



Northern Ireland
Assembly

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

**OFFICIAL REPORT
(Hansard)**

Annual Report and Resource Accounts

29 September 2010

NORTHERN IRELAND ASSEMBLY

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DEPUTY FIRST MINISTER**

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Members present for all or part of the proceedings:

Mr Danny Kennedy (Chairperson)
Dr Stephen Farry (Deputy Chairperson)
Mr Allan Bresland
Mr Trevor Clarke
Mr Tom Elliott
Mrs Dolores Kelly
Mr Francie Molloy
Mr George Robinson
Mr Jimmy Spratt

Witnesses:

Ms Nicky Brady) Office of the First Minister and deputy First Minister
Mrs Jackie Kerr)

The Chairperson (Mr Kennedy):

Good afternoon, Mrs Kerr and Ms Brady. Thank you for attending. You are here to brief us on the departmental resource accounts. The session is being recorded by Hansard. You may wish to make an opening statement and then leave yourselves open to questioning.

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

I shall begin by asking Nicky Brady to provide an overview of the accounts.

Ms Nicky Brady (Office of the First Minister and deputy First Minister):

You have been presented with the Department's annual report and resource accounts. The briefing papers comprise two main elements. First, the resource accounts provide information on the Department's financial performance compared to the Supply Estimates that were voted to the Department by the Assembly; broadly speaking, the December monitoring position. Secondly, the annual report contains a number of documents that provide other information on the Department's performance for the year to March 2010, including the director's report, which provides information on the departmental boundary and the reporting cycle; the management commentary, which provides information on the Department's aims and objectives; the remuneration report, which provides information on ministerial and senior management remuneration; the sustainability report, which provides information on the Department's key commitments on sustainable development; the corporate governance report, which outlines the Department's corporate governance framework; the statement of the accounting officer's responsibilities and the statement on internal control; and the certificate and report from the Comptroller and Auditor General, which is a certification of the accounts by the Audit Office.

The Comptroller and Auditor General's certificate was unqualified, and the Department received a clean audit opinion from the Northern Ireland Audit Office (NIAO). The accounts were laid before the Northern Ireland Assembly on 2 July 2010. Although the accounts received a clean audit opinion from NIAO, part of the process is to produce a report for those charged with governance, the purpose of which is to provide management and non-executive directors with the results of audit work on the 2009-2010 accounts.

To summarise those findings, no priority-1 findings were identified at either interim or final audit. At the interim audit, there were five priority-2 and two priority-3 findings. The five priority-2 findings have already been addressed by management, and the two priority-3 findings represent improvements to best practice.

The Department had a total resource spend of £76 million, against the estimated December monitoring position of £83 million, which represents a £7 million underspend, or 8.5% of the annual budget. The Department's capital resource out-turn was £7 million, against an estimate of £9 million, which represents a £2 million underspend, or 23.3%. Obviously, underspends at the final February monitoring position will be much tighter.

The Chairperson:

Thank you very much. That was very helpful. Is performance compared with that in other Departments, and, if so, how did OFMDFM perform?

Mrs Kerr:

Yes, a comparison is made between each Department and the overall Northern Ireland Civil Service average. Last week, we reported the final out-turn figures to the Department of Finance and Personnel.

As Ms Brady explained, the figures reported in the resource accounts address the out-turn position against the December monitoring position, and the budgetary figures that you can see in the accounts are reflected in the Spring Supplementary Estimates. There is a further monitoring round in February, at which point the Departments have the opportunity to declare further reduced requirements and to bid for additional resources as required, all of which impacts on the final out-turn position. At this time, we do not have the final out-turn figures for the Northern Ireland Civil Service average, but I hope to get them shortly, so I will write to the Committee with them.

With respect to the final out-turn position for OFMDFM for 2009-2010, the total current position — the administration and resource spend — showed a 0.4% underspend. The capital position was an underspend of 9.1%, and the overall position was 1.2%. Those figures are tighter than the ones that were reported. The net resource out-turn position is 0.2%, which equates to a £100,000 underspend. The capital position is a £700,000 underspend, or 8.8%, and the overall departmental out-turn position is £800,000 underspend, or 1.02%. If helpful, I will write to the Committee with those figures, and with the Northern Ireland Civil Service average figures for comparative purposes.

The Chairperson:

What does the capital underspend represent? What did not happen to allow that underspend to exist?

