



**Northern Ireland
Assembly**

**Committee for Infrastructure
Room 349
Parliament Buildings**

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To: Peter Hall, Clerk to the Committee for Finance

From: Kathy O'Hanlon, Clerk to the Committee for Infrastructure

Date: 4 June 2024

Subject: Scrutiny of the draft Executive Budget for 2024-25

I refer to your correspondence of 9 May 2024 regarding the scrutiny of the draft Executive Budget for 2024-25, which was considered by the Committee for Infrastructure at its meeting on 15 May 2024.

At its meeting on 20 March, the Committee received oral evidence on the Department's anticipated resource and capital requirements for 2024-25. The Committee agreed to provide you with the link to the [Official Report](#) along with the Departmental paper for that session. Information that that the Department had indicated was sensitive and not for wider dissemination has been redacted.

Following the Executive's agreement of the 2024-25 Budget, Committee staff engaged informally with departmental officials to ascertain the availability of relevant officials to provide oral evidence on the Department's 2024-25 budget allocation. In order to allow time to complete the necessary work, Departmental officials advised that they expected to be in a position to provide oral evidence at the Committee meeting on 29 May.

Subsequently, upon learning that the expected date for the debate was 28 May, Committee staff asked if officials would be able to provide oral evidence at an earlier meeting to ensure Members were fully informed in advance of the debate. However, the Department advised that the outworkings of its allocation will be under consideration for a few weeks and, at that stage, there would be nothing further to add to the evidence already provided.

The Committee therefore did not receive oral evidence from the Department in advance of the scheduled debate, and agreed to inform the Committee for Finance accordingly.

Regards

Kathy O'Hanlon
Clerk to the Committee for Infrastructure

ENC.

Assembly Business Unit

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Your reference:
Our reference:

13 March 2024

Dear Jim

DFI Finance and Budget briefing – 20 March 2024

The Department has submitted its Budget 2024-25 resource and capital bids to the Department of Finance. The resource and capital bids submitted by the Department, totalled £156.5m and £1.12Bn respectively. Details of these are provided in [Annex A](#)

[REDACTED]

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In advance of the DfI Finance and Budget briefing session with officials on 20 March 2024, I have attached in [Annex B](#) a budget briefing document and a short presentation.

Officials will take the Committee through the short presentation at the session and answer subsequent questions from members.

I would be grateful if this could be shared with the Committee, and I trust that the Committee will find this information helpful.

Yours sincerely

JOE HEATH

DEPARTMENTAL ASSEMBLY LIAISON OFFICER

2024-25 Resource Bids submitted by the Department

Priority	Bid	Amount £k
1	NI Water – Baseline	22,380
2	Winter Service	5,800
3	Limited Service – Road Maintenance	19,700
4	Community Transport	5.641
5	Translink Baseline	14,100
	Information Redacted	
7	Translink Concessionary Fares	4,900
8	Road safety advertising	2,025
9	Road Maintenance – Transition to Standard (increase from limited)	10,000
10	Flood Risk Management – Transition to Standard Service	1,000
11	Flood Forecasting	600
12	Climate Action Plan	11,000
13	DVA – Licensing and Enforcement	3,851
14	Road Safety Schemes	416
15	Increase planning capacity - Action Plan & Consultees	1,500
16	Public Liability – Roads	1,500
17	Active Travel – Footways Enhancement Programme	1,000
	Information Redacted	
20	Emergency Response	5,000
	TOTAL	156,553

2024-25 Capital Bids submitted by the Department

Area	Scheme/Programme/Project	£k
Flagship	Belfast Transport Hub	79,997
	A6	5,650
	A5	88,500
	A5 Shared Island Funding	(88,500)
	Total Flagship	85,647
City Deals	Belfast Rapid Transit 2	5,000
	Newry Southern Relief Road	1,097
	A4 Enniskillen Southern Bypass	845
	Lagan Pedestrian and Cycle Bridge	605
	Total City Deals	7,547
NI Water	Water and Wastewater	359,300
	Living with Water Programme	111,100
	Total NI Water	470,400
Translink	Rail Safety Critical	98,259
	Rail Infrastructure	50,615
	Zero Emission Buses	35,944
	Enterprise Rolling Stock	25,991
	Bus Infrastructure	14,688
	Bus Safety Critical	7,326
	Translink Future Ticketing	5,388
	Park and Ride	3,278
	Total Translink	241,489
Waterways Ireland	Capital	2,649
DVA	Capital	2,200
Department – Transport and Road Asset Management (TRAM) Group	Structural Maintenance	120,000
	Street Lighting	33,300
	Sustainable Travel and Belfast Cycling Network	25,641
	Park and Ride	16,000
	Bridge Strengthening and Local Transport Safety Measures	12,500
	Other TRAM	9,727
	Belfast Rapid Transit 2 (City Deals Excess)	4,900
	Strategic Road Improvement Schemes	4,513
	York Street Interchange	2,000
	Total TRAM	228,581
Department – Water and Departmental Delivery Group	Flood Alleviation	16,215
	Belfast Tidal	8,000
	Living With Water Programme (LWWP)	7,500
	Other	4,615
	Total Water and Departmental Delivery	36,330
Department – Climate Planning and Public Transport (CPPT) Group	Climate Action Plan	40,000
	Other	2,002
	Total CPPT	42,002
Total Bids		1,116,845

Budget 2023-24

Resource

The Department was allocated an opening budget of £523.4m against resource requirements of £690.9m. This represented an overall funding shortfall £167.5m.

Those decisions which could be taken to reduce expenditure in year under the powers of the Northern Ireland (Executive Formation etc) Act 2022 as amended by the Northern Ireland (Interim Arrangements) Act 2023, were taken. These included retaining a limited level of service for essential road maintenance and flood risk management, strict vacancy management, and stopping/reducing discretionary spend such as road safety advertising.

The Department's Arms Length Bodies, NI Water and Translink, were also required to deliver significant reductions.

