



Northern Ireland
Assembly

COMMITTEE FOR JUSTICE

**OFFICIAL REPORT
(Hansard)**

**Departmental Briefing on the Budget
2010 Process**

2 September 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Lord Morrow (Chairperson)
Mr Raymond McCartney (Deputy Chairperson)
Mr Tom Elliott
Mr Paul Givan
Mr Conall McDevitt
Mr David McNarry
Mr Alban Maginness
Mr John O'Dowd

Witnesses:

Mr Glyn Capper)
Mr Anthony Harbinson) Department of Justice
Mr Sean Laverty)

The Chairperson (Lord Morrow):

I welcome Mr Anthony Harbinson, the Department's director of resources; Mr Glyn Capper, deputy director of finance; and Mr Sean Laverty, head of financial planning control. I ask Mr Harbinson to brief the Committee on the Department's Budget 2010 process. This session is being recorded by Hansard and will be published on the Committee's web page.

Mr Anthony Harbinson (Department of Justice):

Good afternoon. Over the summer, as members know, we have been developing the

Department's plans for the Budget 2010 period covering the 2011-12 to 2014-15 financial years. As part of the process, members will have received two separate sets of information from the Department; the first dealing with inescapable pressures, and the other with savings scenarios if we had to live with 5% year-on-year reductions in our baselines.

It would be helpful to provide some background to that information and outline where we are in the process. As members know, the Department of Justice's budget is currently being treated as ring-fenced within the overall Northern Ireland funding envelope. That means that we are protected from pressures that may arise in the Executive, for example, to aid another Department that needs additional funding. We also have flexibility in moving funds between budgets and across financial periods.

The downside to the ring-fencing arrangement, however, is that we would not normally expect any additional funding from the Executive to assist us with pressures. That may mean that the Department could suffer the full effect of disproportionate Barnett consequentials as a result of cuts in the Home Office or the Ministry of Justice.

Although there will be a decision for the Executive whether to maintain or remove the ring-fencing in future years, we have, for the Budget 2010 process, been working with the Department of Finance and Personnel (DFP) on the basis that we will remain ring-fenced. That means that we do not currently form part of the forecasting targets that are applicable to the rest of the Northern Ireland block grant.

Also, unlike other Departments, we have not been set an annual savings target by DFP. Instead, we have been told to work on the basis that we would have to absorb the full effect of any cuts that apply to policing and justice in England and Wales. That would be calculated using the Barnett formula, taking into account any necessary adjustments to ensure compatibility for Northern Ireland. Therefore, we are not yet in a position to develop detailed savings plans.

To be absolutely clear, the proposals in the papers that we have provided to members are not the Department's future savings plans. They are a scenario-planning exercise intended to help our analysis of future options. They do not represent, at this stage, the Minister's thinking. Firm

savings plans cannot be devised until we have a clear indication of what our actual allocation will be. I will say more about that in a moment.

We are currently completing the information-gathering stage of our Budget 2010 process. As such, I want to make it clear that, at this stage, we have not yet reached the point of setting any firm prioritisation of pressure bids that we have received or of the savings scenarios, which we received only at the end of last week.

The first set of information that we provided to members at the end of July related to the pressures that we have identified over the Budget 2010 period. Those fall into a number of categories. The first and largest of the Department's resource pressures is pay inflation, a pressure that all Departments face. Although a two-year pay freeze has been announced, it is likely that Northern Ireland Civil Service (NICS) staff will be entitled to stepped progression in years one and two of the Budget 2010 period, and, based on guidance and advice from DFP, the pressure shown reflects that. In years three and four, the pressure reflects pay progression and an element of pay inflation. The Department is currently revising those figures based on further pay assumptions provided by DFP, and it will keep the Committee up to date with the latest calculations. The Department has also flagged pay assimilation costs, which were largely due to assimilating its staff to the rates applicable to NICS staff following the recent equal pay settlement.

