Northern Ireland Assembly

Committee for Finance and Personnel

OFFICIAL REPORT
(Hansard)

Budget Bill and Spring Supplementary Estimates: Department of Finance and Personnel

5 February 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Dominic Bradley (Deputy Chairperson)
Ms Michaela Boyle
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir

Witnesses:

Mr Peter Jakobsen	Department of Finance and Personnel
Mr Jeff McGuinness	Department of Finance and Personnel

The Deputy Chairperson: I begin by apologising for being late and by thanking Mitchel for chairing the meeting thus far. I welcome Peter Jakobsen and Jeff McGuinness, who are both from the central expenditure division. You are very welcome, gentlemen. I will begin by asking you, by way of background and in layman's terms, what the relationship is between the spring Supplementary Estimates and the monitoring round allocations. In particular, what were the major movements of money as summarised in the reconciliation at annex A, which is on page 66 of our packs?

Mr Peter Jakobsen (Department of Finance and Personnel): You asked about the relationship between the spring Supplementary Estimates and the monitoring rounds. The starting point for this year was the Main Estimates in June. The monitoring rounds amend the financial position throughout the financial year, and those movements are all reflected in the spring Supplementary Estimates. Therefore there is a direct link from the Main Estimates to the spring Supplementary Estimates, and the link is the monitoring round movements and any technical changes throughout the year. Jeff will go through the main movements.

Mr Jeff McGuinness (Department of Finance and Personnel): You will see, at that reconciliation, that a number of significant allocations, easements and technicals have occurred throughout each of the three monitoring rounds. I will run through the detail of those by Department.

For DARD, there is an allocation of £17 million resource and £4·6 million capital. The key components are a £3 million allocation for the common agricultural policy, £5·3 million allocated by the Executive in relation to the hardship scheme, a further £3 million for the land parcel identification system and £5 million for TB compensation. Those are the main ones in resource. In capital, £3·3 million was allocated for the Northern Ireland rural development programme and £1·3 for the College of Agriculture, Food and Rural Enterprise (CAFRE) building improvements. There are a couple of easements that cover that £1·2 million, namely £0·5 million for the forestry fund and £0·8 million in relation to the Northern Ireland food animal information system. The resource technical is probably the key technical, and in it there are a number of transfers between Departments. The key transfer is about £1 million to the Department of Health in relation to the maximising access in rural areas (MARA) programme, which is about maximising access to services, grants and benefits in rural areas.

For DCAL, the main allocations in the £5·2 million and £6·5 million relate to £3·3 million for library services and £2·2 million for tackling poverty and social exclusion. Those are both capital. There is £2·5 million in resource for tackling poverty and social exclusion, £1·5 million was allocated in relation to the World Police and Fire Games, and £1 million in both resource and capital was allocated to the City of Culture legacy programme. What about its reduced requirements? Of that £9·5 million, £8·2 million is in relation to the regional stadia programme, and £1·4 million was a receipt that was brought in in relation to the sale of the Public Record Office of Northern Ireland (PRONI) site at Balmoral Avenue. It does not have many significant technicals.

I will move on to the Department of Education. Its allocations are £5 million capital in relation to minor works, £3·5 million resource for the Delivering Social Change programme and a further £2 million for the maintenance of the education estate. Of the reduced requirements, the majority of the £5 million relates to surplus receipts from asset disposals, and that is £2·7 million. Sorry, £2·7 million is the easements. That is surplus receipts from asset disposals. It has no significant technical requirements.

I will move to the Department for Employment and Learning. The majority of its easement, which is the £9·2 million resource, is taken up by a £6 million surrender in relation to the further education (FE) colleges' end-of-year flexibility schemes. FE colleges will get that back in June or get back an amount of that £6 million that they feel they require. There are a number of other reduced requirements in there such as £1·8 million in relation to depreciation and impairments, which is ring-fenced, and £1 million in relation to a youth employment scheme, which is £1 million that it could not spend. DEL has some significant technicals. There is £23·5 million in resource, the majority of which, £22·1 million, is for an increase to its student loans impairments line. That is given directly from the Treasury, so it has not been taken away from other Departments. It is a ring-fenced area for which the Treasury has provided the funding.

