Northern Ireland Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

January Monitoring Round 2014: Department for Employment and Learning Briefing

11 December 2013

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Members present for all or part of the proceedings:
Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr David Hilditch
Mr Fra McCann
Ms Bronwyn McGahan
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:
Mr John Smith Department for Employment and Learning

The Chairperson: I welcome Mr John Smith, the director of finance in the Department for Employment and Learning (DEL). John, you are very welcome.

Mr John Smith (Department for Employment and Learning): Thank you and good morning. I will talk you through the paper that is in your pack. Section 2 sets out the strategic context at block level, which continues to be tight. The ability of the Executive to meet pressures that come forward in this monitoring round will be constrained by the level of reduced requirements that Departments declare. This round is particularly important, in that it informs the spring Supplementary Estimates. Therefore, this is essentially the Executive's last opportunity to adjust the Budget before we do the spring Supplementary Estimates.

Section 3 describes the process, and, in keeping with last year and the year before that, it is a two-stage process. Stage 1 of the monitoring round deals with technical issues that do not need Executive approval, while stage 2, with a deadline of 3 January, deals with Executive-level issues such as bids and reduced requirements.

Section 4 sets out the departmental context, which for DEL continues to remain very high. Obviously, the demand for our services is tied to the local economy, which is showing some signs of improvement.

Section 5 outlines the technical adjustments that we need to submit to the Department of Finance and Personnel (DFP) in stage 1 of the monitoring round. There are three transfers out of the Department, totalling £280,000, and those are detailed in paragraphs 5.2 to 5.4 of the paper. The most significant of those transfers is £200,000 to the Department of Health, Social Services and Public Safety (DHSSPS), which is our contribution to the condition management programme. There is more description of that in paragraph 5.3. There is one inward transfer to the Department of £29,000, which is described in paragraph 5.5, and that is to do with the costs of collocating some benefits and employment offices in three sites around the region. Section 6 sets out the detailed DEL budget position by division.

Paragraph 6.3 deals with the skills and industry division (SID). As you will be aware, the skills division is responsible for the provision of training, apprenticeships and management development programmes. We need to manage that budget very carefully because many of the programmes are demand-led, which means that we do not have total control of the demand and activity levels, and those obviously feed into the amount of expenditure that we incur. One such example is the Assured Skills programme, which works in emerging skills areas to upskill and create talent pools to meet employer demand. The way in which the programme works is that we issue letters of offer to companies that often span more than one year, which means that there is a degree of uncertainty over how those companies will incur their expenditure between the letter of offer and their subsequent claims. As a result, we have a £200,000 underspend. We will keep looking at that over the next few weeks before we have to submit stage 2 to DFP. If that matures, we will have to declare it as a reduced requirement, because, as we mentioned before, Assured Skills is ring-fenced. The budget was given to us by the Executive in Budget 2010, and because it is ring-fenced, that means that all reduced requirements have to be declared back to the centre. There is also a £200,000 underspend on part of the economy and jobs initiative money that we received for apprenticeships. Again, if that matures in January, we will surrender it.

Paragraph 6.4 deals with the employment service. At this stage of the game, we are forecasting a balanced budget for that service, and there is nothing else to report.

Paragraph 6.5 sets out the position for further education (FE) division. The key thing here is that the FE colleges, as you will be aware, do not share the same financial year end as the Department, and that introduces complexity when they are managing their budget over different financial years. The Executive have agreed this year that, just like the schools sector, the colleges should have the ability to carry forward resources from one year to the next. That will help the colleges in the way in which they work with businesses and help them to remain central to the upskilling the workforce agenda. A total of £6 million in that sector is available to carry forward into 2014-15. That will be available for the colleges to invest in future years. This is the first year in which the colleges have had that flexibility since they were determined to be non-departmental public bodies (NDPBs) by the Office for National Statistics (ONS) in 2012.

Separately, the colleges have reviewed the amount that they need to retain for fixed-asset depreciation, and, as a result, they can reduce that budget by £0·9 million. Depreciation is non-cash in nature, and, as such, it is ring-fenced and cannot be allocated to other cash-spending programmes in the Department. Again, we would declare that as a reduced requirement in stage 2.

For higher education (HE) at paragraph 6.6, the budget is balanced, with the exception of £1·2 million of surplus depreciation provision for Stranmillis University College. Again, that will be declared as a reduced requirement in stage 2. Paragraph 6.7 describes strategy, European and employment relations division. There is one small potential reduced requirement of £100,000 from the economy and jobs initiative support to additional European social fund projects.