Price inflation is another pressure common to all Departments, and it equates to approximately £73 million over the four years of the Budget 2010 period. Our spending plans have also flagged other resource pressures totalling £57 million, the largest element of which is a potential £12 million pressure relating to the cost to the police of implementing the various working time directive requirements for the part-time Reserve and full-time Reserve. Another area that we have identified is the cost of dealing with legacy issues. Those costs relate to the PSNI, the Police Ombudsman and the Northern Ireland Courts and Tribunals Service, and, taken together, create £47 million worth of pressures.

We have also identified two pressures in Budget 2010 where we expect there to be slippage from the current year into 2011-12, the first year of the Budget 2010 period. Those pressures are

the part-time Reserve gratuity and the full-time Reserve severance scheme. Given that funding is in place this year, those should not create new pressures if we are permitted to carry forward the associated underspends into the 2011-12 financial year.

Finally, the Department has flagged two pressures that were addressed in the then Prime Minister's settlement for the devolution of policing and justice. Given that any costs for police hearing loss claims greater than £12 million will be met from HM Treasury's general UK reserve, only the first £12 million will be a pressure for the Executive. We have also identified a resource security pressure of between £33 million and £35 million per annum. That is likely to fluctuate depending on the actual need for additional resources in each year, but, under the terms of the devolution settlement, the Executive should have recourse to the UK general reserve for that pressure. We expect the Minister of Finance and Personnel to liaise with HM Treasury to secure that funding for the police.

The Committee will see from our capital spending plans that our spending areas have flagged a range of capital projects over the next four years. Those include some large, high-profile projects such as the redevelopment of Magilligan prison, the joint training college at Desertcreat and a range of other smaller programmes. The capital plans also include a total of £36 million from the police for security costs, and, again, the Executive should have recourse to the UK general reserve for that pressure, subject to the agreement of HM Treasury.

Having considered the unavoidable spending pressures that the DOJ will face over the next four years, I turn to the second piece of information that we supplied to the Committee, which deals with savings scenarios. I hope that members received that information earlier this week. It shows the results of a scenario-planning exercise that we conducted in each of our spending areas. As I mentioned, we do not yet know the level of savings we need to make, therefore we are not yet in a position to firm up where and how we will make cuts that enable us to be more accurate about our baseline savings. If we remain ring-fenced, the savings that we will need to make will definitely need to absorb the Barnett funding reductions and, in addition, potentially all of the pressures that we flagged up in the first set of information provided to the Committee.

Given the uncertainty that we face as to the exact quantum of savings that we will be expected

to absorb, we felt it prudent to undertake a scenario-planning exercise that included asking each area to identify how it would meet a crude 5% year-on-year baseline reduction. Although the Minister may not decide to apply the final savings target in such a pro rata fashion, we felt that it was a useful starting point to identify the issues that each area would face in handling cuts of that magnitude. The Committee will have an interest in some of the outcomes of the scenario-planning exercise, and we will try to answer fully any questions that members may have in today's question-and-answer session.

For now, I would point out the following: first, although a 5% year-on-year reduction impacts significantly on police running costs and civilian staff, it does not, on current projections, impact on police officer numbers. Secondly, the review of prisons is likely to consider a number of wide-ranging changes to the make-up and operation of the Prison Service. Infrastructure investment is one area that needs to be considered. Staff restructuring has also been highlighted as a potential area of change, and the Committee will see that the Northern Ireland Prison Service has flagged an invest to save initiative to deliver that.

Those are just two of the issues raised in the scenario-planning exercise, but, as I said, we are not yet in a position to prepare detailed savings plans. When our savings figures are firmed up, we will be in a much better position to consult definitively with all of our key stakeholders, so that detailed plans can be prepared. I am certain that the Minister would welcome the Committee's views and steer as those plans are prepared and consulted on. Decisions reached will also be linked to our public service agreement (PSA) targets for the Budget 2010 period, and I am aware that the Committee will meet with officials next week to discuss the Department of Justice's key goals in the addendum to the current Programme for Government.

When the Minister set out his vision for policing and justice in June, implicit in the reforms that he outlined was the need to create greater efficiencies in the justice system; for example, in legal aid and prisons. For that reason, there is unlikely to be a straight pro rata application across all spending areas of whatever savings figure we finally face. As we develop the Department's priorities alongside setting budgets over the coming weeks and months, we will have an opportunity to ensure that the process is complementary and managed in parallel.

