



Northern Ireland
Assembly

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

**OFFICIAL REPORT
(Hansard)**

February Monitoring Round

10 February 2010

NORTHERN IRELAND ASSEMBLY

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

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Members present for all or part of the proceedings:

Mr Danny Kennedy (Chairperson)
Mrs Naomi Long (Deputy Chairperson)
Mr Tom Elliott
Mr Barry McElduff
Mr George Robinson
Mr Jim Shannon
Mr Jimmy Spratt

Witness:

Ms Jackie Kerr) Office of the First Minister and deputy First Minister

The Chairperson (Mr Kennedy):

I welcome Ms Jackie Kerr, who is here to present a departmental briefing to the Committee on the February monitoring round. Members will then have an opportunity to ask questions. The session will be recorded by Hansard.

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

I apologise to the Committee for the late submission of papers and the consequent lack of opportunity to consider them in detail.

There are two elements to the February monitoring proposals: the reduced requirements that

are being declared from the Department's resource and capital budgets; and a proposal for reclassification from resource expenditure to administration costs to cover the costs that are related to the impact of restoration and devolution in the Office of the First Minister and the deputy First Minister (OFMDFM).

The reclassification bid has reduced significantly from the levels tabled in previous rounds; it is now £1.4 million. That reflects measures that have been taken in the Department to control and reduce administration cost expenditure. The risks that we face mean that the bid has been unsuccessful to date in-year, and the overall financial constraints within which the Executive are operating increase the risk that that bid may not be successful. The Committee has received papers on the Department's restructuring proposals, and the two issues are obviously related.

Some significant reduced requirements have come through in this final monitoring round. The Committee should note that the final monitoring round determines the Budget position for the Finance Minister's statement, in late spring or early summer, on Departments' provisional out-turn performance. That will be the revised Budget position against which Departments' spend will be measured at the year end.

The two most significant resource reduced requirements are £0.8 million relating to the victims' unit and £0.843 million relating to the Strategic Investment Board (SIB). The reduced requirement for the victims' unit comprises three elements: first, the Northern Ireland memorial fund has advised us that funding earmarked for it cannot be spent in-year; secondly, £100,000 is unallocated in the victims' unit; and, thirdly, there is a £300,000 underspend relating to the Commission for Victims and Survivors. At this point, the assessment is that the sector has reached its in-year capacity to spend and, therefore, those resources cannot now be consumed in 2009-10. As a result, they are being surrendered to the Executive for reallocation.

There are two major elements to the Strategic Investment Board's declared underspend of £0.843 million. First, £0.295 million had been earmarked for spend on the master plan for Lisanelly; however, a decision to allow that to proceed has not yet been made. That is tied in to progress on the devolution of policing and justice and the transfer of the site to the Executive. Secondly, there is a £0.295 million underspend relating to the capital assets realisation task force. Work is under way with several departments in the system to assess what progress can be made on assessing and rationalising the capital asset base in the respective departments.

There are other major easements in the resource budget. Restoration costs of £0.783 million are directly related to the reduction in the reclassification bid for restoration costs. The Department had been holding resource funding to one side to facilitate the reclassification of resource to administration cost. However, because we reduced that reclassification bid, resource that we had been holding can now be surrendered to the Executive and reallocated for other purposes.

There is a major easement of £0.55 million in the community relations unit. Funding had been held for several interface projects and for work with Atlantic Philanthropies. That work is unlikely to proceed in this financial year and, therefore, that money cannot be used in 2009-10.

A major reduced requirement of £1.265 million for Ilex and the parade ground project at Ebrington barracks is being surrendered. A legal challenge was received against the tendering process for the parade ground contract, and the case was heard on Monday 8 February 2010. One of the original bidders has pulled out, and the challenge will no longer proceed. The party that took the case is now in the tendering process, which is expected to conclude around 4 March, and the contract is expected to be awarded on 30 March. Since the contract is being awarded so late in the financial year, only limited spend can be incurred. However, Ilex is taking all possible measures to progress any work on the site that can proceed outside the tendering process.