Even with these actions, there still remained a significant funding gap, excluding funding for 2023-24 pay awards, which could not be managed without decisions by the appropriate decision maker. These decisions included turning off streetlights, emergency response only for essential road maintenance and flood risk management, services which if stopped or significantly reduced would have a major impact on public safety. As these decisions could not be taken, the Department was on a trajectory to overspend.

Following the allocation of £87.8m from the Executive, the Department is now expecting to manage its resource budget in year.

Capital

The Department's opening capital budget allocation was £792.4m, against requirements of £938.5m, resulting in a shortfall of £146.1m.

In line with good financial management, the Department overplanned against its opening capital budget by 4% (c£32m), which allowed for capital allocations of £821.2m plus EU ring fenced funding of £3.2m.

No additional funding was received in year following a DoF budget information gathering exercise, where the Department submitted bids totalling £57.5m, and

therefore immediate action was taken to identify schemes which could be paused/delayed, recognising the associated impacts, to reduce spending in year.

The Executive agreed a capital allocation for the Department of £16m, which will allow additional spending on the structural maintenance programme in year and progression of capital priorities in year for NI Water and Translink.

The Department is expecting to manage its capital budget in year.

Budget 2024-25

Resource

The Department's forecast resource requirements for 2024-25 are £676.6m, which when compared to a rolled forward baseline of £520.1m would require reductions of £156.5m. This includes the recurring impact of the expenditure in 2023-24 which was funded through the additional budget allocations agreed by the Executive (to address the forecast overspend and pay awards in 2023-24). The actual level of reductions required will depend on the budget allocation agreed by the Executive.

Resource bids totalling £156.5m have been identified for requirements which cannot be funded within a rolled forward baseline. These are generally not for new requirements but to reflect the baseline shortfall to provide essential public services and to fund forecast inflation and pay requirements for 2024-25.

Capital

The Department's total capital requirements for 2024-25 are £1.4bn (excluding Shared Island Funding).

It is clear given the capital requirements identified, that prioritisation of capital schemes into future years will be critical to manage within a budget that is likely to fall significantly short of what is required, although the Department will continue to highlight the level of investment needed in infrastructure.

In light of this and the overall capital funding envelope available to the Executive bids totalling £1.12bn have been submitted.



Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Water and Departmental Delivery Group —
Finance and Budget Briefing: Department for
Infrastructure

20 March 2024

NORTHERN IRELAND ASSEMBLY

Committee for Infrastructure

Water and Departmental Delivery Group — Finance and Budget Briefing:
Department for Infrastructure

20 March 2024

Members present for all or part of the proceedings:

Mrs Deborah Erskine (Chairperson)
Mr John Stewart (Deputy Chairperson)
Mr Danny Baker
Mr Cathal Boylan
Mr Patrick Brown
Mr Keith Buchanan
Mr Stephen Dunne
Mr Mark Durkan

Witnesses:

Ms Susan Anderson	Department for Infrastructure
Mr Declan McGeown	Department for Infrastructure
Ms Julie Thompson	Department for Infrastructure
Mr Colin Woods	Department for Infrastructure

The Chairperson (Mrs Erskine): I welcome again to the Committee representatives from the Department for Infrastructure. We have with us Declan McGeown, deputy secretary of the water and departmental delivery group; Julie Thompson, deputy secretary of the climate, planning and public transport group; and Susan Anderson, director of finance. Joining us virtually, we have Colin Woods, deputy secretary of the transport and roads asset management group.

Before we proceed, I just want to check whether Colin can hear us. *[Pause.]* We can see you, Colin, but can you hear us?

Mr Colin Woods (Department for Infrastructure): I can hear you, yes. Can you hear me?

The Chairperson (Mrs Erskine): Yes. Super. I love it when technology works.

Mr Boylan: He may not want to hear us. *[Laughter.]* You should have asked him that question first.

The Chairperson (Mrs Erskine): We have all the evidence that you provided to us in writing, and we have the PowerPoint presentation, so can you keep your presentation as brief as possible? Committee members will want to ask questions. I will let you go first, and then, as usual, I will open up the meeting to members to ask questions. Thank you for coming to the Committee today.

Mr Declan McGeown (Department for Infrastructure): Thank you, Chair. I will keep my comments brief, because Susan has the presentation lined up. I will hand over to her without further ado, and we will take it from there.

Ms Susan Anderson (Department for Infrastructure): Thank you. We will keep this short, Chair. I will just run through the presentation at a very high level, given that members will have read it already.

We received an opening resource budget allocation for the current financial year, 2023-24, of £523.4 million. When, however, we compare that with the previous year's budget, for 2022-23, we see that it equates to a 14% cut on a like-for-like basis. The reason for that is that, in the previous year, Translink was required to use its reserves rather than receive a budget allocation. That is the position that we started from in the current financial year.

If we look at our allocation, we see that around 52% of our opening budget went to our arm's-length bodies (ALBs), with the largest element — 28%, or £145 million — going to NI Water (NIW). When we look at that budget position and set it against our requirements for the current year, however, we see that we had a shortfall of £167.5 million. That therefore required us to take a number of very difficult decisions. In the absence of Ministers, those decisions were taken by the then permanent secretary.

We took the decision to have a moratorium on recruitment and to manage any pay awards by not bringing in additional staff. We also took the decision to continue with a limited service for roads maintenance and, indeed, flood management. That meant that our funding gap reduced to £112 million.

Knowing that we had further to go to try to bridge the gap, and in line with our equality impact assessment (EQIA), we took a number of further decisions: to stop our general admin expenditure and to stop road safety advertising for the second consecutive year. We were still not there in trying to balance our opening budget, so we looked at taking a number of further decisions, about which we have talked before at the Committee. Certain decisions could not be taken, because it was not in the public interest to do so. They focused on stopping waste water treatment, reducing our limited service even further to emergency only, turning off street lighting and stopping the winter service, which would have meant no gritting. Those are outlined in the slides.

What we were able to deliver, though, on the resource side was flood-risk management funding of £2.3 million. We were able to fund NI Water to the amount of, up until now, about £172 million. Waterways Ireland again received funding, and we were able to fund the roads drainage charge. Those come under the water group.

