



Northern Ireland  
Assembly

Public Accounts Committee

## Legacy Report 2011-2016

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9 March 2016

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## REMIT AND POWERS

The Public Accounts Committee (PAC) is a Standing Committee established in accordance with Section 60(3) of the Northern Ireland Act 1998 and under Assembly Standing Order 56.

*“to consider accounts, and reports on accounts laid before the Assembly”.*

The Committee has the power to:

- consider accounts and reports on accounts laid before the Assembly;
- call for persons and papers; and
- initiate inquiries and issue reports.

## THE PAC PROCESS

The Committee’s work focuses primarily on the consideration of reports produced by the Comptroller and Auditor General (C&AG) and his organisation, the Northern Ireland Audit Office. These can be annual financial reports on public accounts or reports on the economy, efficiency and effectiveness of public spending.

The Committee selects and examines Audit Office reports that are material to its remit, and can assist in developing lessons to improve accountability and financial governance mechanisms in the public sector.

It calls the Accounting Officers responsible for expenditure examined in each report to give oral evidence. Members scrutinise the report and the evidence, and produce recommendations for improved financial systems and controls in a Committee report.

The Treasury Officer of Accounts (TOA) attends all evidence sessions on behalf of the Department of Finance and Personnel (DFP), answering Members’ questions and supporting Accounting Officers.

Through the Minister for Finance and Personnel, the Executive member with central authority for financial matters, the relevant Department responds to the Committee’s recommendations two months after publication of the report. This is called a Memorandum of Reply. The TOA co-ordinates this response and promotes good practice across Departments.

## MEMBERSHIP

The Committee has 11 members, including a Chairperson and Deputy Chairperson, with a quorum of 5 members.

The membership of the Committee since 23 May 2011 has been as follows<sup>1</sup>:

Democratic Unionist Party	<a href="#">Mr Trevor Clarke</a> <sup>8</sup>
	<a href="#">Mr Paul Girvan</a>
	<a href="#">Mr Edwin Poots</a> <sup>18</sup>
	<a href="#">Mr Jim Wells</a> <sup>15</sup>
Sinn Fein	<a href="#">Ms Michaela Boyle (Chairperson)</a> <sup>3</sup>
	<a href="#">Mr Phil Flanagan</a> <sup>13</sup>
	<a href="#">Mr Conor Murphy</a> <sup>17</sup>
Social Democratic and Labour Party	<a href="#">Mr John Dallat (Deputy Chairperson)</a> <sup>5</sup>
	<a href="#">Ms Claire Hanna</a> <sup>16</sup>
Ulster Unionist Party	<a href="#">Mr Roy Beggs</a> <sup>14</sup>
	<a href="#">Mr Ross Hussey</a>

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<sup>1</sup> The changes to membership which occurred throughout the mandate are included at Appendix 1.

## Key outputs and achievements

Since May 2011, the Public Accounts Committee has produced 34 inquiry reports and 6 other reports including end of session reports and Excess Votes.



### Value for Money/Efficiency and Effectiveness Reports

The bulk of the Committee's work is its inquiries into case studies into value for money and or efficiency and effectiveness of public spending. The C&AG's case study reports demonstrate audit findings and the Committee then assesses the impact of these before prioritising them for its forward work plan.

In the 2011-2016 Assembly Mandate, the Committee has examined practice in many Government departments, reporting on various issues such as the use of agency staff and external consultants; Public Private Partnerships (PPP); major capital projects; fraud; whistleblower complaints; and conflicts of interest.

The Committee took a strategic approach to its work, prioritising the inquiries it chose to conduct according to the significance of spending decisions, the impact and wide application of lessons learned in the public sector as a whole, the need to represent the work of all departments in the scrutiny material of the Committee, and the benefit its inquiries could accrue for the taxpayer.

The Committee reiterated in its recommendations the need for:

- clearly defined responsibilities and accountability lines for spending decisions;
- good guidance that is regularly refreshed and actively circulated;

- adherence to control processes even when time and other pressures militate against it;
- regard to expert advice in tendering and specification to balance public/private sector risk;
- high ethical standards, with particular regard to conflicts of interest, so that public spending can be seen to be beyond reproach;
- the need to promote good practice in respect of whistleblowers in public service (which has been highlighted in DFP guidance issued to Accounting Officers); and
- the need to strengthen the investigative skills within the public sector with regard to public sector fraud and in particular the establishment of single public sector fraud investigation service which has now been established by DFP.

#### **Inquiries to note:**

#### **[Report on the NIFRS: An Organisational Assessment and Review of Departmental Oversight and Report on Accounts 2011-2012](#)**

The Committee's inquiry examined a series of investigations by the Department of Health, Social Services and Public Safety into whistleblower allegations of financial irregularities in the Northern Ireland Fire and Rescue Service. The whistleblower, who was first suspended by the NIFRS, received both an apology from the Department and financial compensation after taking a case through the Industrial Tribunal. The Committee concluded that the decision to suspend the whistleblower caused both reputational damage and financial loss to NIFRS, as well as injury to an individual who had properly raised her concerns.

The Committee commended the whistleblower for bringing serious failings in the NIFRS to light, at great personal cost and was left in no doubt that her suspension from the NIFRS was directly related to her whistleblowing, and that it was clearly wrong.