There are internal reallocations in which the Department has the authority to move budgets under its control. Finally, following funding through a capital grant for the Irish College in Louvain, a technical adjustment of £181,000 was made. That is a part contribution from the Executive to work that is under way at Louvain.

The Chairperson:

Thank you very much for that interesting presentation. The reduced requirements of £800,000 in the victims' unit and £550,000 in the community relations unit are cause for concern. Both bodies are important to the community, so I find it astonishing that the memorial fund or the victims' unit can claim that money has been surrendered because they are working at full capacity. I find it difficult to believe that there are victims and victims' organisations that do not need financial support. It is incredible that £800,000, and in the case of the memorial fund £100,000, apparently cannot be spent. It is a matter of concern.

It is incredible that we cannot bring forward programmes in vital areas such as community relations and interface work, since money is available to do it. It is incredible that people cannot get their finger out to organise something. OFMDFM is a relatively small Department, but it has vital responsibilities; primary among them is good relations and looking after victims, yet we cannot spend our money. I am astonished.

Ms Kerr:

We are undertaking reviews in all the areas of reduced requirement on the factors that have given rise to those reduced requirements emerging at this late point in the year and in what action needs to be taken in managing budgets for next year. On the community relations side, the primary factor for the reduced requirement in the Atlantic Philanthropies interfaces programme is the timing of a decision that has not yet been taken, which has prevented that from moving forward.

Proactive work has been done in the victims' sector to maximise the in-year spend in the final quarter — indeed in the past six months of the year — to maximise spend in that area and to ensure that the budget is consumed in full in-year. However, there are issues that we need to look into to ascertain why we were unable to spend the budget in full, why that level of funding was returned so late in the financial year, and what steps we can take to prevent that next year.

The Chairperson:

What is the situation with victims?

Ms Kerr:

The same issue exists there. We need to look into the underlying factors.

Mr Spratt:

I share the Chairperson's concerns about victims, particularly about the memorial fund. The Department needs to ask some serious questions, since it begs the question of whether those bodies are doing their job. We need an explanation of why £400,000 was not spent. I cannot believe that there are not people who should be getting funding from the memorial fund. If the Department is not doing its job properly, we need to ask whether somebody else should be doing it.

I do not see the £150,000 from the Attorney General requirement in the 2010-11 allocations. There is still a question mark over where the finance for that will lie; however, as far as I am aware, wearing my other hat as Chairperson of the Assembly and Executive Review Committee, it lies with OFMDFM and may stay there. We do not know exactly where that funding will lie as yet. Where is the funding for the incoming year for the Attorney General's office, given that we now have some signposts to the devolution of policing and justice?

Since that £150,000 will be surrendered, there will be a great deal of work to be done between now and the end of March in relation to the Attorney General, as that is being examined by the Assembly and Executive Review Committee, this Committee and the Committee on Procedures. Given that work will need to be done in that area and that the £150,000 will have been surrendered, will there be enough funding to continue in the weeks ahead?

Ms Kerr:

The establishment in the next financial year of the victims' and survivors' service, which will look into spending and services for victims and survivors, is a point of which to be aware.

You are correct that responsibility for funding the Attorney General's office will be located in OFMDFM. This year, the institutional review directorate has a budget for the preparations for the devolution of policing and justice to address any pressures that arise in-year. However, our assessment is that, due to the timing of decisions and so on, the real spend to establish the Attorney General's office is likely to fall in 2010-11, which is why that funding was surrendered. Does that fully answer your question?

Mr Spratt:

There are also issues around the Northern Ireland memorial fund. I have an additional question, which you may not wish to answer, but I shall ask it anyway to see what sort of answer I get. Given what was said yesterday in the House about the Attorney General's position and the fact that he or she will be the Executive's legal adviser, if a Department wants advice, will it have to pony up the necessary resources for it? Normally, Departments have to pay for legal advice. That may not be a question for this forum, but it needs to be answered.