The next stage in the process will be to consult key stakeholders in the justice family to identify the main issues and areas of concern to assist the Minister in reaching a judgement on priorities for the allocation of resources. Over the next number of weeks, the Minister and policy officials will engage with relevant stakeholders to inform our thinking. I hope that I have been able to provide the Committee with a helpful understanding of the material and the context in which we are planning for Budget 2010.

In summary, one of the main points that I have tried to set out is that the Department of Justice is currently in a different position from that of other Northern Ireland Departments as a result of ring-fencing and the fact that we are as yet uncertain about the exact likelihood of savings that will be required during the Budget 2010 period. We expect to have a better sense of our budget allocation in October. As the Committee is aware, the Chancellor will announce the overall UK spending review on 20 October. Following that announcement, we should be in a much better position to understand the funding that will be available to us; the levels of savings that we will need to make; and, taking the Committee's views into account, how we can best prioritise and allocate funding across the justice family. Once we have more information, the Department will wish to provide the Committee with a much more detailed briefing. However, I am happy to take any questions that members may have now.

The Chairperson:

Thank you.

Mr McNarry:

It is nice to see you again. I compliment you, Mr Harbinson, on your preparation and presentation. You have certainly presented members with loads of paper. Would I be right to assume that "pressure" is jargon for "problems"?

Mr Harbinson:

Yes.

Mr McNarry:

You are not able to prioritise where you are or to give us any detailed saving plans today, and I

fully understand that. I am anxious about what was said on a number of fronts, but I will stick with one anxiety that I have. People like me believe that promises were made on issues such as the part-time Reserve gratuity and full-time Reserve severance pay. Can I probe where we are with that? Will those promises be honoured? Are they a priority? Will the money be available to honour those promises?

Mr Harbinson:

The answer to all that should be yes. The money is currently there, both for the gratuity and for the severance pay. It is likely to take longer to work out who should receive the gratuity than we had expected, so it will probably run until next year. The money is ring-fenced and cannot be spent on anything else. We expect to be able to carry that forward. Because of the Chief Constable's decision to extend the period of use of the full-time Reserve, those people will still be in post at the end of the current financial year, so the severance money will not be paid now. Again, that money is set aside, and we expect to run it forward into next year. So, the answer is yes, I expect to honour both of those commitments, and the money is available to do so.

Mr McNarry:

Will the politics of that be that the severance pay will be jockeyed, dependent on the level of dissident activity? That is why we are holding on to those men and women.

Mr Harbinson:

Because we are holding on to them, we cannot pay them severance pay. It will be for the Chief Constable to decide when he can release the full-time Reserve, but the money will be there to pay the severance pay.

Mr McNarry:

Given that you have asked for things to be taken back to your Minister, it would be useful to try to understand the circumstances of those who are uncertain about their employment. Like everyone else, they have mortgages, families and children, and they do everything that one does in a regular family. The situation needs to be less flexible than it is to give some of those people more expectancy of the permanency of their employment, which is now linked to their severance pay. It would be very useful if that could be considered.

I complimented you on what you have presented and brought to us and on the amount of work that you have done. How far down the road are you in factoring into that valuable work the assumptions that should be made, including those by DFP on your behalf, for the comprehensive spending review (CSR) in October? It is a loaded question, but, within those assumptions, is there a thinking that what you are telling us today, 2 September, will be up in the air come October?

The Chairperson:

Mr Harbinson, perhaps you will incorporate into your answer a briefing on the meeting between the Minister of Justice and the Minister of Finance and Personnel on 19 August.

Mr Harbinson:

I will start with the first question. In all honesty, we are likely to have a 5% year-on-year overall cut to our funding level. That is my feel for where we will end up. It may be slightly more or slightly less than that.

Mr McNarry:

I am anxious because experience tells us that what could be introduced in October could nullify all of the best-laid plans. I have quizzed you and the Minister before on ring-fencing, and I hope that that will be part of your answer to the Chairman's question. Is that ring-fencing protected against anything that will be introduced in October?