In relation to DETI, the majority of the £9·8 million is taken up by Invest NI trade initiatives: £4·5 million has been allocated to that, and £3 million has been allocated to the Tourist Board for major events, including the G8, the City of Culture and the World Police and Fire Games. Of the £37·3 million allocations, £17 million related to the purchase of the Invest NI HQ, £9 million was for Invest NI access to finance, and there was a £10 million allocation for the agrifood industry loans scheme. Its easements are £6·2 million. The majority of that is a £4·3 million reduction through Invest NI for the nitrates directive, and of the £5·4 million, £5 million came back through a reduced requirement in the jobs and economy initiative. There is a £5 million technical surrender for the agrifoods loan scheme, which has been delayed this year, so that will be reallocated to it in the next financial year.

DFP had no significant allocations. There is a £5·9 million easement made up of a number of smaller items, including £2·1 million in reduced requirements on legal cases, £1·6 million for staff costs and another £1 million for accommodation costs. The £5·7 million capital technicals and £4·2 million resource technicals includes a £2·2 million transfer from the DOJ and a £3·2 million transfer also from DOJ for IT Assist Confidential. That is to bring DOJ on to the IT Assist programme, recognising that it has a level of security that needs to be increased, hence the increased costs.

In the Department of Health, there is a £57 million allocation and a number of other allocations, including £30 million in January monitoring, £14 million for elective care, £9·4 million for Transforming Your Care (TYC) and a number of other, smaller, items. The majority of the capital allocation, £12·5 million, is for energy-related schemes, £10 million is for Health and Social Care (HSC) infrastructure, £8 million is for key equipment and scanners as well as other, smaller, allocations. Its reduced requirement was £7 million capital, which comes from capital released from European regional development fund (ERDF) funding. Its technicals are £7 million in resource, including £3·3 million from DEL for a condition management programme, a number of other, smaller, items and a £4·6 million transfer from DSD for welfare reform.

DOE has a £12·2 million resource allocation and a £2 million capital allocation. A majority of the £12·3 million, the biggest item in there, is local government reform transition costs, which is a £5·1 million allocation from the Executive. There is £2 million for a dereliction and intervention scheme, £1·2 million for the de-rating of grant to councils and a number of other, smaller, items. Capital allocations were for the Roe Valley hydroelectric scheme and heritage-led development. A majority of its reduced requirement of £3·65 million is for local government, ICT and councillor severance, which amounts to £3·5 million. The DOJ had an £11·6 million allocation in resource and £5 million in capital. The majority of the £11·6 million was a £10 million cost to the PSNI for the G8, and that was allocated by the Executive: that is on the resource side. The £4·5 million capital also relates to PSNI costs for the G8.

Obviously, there are significant technicals in relation to the DOJ — £93·8 million on the resource side and £13·7 million on the capital side. Most of this is in relation to drawdown under the end-year flexibility (EYF) scheme. There are separate arrangements for EYF: £10 million for the PSNI, £26 million for the G8 drawdown, £16·7 million in relation to PSNI hearing loss claims, £44·5 million in relation to security funding drawdown and £17·9 million capital, also in relation to PSNI security funding drawdown. The capital is offset by £4·1 million going out in technical transfers, including the transfer to the DFP for IT Assist confidential.

The DRD has a number of significant allocations and easements. In allocations, £20 million went to the DRD to make up the shortfall in the release of funds from the ports, which we thought we might get but did not worked out that way. Of the £80 million capital allocation, £58 million was made up of road structural maintenance, with a number of other items, including £7 million for new buses. You will see that, in the reduced requirements, £36 million of that £39 million is a reduced requirement in relation to roads depreciation, which is a ring-fenced area. Of the £138 million, £108 million relates to the delay in the A5 western transport corridor.

The DSD allocations include £37·4 million in capital, £15 million of which relates to co-ownership and £7·2 million relates to Get Britain Building. There is £4 million for the boiler replacement scheme and a number of other, smaller items. The reduced requirements for DSD include £66·3 million in two very significant items — £39·8 million from the Northern Ireland Housing Executive (NIHE) housing grant and a further £10 million from the NIHE for other items, and those make up the majority. Of the £9·4 million, £8·1 million relates to Helm grant repayment, which has come in.

