



Northern Ireland  
Assembly

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

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**OFFICIAL REPORT  
(Hansard)**

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**December Monitoring Round**

25 November 2009

**NORTHERN IRELAND ASSEMBLY**

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

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December Monitoring Round

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**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 Barry McElduff  
Mr George Robinson  
Mr Jim Shannon  
Mr Jimmy Spratt

**Witnesses:**

Ms Jackie Kerr            )       Office of the First Minister and the deputy First Minister  
Mr Iain McFarlane       )       Office of the First Minister and the deputy First Minister

**The Chairperson (Mr Kennedy):**

Departmental officials — Ms Jackie Kerr and Mr Iain McFarlane — are to brief the Committee on the December monitoring round. Details of the briefing were received late yesterday and e-mailed to members last night; we apologise for that. When we met Ministers yesterday, we pointed out that it would be virtually impossible for members to analyse the papers. However, we are where we are.

**Mrs Long:**

Before the officials join us, given the deadlines and the fact that the Committee will not meet next week because of the trip to Dungavel, is this our last opportunity to scrutinise the figures? Having had sight of them for less than 24 hours and not having any further opportunity to look at them is an issue. It would not be so bad if we could discuss them in the knowledge that we would get a second bite, but I do not think that we will.

**The Chairperson:**

We might have to arrange a special meeting, although I appreciate how unsatisfactory the situation is.

I welcome Jackie and Iain to the meeting. We are meeting to discuss the December monitoring round proposals, which were submitted to the Committee late yesterday. To be fair to members, they have not had enough time to analyse them. Nevertheless, we are where we are, so it would be helpful to hear an overview. Our evidence session is being recorded by Hansard. Following your opening remarks, members will ask questions.

**Ms Jackie Kerr (Office of the First Minister and the deputy First Minister):**

I apologise for the late submission of the papers and for members' lack of opportunity to consider them before the evidence session.

**The Chairperson:**

When do you have to report to the Department of Finance and Personnel? Members have asked whether this will be their sole opportunity to consider the figures.

**Ms Kerr:**

The deadline for submitting the returns to DFP is the close of business on 4 December.

I shall begin by highlighting the key proposals in our submission. There is an administration cost bid for the establishment of the Attorney General's office. Although a decision has yet to be taken on the devolution of policing and justice powers or on the establishment of the Attorney General's office, the Department considers it prudent to submit a bid at this stage in order to prepare for such an eventuality. Therefore, the Department needs to begin to establish structures and to commence sponsoring the Attorney General's office in-year.

The bid is made up of two components: £150,000 for the Attorney General's office, and £40,000 for sponsorship costs in OFMDFM for the new body and the responsibilities that would come with devolution. The proposals include resource reduced requirements of £1.3 million to £1.6 million, consisting largely of two reduced requirements: £599,000 in respect of the Maze/Long Kesh project that reflects an assessment of the state of play of several work aspects for the project that are under way and the results of survey work that has been completed, so the figure is a reassessment of the likely in-year spend; and £531,000 reduced resource that has been declared in respect of the Strategic Investment Board to reflect delays, due to prevailing economic conditions, in establishing structures for the capital assets realisation task force and in commencing the sale of property.

A review of the work has been undertaken, and the recommendations are with Ministers. Some smaller reduced requirements have also been included: £56,000 has been included in relation to international relations, and there are small reduced requirements in other areas. That reflects an assessment of the budgetary position at this point in the year and the likely level of spend in the remaining months.

A total of £684,000 for capital reduced requirements has been declared in this round, which is made up largely of two reduced requirements for Ilex and the Ebrington site. In the past week and a half, two key business cases for the Ebrington site have been approved, and they are critical to accelerating the pace of spend on Ebrington in-year and next year. However, the reduced requirement being declared is an assessment of the maximum level of capital spend that could be incurred, taking account of the tendering processes that have commenced for those two projects and when work could commence on site this year.

The other major reduced requirement of £275,000 relates to north Belfast city of learning, to the overall cost of which the Department contributes. Several Departments contribute to that project, and we have been advised that the contribution that we need to make this year is less than was originally communicated to us, so we were surrendering the capital that we will not need in-year.