Mr Harbinson:

In his settlement in October, the UK Chancellor will set the baseline for the Northern Ireland block grant and for the cuts to the main Departments that affect us, namely the Home Office and the Ministry of Justice. If our budget is ring-fenced — which I believe it probably will be, although that will be an Executive decision, not one that we can make — we will take the direct Barnett consequential of the Home Office and the Ministry of Justice. If those Departments receive a 25% cut, it will probably mean around a 12% to 15% cut for us. We would take that and then be expected to fund those pressures. Those pressures would probably amount to us having to make savings —

Mr McNarry:

I like your use of the word “pressures”. You already said to me that they could be called “problems”. Those are two different things.

Mr Harbinson:

There is a mixture of pressures and problems.

Mr McNarry:

I thank you for the way that you have spelt that out to us. The Minister has sat in front of us, as you have, when we have been talking about access to reserves. Is there anything in your assumptions about access to the reserves of the nature that have been considered in the past being either denied or curtailed after October?

Mr Harbinson:

Every claim on the reserve is considered on its own merits at the time it is made. Again, I cannot speak for central Government, but it would be very difficult for the UK Chancellor to create a blanket ban on calls on the reserve, particularly when the former Prime Minister said, on record, that additional money would be available, as and when required, to address dissident republican activity.

Mr McNarry:

It would be good to know if the current Prime Minister will honour that.

Mr Harbinson:

I want to go back to the Chairperson’s point about the bilateral meeting with the Minister of Finance and Personnel. The Minister of Finance and Personnel is meeting with all of his Executive colleagues to talk through the process and to try to get a feel for the implications for every Department of the cuts that are being discussed. Again, there were no specifics from that meeting; it was a sharing of information on the process, where we were likely to go and what we saw as the pressures. No decisions were made at that meeting; it was simply an information-sharing meeting. Overall, the view is that there is still a willingness to ring-fence our budget for

the next four years.

The Chairperson:

Is that the way that you would prefer it?

Mr Harbinson:

As I have said before, ring-fencing is a double-edged sword and depends on the level of the Barnett consequential from the Home Office and the Ministry of Justice. It certainly gives us a lot more flexibility than any other Department in Northern Ireland. As a result, we have the flexibility to move money between budgets and across periods. So, overall, ring-fencing is probably where we would want to be.

The Chairperson:

Provided that there are no changes to the Barnett consequential.

Mr Harbinson:

There will be Barnett consequential. If the two Departments in England and Wales receive a 40% or 50% cut and we have to take those cuts fully on board, the impact on us would be tremendous. However, if those Departments receive the normal cut, we should be fine.

The Chairperson:

The Government could do worse than that; they could decide to scrap the Barnett consequential altogether. Some people have been hinting at that and, unwisely, some people here have jumped on the bandwagon. Scrapping them would be a detrimental step for us.

Mr Harbinson:

Overall, Northern Ireland has benefitted from, and would seek to retain, the Barnett formula. I am not sure who would want to move away from it. Overall, it is difficult to see how the Government could move away from it between now and October for this spending review, because the consultation period for such a move would be tremendous.

The Chairperson:

The date in October is important. Is anything likely to happen before that date in relation to ring-

fencing? Will the decision be taken before 20 October?

Mr Harbinson:

That is a matter for the Executive. However, I imagine that the Executive will not make that decision until the Finance Minister puts a draft Budget before them. I am not sure whether that will happen before 20 October. I would have thought that it is more likely to be after that date, but the current assumption on all parts is that we will remain ring-fenced.

The Chairperson:

Are you saying that it is highly unlikely that the decision will be made before 20 October, when we hear from the Chancellor?

Mr Harbinson:

Yes, I think so.

Mr McDevitt:

I have a couple of specific questions on the resource side and a couple about the scenarios. I am interested in a couple of bids put in by the parole commissioners. They have bid for extra staff. That is not a huge amount of money; it is £384,000 in 2010-11 and £76,000 a year thereafter. They have also bid for extra accommodation costs as a result of hiring the new staff. It is interesting that the staff costs are considerably less than the cost of their accommodation. That will relate to questions that I will ask about efficiency opportunities, but it seems that there is no correlation there.