For transport, we maintained our limited service for essential maintenance. We maintained street lighting — we kept the street lights on — and we delivered the winter service programme as well. Translink, which you have heard from already, was funded to the amount of £153 million, and Community Transport and ferries were funded as well. Those are the key elements.

Our total resource budget at the moment is £615 million. The balance includes staffing costs as well. We talked previously about the additional allocation from the Executive, and that is how we have been able to balance the budget. As we sit today, we expect to land the budget within our allocation.

I will move on to capital funding, the majority of which goes to our ALBs. Some 76% of our total capital budget goes to them, of which 39% has gone to NI Water and 34% to Translink. As we normally do at the start of each year, we introduce an element of over-planning, by which I mean that we have our budget allocation and then over-plan on top of that. We do that for two key reasons. First, schemes can slip, which is quite normal, particularly for some of our big schemes. Alongside that, we often bid for funding in monitoring rounds and are successful, either through additional funding becoming available through Barnett consequentials or by way of reduced requirements from other Departments.

In this financial year, we got to a position in which we had not received any additional funding. We therefore had to take immediate action to stop and pause a number of schemes. That was felt most in Translink and in the Department, with both having to take cuts in their capital budget in-year, but NI Water was asked to continue to plan on the basis of its opening £321 million budget allocation.

Let us look at some examples of what we have funded this year. I will not read them out but just go through them all. We received an additional allocation of £16 million from the Executive, and that has gone on structural maintenance, as well as to NI Water and Translink. As we sit today, with just two weeks to go before year-end, we are expecting to land the capital budget on budget as well.

That covers the current financial year, so I will now move on to next year. The Committee has received the details of the bids that we have submitted. Our resource requirement for next year, 2024-25, is £676 million, which is needed to continue to deliver the services that we provide, with an additional amount in there for climate change, as well as for ramping up service levels, moving from a limited service before slowly increasing to a standard level of service. Were we to strip those elements out — the increase in the bid — we would still need around £650 million in order to deliver the same level of service that we are delivering this year. That includes the impact of pay and inflation but not anything new over and above that.

Finally, we have submitted capital bids of £1.12 billion, the majority of which, again, relate to our ALBs. As you can see from the slide, we have indicated the amounts for which we have submitted bids. What is not on there is that that includes £85 million for flagship projects, including the Belfast transport hub, which, I am sure, you have heard about; the A5, with money from the Shared Island Fund to come in alongside that; the A6; and city deals.

That concludes our short presentation. We are happy to take any questions that members may have.

The Chairperson (Mrs Erskine): Super. Thank you very much for the presentation. I am a bit confused. The Department states that the resource requirement for the 2024-25 financial year is £676.6 million, compared with the previous year's budget of £690.9 million. How do we have less, when I am hearing all the time that we need more? Why has the anticipated resource requirement reduced from the previous year?

Mr McGeown: I will start, and Susan can then come in. One example to explain that is that, this time last year, Northern Ireland Water's resource ask was around £215 million. This year, it is coming in at around £170 million, so there is a reduction from that perspective. That is largely because of energy cost predictions. That has helped to bring it down, but —.

Ms Anderson: That is the primary thing. NI Water's resource ask has gone down from the £215 million that was needed at the start of this year to £172 million. That is largely because of energy and chemicals costs. Again, we are forecasting for next year that the requirement will be on the lower side, compared with its being on the higher side at the start of this year.

The Chairperson (Mrs Erskine): Is that the only area in which savings have been realised?

Ms Anderson: It is a reduced requirement rather than a saving, yes.

The Chairperson (Mrs Erskine): They are mainly energy savings, then.

Mr McGeown: Yes. They are energy savings, based on what Northern Ireland Water expects the energy costs to be. This expected costs for this year are lower than last year.

The Chairperson (Mrs Erskine): The majority of the money in the Department's budget is for Northern Ireland Water and Translink. That is set out in layman's terms in each of the pie charts that we have seen. How detailed is the information from Northern Ireland Water and Translink when they are setting out their requirements to the Department? Can you provide any details to the Committee?

Mr McGeown: Northern Ireland Water, for example, develops an operating plan each year that sets out its resource and capital requirements, which are broken down by budget heads for what it needs to spend its money on. The same is the case for Translink. We therefore have that level of detail to work with and to see where their needs lie. For example, the key part of Northern Ireland Water's request is to meet salaries and energy costs. That is what its larger sum is for. Translink's position is probably something similar for its fuel and staffing costs.

Ms Julie Thompson (Department for Infrastructure): When a budget gets allocated, it goes out as a set amount, and Northern Ireland Water and Translink are asked to live within their budget allocation. They will potentially have to move spend around a bit in order to do that. The only things that get ring-fenced are the budgets for the likes of flagship projects, because the money has to be spent on a particular project. Northern Ireland Water and Translink set out a plan, but, ultimately, the plan will have to be adjusted when their actual budget is confirmed to them.

The Chairperson (Mrs Erskine): It sounds as though it is robustly challenged. Is that the case?

Mr McGeown: It is. We have a finite budget, so when people submit a bid for what they need, we have to go through their bid. The same is true for the Department. We have to go through our budget line by line to make sure of the figures and interrogate them. We do that with our ALBs, but we also do it for our departmental divisions.

The Chairperson (Mrs Erskine): We have seen a funding allocation for DFI Roads that has to be spent by the end of the financial year. That happens quite a bit. For the likes of Roads, there is pressure to spend. Is that a good way in which to spend public money? When there is pressure to spend money, does it get allocated on the ground in the most appropriate way?

Mr McGeown: Of course we would like more certainty at the start of the year so that we could plan our work streams accordingly. At the minute, however, we live in a world in which, if money becomes available in-year and we need it for pressing needs, which we do have, we will try to divert that money to those needs. We will address work that could not originally be planned because we did not have the budget for it. That work will have been put on standby, however, just in case. It will therefore be put to good use. The in-year money will fund things that need to be done, but, ideally, we would have the full quantum at the outset to allow us to plan better, but such are the vagaries of public funding at the moment.

The Chairperson (Mrs Erskine): Where has the Department looked at prioritising invest-to-save projects and measures?