Ms Kerr:

I am not in a position —

The Chairperson:

It was a very good question, and that was a very good answer. *[Laughter.]*

Ms Kerr:

I did not answer the question about funding for the Attorney General next year. Negotiations are under way with DFP on how the Attorney General will be funded next year and on how budgets will be structured and so on. I am sorry that I did not answer that question earlier.

Mrs Long:

I have a couple of questions. Shall I put them all at once?

The Chairperson:

Yes, please.

Mrs Long:

First, I want to associate myself with the comments of the Chairman and Mr Spratt with respect to the victims' fund and the community relations unit's funding. I understand that the late release of community relations funding is due to the requirement for joint working on the Atlantic Philanthropies issue. Why was there no early warning that the Northern Ireland memorial fund was struggling in its capacity to deliver money earlier in the year when measures could have been put in place to address the disparity? We all recognise that because the fund reached its capacity to disperse money does not mean that all needs have been met.

People who work in interfaces say that their biggest problem is that, although they get money for hot spots and fire-fighting, they struggle to get money for their ongoing good work. Therefore, I am slightly worried that money was targeted towards one area and not the other.

The Northern Ireland Commissioner for Children and Young People (NICCY) declared an easement in December, but the reduction was not accepted. Why was that?

Has a decision been taken, or is one likely to be taken ahead of the new financial year, about what format the Civic Forum might take and therefore about the budget that might be required?

Have the Executive agreed an international relations strategy and is it just a matter of implementation, or are we still waiting for a strategy?

There was mention of the capital realisation task force's work not being done. I know that there were issues around, for example, falling property prices, but, a few meetings ago, the Strategic Investment Board gave evidence to the Committee, and it was concerned that the capital realisation task force seemed almost to be waiting for markets to rise to previous levels before getting rid of any assets. Given that it is unlikely that they will ever rise to the levels that they were at prior to the crash in the property market, it made a strong argument that, in a controlled way, some of that needed to be realised in the interim period. Will that proceed on that basis? We have been unable to get an answer on that issue. Will that deal with some underspend in future years?

The Chairperson:

That is a comprehensive list of two questions.

Ms Kerr:

I will respond to the question of whether funding hot spots as opposed to longer-term programmes is the most effective way to use resources. As I said earlier, we need to consider all of this to identify the underlying factors that have given rise to underspend at year end and determine whether there are any issues with how it has been utilised that could prevent the situation from arising again.

Mrs Long asked about the memorial fund. We examined the issue of the victims' budget closely in the run-up to December monitoring and again in the run-up to February monitoring to ensure that priority spend could be realised in order to maximise spend in that area. However, if that could not be done, we wanted to ensure that it was surrendered as early as possible, which, in that case, was December. At that point, there was confidence that the budget could be utilised in full in-year. The surrender of the funding has happened late in the year, and we need to look into why that occurred. We will do all that we can to help bodies to maximise their in-year uptake and to achieve maximum coverage.

I am not close to the policy on the Civic Forum. However, I have talked to colleagues, and, given the position at this point in time, I do not think that there will be a decision on the Civic

Forum before the end of this financial year. Furthermore, a decision has not yet been taken on the international relations strategy.

Mrs Long asked about the capital assets realisation task force. The SIB is trying to maintain momentum in that area in spite of the property situation and the market values. For instance, it is considering two Departments' large property and land portfolios to assess whether those have been properly utilised, whether they are still required and whether some of that could be released. Moreover, we must consider how to manage any release of government estate in a way that avoids flooding the markets. Work is ongoing to keep momentum in that area and to prevent everything coming to a halt because of the prevailing market conditions. However, if it would be helpful to the Committee, I could get a further response on that area to outline what plans are in place to take forward the work on the capital assets realisation task force.

Mrs Long:

I said the wrong thing. I said NICCY; I meant the central anti-poverty unit. That business area declared an easement of £95,000 in the December monitoring round. However, that reduction was not taken at the time. From a procedural point of view, if it declared that the money was not needed at that point, why was it not taken?