Mr Harbinson:

They are saying that there is a step change because of the additional number of staff coming in. That pushes them to the point where they need a much greater accommodation capacity. That is the reason for the differential. To put it another way, the bid is for additional resources. Once we know what our funding will be, we will review that and prioritise how much is available for staff or accommodation.

Mr McDevitt:

I understand that, Mr Harbinson. From a scrutiny point of view, it appears to be a very ambitious bid. I could never have foreseen factoring in a 20% premium on every staff bid to allow for their accommodation. I would have expected the opposite, namely economies.

Mr Harbinson:

In bidding exercises, I find that most people are optimistic about what they expect and want from the bid. Therefore, they tend to err on the higher side. Most people bid on the basis that if they ask for a certain amount, they will receive 50% of it and get what they want.

Mr McDevitt:

Is that an issue in the system? Is there a capacity issue among people in management positions whereby they do not know the value of what they are bidding for and, therefore, bid wildly?

Mr Harbinson:

I would not want to go that far. That is, perhaps, an overstatement. Everybody works with the best intention, and everybody wants to create a little bottom drawer or back pocket to create a little bit of flexibility in their resources. People tend to bid on the higher side, rather than the lower side, because they work on the assumption that there will be a reduction.

Mr McDevitt:

When I try to scrutinise the information that is available to me, it sometimes does not add up. We will discuss the Bamford review later and the connection between mental health and criminal justice; we all feel strongly about that. A number of branches of the Department and the Prison Service have made bids that are not insubstantial — they total about £6 million or £7 million. However, when I look at the narrative, I see that it is a cut-and-paste job. Therefore, I do not learn what the Northern Ireland Courts and Tribunals Service bid is for and just get the standard line that it is to implement Bamford. That must make your life very difficult.

Mr Harbinson:

It does. We need to go through the bids in great detail. The Bamford review is, generally, a bit of a finger in the air at this time. We do not know whether it will be implemented or the extent to

which it will be implemented.

This is people flagging up early on that there may be a problem two or three years down the line. They are taking a best guess at it, but it is a guesstimate. The reason for the cut and paste is that no one has any firm knowledge at this time about what the legislation will look like and how it will impact.

Mr McDevitt:

That brings us to the scenario planning. I appreciate the fact that these figures have been made available to us. They are hugely important; thank you. It is notable that you are working off a baseline of about £1.74 billion this year. Even on the preliminary 5%, you are able to identify potential efficiencies of £0.5 billion, £360 million of which you have identified in the PSNI. You say that that would have no impact on police numbers. Is that where we should be focusing our attention as we scrutinise? Is that, probably, a more accurate reflection of the level at which the system is capable of operating while delivering the same service?

Mr Harbinson:

My colleagues would probably say to me that the word “efficiency” is exaggerated in that these are cuts and reductions, and, therefore, it is not always about driving out greater efficiencies. Part of it is, but there are other areas in which they have to stop doing things, and there is pain within that. There is that element in that area, but there are efficiencies to be created. There are efficiencies in the system. As a new Department, we have come together and different parts of it are doing similar sorts of things. For instance, we have a HR department, a finance department and an estates department across a number of the different bodies. Perhaps with a greater use of shared services we could create true efficiencies. By the same token, there are elements in which we have had to stop work and where we have had to reprioritise the funding.

What happens with the savings scenarios is the opposite of what happens with the bids. People are more cautious and the estimate of the figures is more on the conservative side.

Mr McDevitt:

Parts of the submission are illuminating. You talk about being a new Department, and I accept that that is the case, but potential savings of almost £200,000 have been identified in the audit

function of the justice delivery directorate. That saving could be made simply by consolidating the way in which it does its audit function.

Mr Harbinson:

That is exactly it. One of our big problems is the number of arm's-length bodies. Everyone has to have an internal audit function. Most of them are too small to hire their own staff to carry out an audit, so they purchase it from commercial practices. You will see that the justice delivery directorate cost has not met 5%. That is me deliberately assuming that I will increase the size of some of my areas of work by creating greater efficiencies within the other areas by consolidating.

Mr McDevitt:

It is like an invest to save scenario.

