



Northern Ireland  
Assembly

---

**COMMITTEE FOR  
FINANCE AND PERSONNEL**

---

**OFFICIAL REPORT**  
(Hansard)

---

**Outcome of December 2010 Monitoring  
Round**

19 January 2011

**NORTHERN IRELAND ASSEMBLY**

---

**COMMITTEE FOR  
FINANCE AND PERSONNEL**

---

**Outcome of December 2010 Monitoring Round**

---

19 January 2011

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

Ms Jennifer McCann (Chairperson)  
Dr Stephen Farry  
Mr Paul Frew  
Mr Simon Hamilton  
Mr Daithí McKay  
Mr Mitchel McLaughlin  
Mr Declan O'Loan  
Ms Dawn Purvis

**Witnesses:**

Ms Pamela Galloway )  
Mr Peter Jakobsen ) Department of Finance and Personnel  
Ms Deborah McNeilly )

**The Chairperson (Ms J McCann):**

I welcome Pamela Galloway, from the central expenditure division, Deborah McNeilly and Mr Peter Jakobsen. We are a bit pushed for time today, but we already have the Minister's statement, and the issue was debated the other day, so we will just move straight into questions, unless there is something specific that you want to outline.

**Mr Peter Jakobsen (Department of Finance and Personnel):**

Not from my perspective; I am happy enough.

**Mr O’Loan:**

I want to ask you a number of things on the issue of end-year flexibility (EYF). Will you explain how the Executive can carry forward £23 million capital from this year into next year? What are the rules around that, and how did the figure of £23 million emerge?

Will you also clarify the figure of £217 million for current year EYF, which was referred to in a recent NIO press release dated 14 January 2011, stating:

“And so the Treasury agreed to honour the amount of EYF for NI for the current year.

This amounts to some £217m and has been agreed with the Executive.”

Will you further reconcile that with the media storm around the £300 million of historic EYF that has been lost? What are the actual implications for public bodies, including schools, that thought that they had a surplus in their budget that they felt they could use but are evidently now being told that they have not.

**Mr Jakobsen:**

I will start with the £23 million. As you know, the Treasury has ended the existing EYF scheme, which is linked to the £300 million that I will talk about later. However, as part of the spending review settlement for Northern Ireland, Treasury gave all the devolved administrations special treatment so that we could carry forward any underspend that we declared at the supplementary estimate stage, which was in December. The Executive then decided, as part of the monitoring process and Budget process, to carry forward £23 million capital to next year. The process dictates that we have to declare that now; anything declared after December was too late.

**Mr O’Loan:**

Was that figure of £23 million snatched out of mid-air?

**Mr Jakobsen:**

It was arrived at by looking at what bids came in during December monitoring and what was available and by assessing what we thought Departments could and should spend in December monitoring. The £23 million was what was left over.

**Mr O’Loan:**

And what about the £217 million referred to by the NIO?

**Mr Jakobsen:**

I do not recognise that figure but, as I understand, it is this year's EYF, which was given out in June monitoring. I do not recognise that figure.

**Mr O'Loan:**

I will quote the press release again:

“And so the Treasury agreed to honour the amount of EYF for NI for the current year.

This amounts to some £217m and has been agreed with the Executive.”

**Mr Jakobsen:**

It is true that we got access to EYF this year, because we gave up EYF in the June monitoring round. We had EYF to give out this year, but it was all allocated in the June monitoring round.

**Mr O'Loan:**

But you think the figure of £217 million is wrong?

**Mr Jakobsen:**

I certainly do not recognise it, but there are different ways of calculating EYF at different stages in the year.

**Mr O'Loan:**

OK. What do the end of the general EYF scheme and the historic figure of £300 million mean? What are the actual implications of that for public bodies?

**Mr Jakobsen:**

Under the scheme, which has now ended, we had access to £300 million of stock, which could be carried forward. However, when Treasury ended that scheme, it also ended access to any of that stock. That means that that money cannot be spent and will have to go back to Treasury.

**Mr O'Loan:**

What does that mean for bodies such as schools?

**Mr Jakobsen:**

It means that some of the schools that had built up reserves in previous years cannot now spend that money in future years.

**Mr O'Loan:**

Before the scheme ended, when money sat notionally in a pot labelled "NI's EYF" at the Treasury, had a school wanted to spend money, where would that have actually come from?

**Mr Jakobsen:**

The school would have had to go through the Department of Education.

**Mr O'Loan:**

However, undoubtedly, the school could have spent it.

**Mr Jakobsen:**

I do not know the detail of whether it could have done that.