#### **[Report on PSNI: Use of Agency Staff](#)**

This report examined the use of agency staff in the Police Service of Northern Ireland (PSNI), which cost approximately £106 million since 2004. It examined the procurement of agency workers and highlighted concerns about the way procurement was carried out in order to ensure value for money was achieved. The Committee's report found that the PSNI's oversight of the use of agency workers was not robust and that excessive numbers of agency staff were employed for lengthy periods of time.

#### **[Report on DCAL: Management of Major Capital Projects](#)**

In the period 2008-11 the Department of Culture, Arts and Leisure had an unprecedented target to deliver £229 million capital investment which resulted in the delivery of a number of capital projects. These major capital project had cost 32%

more than the original estimated cost of £78.5 million (84% of which provided by the public purse). The Department acknowledged that the projects were based on completely unrealistic cost estimates that resulted in projects being re-scoped, contributing to the significant cost increases and delays.

### [Report on DSD: Advanced Land Purchases](#)

This report highlights the Committee's continued work on whistleblower cases and promotes the good practice in respect of whistleblowers in the public service. The Committee's report looked at the way the Department for Social Development (DSD) provided monies to groups within the Housing Association sector. Prior to 2012, rules set by DSD for Advanced Land Purchases (ALP) were open to abuse. Grants of a combined total of £8.9 million were awarded to two housing schemes, Helm and Trinity Housing Associations, however no houses were ever built. The Committee was also concerned to hear about a potential conflict of interest with respect to the Chief Executive of Trinity Housing.

### [Report on The Cross-border broadband initiative: the Bytel project](#)

Another particular highlight of the mandate included the Committee's inquiry into a cross-border broadband initiative. It was highly critical of the handling of this cross-border project delivered by a private company, Bytel Networks Ltd. The project was funded by the Special EU Programmes Body (SEUPB) and supervised by the Department of Enterprise, Trade and Investment (DETI) in Northern Ireland and by the Department of Communications, Energy and Natural Resources (DCENR) in the Republic of Ireland. A report by the Committee of Public Accounts of Dáil Éireann into its examination of the Bytel project was published on the same day as Northern Ireland Assembly Public Accounts Committee.

Both committees were jointly briefed by the C&AGs in both jurisdictions during a visit by the Oireachtas Committee of Public Accounts to the NI Assembly on 4<sup>th</sup> March 2015. The two committees jointly discussed the issues arising from this project before undertaking their separate inquiries. This was the first time the two committees had worked and reported simultaneously on the same topic.



Members of the Northern Ireland Assembly Public Accounts Committee are pictured with Members of the Oireachtas Committee for Public Accounts at Parliament Buildings on 4 March 2015

### **End-of-Year reports:**

The Committee completed an end-of-year report at the conclusion of each session throughout the 5 year mandate, summarising the inquiries undertaken, reports published and the uptake of all recommendations made. They also contain statistics on the number of meetings, reports published and committee spending on visits, publications, refreshments and hospitality.

[Session 2011/2012](#)

[Session 2012/2013](#)

[Session 2013/2014](#)

[Session 2014/2015](#)

### **Approaches/changes in approach**

The Committee takes its work to the floor of the Assembly in an annual November Take-Note Debate. These annual debates give all Members an opportunity to bring the inquiries undertaken over the year to the floor of the house and has proved a valuable addition to the plenary schedule.

The Committee conducted most of its business in Parliament Buildings but conducted two evidence sessions off-site:

- NICVA's Headquarters (North Belfast)
- North West Regional College's Northland Campus

### **Committee Visits**

The Committee also carried out a number of visits throughout the Mandate:

#### **A visit to the North West Regional College's Northland Campus:**

This was part of the Assembly's co-ordinated committee visit to Derry/Londonderry in support of the City of Culture 2013 celebrations, the Committee held one of its June meetings in the North West Regional College's Northland Campus.

#### **Magilligan Prison in relation to literacy and numeracy for adults:**

This was in support of the Committee's work on improving adult literacy and numeracy, Members visited Magilligan Prison to see first-hand the excellent work taking place whereby prisoners with no literacy skills were learning to read within six months. Those prisoners participating in the scheme were, in turn, teaching others to read.

#### **A visit to Millburn Primary School, Coleraine:**

This was in relation to the Committee's work on improving Pupil Attendance: Follow-Up inquiry and also the Committee's strategic priority of enhancing community profile.





PAC Visit to Milburn Primary School, March 2014

### **Visit to the National Assembly of Wales:**

In line with its strategic priority of promoting and sharing best practice, the Committee visited the National Assembly of Wales in Cardiff and met with members of the Welsh Assembly's Public Accounts Committee and members of the Public Accounts Committee from The States of Jersey.

### **Memorandum of Reply - Protocols with DFP**

A meeting took place between the Minister for Finance and Personnel and the Chair and Deputy Chair of the PAC on 28 April 2014 to discuss a number of issues including PAC correspondence on Memorandum of Replies (MORs).

