



**Northern Ireland
Assembly**

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

December Monitoring Round

15 December 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mrs Judith Cochrane
Mr Sammy Douglas
Mr Fra McCann

Witnesses:

Mr Damien Carragher)
Mr Stephen McMurray) Department for Social Development
Mr Brian Robinson)

The Chairperson:

We have with us Stephen McMurray, Damien Carragher and Brian Robinson. I am sorry for the delay, folks. Obviously, you were here this morning and heard —

[The next 30 seconds of proceedings were not recorded due to technical difficulties.]

Mr Stephen McMurray (Department for Social Development):

— Brian Robinson is from our urban side, so the full spread of the Department is here. The briefing paper, as supplied, reflects the provisional position at this stage, because we do not have to submit the final note to the Department of Finance and Personnel (DFP) until 3 January 2012. It is a two-stage process this year. On 7 December, we made DFP aware of internal technical issues within the Department, but it is the overall, final note that really is the important one.

In summary, the position is that we need to redirect funding to emerging pressures of £5 million, which are detailed in the paper. We intend to surrender £4.5 million, against which we intend to bid for £2 million back for the Housing Executive's thermal insulation programme, for which we got £2 million in the last monitoring round. The overall easement position might be considered quite high — you mentioned slippage, Chair — but a number of factors that were outside the Department's control are behind that.

On the agency side, the £4 million relates to the delays in recruiting staff because of the recruitment embargo in place during the first six months of the year and because of slippage in some of the major Department for Work and Pensions (DWP) contracts, which affected us as well. We were not able to spend the money, because those contracts were not under our direct control.

On the housing side, the bulk of the £1.67 million relates to additional receipts that were not budgeted for. They come in, and we have to declare those as surplus and bid against them. On the core Department side, the reduction is mainly due to reductions in the financial assistance scheme, which is a pensions-related scheme. If companies are not able to pay their pensions, the scheme steps in. The demand for that has fallen a bit in this year's projections. The independent living fund, which is administered by a DWP body, is also demand-led, and we just pay out under that. On the urban group side, we have easements of £2.6 million that relate to a range of projects across different areas and associated admin cost reductions. When I finish my bit, I will hand over to Brian who will give us a wee bit more detail on those specific projects.

As is noted in the table at the back of the paper, we intend to redirect funding. The main pressure that we face relates to a potential ruling from the European Court on pension entitlement for people who sit on panels part time. In our case, that is the appeals panel. That is outside our control and is with the European Court. There was a hearing on 17 November at which the main adviser advised that the advice was discriminatory and that part-time members, as well as full-time members, should be eligible for inclusion in pension schemes. However, we have to wait until the spring for a decision and until the autumn for a final decision, but we feel that it is prudent to set this year's money aside so that, if that does happen next year, we will have the money set aside and it will not affect next year's budget. Similarly, if we do not need it, that could come back into our budget line as well. However, it is in no way an admission on our side

that there should be a payment under it; we are just being prudent.

As I mentioned earlier, we are putting in a bid for £2 million for thermal improvements. We bid for £4 million last October and got £2 million, so we intend to put in the bid for a further £2 million. That is tied in with the window replacement scheme.

That is a very quick summary. I will hand you over to Brian to talk about the specific urban cases.

Mr Brian Robinson (Department for Social Development):

I will give examples of some urban projects that have slipped and the amount of funding that was tied up in them. The public realm project in Belfast, which we had hoped would incur £400,000 in expenditure this year, has slipped because of the time that it has taken to specify work and evaluate tenders and because of the time taken in working with Roads Service.

Some £140,000 has come out of the Girdwood project, which involves Belfast City Council. It has been working with the Special EU Programmes Body (SEUPB) to acquire funding. We had hoped that SEUPB funding would be available this year but it has not been, so that is why that project has slipped back.

We had hoped that £400,000 would be incurred for the Expo project in Andersonstown in this financial year, but, due to a challenge to a design competition, we have to rerun that competition. Therefore, that has been delayed, and the planned expenditure cannot now be incurred in this financial year.

The final example of project slippage is with the former Carlisle Memorial Methodist Church. We had hoped to incur £300,000 in this financial year for weatherproofing. That project involved DSD and a number of other Departments, but, when the costings came through, they far exceeded the funding that was being made available for that project and, therefore, the easement came through on that basis.