Mr Harbinson:

Yes.

Mr McDevitt:

You have identified potential savings of £800,000 in senior management in the Department's justice policy directorate.

Mr Harbinson:

Yes. We intend to achieve that by reorganising and consolidating.

Mr McDevitt:

That is a significant saving in senior management positions.

Mr Harbinson:

It is, but it is a new Department coming forward, and we realise that senior management has to take its share of the cut and pain as well as everyone else.

The Chairperson:

Have you or your officials had discussions with the Department of Health, Social Services and

Public Safety about Bamford?

Mr Harbinson:

I have not, but I know that the lead policy divisions are talking with the Department of Health, Social Services and Public Safety, but it is still a grey area and none of us is sure what is likely to come out of Bamford.

The Chairperson:

Do you know what impact that might have on your budget later on?

Mr Harbinson:

We do not yet know the form or nature of the legislation or how deep or wide Bamford will go, but it could have a significant impact on our future budgets. The business areas have made a guesstimate of not quite the worst-case scenario in cost terms but a measured view of what they would have to do and the additional work that they would have to carry out as a result of new developments coming from Bamford.

Mr Givan:

Thank you for the presentation. When is the Minister likely to prioritise the spending proposals?

Mr Harbinson:

We intend to speak with the various areas in the Department over the next couple of weeks. However, much of that is chicken-and-egg scenario, because until we know what the budget will be, it is hard to have a firm prioritisation. Indeed, if the Department receives slightly more than feared or slightly less than hoped for, it will need to reprioritise.

As each of the bids and savings areas have been developed, the spending units responsible have prioritised. What has not been done is an overarching departmental prioritisation. That will take place between now and the end of October when we learn what the Department's budget is likely to be.

Mr Givan:

Most people would agree that, in the current climate, the bid for armoured police Land Rovers or other armoured vehicles should be prioritised ahead of the £6 million bid for a new or refurbished visitors' centre at Maghaberry prison. I would have thought that the Minister could prioritise and decide that and that the Department would have devised a list which it could work down if it were to receive more money than is anticipated.

The current approach makes the work of the Committee in scrutinising the Minister a little more difficult. Will you relay to the Minister that the Committee is keen to know his priorities?

Mr Harbinson:

We certainly will. The armoured Land Rovers would probably come through the bid for security, which is made directly to the Treasury and, if successful, would be an additionality that was paid from the UK reserve.

The Minister wants to take the views of relevant stakeholders to inform his thinking. I will pass the message back for the need to create an early prioritisation.

Mr Givan:

Included in the spending proposals are those that would increase the capacity for the prison population and the fleet of armoured vehicles. However, on the other hand, there are also proposals that will reduce the amount of overtime police officers will be able to work. It does not seem to fit that we are increasing the capacity while reducing the available resources for that work to take place.

Mr Harbinson:

The Department is not planning to increase the size of the Prison Service, but there is an indication that the prison population in the UK is rising. The Department is examining alternatives such as electronic monitoring to keep the prison population as low as possible, and it has included bids for those measures.

Police forces across the UK will have to absorb a level of pain and a reduction in their day-to-

day policing services. We also must face the fact that we have a level of dissident activity here, which is driving increased police activity. The Department will be bidding for additional security moneys of up to £35 million a year from the UK reserve to cover that.

Mr Givan:

That is what concerns me: the proposals do not suggest that Northern Ireland is becoming a more peaceful place. We obviously must make bids that reflect the reality, but it will be difficult if the Department is making bids to increase the police's tools to fight the dissidents while making proposals that will reduce the amount of hours that police officers will be able to work.

Forensic Science Northern Ireland (FSNI) is bidding to increase the capacity of its explosives unit. Why was that unit allowed to run down? The greater detail of that bid shows that FSNI had sought guidance from the Department about the level of capacity it needed, but did not receive that guidance. It is now making a bid so that its staff can be brought up to the standards needed to deal with the new types of explosive devices it is encountering. Therefore, we are trying to solve a problem that, it appears, we created.