A set of draft protocols were developed by the Clerk of the Committee and DFP officials and these were then agreed by the Committee at its meeting on 3 February 2015. The Minister for Finance and Personnel also indicated that he was content with the new protocols. Subsequently new guidance was then issued to Accounting Officers which has resulted in a significant improvement in the quality of MORs being submitted to the Committee.

## **Continuing professional development**

In 2012, the Committee developed links with counterparts in the National Assembly of Wales in order to share ideas on improving the effectiveness of the Public Accounts Committee. Through Atlantic Philanthropies, the Committee obtained specialist advice in questioning and scrutiny techniques. Members adopted these techniques as a matter of procedure in evidence sessions which led to more efficient and effective scrutiny during inquiries.

In October 2013, a number of Members of the Committee attended the International Centre for Parliamentary Studies (ICPS) 2nd Annual Public Accounts Symposium. The symposium focused on the theme "Value for Money and Scrutiny: The Work of PACs in Practice". Areas discussed included: perspectives from the department of Finance and Treasury views from the perspectives of accountancy and audit; the scope of PAC inquiries; case studies in scrutiny by PACs; the role of the Supreme Audit Institution; analysis of statutory accountability in practice; initiatives and likely future development; views from delegates' own perspectives from around the world; and holding inquiries effectively.

## **Strategic plan 2014-2015 and 2015-2016**

A number of Committee Members attended a Strategic Direction, Development and Effective Scrutiny Seminar at the Tullylagan Hotel, Cookstown in January 2014. The seminar's objective was to review the Committee's strategic direction to define objectives and optimise the effectiveness of its outcomes. The Committee subsequently agreed its strategic plan for 2014-2015 on 22 January 2014. In January 2015 the Committee agreed that the strategic priorities remained relevant for the remainder of the mandate. The five strategic priorities were:

- Improving committee processes
- Promoting best practice
- Building committee capability
- Enhancing community profile
- Seeking to influence

## **Suggested priorities and issues to consider in the new mandate**

Suspected fraud was a re-occurring theme in a number of the Committee's inquiries. The new Committee may wish to consider whether it wishes to prioritise this issue in its selection of future inquiries to track if lessons have been learnt from previous PAC recommendations.

In the NIAO Corporate Plan 2016-17 - 2018-19 there are a total of 9 Value for Money reports planned for 2016. This will inform the Committee's forward work programme to a large extent. However due to budget constraints, the number of value for money reports is less than other years and this is likely to be a continuing trend.

Ongoing issues that have been brought to the Committee may need to be carried over for consideration by the incoming Committee, e.g. staff suspensions within NICS and the NICS Voluntary Exit Scheme.

There is a number of Memorandums of Reply which will be laid in the Assembly in May/June 2016 which relate to inquiries in this mandate: The Incoming Committee may wish to consider the responses to the PAC recommendations arising from these inquiries.

Continuing professional development and PAC processes for effective questioning may be an area for a new Committee to review and adopt as appropriate.

The Incoming Committee may wish to continue to engage with parliamentary practice elsewhere, in particular the Public Accounts Committees in Westminster, the Scottish Parliament, the National Assembly for Wales and the Oireachtas.

## Appendix 1

Democratic Unionist Party	<a href="#">Mr Trevor Clarke</a> <sup>8</sup>
	<a href="#">Mr Paul Girvan</a>
	<a href="#">Mr Edwin Poots</a> <sup>18</sup>
	<a href="#">Mr Jim Wells</a> <sup>1b</sup>
Sinn Fein	<a href="#">Ms Michaela Boyle (Chairperson)</a> <sup>3</sup>
	<a href="#">Mr Phil Flanagan</a> <sup>13</sup>
	<a href="#">Mr Conor Murphy</a> <sup>17</sup>
Social Democratic and Labour Party	<a href="#">Mr John Dallat (Deputy Chairperson)</a> <sup>5</sup>
	<a href="#">Ms Claire Hanna</a> <sup>16</sup>
Ulster Unionist Party	<a href="#">Mr Roy Beggs</a> <sup>14</sup>
	<a href="#">Mr Ross Hussey</a>

<sup>1</sup> With effect from 24 October 2011 Mr Adrian McQuillan replaced Mr Paul Frew

<sup>2</sup> With effect from 23 January 2012 Mr Conor Murphy replaced Ms Jennifer McCann

<sup>3</sup> With effect from 02 July 2012 Ms Michaela Boyle replaced Mr Paul Maskey as Chairperson

<sup>4</sup> With effect from 02 July 2012 Mr Conor Murphy is no longer a Member and his replacement on this committee has not yet been announced

<sup>5</sup> With effect from 07 September 2012 Mr John Dallat replaced Mr Joe Byrne as Deputy Chairperson

<sup>6</sup> With effect from 10 September 2012 Mr Sean Rogers was appointed as a Member

<sup>7</sup> With effect from 10 September 2012 Mr Daithi McKay was appointed as a Member

<sup>8</sup> With effect from 01 October 2012 Mr Trevor Clarke replaced Mr Alex Easton

<sup>9</sup> With effect from 11 February 2013 Mr Sammy Douglas replaced Mr Sydney Anderson

<sup>10</sup> With effect from 15 April 2013 Mr Chris Hazzard replaced Mr Mitchel McLaughlin