There is also a minor £2,000 offsetting bid; it is more a technicality to do with the retention of receipts in the Department. The other major proposal for the Department is one, as the

Committee will be aware, that was submitted in previous rounds in-year: the bid for the reclassification from resource to administration costs to cover the cost of restoration to OFMDFM and the cost of the preparatory work for the devolution of policing and justice powers. That bid is £2.48 million. It was submitted in June and September, and was unsuccessful in the previous rounds.

A proactive management action has also been proposed in this round relating to the establishment of the Attorney General's office and the capital costs associated with the fit-out of any accommodation for the Attorney General. It is a prudent measure being taken by the Department. This is the last real opportunity in the financial year to submit proposals and bids for additional funding, and we propose to manage that possible pressure through a reallocation of £150,000 from the Crumlin Road jail capital budget to the Attorney General. The £150,000 is possible, but the Committee will be aware that there was a proactive management action in a previous monitoring round in September to provide additional funding for the Ilex site and the management actions that were taken on Crumlin Road jail. There is sufficient flexibility in that budget now to provide the necessary resources should pressure emerge as a result of a decision on the devolution of policing and justice.

The papers also include details of minor reallocations in the Department, amounting to £184,000. They are essentially measures to address pressures in the Department under the authority that we have to move money from one budget area to another. Many are in the same spending areas, but they are across cost centres; some are just housekeeping measures at this point in the financial year.

There are also technical transfers in and out of the Department, totalling £75,000. As I said, the deadline for the submission of returns for the December monitoring round is 4 December. The December monitoring round is a key monitoring round in the financial year; its outcome informs the budgetary position in the spring Supplementary Estimates. Essentially, all departmental estimates are reset following the December monitoring round, and it is that position against which Departments' performance in the year will be monitored in the published accounts.

**The Chairperson:**

Thank you for that overview. It is widely accepted that OFMDFM is not a big-spending Department, and it appears from what you tell us that it will spend even less. The allocation of

money to the potential Department of justice is an issue. This is not the Assembly and Executive Review Committee, so I do not want to have a discussion on policing and justice. However, we are at the December monitoring round, so if, for any reason, policing and justice were not devolved, what would happen to the money that is earmarked for it?

**Ms Kerr:**

It would be subject to the success of a bid through this exercise. Should such a bid be successful, budgets and profiles of spend will continue to be critically assessed through the remainder of the financial year. As a key part of that, fundamental decisions are also taken into account. Should there be no decision on the devolution of policing and justice, we would need to reassess, come the February monitoring round, the requirement for the funding to remain in OFMDFM's baselines. That would take account of many factors, including the likelihood of a decision being taken and the capacity of the Department to absorb any proportionate pressure. If a decision has not been made by February, the likely pressure will be less than that which we are assessing at present. We have to take account of the passage of time.

We will take a prudent assessment again come February, should the bid be successful in December. If, come February, there is an assessment that the funding may not be required, a decision will be taken on whether it will be surrendered at that point.

**The Chairperson:**

In February, your window of opportunity for spending the earmarked money will be restricted.

**Ms Kerr:**

The opportunity to spend is less, come February, but the sum of money involved is sufficiently small that I am confident that there would be sufficient flexibility across all Departments to allow the money to be absorbed elsewhere and reallocated through the Executive processes, should OFMDFM decide to surrender funding on that scale.

**The Chairperson:**

You said that December monitoring is key with regard to the formation of next year's budgets and departmental spend.

**Ms Kerr:**

There are two points in a financial year at which a Department's performance is measured. The December monitoring position determines the spring Supplementary Estimates, so the amount of money that is voted to a Department is its baseline for the year, and the published and audited accounts measure the Department's performance and outturn against the spring Supplementary Estimate position. At a later point in the financial year — late spring or early summer — the Finance Minister will make a statement on the provisional outturn for Departments. That measures departmental financial performance against the February monitoring position; it is a budgetary control position. Therefore, come May or June, the departmental spending performances announced by the Finance Minister are based on the February monitoring position, but the accounts consider the December monitoring position. Therefore there will always be a slight difference between them.

**The Chairperson:**

If we can save, hand back or reallocate money, is there a worry that that will have an adverse effect when our next global sums are created?