Mr Harbinson:

We fund and have funded the Forensic Science Northern Ireland laboratory as it has needed it. Throughout the last number of comprehensive spending reviews, we have had to make prioritisations, again, as to where we put that funding. There was a significant fall-off in the number and detail of the explosives unit's capacity over the past 10 years. The chief executives of the forensic service laboratories have made their prioritisations internally. Some expertise has fallen away, but it has been recovered to a degree, and additional staff have been brought in as a result of security bid moneys. In a more normalised environment, however, it is not an area of expertise that we would expect every forensic service to have in the way that it might be needed now or in future.

Mr Givan:

The Historical Enquiries Team (HET) has been budgeted for until 2012-13, after which its budget ends. Will the work of the HET have been completed by that time?

Mr Harbinson:

My understanding is that, at the current level of clearance, it will probably not be completed.

Mr Givan:

Does that bid not contradict the Minister's position? He has said that he feels that the HET is a good vehicle and that he would want it to continue.

Mr Harbinson:

No. The HET is bidding for extra money to take it forward. We have identified legacy issues as a particular pressure bid. There is a need to continue to provide funding for those bids.

Mr Givan:

Nevertheless, the work of the HET will not be completed nor is there a bid coming forward to enable it to continue its work.

Mr Harbinson:

I think that we have a bid under the legacy issues, which is set out in the information provided to members. The HET has made a bid for those two years on the assumption that, if it got all that money, it would be able to do its work in that period. I think that that is the case. The likelihood is that it may not get all that money in those periods and will have to stretch it over a slightly longer period.

Mr Givan:

I want to know whether the HET will be sufficiently financed to allow it to do its work and complete its work. I want to have that information when we are looking at matters in an overall context.

Do the proposals that are being put forward from DOJ to DFP reflect everything that the different agencies have submitted?

Mr Harbinson:

Yes. Everything that you have been given has been submitted to DFP.

Mr Givan:

Is the Department in a process of going through what each agency has bid for and asking them whether it covers everything that they need? Is any challenge function being exercised by the Department on the agencies as opposed to just DFP?

Mr Harbinson:

That is exactly what we are doing. We have not filtered any of those bids to DFP. We have submitted them, but we have agreed with DFP that we will provide the challenge function in the first instance. We will scrutinise each bid and take out any overbidding or underestimation.

The Chairperson:

The policing budget is obviously a very large part of the overall budget. Is it possible to get a copy of the Chief Constable's submission? If cuts are coming, how does he envisage those impacting on his work and on staffing levels?

Mr Glyn Capper (Department of Justice):

The details of the Chief Constable's submission to the Department on the spending pressures he is facing, and which have been passed on to DFP, are contained in the set of annexes that were provided to the Committee.

The Chairperson:

Is it all there? Does that mean that we are not going to get any shocks from the Chief Constable, and that he will not say that his submission was not properly considered or that things have changed and he cannot get the resources that he needs? Will everything be addressed to his satisfaction?

Mr Harbinson:

The Chief Constable will make sure that he is very vocal about the level of funding or the level of cuts that he will make. We will go through that in some detail with him.

Mr Elliott:

Thanks, gentlemen. My questions concern the scenarios or options paper. Following on from the Chairperson's point, I picked out the PSNI one and noticed non-recurring spend and payroll allowances. Do both those refer to the full-time Reserve or is something else in there?

Mr Harbinson:

The allowances are across all police officers.

Mr Elliott:

What will be the end result or the net effect on police on the ground and the Chief Constable if that were to be put in place?

Mr Capper:

The non-recurring costs are in the current year's baseline. Those are a sort of technical pension scheme cost. When officers leave on severance, the pension scheme takes a greater hit. Once 2011-12 finishes, that cost is no longer required and, therefore, becomes a resource for the Chief Constable to use elsewhere.

Mr Harbinson:

The PSNI's budget has been increased over the past eight or nine years to cope with the Patten reforms and people leaving. As a result, they have built up big recurring budgets. Those budgets will no longer be needed for that.

Mr Elliott:

Am I right in thinking that that will be a saving anyway?

Mr Harbinson:

Yes.