<sup>11</sup> With effect from 07 May 2013 Mr David McIlveen replaced Mr Sammy Douglas

<sup>12</sup> With effect from 16 September 2013 Mr Alex Easton replaced Mr David McIlveen

<sup>13</sup> With effect from 06 October 2014 Mr Phil Flanagan replaced Mr Chris Hazzard

<sup>14</sup> With effect from 06 October 2014 Mr Roy Beggs replaced Mr Michael Copeland

<sup>15</sup> With effect from 18 May 2015 Mr Jim Wells replaced Mr Alex Easton

<sup>16</sup> With effect from 7 September 2015 Ms Claire Hanna replaced Mr Sean Rodgers

<sup>17</sup> With effect from 14 September 2015 Mr Conor Murphy replaced Mr Daithi McKay

<sup>18</sup> With effect from 5 October 2015 Mr Edwin Poots replaced Mr Adrian McQuillan

## Public Accounts Committee

## Committee meetings &amp; visits

Session	Number of meetings held	Percentage minutes		Number of meetings held outside Parliament Buildings	Number of committee visits
		public	closed		
2011/2012	33	56.68	42.64	1	1
2012/2013	38	49.08	50.16	1	0
2013/2014	32	36.78	60.82	1	2
2014/2015	30	48.97	50.13	0	0
2015/2016	23	54.09	44.22	0	0

The Committee has spent an average of 45.40% of its time in closed session. The purpose of most closed sessions was to consider the approach to specific inquiries, enabling members to explore the facts and increase their understanding of the more complex findings in the reports. Considerable time was also spent considering and agreeing the draft reports of the Committee.

Items held in public session include correspondence received, matters arising and evidence sessions.

## Committee Inquiries

Session	Name of report	Committee Report (ordered to print)	Date debated in Plenary
2011/2012	<a href="#">Report on Managing Criminal Legal Aid</a> <a href="#">Report on Reducing Water Pollution from Agricultural Sources - The Farm Nutrient Management Scheme</a> <a href="#">Report on Creating Effective Partnerships between Government and the Voluntary and Community Sector</a> <a href="#">Report on the Use of Locum Doctors by Northern Ireland Hospitals</a> <a href="#">Report on the Use of External Consultants by Northern Ireland Departments: Follow - up Report</a> <a href="#">Report on the Uptake of Benefits by Pensioners</a> <a href="#">Report on The Bioscience and Technology Institute</a> <a href="#">Report on the Transfer of Former Military and Security Sites to the Northern Ireland Executive and Ilex Accounts 2010 - 2011</a>	26/10/2011 09/11/2011 23/11/2011 15/02/2012 14/03/2012 18/04/2012 02/05/2012 06/06/2012	26/06/12 26/06/12 26/06/12 26/06/12 12/11/13 12/11/13 12/11/13 12/11/13
2012/2013	<a href="#">Report on Statements of Rate Levy and Collection 2009-10 and 2010-11</a> <a href="#">Report on the Northern Ireland Housing Executive: Management of Response Maintenance Contracts</a> <a href="#">Report on the Safety of Services Provided by Health and Social Care Trusts</a> <a href="#">Report on Invest NI: A Performance Review</a> <a href="#">Report on Improving Literacy and Numeracy Achievement in Schools</a>	12/12/2012 20/02/2013 27/02/2013 24/04/2013 29/05/2013	12/11/13 12/11/13 12/11/13 12/11/13 12/11/13
2013/2014	<a href="#">Report on the NIFRS: An Organisational Assessment and Review of Departmental Oversight and Report on Accounts 2011 - 2012</a> <a href="#">Report on DCAL: Management of Major Capital Projects</a> <a href="#">Report on Department of Finance and Personnel - Collaborative Procurement and Aggregated Demand</a>	25/09/2013 09/10/2013 11/12/2013	24/11/14 24/11/14 24/11/14

	<a href="#">Report on The Agri-Food and Biosciences Institute (AFBI)</a>	26/02/2014	24/11/14
	<a href="#">Report on PSNI: Use of Agency Staff</a>	26/03/2014	24/11/14
	<a href="#">Report on NI Water's Response to a Suspected Fraud</a>	09/04/2014	24/11/14
	<a href="#">Report on DRD: Review of an Investigation of a Whistleblower Complaint</a>	09/04/2014	24/11/14
	<a href="#">Report on Account NI: Review of a Public Sector Financial Shared Service Centre</a>	09/04/2014	24/11/14
	<a href="#">Report on Improving Pupil Attendance: Follow-Up Report</a>	14/05/2014	24/11/14
2014/2015	<a href="#">Report on Tackling Social Housing Tenancy Fraud in Northern Ireland</a>	24/09/2014	30/11/15
	<a href="#">Report into The Future Impact of Borrowing and Private Finance Commitments and Belfast Metropolitan College's Titanic Quarter PPP Project</a>	06/11/2014	30/11/15
	<a href="#">Report on Northern Ireland Courts and Tribunals Service Trust Statement for the year ended 31 March 2013</a>	10/12/2014	30/11/15
	<a href="#">Report on Department of Justice: Managing and Protecting Funds Held in Court</a>	21/04/2015	30/11/15
	<a href="#">Report on Primary Care Prescribing</a>	03/02/2015	30/11/15
	<a href="#">Report on The Cross-border broadband initiative: the Bytel project</a>	03/06/2015	30/11/15
	<a href="#">Report on DRD: The Effectiveness of Public Transport in Northern Ireland</a>	10/06/2015	
2015/2016	<a href="#">Report on Department for Social Development - Advanced land Purchases</a>	16/09/2015	
	<a href="#">Report on General Health Report and Social Care Sector 2012-13 and 2013-14</a>	25/11/2016	
	<a href="#">Report on The Northern Ireland Events Company</a>	10/02/2016	
	<a href="#">Report on Department of Education: Sustainability of Schools</a>	17/02/2016	
	Report on The Governance of Land and Property in the Northern Ireland Housing Executive	24/02/2016	
	Report on Invest to Save funding in Northern Ireland	03/03/2016	