Finally, paragraphs 6.9 to 6.13 deal with capital expenditure, and the budget is balanced overall. We have allocated some £17·6 million to the HE institutes to contribute to various teaching and infrastructure projects. All those projects are in progress, and they include major improvements to the engineering faculty at Queen’s and the rationalisation of the University of Ulster’s Coleraine campus. We are also contributing just over £7 million to a range of projects in the further education sector, the most significant being the performing arts and technology centre at the Bangor campus of the South Eastern Regional College (SERC). At this stage, all those projects are on track. We in the core Department retain £1·8 million for a range of smaller projects. Again, they are on track to spend and deliver by the end of the year.

To sum up, at this stage there are no bids to submit to DFP. There are several small reduced requirements. The majority are in the ring-fenced depreciation and impairment area, are non-cash spending and cannot be reallocated to cash-spending programmes. There are resources for the FE sector to carry forward into 2014-15, and those resources will be available to invest in the sector in future years. The capital budget is balanced.

The Chairperson: Thanks, John. Have you any idea when the Department will be in a position to brief the Committee on its 2015-16 budget?

Mr Smith: We expect to start our engagement on that early in January. We are expecting detailed commissioning papers from DFP any time now. Once we have certainty on what the parameters are for 2015-16 we can start to have a meaningful discussion with all our stakeholders, including the Committee.

The Chairperson: Paragraph 6.3 concerns ApprenticeshipsNI and the £200,000 underspend. Recent figures from the Minister show that there is a decreasing number of people using ApprenticeshipsNI, even though there is a push coming from the Department. Have you any idea what we are doing to ensure that that money is being best spent?

Mr Smith: As you know, we have a team of people who work on employer engagement with the sector. We previously did a review to target resources to priority areas, such as high-end engineering and other sectors, so we have already looked at how the budget can be best used. You will be aware that the Minister is reviewing provision in that area, and I am sure that the review will come up with some recommendations as to how we can move the whole sector forward.

Mr P Ramsey: Good morning, John. It is good to see you. The Chair took my first question about when we can expect the major discussion around finance for the next period.

The Minister for Employment and Learning is very supportive of the Magee campus as an economic regeneration tool, as is the Minister of Enterprise, Trade and Investment. Was there any bid in the monitoring round for increased student places at Magee?

Mr Smith: No, there are no bids in this round for additional student places in Magee.

Mr P Ramsey: Was any bid made in September for Magee?

Mr Smith: You will be aware that we previously increased budgetary provision for additional science, technology, engineering and mathematics (STEM) places in both universities. That money was put in some time ago. This monitoring round deals only with the 2013-14 financial year, so it would be too late to give additional money for additional places for this financial year. The time to do that would be for the next financial year, which is a whole different ball game. The universities have already recruited for this academic year, and the money that we gave them previously was to increase provision in that area, so it is a question of timing.

Mr P Ramsey: I appreciate that. I have a supplementary question. Have there been any requests from the University of Ulster about any capital works for the land that it was trying to buy at the Foyle and Londonderry College site on the Northland Road? Have there been any capital bids for that?

Mr Smith: I am not aware of any for that particular project. It could be that it is funding that from its own resources. You will remember that the Executive did an exercise to reallocate 2014-15 capital resources in September. They agreed additional money to take forward the Coleraine rationalisation phase 3. There is money for that in 2014-15.

Mr P Ramsey: I welcome that. All the capital projects and investments are very good.

Mr Hilditch: The further education division operates a different financial year. Does it follow a calendar year?

Mr Smith: It operates on the basis of an academic year, so its year end is 31 July.

Mr Hilditch: Since it is an NDPB, who audits its accounts? Is it the Department or the Audit Office?

Mr Smith: The Audit Office.

Mr Hilditch: Are you aware of any difficulties in any of the colleges?

Mr Smith: Any specific issues of budgeting or governance?

Mr Hilditch: Concern about budgeting.

Mr Smith: Not particularly. Some of the colleges were in financial difficulties a number of years ago, but they have all made good progress to come out of that. At this stage, we have a balanced budget across the sector.

Mr Hilditch: Apologies, but I have been away with another Committee, so I have missed a couple of meetings. Has the Committee heard anything further about the regional college development in Bangor? Has the development been reported through the Committee? Do you know anything more about it?

The Chairperson: Do you know something that we do not, David?

Mr Hilditch: No, it is just of an interest to me wearing my other hat as a member of the Committee for Culture, Arts and Leisure. That Committee is doing an inquiry into the arts. The announcement came as a surprise. Indeed, it probably came as a shock here as well. I am just wondering when we are going to hear something about that development, but that is not for you to answer, John.

The Chairperson: John, thank you very much. Happy Christmas from the Committee.