Mr McGeown: We place a heavy focus on addressing our essential work, but, of course, we need to look at where there are opportunities for invest-to-save projects. For example, we are developing a digital strategy, through which we will look to make better use of technology. I am sure that the Committee will hear about that in the months ahead. By way of another example, Northern Ireland Water has wind farm technology plans, so we are working closely with it to see how far we can take those plans. The priority is to fund the essentials at this stage, but we also have one eye on where we can make savings and then reinvest that money accordingly.

The Chairperson (Mrs Erskine): My final question is on decisions that are not within the power of the Department to take, such as decisions on the policy of emergency response only to road maintenance issues, flood risks, street lighting, including turning off street lights, and gritting roads. All have a detrimental impact on people on the ground, and we are all the people on the ground. From the Department for Infrastructure's point of view, are those options still on the table as cost-saving, revenue-raising ideas?

Mr McGeown: When you say "on the table", do you mean looking to next year?

The Chairperson (Mrs Erskine): Yes.

Mr McGeown: Looking to next year, we still do not have a budget, as you know. We are just trying to set out our key priorities. When we are clear on those, we will be able to carve things up. We imagine that, subject to the Minister's view, the priority will be essential services, such as those that you have listed. I hope that those things will be funded, but, until we have a budget and can start to make those decisions, we will not be in that space. At this stage, we are not making any propositions to reduce those services. It is just that those are the pressures that we had this year on which we could not take decisions. Next year, the focus will be very much on delivering essential services.

The Chairperson (Mrs Erskine): Is revenue raising being looked at?

Mr McGeown: Yes. Susan can set out some of the detail. We have looked at fare increases and suchlike over the past 12 months, and prior to that as well. We will look at the other opportunities that there are to raise revenue. Revenue raising does not make a huge dent in the budget, but where we can do it, we do it.

Ms Anderson: We have factored what we can into the budget scenario for next year. Other than from what Declan has already mentioned, however, we are not able to generate much more revenue.

The Chairperson (Mrs Erskine): I will now bring in members.

Mr Stewart: The Chair has covered a couple of the key points, particularly the issue that I was going to raise about invest-to-save projects. On your previous visit, I asked Colin about the impact of not having a three-year Budget. To me, it is hugely damaging, particularly for capital works. To what degree is that having an impact? We are running to stand still on road maintenance and water infrastructure. We cannot put in enough each year to offset the impact of the decline year-on-year. How is that factored into the assessment?

Mr McGeown: Ideally, we would have a longer-term Budget. You will be aware that there were three-year funding cycles in years gone by. A lot of our work is capital-based. It would therefore be better for us to be able to plan ahead. When we cannot do that, we can plan only in one-year cycles, and relationships with contractors are more challenging, insofar as some work is paused, which may lead to increased costs, because pieces of work have been pushed further down the track. That is a challenge for us, but it is the world in which we have to work at the moment. We can plan with certainty only on a one-year basis. Ideally, we would plan much more into the longer term.

Mr Stewart: Does any piece of work demonstrate the savings and the positive impact that could be made if we could avail ourselves of a three-year cycle in future? You mentioned contractors, for example. Are we getting the best bang for our buck from having a one-year cycle? Clearly not, from what I have teased out. What impact does that have on our tight finances?

Mr McGeown: We get value for money for the services that we pay for, even in the one-year cycle. We have looked at the 10-year recovery plan for the Department to see how we can cut our cloth accordingly over the next 10 years and flatten the curve so that we can plan. We have looked at our priority programmes and at pieces of work that may need to be looked at over a longer time, insofar as they are a lesser priority. We are doing all that work, so, yes, there is a good degree of planning.

Mr Stewart: A number of capital projects are either shovel-ready or soon to be shovel-ready, and we have had calls from across the country about new road schemes. They cannot all be funded. What is the current triage process to assess the order in which they are started?

Mr McGeown: Perhaps Colin will take that question.

Mr Woods: Yes. I am happy to answer that. The Department took a decision last year on the prioritisation of major road projects. The Minister is due to review that decision in the coming weeks or months. As Declan has said already, part of the answer depends on how much budget we have. We have a range of projects that could be progressed further or paused depending on budget availability and the Minister's priorities. That is the process. As you said, we have a lot of schemes under way. The pipeline includes some 40 schemes, most of which are currently paused, and our ability to unpause them or progress them to the next stage of development depends on the budget available and the Department's delivery capacity.

Mr Stewart: Thanks, Colin. My final question links to climate change, because it follows on from what I have just asked. There is a £40 million bid for the climate action plan. Can I get a breakdown of that? Has a full financial impact assessment been done for the new climate change legislation that is in place? Will that figure be applied to each capital project to offset the carbon impact? How does that sit with the £2.4 billion cost? I presume that that will have the biggest impact on this Department.

Ms Thompson: I will make a start on that question, and Colin will talk about his areas. On the overall assessment, we are working with DAERA and other Departments to feed into the work on the climate action plan. We are bidding for the funding that will be helpful in 2024-25 to take forward that agenda. We have bid for £11 million of resource and £40 million of capital. The two are inextricably linked. If we do not get the revenue money, we will not have the capacity to do some of the capital work. From working with Translink — you had a conversation with Chris Conway earlier this morning, although I did not hear all of it — I know that it wants to do more work on decarbonising its fleets and on increasing modal shift.

All of that would help us, both the Department, by creating capacity, and bodies such as Translink, by moving forward the agenda forward and increasing decarbonisation. A lot of that spend would allow Translink to purchase more buses and move forward the agenda much more quickly than it could do otherwise. That is where I would come from on that. Is there anything that you would like to add from your side, Colin?

Mr McGeown: I echo the point about delivery capacity and the need to generate that capacity as a reasonably early priority for the more substantial delivery of the rest of the stuff. The transport and road asset management (TRAM) bid deal with active travel delivery, the Belfast cycling network, grants for greenways and so on. The critical element is the resource bid for staffing costs. That creates the teams of people that can take forward the projects.

Mr Boylan: You are welcome back. It is not long since you were last here.

Mr McGeown: It has been two weeks.

