



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 and  
Forecast Out-turn 2010-11**

24 November 2010

**NORTHERN IRELAND ASSEMBLY**

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FOR THE OFFICE OF THE FIRST MINISTER AND  
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December Monitoring and Forecast Out-turn 2010-11

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**Members present for all or part of the proceedings:**

Mr Tom Elliott (Chairperson)  
Dr Stephen Farry (Deputy Chairperson)  
Ms Martina Anderson  
Mr Allan Bresland  
Mr William Humphrey  
Mrs Dolores Kelly  
Mr Danny Kinahan  
Mr George Robinson  
Mr Jimmy Spratt

**Witnesses:**

Mrs Jackie Kerr            )           Office of the First Minister and deputy First Minister  
Ms Alison Stafford        )

**The Chairperson (Mr Elliott):**

We will now take evidence from Jackie Kerr on the financial out-turn. Jackie and Alison, please accept our apologies for keeping you waiting for so long. It has been a long day, and it is getting longer. Members did not receive the tabled items until Monday. We plan to take your presentation, but if there are any queries we may ask you to come back next week, which is now possible because we have rescheduled a visit that was planned for then.

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

Thank you, Chairman. As you said, you received the December monitoring proposals on Monday. The DFP deadline for the submission of departmental proposals is Friday week, 3 December. The proposals put forward by the Department comprise reduced resource requirements of £4.6 million, of which the most significant that have been declared relate to the Strategic Investment Board (SIB). SIB declared reduced requirements of £1.472 million, £0.485 million of which relates to reductions in forecasted staffing costs for the year due to vacancies in posts that have not been filled. Consequently, the forecast salary costs for the year will be lower than originally estimated.

In addition, approximately £1 million — £987,000 — has been taken off the enabling budget, based on SIB's assessment of progress and the level of support that will be required to provide in-year for a number of projects across a range of Departments. The other most significant easement relates to the victims and survivors' programme. There are a number of components in the easement, reflecting the in-year funding requirement forecasts provided by the various intermediary bodies that distribute funds on behalf of the Department.

Of the four monitoring rounds in the financial year, the December one is probably the most critical. The monitoring round position determines the Budget that will inform the Spring Supplementary Estimates, which reflect the adjusted Budget position after any reduced requirements are taken from departmental budgets or after bids are met. The adjusted Budget appears as the Estimate figure in the Department's published accounts. A further monitoring round takes place in February, although, at that point in the financial year, the Executive's ability to redistribute funding allocations to other Departments and for Departments to utilise them is limited. Therefore, from a budgetary and financial management perspective, the December round is critical to the Executive, so it is important to identify and declare reduced requirements by that point in the financial year.

Other proposals put forward include a minor reclassification request of £100,000 from resource to administration costs to reflect forecast pressures on OFMDFM's administration cost baseline, and there are minor technical transfers of funding to OFMDFM and from OFMDFM to other Departments. Such in-year funding transfers are fairly routine. We are happy to take questions.

**The Chairperson:**

Thank you, Jackie. What impact is the £1.3 million easement having on the victims and survivors' programme, or is it just slippage in the service?

**Mrs Kerr:**

The Budget allocation for the victims and survivors' programme has increased quite significantly year on year throughout the Budget period. The reduced requirement reflects the required level of in-year funding of which intermediary funding bodies advised the Department, based on the level of applications and grants that they received in-year. It is not slippage; it is provision in the Budget that is not required in-year, based on feedback from the various bodies that administer funding on our behalf.

**The Chairperson:**

Is it having a significant impact on overall service delivery?

**Mrs Kerr:**

No. It reflects the level of demand that has been articulated at this point in time.

**The Chairperson:**

That is unusual. I am trying to get my head around that. I thought that there was a huge demand from the victims and survivors' sector.

**Mrs Kerr:**

There is very significant funding for victims and survivors in this financial year.

**Mrs D Kelly:**

Some of that may be funding for groups as opposed to help for individuals. That might be the point that the Chairperson is concerned about. The money should be used to alleviate suffering.

