composition? Are they cross-departmental?

Mr Jack:

Yes, they are cross-departmental.

Ms Anderson:

How often do they meet? What is their remit? I imagine that a delivery board on specific PSA targets would need information such as the differentiation between the public sector and the private sector. They should have that kind of information and should be able to provide us with it. We need to decide whether to accept the language of how the PSA has been articulated, how it has been written down and what we see in front of us. It should perhaps have been our responsibility to challenge it while it was being developed and before it was signed off.

Surely we have a mechanism for monitoring outcomes, and that mechanism is the seven stages of the equality impact assessment. If the delivery boards adopt that process, they should be able to tell us, in the promotion of equality of opportunity, whether it has widened for the public sector or the private sector. The delivery boards need to obtain access to the statistical information to make that assessment. I want some information on the delivery boards, their role and —

Mr Spratt:

Are you asking about their make-up as well?

Ms Anderson:

I want to know their composition, whether they are cross-departmental and who sits on them. We could get a grid so that we have a sense of who they are and how often they meet. We might want to ask them questions and direct this particular question to them as well as to the Department. That will help the Committee to monitor the situation.

Dr Mulligan:

I want to discuss the word “board”. In that context, the board is more the format of the report. There are committees — they are not referred to as boards — that co-ordinate matters. I chair a committee for PSA 7 that co-ordinates progress on making people’s lives better. We do not call it a board. However, it has an important function to monitor the type of information that Martina mentioned. There is a more detailed report behind those board reports, and it provides detailed statistical information on progress. That corresponds with where we are in the colour-coding sense of making progress.

The Chairperson:

Mr Jack is bursting to interrupt.

Mr Jack:

I apologise about the use of different terminology. I am on what is known as a delivery board for PSA 6. Whatever their name, they are committees that consider the delivery —

The Chairperson:

When is a board not a board?

Mr Jack:

They are chaired by the Department that has the lead responsibility for each PSA and are made up of —

The Chairperson:

Will you send the Committee some detail and outline their responsibilities?

Mr Jack:

The members are the Departments that deliver aspects of each PSA.

The Chairperson:

We could invent a new name for them.

Mr Spratt:

Are they like office meetings rather than boards?

Mr Jack:

It is a meeting of civil servants in that sense.

Mr Spratt:

Just of departmental officials?

Mr Jack:

Yes, but they have a certain status, and DFP and OFMDFM —

Mr Spratt:

Just another bit of business in a day's business?

Mr Jack:

They are regular quarterly meetings.

The Chairperson:

Are they structured, with agendas for set individuals to attend?

Mr Jack:

Yes.

The Chairperson:

The Committee would like to see the detail.

Let us move to child poverty statistics.

Dr Mulligan:

Perhaps I can respond to the questions that came up at last Wednesday's meeting, which I did not attend. It might be useful if I were to run through the targets that were set, where we are at and what the current trends are. I also want to say something about the forthcoming Child Poverty Bill, because that has direct implications for the definition of targets and what is meant by elimination of child poverty.

The target that was set in PSA7 is to:

“Work towards the elimination of child poverty in Northern Ireland by 2020 and reducing child poverty by 50% by 2010.” As with other jurisdictions, we have taken the baseline at 1998-99 when 135,000 children were living in what were categorised as low-income households; that is, households with income less than 60% of the median. The position in 2006-07, the most recent year for which survey information is available, indicated that that figure had reduced to 96,000. To achieve half of the 135,000 requires us to be in and around a figure of 67,000 children. Therefore, you can see that we have not met, and are unlikely to meet, that particular relative income target.

However, if you consider child poverty in terms of absolute income rather than relative income, the position, from the same baseline of 135,000 children, is that the most recent position is that 52,000 children are living in absolute low income, compared with the 1998-99 baseline. If child poverty is defined in absolutes, we have gone beyond the 50% figure and reduced child poverty by 60%. That shows the difference and the importance of how relative or absolute income is measured.

The Chairperson:

Therefore, it depends on how it is measured, is that what you are saying?

Dr Mulligan:

I would add —

Mr Elliott:

How was the 1998-99 baseline figure calculated? What that absolute low income or some other calculation?

Dr Mulligan:

The 1998-99 figure was based on the absolute income that was coming into households at the time. Sixty per cent of that figure was calculated, and the percentage of households that had less than that amount would have been taken as the baseline percentage. The figure was based on income. However, that is where the two measures depart. For relative income, 60% of the median income will always be calculated. For absolute income, the income figure for 1998 is taken. I am sorry that this is a little bit complicated. That figure is inflated by the rate of inflation, and then we determine how many families are below 60% of that level for any one year. Therefore, one figure is adjusted for inflation. In that sense, the absolute figure is based on whether the actual amount of money coming into a household increases in real terms, irrespective of how it relates to other households. That is the difference between the two.