**Mr O'Loan:**

Answers are needed to these mysteries. Earlier in the meeting, I referred to the fact that school principals are asking these basic questions. They have either historic surplus or this year's surplus sitting in their budgets, and they want to know what to do about that. Can you clarify even whether they have a surplus this year?

**Mr Jakobsen:**

As regards this year's surplus, the Executive may look at whether they can do something about that internally in Northern Ireland. However, that is for them to look at in the coming weeks. I am sure that the Minister will be talking to the Minister of Education about that.

**Mr O'Loan:**

OK. There is not a huge amount of light there.

**Mr McLaughlin:**

When you said that you "do not recognise" the figure, was that a euphemism? What does it mean?

**Mr Jakobsen:**

That is not the figure that we had for this year's EYF.

**Mr McLaughlin:**

An NIO statement from Friday 14 January states:

“the Treasury agreed to honour the amount of the EYF... for the current year.

This amounts to some £217 million and has been agreed with the Executive.”

That is fairly explicit.

In preparation for this meeting, were you briefed on the fact that the NIO had put out that figure — it also came up in the Minister's statement the other day — and that the Committee would evidently ask you questions about it? If you do not recognise that figure, have the Minister and the NIO got it wrong? Is there a figure that is approximate to that £217 million?

**Ms Pamela Galloway (Department of Finance and Personnel):**

There is a figure approximate to that. The amount of EYF that we have drawn down in this year is just over £200 million. A certain portion of that is drawn down —

**Mr McLaughlin:**

For clarification, what is the differential between those two figures?

**Ms Galloway:**

Approximately £3 million.

**Mr O'Loan:**

There is not too much to get excited about there.

**Mr McLaughlin:**

It helps. I thought that we had lost £200 million somewhere.

**Mr Jakobsen:**

It is probably because it has been worked out at different times of the year.

**Mr McLaughlin:**

Fair enough. Peter, your answer was even more opaque than DFP answers usually are.

**Ms Purvis:**

I have a supplementary question that relates to Declan's question about the issue of school reserves. Schools were allowed to carry over a percentage of their budget, particularly if, for example, they wanted to buy new furniture but did not have enough money in one year. However, are you saying that schools are not now allowed to touch their reserves, some of which could date back five years, or does that apply to only this year's reserves?

**Mr Jakobsen:**

It applies to everything that has been built up over all the past years. It is the entire stock that has been built up to date.

**Ms Purvis:**

What flexibility do the Executive have to do something about that?

**Mr Jakobsen:**

We do not have extra money, so we cannot have reserves. However, if the Department of Education (DE), for example, planned to spend that money in the coming years, there would be flexibility for the Executive to allocate extra capital to DE to cover that shortfall. However, that would have to be taken from elsewhere in the Northern Ireland Budget; it is not that we have any extra money.

**Mr McKay:**

I am well aware of the figures for the Department of Education. However, what are the figures for the other Departments' EYF loss?

**Mr Jakobsen:**

I do not have with me a breakdown of what sits where in each Department.

**Mr McKay:**

May we get that?

**Mr Jakobsen:**

We should be able to get it.

**Ms Galloway:**

The underspend generated by each Department each year is publicly available at the provisional outturn stage.

**Mr Jakobsen:**

However, that is not quite the same as EYF stock.

**Mr McKay:**

Are there actual figures for that?

**Mr Jakobsen:**

The closet that you will get to that are the underspend figures.

**Ms Galloway:**

The EYF draw down for each year was built into the previous Budget.

**Mr McKay:**

Another issue that was raised during the Minister's statement to the House on Monday was a potential replacement for EYF. Do we have any idea when the Treasury will make a decision about that? What sort of communication has there been with Treasury on that?

**Mr Jakobsen:**

We do not know when a decision will be made. We are in contact with the Treasury weekly and regularly ask it when it thinks that an updated scheme will be available. However, we have not yet got a date for that.

**Mr McKay:**

Is there a time by which we must have something in place?



**Mr Jakobsen:**

Something needs to be in place by the next financial year. However, we have not yet got a fixed date for that.

**Mr Frew:**

To date, is there any evidence from front line services, including schools, Departments, institutions and other bodies, all of which will be greatly affected this, to suggest that they are relying on this year's reserves in their budgetary processes?

**Mr Jakobsen:**

No. If they were, they would have had to draw down those moneys earlier in the year, because allocations were made in the June monitoring round. No one is relying on those reserves this year, but some might have been banking on them for future years.

**Mr Frew:**

You understand my point, though? Some of their budgets could be up the air, because they are trying to draw down the reserves that they had set aside as part of a saving plan.

**The Chairperson:**

There are no further questions. Should we require clarity on any other points, we will write to you. Thanks very much for coming along.