### Committee Reports (excluding Bill and Inquiry reports)

Session	Name of report	Date (date approved by Committee)	Date debated in Plenary (if appropriate)
2011/2012	<a href="#">Report on Excess Votes (Northern Ireland) 2010 - 2011</a>	02/05/2012	
	<a href="#">End of Session Report 12 May 2011 - 31 August 2012</a>	26/09/2012	
2012/2013	<a href="#">End of Session Report 1 September 2012 - 31 August 2013</a>	11/09/2013	
2013/2014	<a href="#">Report on the Committee's study visit to Millburn Primary School, Coleraine</a>	05/03/2014	
2013/2014	<a href="#">End of Session Report 1 September 2013 - 31 August 2014</a>	10/09/2015	
2014/2015	<a href="#">End of Session Report 2014 -2015</a>	16/09/2015	
2015/2016	<a href="#">Report on Excess Votes (Northern Ireland) 2014 -2015</a>	03/02/2016	
2015/2016	<b>End of Session Report 2015-2016 (Appendix 3 to the Legacy Report 2011-2016)</b>	09/03/2016	

### Witnesses

Session	Number of Organisations who give evidence to the committee.
2011/2012	20
2012/2013	16
2013/2014	16
2014/2015	15
2015/2016	10

## END OF SESSION REPORT 2015-16

### COMMITTEE ACTIVITIES, OUTPUTS AND ACHIEVEMENTS

#### Reports

This report covers the work of the Committee from 1 September 2015 to 29 March 2016 (Assembly year 2015-16). The Committee concluded six inquiries during this period, this includes one inquiry carried over from 2014-2015 session. In chronological order, they were reported on as follows:

<u>Report Number</u>	<u>Issue Date</u>	<u>Report Title</u>
255/11-16	10/06/2015	<a href="#">Report on DRD: The Effectiveness of Public Transport in Northern Ireland</a>
265/11-16	16/09/2015	<a href="#">Report on Department for Social Development - Advanced Land Purchases</a>
282/11-16	25/11/2015	<a href="#">Report on General Health Report and Social Care Sector 2012-13 and 2013-14</a>
308/11-16	10/02/2016	<a href="#">Report on The Northern Ireland Events Company</a>
314/11-16	17/02/2016	<a href="#">Report on Department of Education: Sustainability of Schools</a>

There are two inquiries still under consideration by the Committee which will be reported on in due course, these are:

- Inquiry into The Governance of Land and Property in the Northern Ireland Housing Executive; and
- Inquiry into Invest to Save funding in Northern Ireland

#### Meetings held

Throughout 2015-16, the Committee met on 23 occasions (all within Parliament Buildings) with 44.22% of its time being spent in closed session due to the sensitive and confidential nature of the issues being considered.

The purpose of most closed sessions was to consider the approach to specific inquiries, enabling members to explore the facts and increase their understanding of the more complex findings in the reports. Considerable time was also spent considering and agreeing the draft reports of the Committee.

#### Summary of Inquiries

PAC selects the reports it covers on the basis of public interest, the order of expenditure involved and the lessons that can be learned from the report.

## Report on DRD: The Effectiveness of Public Transport in Northern Ireland

In his report, The Comptroller and Auditor General's (C&AG) identified that public transport in Northern Ireland enjoyed substantial investment of almost £1.1 billion over the decade to 2011-12, through the implementation of initiatives set out in the Regional Transportation Strategy (RTS) for Northern Ireland 2002-2012. It examined the effectiveness of public transport in Northern Ireland by assessing performance against the public transport initiatives and targets set out in the Regional Transportation Strategy, whilst also benchmarking public transport in the areas of performance, funding and structure with the other UK countries and the Republic of Ireland and also with other comparable UK and European cities.

The Committee found that significant improvements could be made in the provision of public transport services here, both by Translink and by the Department of Regional Development (DRD). Although the Committee noted that while there has been undoubted success in growing the number of rail passengers since 2002, this has not been mirrored in the number of people using buses, indeed, Ulsterbus, the largest element of public transport in Northern Ireland, has experienced a worrying decline in passengers. The overall growth in passenger numbers in recent years has been largely down to concessionary fares and does not reflect the desired shift from the use of cars to the use of public transport. As well as this the delay in the introduction of rapid transit in Belfast, in the Committee's view, represented a missed opportunity to grow passenger numbers further.