**Mrs Kerr:**

There is a combination of funding. There is funding through the Community Relations Council (CRC) to victims and survivors' groups to provide services for groups in local areas. Moreover, funding to individual victims and survivors is administered by the Northern Ireland Memorial Fund, which has moved to a demand-led basis this year based on the applications for funding that

have been received. Therefore, the feedback that we have received from the Community Relations Council and the Northern Ireland Memorial Fund reflects the level of demand. They have received three applications for funding from individuals and groups. The budget for victims and survivors in this financial year is almost £13.9 million, and it has increased significantly year on year throughout this Budget process.

**The Chairperson:**

That is interesting. I have another query. SIB has surrendered £185,000. Is that mainly because of jobs and staff?

**Mrs Kerr:**

Yes; that is reflective of salary costs. A number of posts have been vacated in year and have not been filled. Therefore, the initial salary projections for the SIB were higher than the actual level of spend, and the SIB is using this monitoring round as an opportunity to return that funding for reallocation.

**The Chairperson:**

Maybe it is unfair to ask you this, Jackie, but what impact will that have on the SIB? That could be a long-term issue.

**Mrs Kerr:**

I am not in a position to comment. However, if it is appropriate, I could come back to the Committee on that issue.

**The Chairperson:**

OK. I assume that there are no bids in this monitoring round?

**Mrs Kerr:**

No, we will not submit any bids. We made a request to reclassify £100,000 from resource to administration costs.

**Mrs D Kelly:**

There is a saving of £127,000 in respect of the Victims' Commission. Is that because there are three commissioners instead of four?

**Mrs Kerr:**

I imagine that that is a contributory factor. However, we could get a breakdown of the actual savings for the Committee if that is helpful.

**Mrs D Kelly:**

Why has there been an underspend of £161,000 for additional military sites? For example, I know that there is a requirement for work to progress on the education site at Lisanelly.

**Mrs Kerr:**

The budget allocation for the additional military sites was determined at the outset of the financial year based on assumptions of a date for the transfer of those sites to OFMDFM. That has not happened yet, and, therefore, our initial projections of spend for the maintenance and security of those sites will not be realised. Therefore, we are using this opportunity to surrender funding that will not be required in year. The underspend is reflective of timing issues and of the fact that sites have not transferred to OFMDFM.

**Mrs D Kelly:**

Is that tied in to the money that was promised from the Treasury for the devolution of policing and justice? Is some of that based on the expectation of additional military sites and estates being given to the Northern Ireland Executive by the Ministry of Defence or the Treasury?

**Mrs Kerr:**

I do not think that the value of the sites is part of that £18 million figure. However, I am not entirely sure. I will check.

**The Chairperson:**

There is an Assembly question for you, Dolores.

**Dr Farry:**

I want to pick up on the Chairperson's point. It is right to ask the Department for an update on the SIB. An element of that is the lack of a chief executive, and that has been the case for most of this year. We appreciate that we are in difficult financial times, but if that is to be a long-term situation, there is an issue about what the future of the SIB will be if that is the way it will

perceive things.

I want to ask Jackie two questions. First, to what extent are the reduced requirements a reflection of greater efficiency in the Department, which we always welcome, as opposed to things simply slipping and not being done? There are about seven or eight different areas there, so will you give us a flavor of that? Secondly, if I picked it up right, there was an overspend of 2% on administration for the 2009-2010 out-turn. Can you give us an explanation for that, bearing in mind that administrative costs should be much more predictable than other variables that are outside the control of the Department? On the face of things, that looks like a disappointing outcome. Perhaps you can give us an explanation as to what happened there.

**Mrs Kerr:**

The reduced requirements reflect a combination of factors. Some of the reduced requirements, such as the Northern Ireland Judicial Appointments Commission, reflect efficiencies that we have managed to achieve in the procurement of IT services and IT kit. Others are reflective of timing issues, such as military sites, and key decisions, such as on the Civic Forum. Therefore, there is a mixture, but a number of the reduced requirements reflect efficiencies that have been achieved in operating costs in some of the bodies sponsored by OFMDFM and in some of the departmental functions.