**Ms Kerr:**

A decision must be taken, particularly in December and February, on the management of budgets. It looks at it in both respects. There is a risk that if the Department does not bid at this stage and if the pressure does materialise as far as the accounts are concerned, there could be overspend. However, you are correct that the converse applies: should the pressure not materialise, there is an associated risk that the Department will end up with an underspend. It needs to be looked at in the round in relation to the range of competing pressures in a Department rather than as an individual issue. Those are the sorts of assessments that we have to make at each monitoring round.

**Mr Shannon:**

I have two questions that relate to the money that is not being used for the Long Kesh programme. I used to sit on the Committee for Culture, Arts and Leisure; the Chairperson of that Committee sits on this Committee. It was indicated to the DCAL Committee that some of that money would go towards other sporting activities and capital projects. Are you able to confirm that that is where the money that is not being used will go? Do you know how it will be spent?

**Ms Kerr:**

The Minister of Finance and Personnel will bring the details of all the reduced requirements to the Executive, and they will take decisions on the reallocation of those funds. However, in relation to Mr Shannon's specific point about DCAL, there was funding in the investment strategy for the stadium project. When it was decided not to proceed with that project, the Executive discussed and agreed the reallocation of that funding. The funding that OFMDFM has for the Maze/Long Kesh project is separate from that; it is specifically for the work that we are doing on that site.

**Mr Shannon:**

My second question follows on from that. I want to agree a principle.

I have had a couple of meetings with the junior Ministers about funding for Lifestart Mid-Ards; the situation is the same for Lifestart in Londonderry, Enniskillen and Newry. Lifestart will have to cut back dramatically on the services that it offers. It was helping 220 families but will now be able to help only 95 families. The junior Ministers indicated that no funding was available. Forgive me for saying so, but when I see all the money coming back from reduced requirements, I wonder why that money was not considered as one of the options for Lifestart. Could that be considered? Lifestart is a marvellous project. Lifestart wrote to, and the matter was brought before, the Committee, so the Chairperson and most members will be aware of it. In this instance, with reduced moneys and requirements, and the fact that Lifestart is, potentially, nearing its end, was that ever considered?

**Ms Kerr:**

I do not have the detail on the Lifestart project or any priorities that have been allocated to it in the Department. However, I can find out.

If Ministers were minded to reallocate funding from the Maze/Long Kesh project, or from any of the other areas of reduced requirements that we have declared, to a project in another area of business, such as children's funding, we do not have the authority to do that in the Department, because it is crossing business lines — what are called units of business. We would have to go through the Department of Finance and Personnel (DFP) and make a proposal to the Finance Minister for the reallocation of that funding.

Obviously, that is not quite the answer to your question, because you are asking why we have

not allocated funding. I will ask my colleagues in the children's team about the Lifestart project and will then be able to give you a more comprehensive response.

**Mr Shannon:**

I would appreciate that; thank you.

**Mr Elliott:**

Annexe B refers to the Crumlin Road jail and Girdwood Park regeneration project, and it states that the programme of work was originally costed at £2.5 million. However, it goes on to say that:

“the Unit is proposing a pro-active management action of £150,000 to release funds for capital fit out costs for the new Attorney General for Northern Ireland.”

Is that an internal process or is it part of the overall development that will now include the Attorney General's office? Will you explain that further?

**Ms Kerr:**

In a previous monitoring round, the Department took a proactive management action to release capital resources to fund other capital projects in the Department, and that had to go through the monitoring round process because DFP approval is required to move that money. The exercise undertaken to re-phase the work has delivered; there is sufficient scope to free up the resources we require, should any decision be taken to establish the Attorney General's office — essentially, if a decision is taken on the devolution of policing and justice. Therefore, it flows from an earlier proactive management action, but the consequences of the re-phasing of work and of what the original costings have now come in at has released sufficient capacity for the Department to absorb that potential pressure, rather than going back to the centre to bid for additional funding.

A proactive management action is one in which a Department takes a conscious decision to re-phase a programme of work to free up resources to deal with a capital pressure or priority elsewhere in the Department. The investment strategy allows the flexibility to do that. The intention is that, at a later point, as work progresses on other sites, some of the money is re-phased from those areas as others start to catch up in relation to their spend.

**Mr Elliott:**

Basically, it is an internal management process.

**Ms Kerr:**

It is a management of the budget, but it requires the approval of the Finance Minister and, in turn, the Executive.

**Mr Elliott:**

Is provision for the overall development of the Crumlin Road site still in the budget for the current year? If you do not have that information at present, I am happy for you to come back with it. I know that a sizeable amount of money was returned in previous monitoring rounds.

