



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Review of the Efficiency Delivery
Programme: DRD Briefing

8 May 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr David McIlveen
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr Stewart Barnes	Department for Regional Development
Ms Deborah McNeilly	Department for Regional Development

The Chairperson: I welcome to the meeting Stewart Barnes, head of financial planning and management, and Deborah McNeilly, director of finance for the Department for Regional Development (DRD). Do you want to make any comments before I open the meeting to questions?

Ms Deborah McNeilly (Department for Regional Development): I am happy enough to go to questions, if you would prefer.

Mr Stewart Barnes (Department for Regional Development): I am happy enough with that, too.

The Chairperson: There are a number of DRD case studies in the report. One particular Audit Office criticism related to the bus route subsidy of £2.1 million paid by the Department to Translink. When that was withdrawn, it equalled a reduction in service, as far as the Audit Office was concerned. Do you want to comment on that?

Ms McNeilly: In that case, the subsidy had been paid because there were loss-making, underused routes on the system. The subsidy had been paid to compensate Translink for those loss-making routes. So there was almost an incentive for Translink to be inefficient because it was getting us to pay the money across. However, on an ongoing basis, Translink reviews its routes, their timing, locations, and so on. So, as part and parcel of that, it reviewed the routes and made some adjustments to take some buses off certain routes and balance the peak and off-peak times. Our view was that this was about reorganising routes, as Translink does every year. The key problem for us

has been that the data — the number of people who get on at this stop and off at that one — is not sufficiently detailed for us to identify the exact impact.

The information from the Northern Ireland Transport Holding Company (NITHCo) was that there was minimal impact, which suggests that the routes were underused. From that point of view, there is an ongoing review of routes. Every year, Translink reviews its routes and passenger numbers to determine whether it should put more buses on, reschedule, and so on. We saw this as part and parcel of that and a reorganisation of the service and, therefore, it was an efficiency with respect to how Translink used its resources to deliver services to the general public. However, I understand that the Audit Office's view was that there was a cut in service, and it could be taken as that. Whether you should provide a route, with maybe two or three people on a bus at a particular time, or whether you would be better providing that service later in the day, is a different question. It depends how Translink perceives and manages its routes.

The Chairperson: In general terms, in the period covered by this report, did DRD view efficiencies as savings?

Ms McNeilly: Our budget was taken off us, and we had to develop savings options to live within a lower baseline. Our understanding was that these measures met the requirements at that time. One example was the realisation of income. The Department of Finance and Personnel (DFP) allowed us to realise additional income and recognised it as an efficiency. However, if we look at the guidance now and the focus on collaborative aspects, we see that one of the key strands is asset management. One of our savings related to the disposal of assets, sweating our assets, and so on. That is exactly what the current asset management strategy is looking at in helping Departments to deliver efficiencies. So, at the time, we understood those to have been efficiencies, and we had an ongoing dialogue with our colleagues in DFP while we developed our plan. Of course, we were providing half-yearly returns to DFP.

The Chairperson: The Audit Office makes some critical findings on DRD in this area. Did DFP raise any of the same concerns with you?

Ms McNeilly: I do not have that information now. We would have to check the paperwork.

The Chairperson: Will you come back to us on that?

Ms McNeilly: I will.

Mr D Bradley: You mentioned the efficiencies that could be achieved through asset management. DFP now says that the efficiency savings programme must be on a cross-departmental basis. What contribution can your Department make to that, and what Departments do you see yourselves co-operating with?

Ms McNeilly: We will participate in the central initiative, which involves participating in collaborative procurement. We recently completed our procurement plans for the current financial year, 2013-14, and shared them with our own centres of procurement excellence, of which we have three: Roads Service, Northern Ireland Water and NITHCo/Translink. We also shared those plans with the Central Procurement Directorate and asked it to identify whether there were any opportunities for collaborative procurement there.

We are on the asset management forum and working collaboratively on the ongoing disposal of surplus assets, the identification of surplus assets and trying to sweat the asset base from that. We will also participate in the ongoing work on accommodation standards and space size. The properties division has a key role in examining the office estate. The pan-government side affected the Department through the setting up of Account NI, HR Connect and IT Assist and the establishment of shared services. The process is now moving on to the next phase, with a slightly different focus on procurement and asset management, and we will participate in that.

Mr D Bradley: A point raised before is that you have responsibility for public transport, and the Health Department also has quite a large transport fleet. Is there any possibility of your Department and the Health Department coming together to achieve efficiency in, say, the transportation of patients?

Ms McNeilly: We had looked at whether there were opportunities for a collaborative procurement strategy on buses. More recently, a pilot project in one of the council areas has been trying to join the health and education sides, involving school transport. I do not have the details of that, but it is ongoing, and we can supply those details if you wish. Depending on the outcome of the pilot, it may be possible to roll it out a wee bit.

Mr D Bradley: Perhaps, Chair, we could get some more information on that pilot project.

Mr Cree: Clearly, there was a misinterpretation of what DFP meant by efficiency savings. Do you have a different view of that now?

Ms McNeilly: We believed that we were developing these plans to live within our baseline and to try to identify efficiencies. Given the nature of our budget, which is heavily weighted towards capital for investment, we were sweating assets and disposing of assets to find some of the savings on capital, and we viewed those as efficiency measures. We consulted DFP as part of our ongoing engagement with that Department and believed these to be efficiencies. There has been a subtle change in the guidance because the reference is now to savings delivery plans, which recognises that you may have to have allocative efficiency through moving moneys around and reprioritising services. The current guidance is, perhaps, clearer, in that it recognises efficiencies and savings.

Mr Cree: Did no one challenge your savings delivery plans when you produced them?

Ms McNeilly: We produced the plans in consultation and sent returns in. At the time, there was dialogue with DFP, and, of course, we went to our committees. I was not personally involved in the Department at that time, but I cannot imagine that we published anything that any of our consultees was completely opposed to.

Mr Cree: So was DFP happy with your plans at that time?

Ms McNeilly: I was not there because I was in a different Department, but I cannot imagine our putting anything into the plan that it would have strongly objected to.

The Chairperson: Deborah and Stewart, thank you very much.