Mr Boylan: I will ask a couple of things. Last year, we had a limited service for road maintenance and road safety, which covered only essential work. That was a very difficult situation for us last year, given the increase in road deaths. That limited service was offset against the need to spend to try to support community transport, a need with which I agree. What has been the overall impact of last year's expenditure reductions on trying to cover some of the major things that we need to do?

Mr McGeown: We did not get to deliver the full service that we would have hoped to deliver. As you rightly say, some of the service was limited. Indeed, the same is true for DFI Rivers, which also ran a limited service. That means storing up issues that need to be addressed in future years, and it is common sense that that be the case. Some of the challenges from this time last year will continue to be there. There is also the continual degradation of our assets, insofar as, if we do not maintain them, they start to deteriorate even more. That is therefore an ongoing challenge. When I worked closely with NI Water, its representatives would say that the longer that we put off fixing things, the more challenging and expensive that they will be to fix down the line. That has been key for us. We are pausing work that will probably end up being more expensive in the longer term. It is like putting things off when a car needs to be fixed.

Mr Boylan: When will we get a proper analysis of that? You will have seen that road deaths, sadly, are up. I am not blaming that just on road safety advertising not being funded. We need to look at the situation overall. You are right about the long-term damage that is done from doing only essential road maintenance. That will have an impact over a number of years. What are the early indications from any analysis of that?

Ms Thompson: We put out some road safety adverts that people will have seen. They started around Christmastime and were about speeding and careless driving. We will evaluate those schemes, Cathal, as we always do.

We have bid for £2 million to reinstate those programmes for next year, and we hope to be able to do so, given that there were 71 deaths on our roads last year. We obviously want that figure to be a lot lower this year, if possible, and the campaigns help with that. We are thinking about other ways of messaging. When I was before the Committee on the previous occasion, we talked about other methods of communicating with people and of raising awareness about road safety, because a lot of it is a behavioural issue.

Mr Boylan: Can you comment on community transport? We have to learn. I know that it is all about budgets and conversations, but, as I said, we had a limited operation for essential road maintenance and then, when it came to it, we secured enough funding for the likes of Community Transport. It is therefore about what we learn from that.

Ms Thompson: You are absolutely right that the start of last year was a very difficult time for community transport. It took us until well into the summer to confirm the position for it. To try to avoid that, we have given Community Transport its full funding for April and May. That will buy us a little bit of time in which to see what the final budget is. We have bid for the full amount of funding that can be afforded. The previous time that I was before the Committee, I said that Community Transport provides a lot of support to other Departments, such as the Department of Health, for people to get to appointments and day opportunities. If we were not using Community Transport to do that, those folk would not be able to access those services, so the situation would be even worse. We know that Community Transport is a vital service, and it is on our list as being in need of funding. At the moment, we have given those concerned with it all the assurance that we can, which is that they will receive funding for April and May. We will confirm the position as soon as we can when we get the budget, which will hopefully be in April.

Mr Boylan: Can you expand a bit on the capital bid relating to bridge strengthening and local transport safety measures?

Mr Woods: I am happy to answer that, if I may. That is for improvements to the road network that are focused on safety, such as the planned project to upgrade the junction at McKinsty Road/Derriaghy Road/The Cutts, Derriaghy or other junction upgrades, traffic signalling improvements and pedestrian crossings. They range from large projects such as that one, which is a multimillion-pound project, down to small projects of maybe £10,000 or £20,000 to upgrade particular crossing signals.

Mr Brown: Declan, it is good to see you again. Thank you very much, folks. I am looking at the slide of the presentation on the decisions that were taken by departmental senior officials to find efficiencies in-year. I fully understand the difficult circumstances that you guys were operating in and that you obviously did not want to be in that situation, but I will ask a couple of questions about that, if that is OK.

I want to clarify that the figures on the slide are for the cut or saving that was made; for example, the £3.7 million for flood management, and the £20 million for the road maintenance service. I note the 5% cut to community transport, but, a later slide states that £5.2 million was spent on community transport, and £0.1 million plus £5.2 million would suggest a cut of slightly lower than 5%, but maybe that has just been rounded up. You may want to clarify that; I am not sure that it is overly relevant, but, of course, we do not want any cuts to community transport.

I note the budget areas where you can compare the figures on the two slides. For example, the comparison shows a cut of roughly 30% — the £20 million — to road maintenance. If you look at flood management — Declan will not be surprised that I am raising this — you will see a cut of about 60% of what I assume the budget previously was for that service in a year when we faced some of the worst flooding across Northern Ireland that we had ever seen. It jumps out to me as a perfect storm that we had a massive cut of 60% to flood management services and were then hit with significant flooding. How did that impact on the flood response service on the ground and on preparation, prevention and warning services that could have been in place but might have been impinged on as a result of the cuts? I know that the ongoing review will look at some of that stuff, Declan, but the huge cut to flood management services compared with the cuts to other services jumped out at me.

Mr McGeown: With a reduced budget last year, our focus was very much on priority areas where we thought there was a higher risk of flooding. So, we concentrated our efforts on clearing culverts and gullies and making sure that we were prepared in high-risk areas. The rainfall that we had last year — you have heard this 101 times — was unprecedented, but it culminated in a perfect storm insofar as rain will come down. I could not make the leap to say that not having the full budget resulted in a higher level of flooding, because so many other factors played into last year, including tidal issues and a number of other things. We focused on the high-risk areas and cleared gullies and culverts etc where we needed to.

The rainfall was so heavy in specific areas — you know that only too well, Patrick — that that is what we were addressing. Of course, it looks as though we will be dealing with episodes like that in the future. There is no doubt in my mind about that. That is why we are making higher bids for future years and concentrating our focus there. I am saying that we need to be ready. Jonathan McKee would use the term "living with flooding", and I think that that is where we are going to be in the future insofar as we will have more and more such episodes. Therefore, we need to plan for that. However, I would not say with any certainty that there was a direct correlation between the reduction in funding and the flood levels. The flood review will definitely flag issues that will be looked at, but we concentrated on the high-priority, essential areas at the start of the year, so our funding was targeted.