The Chairperson:

One gives you a good answer, and the other a less good answer, so you are inclined to take the better answer.

Dr Mulligan:

We publish both, and we refer to both. The Child Poverty Bill that is going through Westminster covers both measures, and it sets targets for both.

I will speak about those targets are and what their implications are for us. The Child Poverty Bill proposes to have a child relative low-income poverty rate of less than 10%. That means having no more than 40,000 children here in relative income poverty by 2020-21, compared with the 96,000 that we have at present.

The implication of the definition of the relative low-income target in clause 2 of the Child Poverty Bill is “less than 10%”. In absolute terms, the target in the Child Poverty Bill is to have a child absolute low-income poverty rate of below 5%, so that target is more demanding. It means that no more than 20,000 children a year can be living in absolute poverty. More demanding targets are included in the Bill for absolute income. Working on the assumption that those targets

will apply here, we aim for those sorts of numbers by 2020-21.

Those figures are summarised in a short paper. If it would be helpful, I am more than happy to share that information with the Committee.

The Chairperson:

That would be helpful.

Mr Attwood:

What is the current absolute child poverty figure?

Dr Mulligan:

In the most recent survey, which was conducted in 2006-07, the figure is 52,000. That is compared with the baseline of 135,000, so it is a 60% reduction on the baseline. It is significant, no matter which of the two measures are used to determine whether we meet the target of halving the number by 2010.

Mr Elliott:

Why is the baseline taken as being 1998-99?

Dr Mulligan:

It was simply to maintain consistency with the Department for Work and Pensions, which took 1998-99 as its baseline. It means that we can compare trials from a similar baseline.

The Chairperson:

Is that on a comparative basis with other regions?

Dr Mulligan:

Yes. Wales and Scotland also have baseline figures and will have reported those for that year.

The Chairperson:

How are they doing?

Dr Mulligan:

I can say how we are doing by comparison with the United Kingdom as a whole, but I do not have the figures for the individual jurisdictions. If it would be helpful, we could provide that breakdown. Some 22% of children are in relative income poverty, so the figure is the same UK-wide. There has been a similar trend. We have achieved a greater rate of reduction, which is in the paper that I will provide to the Committee, from 29% down to 22%. The UK rate is 26% down to 22%.

The Chairperson:

It would be interesting to compare us with the devolved Administrations in Scotland and Wales.

Dr Mulligan:

We can certainly provide those figures.

Mr Attwood:

Given the economic recession, I presume that there will be a blip in the figures.

Dr Mulligan:

That is expected.

Mr Attwood:

The consequences of the recession could endure for two or three years, which means that we could be well into the next decade before the situation normalises again. If those requirements are laid down in law — on the basis of what happened between 1998 and the most recent figures, and on the basis of the current trend — will we achieve those targets by 2020-21?

Dr Mulligan:

Drawing on exercises that have been carried out — in particular, econometric modelling, which looks at the factors that influence demographics and economic trends — it seems that the requirements, within current policies, will not be met. That is why the child poverty board, which brings together the different jurisdictions, is looking to develop new policies in the areas of public services. Those are seen as areas in which improvements will be made. However, the working assumption is that the targets will not be met under current policy.

Mr Attwood:

Even without the blip?

Dr Mulligan:

The blip will make it even more difficult, on current trends, to meet those targets.

The Chairperson:

Mr Robinson, do you want in? Sorry, it was Jim Shannon who wanted in. It is not often that you two are mistaken.

Mr Shannon:

We are very similar, like the characters in 'Twins'.

When we originally talked about child poverty, we saw figures that were specific to various parts of the Province. Six areas with high levels of child poverty were highlighted. Obviously, overall figures show that there has been a downturn, but can you chart current figures to see whether the areas that had the highest level of deprivation and child poverty have been hit? Is that possible? It may be too much to ask, but it may show whether we have targeted the areas that have the greatest concentration of child poverty.

The Chairperson:

The latest figures, from 2006-07, do not seem to be any more relevant than they were at the time of our report.

Dr Mulligan:

The report used the 2006-07 figures, which were the most up-to-date ones available at the time. They will not have shifted significantly since then.

The Chairperson:

When are the new figures due out?

Dr Mulligan:

They are due to come out soon. Generally, there is a one-year lag between completing fieldwork and its publication. I would need to check with our statisticians, but I would expect the new

figures to be out before the end of the year. The Department for Social Development is responsible for producing them, but we will confirm to the Committee when they are due.

The Chairperson:

And at that point, you will carry out projections based on actual figures?

Mr Robinson?

Mr G Robinson:

My question has been answered.

The Chairperson:

That concludes the questions. Thank you very much indeed, Dr Mulligan and Mr Jack. We will see you soon.