The overspend on administration costs in 2009-2010 is reflective of an issue that the Department was managing from the restoration of devolution in 2007. The Department increased structures and staffing levels to support the Executive and the establishment of the ministerial offices in OFMDFM and its cross-Executive role. However, the funding provided for the Department in the Budget 2008-2011 process was allocated as resource funding rather than administration costs. Therefore, through the Budget period, the Department managed a pressure on its administration baselines but had funding in its resource baselines to deal with that.

Through the 2007-08, 2008-09 and 2009-2010 financial years, the Department bid for reclassification of funding from resource to administration costs through the in-year monitoring rounds. It was successful in the first year of the Budget and partially successful in the second year. However, the overall financial constraints that the Executive have been operating within, as well as their overall administration cost efficiency targets, meant that, in the last financial year, the Executive were unable to meet the reclassification request in full.

The Department took a number of measures in-year to control administration cost spend and the management of vacancies, as well as discretionary spend. However, unfortunately, by the year end, there was still a degree of overspend, but it was not of the magnitude that we were managing at the beginning of the year.

In parallel with that, the restructuring exercise was being taken forward in the Department to address those administration cost pressures and to look at ways of operating more effectively. One of the reduced requirements that has an efficiency dimension is the one from the equality directorate in relation to how new staffing structures have led to lower staffing costs than initially forecast.

This year, we are managing a pressure of around £100,000. We have put forward the reclassification request in year. It is important that we do that at this point so that if it is unsuccessful in December, we can take corrective action through control of discretionary spend to manage that and to avoid an overspend. However, an overspend situation is something that every Department wants to avoid.

**Ms M Anderson:**

I was going to ask you how you were coping with the administrative situation, because, when we read the papers, we could see that you had exceeded efficiency targets, but there was an overspend in administration costs. Therefore, I was glad to hear you answering that question.

We all know that there was a lot of media attention around the chief executive's salary and bonus. Do the savings have to do with the fact that the previous chief executive was "earning" more money than the British Prime Minister? I am just wondering whether that has impacted on it.

Has the loss of staff impacted on the delivery of projects? Perhaps you could give us an understanding around the £135,000 that has been saved in relation to the Community Relations Council. How have those savings been achieved?

**Mrs Kerr:**

The reduced requirement for SIB salary costs is reflective of the fact that posts have not been



filled as opposed to any specific issue to do with the chief executive's salary. Those vacant posts did not, therefore, incur the salary costs that we had anticipated. If it is OK with the Committee, I will come back to it about the impact of those vacancies on the SIB, because I am obviously not in a position to comment on that.

The £135,000 reduced requirement from CRC reflects the action that that body has taken to control its costs, because it is cognisant of the financial environment in which we are operating. However, if the Committee would find it helpful, I can go back to the CRC to get a bit more detail about how that was actually constructed and where the savings were achieved.

**Dr Farry:**

I should declare an interest as a member of the CRC.

**Ms M Anderson:**

Are you content with that?

**Dr Farry:**

I also declare an interest as Chairperson of the Audit Committee, so you are already getting value for money, Martina.

**Mr Spratt:**

Thank you for the presentation, Jackie. I want to go back to the SIB's reduced requirement of nearly £1 million — £987,000. I see that the SIB currently supports a number of departmental projects but that it no longer feels confident that enough progress has been made to allow it to complete its planned work. Can you clarify the reasons for that, because that is a very high figure?

**Mrs Kerr:**

SIB's enabling budget provides support to Departments to bring in, for example, experts, consultancy support, legal advice, etc, to help them take forward particular contracts. That reduced requirement is based on SIB's assessment of where a number of those departmental projects sit at this point in time and of when SIB's intervention will be required. SIB is assessing the state of play with a number of projects and is comparing the likely spend in-year with the original forecast and estimates for the year. That is a significant figure. However, I do not have

any detail about the quantum on a project-by-project basis. Perhaps it would be helpful if that were broken down a bit more to give the Committee a better feel of the number of projects involved and the saving achieved.

**Mr Spratt:**

I have one further question about a matter that I raised last time, because I am not sure whether I got an answer from the Committee office. Martina raised the issue of other highly paid staff in the SIB as well as chief executive. Jackie, you may remember that you got a bit confused about my question. However, I have yet to get an answer.