The shortcomings in Translink's performance may be explained in part by the fact that public transport remains relatively underfunded here when compared with Great Britain. In addition, however, it would appear that not enough has been done by DRD and the Northern Ireland Transport Holding Company (Translink's Board) to scrutinise, challenge inefficiencies and to ensure value for money for Translink users.

The Committee made a total of 12 recommendations for DRD and Translink to consider. These included:

- Setting targets for fare paying passenger growth as well as for overall passenger growth.
- Targets for getting people out of cars and onto public transport must be set and monitored closely.
- For DRD to ensure that Translink undertakes a thorough and evidenced review of operational and administrative expenditure to identify potential savings before it considers cuts to existing bus and train services.
- That DRD reconsiders its policies around car parking availability for both its staff and the general public to ensure that they complement policies designed to promote public transport and that DRD and Translink should re-examine Translink's ownership and operation of publicly owned car parks.

Of a total of 12 recommendations, 9 out of the 12 total recommendations made have been fully accepted and 3 partially accepted. DRD further updated the Committee in February 2016 to advise, that the recent Budget 2016-17 has included funding for

both the Belfast Rapid Transit Scheme and the Belfast Transport Hub as 'Flagship Projects' with allocations provided for 2016-17 and beyond.

### Report on Department for Social Development - Advanced Land Purchases

The Housing Association sector in Northern Ireland receives a substantial amount of grant funding from the Department for Social Development each year to allow it to develop new social housing in Northern Ireland.

This inquiry looked at the way the Department for Social Development (DSD) provided monies to groups within the Housing Association sector. The rules set by DSD for Advanced Land Purchase (ALP) grant were amended in 2012, resulting in a general improvement in the results of the regulatory inspections carried out by DSD. However it seemed clear from the evidence given to the Committee that prior to then the scheme was wide open to abuse. Two grants to Helm and Trinity Housing Associations, with a combined value of £8.9 million resulted in no social housing ever being built.

In regards to Helm Housing Association, the Committee was extremely concerned about the 'flip sale' of property at Great George's street which allowed a third party to make a profit of £3.25 million by buying and selling it to Helm on the same day. As well as this the purchase of the land at Great George's Street was financed by an ALP grant in 2007 of £8.1 million which was intended to lead to a development of 130 social housing units. However none were ever built due to problems obtaining planning permission. An agreement for Helm to repay the grant to DSD was reached in 2014 although this will be by means of instalments up to 2017, some 10 years after the grant was paid over, and no interest is being charged.

In the case of Trinity Housing Association £0.8 million was paid in early 2008 for a proposed small development in Crossgar. No houses were built because planning permission was also not forthcoming on the site. When it became clear in 2012 that planning permission for a viable social housing scheme on the site was not going to happen, DSD asked for its grant to be repaid. At that point Trinity threatened DSD with legal action to retain its money as it said there was still a possibility of a development on the site. An agreement to recover the grant was only achieved in 2015 and Trinity were allowed to retain £0.2 million of the original grant to cover expenses it had incurred at the site even though no development had taken place. As with the agreement made with Helm there is no provision for the recovery of interest.

A potential conflict of interest was also of concern to the Committee, with respect to the Chief Executive of Trinity Housing. The Committee felt that he should have declared a conflict of interest when Trinity first registered an interest in a potential development which involved property owned by his brother.

The Committee made a total of 13 recommendations which included:

- Reminding Housing Associations, who are all in receipt of significant amounts of public funding, that they should expect to come within the remit of the Committee and should attend if requested. This requirement must be made a clear condition of future grant funding.
- Updating guidance to Housing Associations on identifying and handling conflicts of interest.
- In the cases of Helm and Trinity that the Department should revisit the decision not to charge interest.
- Grants should be recovered within a clear time period if the development does not proceed as planned.

The Memorandum of Reply was considered by the Committee on 10 February 2016, the Committee noted that out of a total of 13 recommendations, 10 have been fully accepted by DSD and 3 partially accepted. A commitment has been given by DSD to review and strengthen guidelines around conflicts of interest. However DSD advised that they are content with the NIHE's original decision not to charge interest in the cases of Helm and Trinity.

#### [Report on General Health Report and Social Care Sector 2012-13 and 2013-14](#)

This inquiry looks at the NIAO report on the main issues arising from their audit of 16 Health and Social Care bodies.

The report found that despite only the Western Trust failing to break-even in 2014-15 (a deficit of £6.6 million), this masked an underlying funding gap of Trust pressures from 2014-15 which is reckoned to be over £131 million carried-forward to 2015-16.

Health and social care (HSC) bodies are facing an unprecedented financial squeeze. Although the HSC sector has been more generously funded than other areas of public spending over recent years, it continues to face an ever increasing demand for its services. This is partially as a result of an ageing population as well as increasing chronic conditions such as diabetes.

Putting the HSC Trusts on a sustainable footing is a major challenge unless there is a significant change in funding or transformation of services. One significant problem that the HSC Trusts face is that they are unable to carry forward unused funds from one year to the next, impeding their ability to undertake longer-term financial planning.