Mrs Kerr:

The major underspend is related to the Ilex project, where there was underspend of £395,000 that was related to delays with the Ebrington project. Members will be aware that there were some

delays with the awarding of the project for the parade ground at Ebrington. A challenge presented to the tendering process in the latter part of the financial year impacted on the ability of Ilex to award that contract. There was underspend of £136,000 at the Maze/Long Kesh project because of lower than anticipated spend on remediation work at the site. There was also a range of minor underspends: £39,000 related to lower than anticipated costs for the capital fit-out of the North/South Ministerial Council's new offices in Armagh; £60,000 of underspend related to capital grant payments to community groups; and £78,000 of underspend resulted from lower than anticipated fit-out costs for the new accommodation in Brussels for the Northern Ireland Executive.

The Chairperson:

It used to be a criticism of Departments in general that what was called "slippage money" appeared between February and the end of the financial year. To be fair, serious efforts have been made to address that, and there no longer seems to be a mass panic to spend money. How do you assess OFMDFM's performance on that? Is there a more managed spend over the year, or, is there still, a rush to Argos in the last week?

Mrs Kerr:

There is not a rush to spend at the end of the financial year. The out-turn position has improved significantly over recent years. For illustration, in the financial year 2005-06, the Department's overall underspend was 6% in contrast to 1.2% this year. The priority is to ensure that spend can be maximised on the delivery of ministerial commitments and projects in year. There are obvious circumstances and events that can impact on the Department's ability to deliver, so the corresponding responsibility is to identify any slippage and changes in forecasts as early as possible and to declare any surplus resources for reallocation by the Executive as soon as possible. The Department has improved its performance in that regard over recent years, and its objective is to minimise the level of year-end underspend. A target of 1% had been set for year-end underspend and the final outcome was 1.02%

Mrs D Kelly:

Thanks for the presentation. The capital underspend intrigues me, given the economic imperative to spend capital. Have you any detail of the capital underspend as regards moneys for community and voluntary sector groups?

Mrs Kerr:

I do not have the detail on the underspend or the detail of the capital funding provided to community groups, but I can come back to the Committee with those details.

Mrs D Kelly:

That would be interesting. It may just relate to electronic equipment or computers and so on, or it may be spend that would have generated employment in the community; I would be interested in finding out.

The Chairperson:

OK. Mrs Kerr will provide that.

Dr Farry:

Will Mrs Kerr confirm that the provisional out-turn figures were published alongside the June monitoring round, so that we have, at least, provisional out-turn figures?

Mrs Kerr:

Yes. Provisional out-turn figures are published around late May or early June. The figures before the Committee are the final out-turn figures. The provisional out-turn figures are announced before the accounts are audited. As the accounts are finalised and subjected to external audit, those figures can change.

Dr Farry:

Are any significant changes in accounts to be expected as a result of the audit, or is everything very routine? Will it be only minor adjustments?

Mrs Kerr:

There are minor adjustments.

Dr Farry:

My final question is intended to get a picture of the Department's overall performance. As well as looking at the level of underspend, can you give us an idea of the outcome of monitoring rounds? How much money was surrendered by the Department at the four different opportunities, and how much money was successfully obtained in the monitoring rounds? What

has the net effect of that been?

Mrs Kerr:

I do not have those figures with me, but I can provide the Committee with a summary of the reduced requirements that were declared and the bids that were successful in year.

Dr Farry:

That will allow us to assess how accurate the initial budgeting was, whether money was spent as had been intended and the extent to which adjustments were made during the year outside the context of the underspend.

Mr Spratt:

Jackie, my question may relate to matters slightly outside the information that is covered in the papers. I had intended to raise it in any other business, but, given that you are here, this might be a good time to raise it, with the Chair's indulgence. I notice that there are a number of strategic advisers, for instance those who work for the Strategic Investment Board (SIB) on projects such as Maze/Long Kesh. Their salary band is between £60,000 and £120,000. Are those full-time employees? I am particularly interested in those who work on the Maze/Long Kesh project. How are they contracted? I do not expect you to provide all the information today, but, if you were able to bring back some information to the Committee on that, I would value that.

Mrs Kerr:

Mr Spratt, I think that you are referring to the staffing figures, specifically the special advisers to Ministers —

Mr Spratt:

No, I am not asking about special advisers. I am asking about strategic advisers to SIB, who work on, for instance, the Maze/Long Kesh project.