Mr Elliott:

Therefore, that saving would have been made whether you were required to make efficiency

savings or not. In actual fact, you will have that as spare money if there is no need for efficiency savings or there is no —

Mr Harbinson:

It will become a saving, and I am sure that the Chief Constable will have identified some area of spend that would have been matched against it and, therefore, reduced the overall bid for pressures that may come forward. However, you are right that it is a saving that we had anticipated.

Mr Elliott:

Is that saving not built into the current spend proposals?

Mr Capper:

It is built into this year's spending plans and, when the Budget is set, next year's spending plans. The money is set in the baseline. Once we hit 2012-13, the money will still be in the baseline, but the need for the spend will fall out. Therefore, it will become a saving for the police.

Mr Harbinson:

The money will be there in future years, but the expenditure will not. Therefore, it becomes a saving.

Mr Elliott:

All I am trying to say is that it is quite an unusual way of doing it. If it is known that that will be a saving anyway, why is it not built into a much more accurate spending regime for the next two to four years, for example? That is all that I am asking.

Mr Harbinson:

That is because we are only now setting their budgets. It would have been built in as you suggest.

Mr Elliott:

OK. My other point relates to the Youth Justice Agency. I note that there are a number of references to the current or recent review. What does the reference to night teams indicate?

Mr Harbinson:

We do not have that specific detail with us.

Mr Capper:

We have no detail of the specifics of that review. The Youth Justice Agency pulled out the savings that it thinks that it can potentially make. We can come back to you with a bit more information on that.

Mr Elliott:

So, the Youth Justice Agency supplied you with those figures?

Mr Harbinson:

Those are Youth Justice Agency figures. I should point out that all the saving scenarios have been produced and prioritised by the spending areas and not by us. They are not cuts that we have identified. They are savings that each spending area believes that it can make.

Mr Elliott:

Finally, on that same area, I notice quite a reduction in external funding to the community and voluntary sector. I assume that you have no more detail on that either if it was supplied by the Youth Justice Agency.

Mr Harbinson:

We can certainly ask it and find out. It has obviously decided to try to protect its internal core functions as far as it possibly can. It has decided to take some of the money out of the discretionary spend areas.

Mr Elliott:

It might be useful to get a bit more detail on that, because it will obviously affect the community and voluntary sector. It is not just an issue for the Department but for the voluntary sector. I would appreciate more detail on that.

Mr Harbinson:

I should say that the NICS as a whole, under the chairmanship of the permanent secretary of the Department for Social Development, Will Haire, met the voluntary sector to discuss those issues. It is fair to say that everybody, including those in the voluntary sector, is aware that those cuts will also affect them. The cuts are not specific to the Youth Justice Agency, and responsibility for them is not only borne by the Department of Justice but the whole of the Northern Ireland Government.

Mr Elliott:

I am well aware of that, but I note that the savings proposed in the review are quite high for the community and voluntary sector in comparison with those proposed for the rest of the sectors and in proportion to what it currently receives.

Mr Harbinson:

We will seek some additional information on that and send it to you.

Mr Sean Lavery (Department of Justice):

That goes back to an earlier point. Those are savings proposals and do not reflect the Minister's wishes. The Minister may want to protect that area of funding, but he will obviously have to try to find additional savings from elsewhere in the Department to do that.

Mr Elliott:

I understand.

Mr McCartney:

Thank you for your presentation. In your opening remarks, you mentioned the costs across the Prison Service and the ongoing review. Is that review separate from the one that the Minister announced in July?

Mr Harbinson:

There are a number of ongoing reviews. One review is being headed by Anne Owers and will touch on a lot of issues. There is also an internal review of service provision to try to create

additional efficiencies and savings. My remark was all-encompassing: all those reviews will end up making recommendations about the structure, nature and operation of the Prison Service.

Mr McCartney:

Is the Department contributing to that review? The high cost of Maghaberry is compounded by the fact that half its population are category A prisoners and the rest are not, but it is a category A prison. Will that issue form part of any of the reviews?

Mr Harbinson:

That will probably form part of the main review.

The Chairperson:

I have called everyone who intimated that they wanted to ask a question. Therefore, rather than discuss the matter further at this stage, I propose to move to the next item.