**Mr Iain McFarlane (Office of the First Minister and deputy First Minister):**

The remaining budget for the development of Crumlin Road jail is £2.5 million.

**Mr Spratt:**

There is current spend in relation to the Attorney General. We all know that a report was commissioned. Is the bid for £150,000 additional money? Lawyers do not work for nothing, so I imagine that money has already been spent on the commissioning of that report. Are staff in OFMDFM supporting the commissioning of that report? Is that where that money is required?

**Ms Kerr:**

A team in OFMDFM has commenced work on preparations for the devolution of policing and justice. That covers the wider issue of the preparations and includes the impact on OFMDFM's new sponsorship responsibilities should a decision be taken. It also includes spending on the report to which the monitoring round figures refer. I cannot give precise figures on the cost, but the proposed bid for £150,000 in this monitoring round is an estimate of the likely running costs of the Attorney General's office, should it be established in-year.

There is a further bid for £40,000 for the cost of establishing sponsorship mechanisms, not only for the Attorney General's office but for other areas of responsibility that will fall to OFMDFM, should a decision be taken on the devolution of policing and justice. The bid for £190,000 is additional to the operational administrative costs that the Department has incurred in-year in its wider work on preparations for the devolution of policing and justice.

**Mr Spratt:**

I understand, from my experience on this and other Committees, that ongoing work has to be done on those preparations. Some of that work is being done by OFMDFM. Will all spending on policing and justice eventually be part of the budget of a Department of justice, if there is devolution of policing and justice? Will that money be the same amount as that which is currently allocated to the NIO for dealing with justice issues, apart from the new aspect that will be needed to pay for an Attorney General?

**Ms Kerr:**

That is correct. The position of Attorney General will need new funding, because the NIO does not have responsibility for an Attorney General's office. A transfer of budget will take place as part of any decision on the devolution of policing and justice.

**Mr Spratt:**

Would that budget stay with OFMDFM, rather than going to a new Department of justice? Perhaps that is a question too far at present.

**Mr McFarlane:**

The bids in the monitoring round paper reflect the impact on OFMDFM. The two impacts would be the new office of the Attorney General and the Northern Ireland Judicial Appointments Commission (NIJAC), which is funded by the Court Service at present. Therefore, the Attorney General's office would require new money, whereas the NIJAC would require a transfer of funding from the Court Service. The two are separate issues.

**The Chairperson:**

So, effectively, OFMDFM may be in a position whereby it can reclaim money at a later stage?

**Ms Kerr:**

OFMDFM would be required to bid for any costs associated with the Attorney General's office as it is a new area of spend. However, as has been said, a transfer of funding would be associated with the Northern Ireland Judicial Appointments Commission.

**Mrs Long:**

The reduced requirement under the good relations heading is due to delays with research for the

Barnardo's project. Do you know what the reasons were for the delay and whether they lie with Barnardo's?

**Ms Kerr:**

I do not know, but I will find out and get back to you.

**Mrs Long:**

A bid for the North Belfast City Learning Centre was made and met in September. The Department of Education now says that it has sufficient funds to meet the capital requirements without contributions from other Departments. Why was that bid made by OFMDFM and not by the Department of Education, which was the lead Department in September? Did it not know then that it had sufficient funds to cover the project? It seems odd to bid for money and then surrender it after only three months. What was the purpose of that process?

**Ms Kerr:**

A number of Departments are involved in that project, and each is required to contribute towards it. OFMDFM must have the funding to make its contribution; that was the basis of the bid. The bid was informed by what the Department of Education was telling us that our contribution for the year would be. I do not know why the Department of Education has scaled back the contribution; I can find that out for you. However, in the September and June monitoring, we were working on the basis of the figures that we had been given and our liability for this financial year.

**Mrs Long:**

It would be helpful to have that information. I am wondering whether OFMDFM no longer needs to make that contribution because the Department of Education can deliver the work or whether a contribution is not required at this time because the work is not being delivered. I would like to be clear about the reasons.