Mr Brown: I have a quick supplementary, Chair. It may well be fair to say that it did not have an impact on flood levels, but, when it comes to preparedness and emergency warning, for example, do you think that, if that additional budget had been in place and money had not been cut back, there may have been additional funding for boots on the ground to, for example, give warnings to residents and business owners in high-risk areas to ensure that they knew, a little bit ahead of time, what was forecast to happen? That could have been based on your forecasting, which was ongoing at that time but was not being communicated outwards. That might have helped.

Mr McGeown: Again, as colleagues right across the Department will say, if we had more staff, we could do more. The review will tell us what we need to know, but I do not think that having more

people to go out and directly communicate on a one-to-one or whatever basis would necessarily have been the answer.

Better flood forecasting ability will be a good answer. Currently, we are able to take weather reports from the Met Office and prepare ourselves on that basis — for example, if they say there will be heavy rainfall — but flood forecasting allows us to get underneath those reports and say when there are other factors that will culminate and make a flood much worse. That would enable us to target much more, which is why we are bidding for funding for flood forecasting tools. When we are in that space, I think that we will get slicker and tighter at that, but I think that the team prepared well with the budget that it had and given what we knew about rainfall. There were unprecedented levels of rainfall, but I suspect that that will be the norm going forward, unfortunately.

The Chairperson (Mrs Erskine): Patrick asked a question about community transport and the funding there, which went unanswered. Do you want to respond to that?

Ms Thompson: I can pick that up. It is a timing issue. We did not know whether or not we could fund that in the early part of last year, as I said to Cathal. We did fund it on a drip-feed basis, which I know was very unsatisfactory. It was not until the summer that we applied the 5% reduction, and that is why the maths, if you like, brings it to a lower number overall.

The Chairperson (Mrs Erskine): OK. Thank you.

Mr Dunne: Thanks, folks, for your presentation. I have a couple of quick questions about winter services. Obviously, this year, we have been fortunate in that we had a relatively mild winter in terms of temperatures. However, we had a lot of rainfall and so on. Given that the gritters have probably had less use than in previous years, with less overtime and so on, have there been any in-year savings from the winter service?

Mr Woods: You are right that it has been a relatively mild winter, but there has still been plenty of activity. Generally, our gritting season will run right the way through to the end of March, and, at that point, we can look back and know exactly how much has been spent. I will have to write to you with the detail on how much has been spent to date, as I am afraid that I do not have that information to hand.

As I said, we have had plenty of activity. Some of that activity happens regardless of how many routes we grit in a winter. We have duty supervisors on out-of-hours rotas making assessments every night about whether or not gritting actions are needed. We have incurred a sizeable cost anyway, but I can write to you with the exact figure once the gritting season has completed, if that is OK.

Mr Dunne: Yes. I appreciate that. Hopefully we are through the worst of it. That is positive. I am sure that there will be grit in reserves, and I am sure that there have been savings on overtime costs.

I have a couple of other questions. The third slide is entitled:

"Decisions taken by Departmental Senior Officials"

and there are 10 boxes on it with different topics in each. Those decisions were taken, understandably, without a Minister in place. Now that a Minister is in place, are there any of those that you see as being key priorities for review?

Mr McGeown: Our focus will very much be on delivering the essential services, so I imagine — well, I am pretty certain — that a number of those issues will be put forward as key pieces of work that need to be delivered next year, including getting a higher level of service, if at all possible. I think that those issues will be put forward more as priorities, and, if we can afford to, we will certainly address them.

Mr Dunne: Road safety was mentioned earlier, as was cycle proficiency. Constituents have been raising those issues with me, and it would be good to see some action on them.

Finally, I have a brief question about concessionary fares, Julie. I mentioned that two weeks ago when you were last in. The Minister was at the Committee last week, and there has been a bit of discussion about concessionary fares in the Chamber. Are we any closer to a decision on the future of concessionary fares?

Ms Thompson: We are still working with the Minister on that. When you boil it all down, we need the funding, so it is wrapped up in all of these budget discussions —

Mr Dunne: That is what I was going to say.

Ms Thompson: — that we do not have the answer to. It is in our list of bids, and we wait to see what will happen. We are still working with the Minister on it.

Mr Dunne: Obviously, any changes will have an impact either way on your budget.

Ms Thompson: Absolutely. At the moment, we await the budget outcome, and we will go from there.

Mr K Buchanan: Thanks, all, for coming along. I am looking at the resource bid sheet at Annex A. There is a priority column down the left side that is numbered from 1 to 20. Does that mean anything, or are they just numbers?

Ms Anderson: That is the priority ranking. It prioritises essential services and their delivery, and we work our way down. The higher priorities are first, and then we go right down.

Mr K Buchanan: Emergency response is at the bottom. Does that mean that that is less of a priority than road safety advertising?

Ms Anderson: Technically, that is what we are saying. We have been asked to prioritise —.

Mr K Buchanan: The total for the resource bids is more than £156 million. If the total for successful bids is less than that, how do you equate that, based on the priority ranking? Do you score that, or what way do you work that out? Let us say that you are down 10%.

Ms Anderson: That would be a decision for the Minister. We would engage with the Minister, and he would determine, depending on the budget outcome, his priorities and what would need to be funded thereafter.

Mr K Buchanan: Who comes up with the priority rating from 1 to 20? Who puts those in order of priority?

Ms Anderson: We put that to the Minister.

Mr K Buchanan: So, that is his priority?

Mr McGeown: At this point, yes.

Mr K Buchanan: Is "Public Liability" for claims and potholes?

Ms Anderson: Yes, that is for public liability claims.

Mr K Buchanan: What was that figure last year? Was it more than £1.5 million?

Ms Anderson: That £1.5 million is on top of the original baseline figure. Colin, do you have the exact figure?

Mr Woods: I do. In 2023-24, we expect to spend £7.8 million on public liability claims.

Mr K Buchanan: Why, then, are you asking for only—?

Ms Anderson: That is on top of the original figure. It is £7.8 million, plus another £1.5 million on top of that.

Mr K Buchanan: Fair enough.