The report highlighted that it is crucial for the health service to redesign the way it provides services. If this does not take place, the Trusts will find it difficult to provide the health and social care services needed, within their budgets. The decline in the financial stability of HSC Trusts is mirrored in widespread breaches of key waiting times for elective, emergency and outpatient care. In particular, key waiting times for cancer patients are not being met.

The report also found that using large numbers of locum doctors has contributed to the Trusts increasing expenditure, particularly within the Western HSC Trust where

difficulties in recruiting and retaining permanent consultants continues to put pressure on budgets. The Committee found it worrying that no hospital was able to ensure that 95% of patients began their first treatment of cancer within the 62 day standard. We are concerned that the percentage of patients seen within 14 days of an urgent referral for breast cancer has fallen from 84% in 2013-14 to 81% in 2014-15. The Department for Health, Social Services and Public Safety (DHSSPS) needs to ensure that it can pinpoint why cancer waiting time targets are not being met and set out the action needed to meet these targets.

It is hard to see how the current service model can be sustained as financial savings start to dry up. Transforming Your Care is heralded as the great transformational saviour for health and social care, but the pace of change has been at best mediocre. As a result, Trusts are likely to struggle to stem the deterioration in performance.

The Committee made a total of 13 recommendations which included:

- DFP should be approached to explore the options available for introducing three-year budgets for the HSC Trusts.
- DHSSPS should examine the extent to which the consultant contract allows Trusts to award incentives to attract consultants to geographical areas and specialities where there are shortages.
- The HSC Board should ensure that it can pinpoint why cancer waiting time targets are not being met and should set out the action needed to meet the targets.

The Memorandum of Reply is due to be received in March 2016 and will be considered by the incoming Committee.

### [Report on The Northern Ireland Events Company](#)

The Chief Executive (Janice McAleese) of the Northern Ireland Events Company (NIEC) resigned in May 2007 and in September 2007 the acting Chief Executive (Jasper Perry) notified the Department of Culture, Arts and Leisure (DCAL), its sponsor Department, that NIEC had accumulated an estimated £1.2 million financial deficit.

DCAL then engaged consultants in November 2007 to provide a preliminary review into the circumstances behind the deficit. After considering the findings, DCAL referred the issue to the Department of Enterprise, Trade and Investment (DETI) which appointed the Company Inspectors (the Inspectors) to investigate the affairs of NIEC in November 2008.

The Inspectors completed their investigation in March 2014 and concluded that of a total deficit of £1.45 million, £1.3 million could be attributed to overspending on events promoted by NIEC between 2005 and 2007; the majority of this related to Motocross and Supermoto events.

DCAL in its opening statement at the evidence session informed the Committee that the NIEC saga represented a comprehensive failure in a triangle of relationships. It was a comprehensive failure on the part of DCAL to fully discharge

its responsibilities in terms of sponsorship; it was a failure on the part of the NIEC Board to provide effective leadership, direction, support and guidance to the organisation; and it was a failure on the part of Janice McAleese, the Chief Executive of the company, to ensure that public funds were properly managed and safeguarded.

The Chief Executive appointment process had fundamental flaws despite NIEC Board members having experience in appointing persons to senior posts. The Committee heard evidence that Janice McAleese did not meet the essential criteria for the post of Chief Executive to which she was appointed. There is no evidence that the NIEC Board raised any concerns and they endorsed Ms McAleese's appointment as Chief Executive.

The inspection into NIEC took five and a half years and cost £1.24 million to complete. It took DETI a further 18 months to issue pre-proceeding letters in the Director Disqualification process. The Committee was informed by DETI in February 2016 that Janice McAleese, offered a Director's Disqualification Undertaking to the Department on 18 January 2016 for a period of 14 years. Overall the Committee was disappointed that this process has taken, and continues to take, so long to reach a conclusion.

The Committee made a total of 11 recommendations which included:

- If an Arm's Length Body delegates recruitment tasks, such as shortlisting, during the appointment of a Chief Executive, it should ensure that it retains ownership of the process.
- All those serving on public Boards consider the lessons from the NIEC debacle, especially those relating to the effectiveness of Boards and the Chair
- Departments should ensure that the Boards of Arm's Length Bodies have a mix of appropriate skills and experience. In particular, the Committee views financial skills as an essential component of ensuring effective governance.

The Memorandum of Reply is due to be received in June 2016 and will be considered by the incoming Committee.

### [Report on the Department of Education: Sustainability of Schools](#)

In December 2006, an Independent Strategic Review of Education (the Bain Review) concluded that because of falling pupil numbers and the many school sectors here, there were too many schools and some would become educationally unsustainable. The Bain Review identified a number of concerns with arrangements for planning education provision. It found a lack of integration, co-ordination and consistency for planning in education provision. Planning arrangements generally focused on individual schools rather than taking a broader view, tended to over-estimate demand and were not sufficiently rigorous to ensure that investment was directed at those schools in greatest need.

In order to address this problem, the Department of Education (DE) introduced the Sustainable Schools Policy (January 2009) with Area Planning (September 2011) initiated as the key driver to deliver a network of sustainable schools.

Since the introduction of the Policy, the Department has reported a 14% reduction in the number of surplus school places (from 83,376 in 2008-09 to 71,540 in 2014-15). Approximately half of the reduction is as a result of demographic changes with only half being attributable to the work of the Department. Progress in reducing surplus places has been frustratingly slow and there is considerable scope for further improvement.