Mrs Kerr:

The figures that are reported in the accounts for advisers with the salary bands —

Mr Spratt:

No, I am not asking about that. The SIB has a number of strategic advisers.

Mrs Kerr:

Yes, I will come back to the Committee with those details.

Mr Spratt:

It appears that those strategic advisers are employed by OFMDFM. I do not know whether that is the case.

Mrs Kerr:

No, they are not.

Mr Spratt:

They may be employed outside of the Department, but they certainly work on some of the projects for which OFMDFM is responsible. I am using the Maze/Long Kesh project as one example, and probably some other projects, such as Ilex, are similarly arranged.

Mrs Kerr:

Mr Spratt, to clarify, note 10 in the accounts states:

“Permanently employed staff includes the cost of the Department's Special Advisors, all eight of whom are paid in the band (£57,300-£82,531)”.

Mr Spratt:

No, I am not talking about that. I am talking about SIB. The strategic advisers may well be employed by SIB. I was just trying to get my head around that.

The Chairperson:

To avoid confusion, that is not a reference to an item of expenditure in these papers.

Mr Spratt:

No, it is not in these papers.

The Chairperson:

It is a separate enquiry.

Mrs Kerr:

SIB advisers can be seconded to the Department.

Mr Spratt:

They are called strategic advisers. They seem to work on specific projects, but they seem to be attached to OFMDFM in some way. Maze/Long Kesh is one project, and there are a number of others.

The Chairperson:

And they are doing quite well.

Mr Spratt:

It may well be that that comes under some other budget. I am not sure, Jackie, and that is why I am asking the question.

The Chairperson:

Will you clarify that for us, please, Jackie.

Mr G Robinson:

Has any money resulting from underspend been allocated to other Departments yet?

Mrs Kerr:

Any easements that are declared in-year through the monitoring rounds are reallocated through the Executive's processes, but the year-end underspend is not allocated to another Department.

Mr Molloy:

Thank you for the presentation. I am asking a question that was directed by Martina Anderson, who has sent an apology for not being here. I will probably not do justice to it. The issue is how Senior Civil Service salaries and pensions are worked out, in particular, Ministerial salaries. It must be difficult for someone to work under the direction of a Minister when he or she is earning twice the money that the Minister gets. How is the relationship between Senior Civil Service and ministerial salaries worked out? How can a civil servant be paid £150,000 and given a pension allowance of £250,000? What are the structures by which those salaries are decided?

Mrs Kerr:

OFMDFM has no discretion over pay scales. Staff are remunerated on the basis of the pay scale for the grade and their performance, so the Department does not set the pay scales for staff. The figures in the remuneration report reflect the pay balance for members of the departmental board who are senior civil servants and are remunerated in accordance with the scales for the Senior Civil Service.

Mr Molloy:

Pension allocations are another issue. Within the Department, in view of the present economic situation, are there any indications of changes to be made? Are bonuses paid to senior civil servants in OFMDFM for their work?

Mrs Kerr:

No bonuses were paid to senior civil servants in the 2009-2010 financial year. A review has been undertaken by the Senior Salaries Review Body into the remuneration of senior civil servants, and that has been presented to the Minister of Finance and Personnel. He will determine pay structures in the future. Pensions, like salaries, are not determined by the Department; pension settlements are reached on the basis of the terms and conditions of employment for those grades.

The Chairperson:

Martina would have been very proud. It is one of my ambitions in life to eventually meet the man or woman who sets the salaries for senior staff in the Civil Service and in local government.

Mrs D Kelly:

You probably talk to most of them on a daily basis. They set it themselves.

The Chairperson:

I am sorry for the cynicism.

Mrs D Kelly:

Mine, too, was a cynical remark. I picked up what Jackie Kerr said in answer to Mr Molloy's point about performance. We heard that no bonuses were paid. However, there does not seem to be any detriment to those who do not perform well. For example, the electronic planning for the citizen (e-PIC) project in Planning Service resulted in overspend of more than £12 million.

Bonuses are often paid but there are no penalties: there is a carrot but never a stick.

Mrs Kerr:

I am obviously not in a position to comment.

The Chairperson:

Very wise.

Mrs D Kelly:

Mrs Kerr would be on a sticky wicket if she did.

The Chairperson:

We have had a good moan about it anyway. Thank you for attending, Jackie and Nicky.
Additional information will be sent by the Department on queries raised.