Priority 9 is road maintenance. What does

"Transition to Standard (increase from limited)"

mean? Maybe that is a technical term, but I do not know the answer, so I am going to ask the question.

Mr McGeown: It really is not, but Colin can pick up on that.

Mr Woods: That is the difference between our current limited service standard and a standard road maintenance service. The Committee has already heard about the depth of potholes that we intervene in, and the intervention threshold. That is the amount of money that we estimate it would take to raise us from the limited service to a standard road maintenance service, which would take us back to the standards that we used to be able to deliver when we had a greater budget available for that activity. We estimate that that is the difference that it would take.

Mr K Buchanan: Another £10 million to get to standard. Is that what you are saying, Colin?

Mr Woods: It is £20 million, from memory. We need somewhere around £55 million to deliver a standard essential maintenance service. That is the resource component.

Mr K Buchanan: What does the £10 million mean?

Ms Anderson: The £10 million is for ramping up. We recognise that we cannot go immediately from limited to standard. We need to slowly increase that during the year, and we reckon that about £10 million is what we need to do that ramping up in-year.

Mr Woods: Part of that, as Susan says, is about our internal capacity and the time that it might take us to fill vacancies in order to put through that amount of activity with our internal contractor and our external contractor base.

Mr K Buchanan: What is the theory behind the bid to increase planning capacity?

Ms Thompson: Again, that is about saying that we need to invest in our planning system, whether it is the central planning group or DFI Roads and DFI Rivers, which are statutory consultees, to improve their performance. The £1.5 million bid is to allow that to happen and to bring more staff in to improve that service.

Mr K Buchanan: The final question from me is about capital.

Mr Boylan: Finally, finally.

Mr K Buchanan: The capital bid for DVA is £2.2 million. What is that for?

Ms Thompson: It is predominantly for ICT and digitisation. DVA runs an awful lot of schemes, and a lot of digital processing is going on there. That is an ongoing investment to keep its capital and ICT schemes up to date.

Mr Durkan: Thank you for coming in. I have a quick follow-up to Keith's question: is it possible for us to be furnished with those baseline figures?

Mr K Buchanan: Aye, before we see the additional figures.

Mr Durkan: Yes, so that we know what percentage increase is being looked for. Julie, you said that you caught a bit of the session with Translink. Did you hear the representatives say that Translink's capital requirement for next year is £325 million? I see from your briefing that the total departmental bid for Translink is £241.5 million.

Ms Thompson: The final slide in our presentation shows that the capital bid for Translink is £321.5 million. The difference will be the flagship scheme, which is being bid for separately. So, Translink's hub is separate from the flagship scheme, and then you bring the £241 million in.

Mr Durkan: Super-de-duper. There is a breakdown of that, and I think that £50 million of it is for rail infrastructure. When you are allocating that, do you know what particular work on what piece of rail infrastructure it is for?

Ms Thompson: Chris Conway will probably have talked about Translink having a range of schemes that it wants to take forward and the investment that is needed in the rail asset. When we get the allocation, the money for flagship schemes and the likes of city deals will be ring-fenced. After that, it becomes an allocation out to the bodies. On rail, we are looking at things such as signalling, track renewal, bridges and fences. I suppose that that is the equivalent of what you hear about from Colin on roads. Translink has a range of schemes that it is aiming to take forward, but the exact outworkings of that will become clear when we know the final budget. It is a bit like Declan described: when you know the final budget, you can create a final plan.

Mr Durkan: This one is for Colin. Can we have a wee explanation of the flagship capital bids? Does the figure for the A5 tell us that the Department is not bidding for any capital for the A5 and is just taking the contribution from the Irish Government?

Mr Woods: It will be for the Executive to manage exactly which pot money comes from. We have set out the requirement for next year in our bids, and we have a working assumption, if you like, that the Shared Island funding that was announced for the A5 will be available. Ultimately, that is managed at an Executive level.

Mr Durkan: There is a wee bit to go before we hit the ground on the A5 — hopefully, it is just a wee bit to go — but there are no strings attached to that Shared Island funding in terms of when the matched funding from up North has to be spent.

Mr Woods: I am not aware of any conditions that have been specified on that. We expect to be working closely with colleagues in the South on that in the aftermath of the announcement that was made.

The Chairperson (Mrs Erskine): I will pick up on a couple of points. The 2024-25 capital bid for DFI is £1.12 billion, and then there is £470.4 million for NI Water. What is the likely impact of the Utility Regulator's mid-term review of PC21 on the capital demands of NI Water?

Mr McGeown: Northern Ireland Water's estimation was in and around £580 million to £590 million. That is what it originally felt that it needed. As you know, we worked on the reasonable worst-case scenario of £321 million, which Northern Ireland Water said would present it with huge challenges. I said, "Have a look at what you need to deliver your essential service to make sure you keep everything going, where we have safe drinking water, waste water treatment works etc". It came back and said that, based on that, it would need in and around £470 million to deliver the essential services. The gap, so to speak, is between that and the level of funding required to do stuff above and beyond that: things that it would like to do. I am not saying that those things are not urgent and critical, but the £470 million is for the priorities that Northern Ireland Water wanted and needed to fund. That is what that figure is about, and that is why we submitted it as a bid. As I said, the working assumption that we had given Northern Ireland Water was £321 million, so you can see that there is a huge gap there. The figure of £470 million is more aligned with what it feels is required to deliver an acceptable service and ensure that there is safe drinking water and that waste water treatment is being done properly etc. That is what that figure is for.

The Chairperson (Mrs Erskine): I suppose that will mean that literally just the basics will be covered. We are not even looking at increasing funding for any other capital projects that are sitting on the list and need to be done.

Mr McGeown: Yes. The Utility Regulator, in his determination, has set out a work programme, so those works need to be done. There is absolutely no disagreement with that. It is just about how we prioritise and timeline that programme to the best of our ability so that we can make sure that the essential work is done. For example, within that there is £111 million for the Living with Water programme because the waste water treatment works in Belfast are at such a capacity level that they need to be addressed. The exam question, so to speak, that I put to Sara Venning at the time was: will you think about the things that must be done and then in future years we will try to look at the things that we would like to do because we simply do not have the money because we are trying to prioritise a finite budget?