Ms Kerr:

It declared the funding in December, but the Department was considering another area of spend — funding for a group in the older persons' sector — and there was a possibility that it would emerge in this financial year. It now looks likely that it will be next year before that materialises. Therefore, it can be absorbed with the baselines. That is the only reason that the money was held back in December.

Mr Shannon:

My question is about the anti-poverty unit that Naomi mentioned. What is the delay with the ministerial-led poverty and social inclusion stakeholder forum? I thought that the money was held back to start that project. However, in response to Naomi's question, you said that it was held back for another purpose. Will the stakeholder forum go ahead or is it finished?

Ms Kerr:

Is it OK if I come back to the Committee on that issue? I do not have the detail.

Mr Shannon:

That is fair enough.

Mr Elliott:

Jackie said that the victims unit will be looking at this for next year, but is there any chance that the victims unit could provide an explanation and response to the Committee? I know, however, that that is not in Jackie's remit.

The Chairperson:

I imagine that the Committee will want to hear directly from the victims unit or from the relevant section. It is hardly fair to ask Jackie to give that explanation, because she is dealing with the financial aspects. However, I imagine that members will want to hear at first hand from the victims unit about why it has an inability to spend money.

Mr Spratt:

Can we add the memorial fund to that?

The Chairperson:

Yes.

Mr Elliott:

That relates to my other points. There are a number of unsatisfactory issues about the Maze/Long Kesh site. They include the delay of the Northern Ireland Environment Agency's report on remediation and the delay in the procurement process. We need further briefings on why such delays occur and why the money cannot be spent at that stage. May we also have further details on the issues around the legal challenge on procurement for the Ilex project? That is a large issue of reduced requirement.

Mr G Robinson:

My question follows on from Tom's point. Will this hold up the Ilex project?

Ms Kerr:

It has delayed the start date of the Ilex project, although the objective is to complete the work on

the parade ground by October of this year. The primary reason for that is to have the parade ground completed in line with the completion of the peace bridge across the Foyle. It is scheduled to be completed by October 2010. We can talk about that in the next session, if that would be helpful, but the focus is to maximise the spend in this area, subject to budget constraints in 2010-11. Given the project's starting date and the time that has been lost to date, there are factors to be considered, such as the amount of time in 2010 that it would be deemed realistic to spend on the project.

Mr McElduff:

How has the February monitoring round impacted on the Lisanelly project? I know that Jackie said something about that in her presentation. Will she elaborate on that?

Ms Kerr:

Part of the reduced requirement that came forward from the Strategic Investment Board related to work on master planning for the Lisanelly site, but it is all part and parcel of the Hillsborough agreement and the transfer of sites to the Executive. The timing of that agreement meant that the decision has not been taken on moving forward with the master plan. As a result of the Hillsborough agreement, and so on, there should be movement in that area, but the timing of the agreement was the relevant factor. As far as I understand it, the master planning work, and so on, is with the Department of Education, but we have the budgetary responsibility for the Strategic Investment Board, which is carrying out the master planning work.

The Chairperson:

That concludes questions for this session. Jackie will remain with us for next session.

Before I move on to the next session, is the Committee content that we seek further clarification and direct briefings from the victims unit; which will include a briefing on the memorial fund? We will also seek updates on the community relations unit, the anti-poverty unit, the Ilex project and the Maze/Long Kesh site.

Mr Elliott:

It might be useful if, first, we asked for written responses from those involved in the departmental area. Following that, we will be able to make a judgement on whether we want to have them in front of us. Is that reasonable? Most of them are planning for next year, and it might be useful to

have written responses before we make a judgement.

Mrs Long:

Given that we have not had an update on the international relations strategy and the Civic Forum for a while, it might also be helpful to have an update about them, because those are issues that will raise their heads again if money is bid for next year but, subsequently, held until near the end of the year, when it could be spent somewhere else if those things are not being developed. I do not know whether there is the possibility of trying to get an update on when decisions are likely to be taken on those two issues.

The Chairperson:

Do members agree to seek written clarification on those issues at this point and, pending the results of that, we will invite them before the Committee?

Members indicated assent.