SIB employs strategic advisers who are then allocated to various projects, such as OFMDFM's Maze/Long Kesh project. I had asked you whether those advisers were full-time employees, because they get horrendously high salaries of between £80,000-plus and £120,000. Therefore, I am just wondering whether we are still paying for that sort of support, given that projects such as the Maze/Long Kesh are not going anywhere at the moment. I do not really know what strategic advisers do. I assume that there are a number of other projects, too. May we have an answer? OFMDFM obviously has a list of the people whom SIB employs because it has some responsibility for SIB. I am, therefore, really keen to know how many strategic advisers SIB has, what salary scales those advisers are on, and whether they are full time or part time.

**The Chairperson:**

There is some homework for you, Jackie.

**Mr Spratt:**

I asked that question of Jackie at the last monitoring round.

**Mrs Kerr:**

Some of the detail was provided in a response to the Committee.

**Mr Spratt:**

You may have done that, and, if you did, I apologise. However, I, specifically, did not see that. I asked the question, so I assumed that the answer would go to me.

**Mrs Kerr:**

I have got the information in front of me. There are 13 full-time and part-time permanent special advisers engaged in projects in the SIB.

The SIB also employs two full-time SIB advisers along with 10 temporary staff, who are recruited through open competition to work on certain specific projects. Five staff are temporarily seconded to the SIB from other organisations in the public and private sectors, four of whom are embedded in Departments on specific projects. I can send that information to the Committee again so that members do not need to take a note of it. We have one contractor who is working on a project and who was awarded work following an open tendering process rather than recruitment. His terms of engagement are determined by that procurement contract. There are 11 advisers, including two part-time staff; two full-time employees; 10 temporary staff working on specific projects; two people seconded from the Northern Ireland Civil Service to the SIB to work on a range of projects; three people seconded from the private sector to the SIB for specific projects, two of whom are part-time and one full-time; and one contractor working for the SIB on a specific project and who is outposted to a Department.

**Mr Spratt:**

That does not really answer my question about the salaries of some of those people. I am most interested in the issue of Long Kesh, and perhaps you could come back to me on who is advising on that, what such a person is doing and whether he or she is employed on a full-time basis.

**Mrs Kerr:**

OK.

**Ms M Anderson:**

I am keen to expand on that, if Jimmy does not mind. There are 11 full-time employees working on a range of projects. Could we have some information about that range of projects that they are working on in addition to salary information? I want to ask about the contractor who is working for the SIB on a specific project. I do not understand why that person has been outposted from the SIB to a Department.

**Mr Spratt:**

When I get the answers to those questions, Jackie, I will come back to the Department with some

other specific questions.

**The Chairperson:**

I will turn to other matters. Will you give us a quick update on the forecast out-turn?

**Mrs Kerr:**

The Committee has received the forecast out-turn position at September, and, possibly, has or will shortly receive the position as of 1 October. I apologise for the error in the September paper; the profile spend figure was incorrect. It should be £10,896,000. The Committee may be interested in the movement from October to September, which is reflective of the reduced requirements that have been declared by the Department. The out-turn position at October is that the administration overspend position has reduced to £90,000. We are proposing to bid through the monitoring round for a reclassification, and if that is unsuccessful we will focus in on discretionary spend to try to offset that.

The resource underspend has increased to £5.3 million, but that is reflective of the reduced requirements that the Committee is considering and will be declared to DFP as part of the current monitoring round. There is the possibility that further reduced requirements will come through up to the deadline. If that is the case, I will write to the Committee with the details of that.

The capital position at 31 October is now forecasting an underspend of £139,000. Again, we are looking closely at the capital profiles right up to the December monitoring deadline, which is next Friday. I am happy to answer any questions on the details of those figures.

**The Chairperson:**

Thank you very much.

**Mrs Kerr:**

There was a specific question about the resource accounts. The Committee have been provided with details of the out-turn position for the past three years on a percentage basis. The Department has provided the Committee with details of the financial figures that underpin that. It would be helpful to point out that the administration position was an overspend of £814,000.

The resource underspend was £939,000 and the capital underspend was £689,000. The

Department's total underspend was £814,000. Those figures have been included in a paper that has been sent to the Committee, so the information is there in more detail for you.

**The Chairperson:**

OK. Thank you, Jackie and Alison.