That is what it is about. However, be reassured that, if we were to get that £470 million, the waste water treatment and drinking water services would be exactly as you would expect them to be. That just prevents us from going into the more developmental-type work that would unlock some development across Belfast and beyond that Northern Ireland Water would like to get involved in. We will lose out on more of the economic stuff, which, in itself, is disappointing, but we have to cut our cloth to make sure that we deliver the essential services.

The Chairperson (Mrs Erskine): I would go further than saying it is disappointing. It is going to affect our economy and the construction industry massively. It is critical for Northern Ireland, but I will leave it at that in terms of Northern Ireland Water for today.

During the evidence session with Translink, officials highlighted that capital funding is reclassified to allow for the maintenance of assets. What is your view on the movement between capital and resource?

Ms Thompson: We give Translink a resource budget and a capital budget, which are fixed. It is then up to Translink to categorise them, using the right accounting classifications, for want of a better term, to get them into the right place. Chris Conway was saying that schemes that might otherwise be funded via that revenue funding are being funded via capital but Translink cannot, and does not, ask for reclassifications between the two categories that we give it. It is utilising its capital money and its revenue money in particular ways, and there is nothing that I am aware of that has moved between the two. If Translink is categorising something as capital, then it has to be able to defend that as capital. If it categorises something as revenue, it has to be able to defend it as revenue.

The Chairperson (Mrs Erskine): That is not what we heard today in this Committee.

Ms Thompson: Translink does not ask us to move anything across, and it cannot.

The Chairperson (Mrs Erskine): I asked the Translink representatives whether they speak to the Department about that. They said that they did and that that had been going on for the guts of 10 years.

Ms Thompson: Sorry, it is the way you are phrasing the question. They are not moving money from revenue to capital, OK? We give them a revenue budget and we give them a capital budget. There is no movement going on. What they are, presumably, doing is looking at a particular scheme, and saying, "That's a particular scheme. I'm going to charge that to the capital budget". So, they are not actually changing the budgets from one side to the other, they are just saying, "Rather than that project being charged to revenue, I'm charging it to capital". That is what they are looking at. They are not moving money between the two. Maybe it is the way that it has been phrased.

The Chairperson (Mrs Erskine): OK.

Ms Thompson: It is about a particular project being charged to capital rather than to revenue, just as when it comes to roads Colin has maintenance projects that go on in capital and maintenance projects that goes on in revenue.

The Chairperson (Mrs Erskine): Does the fact that there is some movement happening between the two demonstrate that there is a higher degree of underfunding on the capital side?

Ms Thompson: I guess that there are challenges in capital and revenue. Both are challenged. We need to ensure that they are taking forward the projects as best as they possibly can and, in particular, doing the essential work that we talked about earlier. Translink knows the projects that it needs to take forward, particularly on the railways, and it will make sure that those happen. That resonates with the conversation elsewhere: it is doing a lot of work and a lot of really good schemes. Can it do more? Absolutely: it can do more, both in capital and in revenue, but that is the reality of the budget situation that we are in.

The Chairperson (Mrs Erskine): For clarity, how much capital has been reclassified? None?

Ms Anderson: We cannot reclassify from resource to capital.

The Chairperson (Mrs Erskine): OK.

Mr K Buchanan: Chair, may I follow up on that? What rules does the Department provide Translink with? I know that Translink cannot reclassify funding in the same way that for roads capital and revenue cannot be moved. Do you give Translink any rules, or, if there are no rules, is it, effectively, just one pot?

Ms Thompson: It is about accounting standards. The rules are not set by us. They are set by 'Managing Public Money NI' and accounting standards.

Mr K Buchanan: If Translink defines something as capital or revenue, who comes up with the guidelines for it to define which is which?

Ms Thompson: The accounting standards are set globally for everybody by the accountancy bodies.

Mr K Buchanan: You said that they could charge something against capital.

Ms Thompson: They have to look at a project, define it, put it into the right place and talk to their auditors about that. That is what they have to do.

Mr Durkan: Have they ever come a cropper on that?

Ms Thompson: No.

Mr Boylan: I have listened to all the questions and answers. Declan, we will have to come to a point where we talk to all our partners. When I say that, I mean councils. Patrick asked about flooding. We have reacted to flooding by setting up a task force. We are now waiting for a review on flooding. In some cases, we allow councils to build on flood plains. It is all reactionary and stuff that we have to deal with. Translink representatives were in earlier. It was known that nothing was going on over in Sydenham when it was decided to change things at the airport. Translink will now have to put something in to address transport connections there.

Councils have autonomy, but, at some point, we all need to sit down and have a conversation about where we want to go. You are talking about a budget saying that you are looking money to do certain things, but there are ways of saving things if we have the right conversations and the right policies. Those are the conversations that we need. Allowing for the autonomy of those groups, we need to have a proper conversation about working together.

Mr McGeown: That is a fair point, Cathal. I reassure you that those conversations go on. The rivers team certainly works closely with council colleagues to make sure that they are involved, for example, in a consultee role, where they are alive to challenges on parts of land that might become a flood plain and so on. Those conversations are live and go on. They happen, but you can always develop and improve.

Mr Boylan: Absolutely. The Chair asked about the PC21 and inflationary rises over the past three years. That has gone from one point to the other. People sit here and present to us, which is grand. All I am saying is that, sometimes, we have to move it. We have only three years of the mandate left, so we need to learn how to have better conversations and better engagement across the board, besides just relying on the budgets — resource and capital — that the Chair mentioned. That is a conversation for another day, but it is for the Committee to have that conversation as well.

The Chairperson (Mrs Erskine): Yes. Your point is valid. We talk about NI Water and PC21 and the stuff that needs to be done in our construction industry and on further development in Northern Ireland with the Department for the Economy and how that marries with governmental policies on regional imbalance. Some of those points are crucial.

We appreciate you coming to the Committee today and giving your time. No doubt we will see you again in the future.

Mr Boylan: About every three weeks.

The Chairperson (Mrs Erskine): Thank you for today.

Mr McGeown: Thank you, Chair.