The Committee found that it is unacceptable that DE is not able to provide statistically accurate data on the number of surplus school places. As a result, the evidence base supporting the sustainable schools policy falls far short of acceptable standards and DE is basing decisions about the future of schools on inaccurate information.

The Department's calculation of surplus school places is based on approved enrolments less actual enrolments. However, the approved enrolment figure is, in many cases, based on historic data and not on current standards. The calculation does not take into account those pupils admitted to a school over and above the approved enrolment level. The figure of approved enrolments also excludes pupils with special educational needs who have a statement.

Other areas which the Committee highlighted in their report:

- Assessing the wider delivery of the Sustainable Schools Policy has been hampered because of difficulties with the quality of management information. DE has not estimated the financial costs of surplus school places.
- There have been improvements in schools performance, but there are still significant problems with underachievement and the quality of leadership and management is not good enough in a significant minority of post-primary schools.
- DE's approach to area planning could have been better. Not all stakeholders were clear on their role and responsibilities, guidance was limited and there was a lack of clarity on the measurement of the criteria for sustainable schools.

The Committee made a total of 10 recommendations which included:

- DE and the Education Authority must take action quickly in instances where a school is no longer sustainable, to avoid a protracted period of decline.
- DE commissions a review of the approved enrolment figure recorded for every school to ensure that the figures are accurate and based on up-to-date design standards.
- Once DE has undertaken a review of approved enrolments it gives consideration to quantifying how much surplus places cost.
- DE develops an engagement strategy which reflects the importance of consulting widely and achieving the buy in of all key stakeholders.



- DE provides clear strategic leadership on this issue to the Education Authority which must deal with suspensions expeditiously and cost effectively.

The Memorandum of Reply is due to be received in June and will be considered by the incoming Committee.

### [The Governance of Land and Property in the Northern Ireland Housing Executive and Invest to Save funding in Northern Ireland](#)

The Committee's final two reports of the mandate, The Governance of Land and Property in the Northern Ireland Housing Executive and Invest to Save funding in Northern Ireland had not been published at the time this report was agreed and will therefore be reported on within the next end of session report in September 2017.

### Recommendations

In total this year, the Committee has made a total of 59 recommendations to improve financial accountability to the taxpayer. It continues to monitor departmental progress in implementing them and, as previously stated, will receive updates 12 months after consideration of the MOR relating to each report or earlier if it is deemed more urgent.

### Ministerial Directions

When a Minister wishes to proceed with a course of expenditure against the advice of his or her Accounting Officer, a Ministerial Direction is notified to PAC. This means that the accountability line for this expenditure will be to the Minister rather than the Accounting Officer. For each of these Ministerial Directions, the Committee agreed that the Comptroller and Auditor General (C&AG) would monitor the expenditure in line with current audit practices, and report any significant issues as required. The Committee considered the following Ministerial Directions.

#### DRD: TransportNI Skeleton Service

The issue that gave rise to this Ministerial Direction related to potential public safety issues. The previous Minister for Regional Development authorised the provision of a skeleton road maintenance service, including winter service costs based on the need to safeguard public safety. This would have therefore lead to a potential overspend of approximately £15 million on the Department for Regional Development's (DRD) overall budget. Therefore the Minister agreed that in the event of no monies being made available in June 2015 Monitoring, a Direction would be issued to support and maintain this level of service.

In the November 2015 Monitoring round, the Executive allocated some £16.5 million additional resource funding to DRD road maintenance. As a result, the Department considered that it is no longer was at risk of breaching its budget control total.

As no bids were successful in June Monitoring the Ministerial Direction was issued on 27 August 2015. DRD's Accounting Officer sought DFP approval; however DFP

did not approve this Direction. At this juncture it appeared that DRD would breach its budget total for 2015-2016 and in the absence of DFP approval the expenditure would be deemed irregular by the C&AG.

### **Committee Motions**

On 30<sup>th</sup> November 2015, the Committee's Take Note debate informed the Assembly of the recent work of the PAC since its previous debate a year earlier. The Hansard report can be accessed [here](#) and the reports debated can be accessed [here](#).

## ANNEX A

## Public Accounts Committee

## Expenditure for the period 1 September 2015 - 29 March 2016

Budget area	Details	Expenditure
Committee Travel -	Committee members and staff travel and subsistence in relation to visits and meetings outside Parliament Buildings	£23.92
Printing of committee reports	Report on Department for Social Development - Advanced Land Purchases (published online) Report on General Health Report and Social Care Sector 2012-13 and 2013-14 (published online) Report on The Northern Ireland Events Company (published online) Report on Department of Education: Sustainability of Schools (published online)	N/A
Refreshments & Hospitality	Includes the cost of all refreshments and hospitality provided by the Committee; to include meetings, working lunches, seminars and any other such expenditure	£577.61
General expenses	Includes the cost of seminars (excluding refreshments and hospitality); room hire, witness expenses, gifts provided by the Committee during visits; and conference fees for Members.	N/A
<b>TOTAL</b>		<b>£601.53</b>

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