My next question is about capital expenditure and relates to the Maze/Long Kesh and Ilex programmes. Is money being surrendered because it will not be spent in this phase due to changes to those projects or due to the pace of progress on those sites? That is something that has been raised with us a number of times in relation to the construction industry downturn. It would help with confidence to know that progress is being made on those capital projects and that they

are developing at a reasonable pace. However, at each monitoring round, money is being given back because it cannot be spent. I know that decision-making processes held up progress but, for a while, that was balanced out by the fact that groundwork was being done. I wonder whether the pace of development on those sites is slowing down.

**Ms Kerr:**

The reduced requirements are the result of timing issues in-year; reassessing the budget in the context of the likely level of spend that can be realised in-year. The results of survey work that was under way on the Maze/Long Kesh site are now known, and the projections for the year have been reassessed on the basis of the findings.

Decisions on two business cases will facilitate a stepped increase on spend on the Ebrington site. We received a major business case for the improvement of the parade ground. That is a major capital project for the Department as a whole, not just for the Ebrington project. It has received DFP approval, which has enabled Ilex to go out to tender. I am fairly sure that the tendering process has now commenced. The plan is that the tendering process can conclude in January and work can commence on-site in this financial year, which will allow us to maximise spend on the Ebrington site in 2009-2010 and also in 2010-11. The projected overall spend for the parade ground is around £8 million in the latter part of 2009-2010 and running through to 2010-11. There has also been approval for the refurbishment of what is called building 11 on the parade ground, and that will allow Ilex to move its headquarters onto the site.

Both projects are critical to that site being managed by OFMDFM. The parade ground is the landing site for the peace bridge, on which work is under way. However, more than being a landing site for the bridge, work on the parade ground will act as a draw to bring people across to the site and increase its utilisation. Both projects are critical, and the fact that we now have clearance means that there will be a stepped increase in spend on that project.

**Mrs Long:**

My last question is in relation to surrendered funds from the Strategic Investment Board. The report mentions the postponement of the establishment of new structures for the capital assets realisation team (CART). Has all work stopped on that project to realise capital assets? A couple of weeks ago, the Confederation of British Industry (CBI) gave evidence to the Committee, and its view was that, although there would not be a fire sale of government property at this point in

the market, there did need to be a phased programme of release of some sites to free up capital for other things and to keep the market turning. However, the report reads as though all work on that has stopped. Has that work frozen completely?

**Ms Kerr:**

Ed Vernon was brought back to review the original proposals for the work on the capital assets realisation task force to take account of the change in market conditions and of similar work that is under way in GB. He produced a report, the recommendations of which are with Ministers. The focus is very much on keeping the momentum because of the criticality of the work of CART in relation to the overall Budget for the Executive.

**Ms Anderson:**

I apologise for being late; I was at another meeting.

I am interested in the building 11 project and the moving of the Ilex headquarters to the Ebrington site. Is there a time frame for that?

**Ms Kerr:**

Mr McFarlane may know more about the detail of when the building 11 project is going out to tender.

**Mr McFarlane:**

I am not sure. However, the time frame involved is very close to that of the parade ground and approval for both business cases came through at the same time. They have both been approved.

**Ms Kerr:**

A considerable amount of pre-planning has been done on the Ilex site, working with Planning Services and going through all the statutory processes. That was done with the intention that, when approval came through on the business cases, they could go out to tender quite quickly.

**Mr G Robinson:**

Does that include the peace bridge?

**Ms Kerr:**

The bridge has been approved and it is under way.

**Mrs Long:**

The paper states that work on Crumlin Road jail is restricted to maintenance and repair at present. Is there any indication that we are approaching the stage at which decisions will be taken on the master plan? The jail site is a fairly major asset; one that has an impact not just in north Belfast but on the rest of the city. Should we take the fact that money is again being surrendered from that budget as an indication that we are not approaching the point at which decisions will be taken?

**Ms Kerr:**

I am not close enough to the policy and decision-making on the wider issue of the EQIA on the site to be able to comment on that. However, considerable work is due to get under way at the Crumlin Road jail on the refurbishment of the existing buildings and site repair work on the perimeter walls and the gatehouse in the governor's wing. The projected spend for that is between £5 million and £6 million, and that work is already going through the planning and tendering processes. That spend will fall into the latter part of this year and into the next financial year.

**The Chairperson:**

We are due to have a detailed briefing on Crumlin Road jail early in the new year.

Thank you very much for your presentation. It would be helpful if you could respond to the queries that Members raised as quickly as possible, given that there is a deadline for our representations to be made.