Mr McMurray:

I will add one more item that might increase our figure. There has been some slippage with the

Nomadic project, and we are trying to get approvals through with our colleagues in the Department of Finance and Personnel. We have to follow up a number of issues. So, there might be some slippage that could add to the total if we do not feel that we can spend the money between now and March. The project will not be affected, but it will slip into next year.

The Chairperson:

You have given a very good explanation for a number of those issues. Could any of the slippage on projects that are the responsibility of the Department have been avoided? That is what we want to establish.

Mr McMurray:

I do not think so. Brian has more of the detail, but there are things outside our control — he mentioned challenges against tenders — that take time to work through.

The Chairperson:

I am not sure whether I have an interest to declare on that one or not. It has just come into my head. My brother Paul is Chair of the Public Accounts Committee (PAC), which is, to some extent, dealing with the issue with the project in Andersonstown. He has taken great exception to some of the comments made about the way in which the overall project has been handled. We, as a Committee, may end up having a view on that at some stage. I do not know. I am just flagging it up because you mentioned that that was one of the areas of slippage. I am getting mixed views as to where and why that slippage occurred. I just want to put that marker out there. I do not know enough about it and I really do not want to be raising the issue myself.

Mr F McCann:

Thanks for the presentation on the monitoring round. It was fairly enlightening.

When all is said and done, I take it that, aside from the bid for £2 million, nearly £10 million will be lost to the Department because it has to be handed back. That money will have to be found again. The allocation for many of the things listed means that, because of the financial restraints at the minute, you may not be able to fund some of those in the future.

Mr McMurray:

The overall figure is £9 million. We are surrendering £5 million. We are bidding for £2 million against that £5 million. The overall budget is £800 million. It is quite difficult to come in on

budget each year. We tend to err on the side of caution, because nobody wants to overspend. It is good to get within 0.5% of the total budget.

The Chairperson:

From what I am hearing, it is a healthy report. I just have one wee query. You are saying there is slippage from, for example, DWP work that flows to here. If the DWP has slipped, we cannot move on that. If that comes back on track, do you then have to re-bid? Where would that sit?

Mr McMurray:

We would have to take that out of next year's budget. We would be OK with that if it was a few million, but if it were to become significant, it would be a big problem. In some years, it has gone the other way, and we have had to find money late in the year. As long as it is within a certain margin — in this case £1 million to £2 million — it is reasonable.

Mr F McCann:

That is fairly well explained, but, given the debates that we have had this morning on welfare reform, if people see that £4 million in resource is going from the Department, they will not understand why there are difficulties. All they know is that there is going to be a 25% cut across the advice sector and that there will be dire consequences from the implementation of the Welfare Reform Bill. Yet £4 million, which might have dealt with a lot of those problems, will be lost. The difficulty is that, if those bids are remade next year and accepted, that will have a knock-on effect on other projects that have made bids also.

Mr McMurray:

That is a good point. It again boils down to the fact that the budget is so big. If we get within 0.5% of our budget, we are doing quite well.

The Chairperson:

The items of slippage that you have drawn to our attention have happened through no fault of the Department. That is the core of this. We need to look at whether there was a failure on the part of the Department to implement the bids. As you have outlined those items of slippage, I can see that that was not the case.

Mr McMurray:

What we are always trying to do is get earlier notice. Had we known back in June that there was going to be this slippage, we would have had more chance to spend the money where there are other pressures. We are trying to get better at addressing that by working with our partners.

The Chairperson:

You would have to seek approval to spend that on another project. You cannot simply say, "We have that now, so we will spend it here."

Mr McMurray:

No, but we can, at least, ask.

The Chairperson:

Sure; I appreciate that.

Mr Douglas:

I have a couple of questions. This has been very helpful. You say here that the Department could face £4.2 million in arrears payments, so you are not 100% certain about that?

Mr McMurray:

That is right.

Mr Douglas:

You mention that we will hopefully know whether that is the case in the autumn, but, as we know, it could go on. To be honest, I would rather that the money was put into a co-ownership scheme or thermal improvements for windows. I know that we are being prudent, but are we being overcautious? If it goes on to 2013, that £4.2 million will still be lying there rather than going into such schemes.

Mr McMurray:

If, hopefully, it is resolved in 2012-13, we can bring the money back in again and use it to bid for other schemes. So, we have not lost it. We are just setting it aside and saying, "We will keep that just in case." If we do not do so and we are then hit with the arrears, we would have to make cuts

elsewhere.

The Chairperson:

That is the challenge. Stephen, Damien and Brian, thanks very much. Again, I apologise for keeping you waiting for so long.