For OFMDFM, there is a £26 million capital allocation, the majority of which is the £25 million University of Ulster loan funding for the DEL project to relocate the university in the city centre. However, the Strategic Investment Board (SIB) is involved in providing that loan, so it goes through OFMDFM. In relation to the £10·6 million, £3·8 million is allocated for the Historical Institutional Abuse inquiry and another £2 million is for Delivering Social Change. The final significant item in that annex is the £4·1 million easement in relation to OFMDFM, you will be pleased to know, and the majority of that — £3·5 million — is in relation to the Maze/Long Kesh Development Corporation.

The Deputy Chairperson: OK. Thank you very much.

Mr Weir: Was half an hour just for the first question?

The Deputy Chairperson: That information will be useful. It will be in the Hansard report, which we are going to attempt to make sure is available as early as possible, because, sometimes, much of the debate is taken up by questions about these very things. It will be useful for members of this Committee and other Committees to have this information at their disposal, hopefully before the debate begins.

How does DFP ensure that the Executive's main priorities are still to the fore and that value for money is being achieved in these movements of expenditure on this scale during the in-year monitoring rounds? Obviously, it is easy for the priorities to fall by the wayside.

Mr Jakobsen: First, it is a given that all easements have to come back to the Executive for reallocation. Of course, the allocations are agreed by the Executive based on their priorities. They would not agree an allocation that was not high on their priority list. Obviously, bids are also prioritised by Departments when they are submitted to DFP, and the proposal that goes to the Executive reflects those priorities.

The Deputy Chairperson: So, in the bidding process, the bids are very clearly linked to the priorities and, likewise, in the allocation process.

Mr Jakobsen: That is part of the criteria. When Departments submit their bids, they need to make it clear how those fit in with the Executive's priorities.

Mr D Bradley: Will you outline what steps you have taken to ensure that the appropriate consultation has taken place, as required under Standing Order 42(2) and upon which the Committee decides whether to grant accelerated passage to the Bill?

Mr Jakobsen: It is a critical issue for us that we get the Bill through in time. All Departments have been in front of their scrutiny Committees with their monitoring proposals, and the Committees have scrutinised those proposals before they go to DFP. That is the main vehicle for ensuring that there is that scrutiny.

Mr Mitchel McLaughlin: Thank you very much for the detailed step through. It is helpful. With reference to paragraphs 7 and 8 of the briefing paper, will you speak some more about the rationale and justification for the three areas of headroom for the DOJ, the DHSSPS and DEL that have built up into the Estimates?

Mr Jakobsen: Yes. Obviously, you recognise the numbers from the January monitoring round: it is basically what was left over and what those Departments did not get. These are areas in which we can spend money this year, and the rationale is to make sure that we do not lose any money to the Treasury at the end of the year. The headroom is there to cover the scenario in which a lot of easements may come up between now and the end of March and where there is a clear need to put money in, while making sure than we do not breach the budget exchange scheme limit. The critical point is that Departments cannot abuse that headroom. It is ring-fenced, so they cannot use it for anything else.

Mr J McGuinness: The third issue, the DEL student loans issue, came about —

Mr Mitchel McLaughlin: It was kind of a last minute development.

Mr J McGuinness: Yes, it is a very recent change across the UK.

Mr Mitchel McLaughlin: We understand the concept of headroom. It appears to me that this is more significant than in previous years and that we are setting up a contingency for bad financial management. Is that the case?

Mr Jakobsen: No, it will only be used —

Mr Mitchel McLaughlin: More than we did last year, for example.

Mr Jakobsen: It will be used only if significant easements come back from Departments over the next two months. Otherwise, it will not be used.

Mr Mitchel McLaughlin: I understand that. Does the fact that we have had to have that contingency indicate that there is, at least, a lack of confidence that Departments are on top of their budgets?

Mr Jakobsen: Last year, easements did come back towards the end of the year, and we want to ensure that we can definitely use that money if it happens again.

Mr J McGuinness: When we were preparing the SSEs, we were not sure what the position would be on welfare reform. So, we are holding £15 million additional money at the centre in case we have to pay penalties on welfare reform. That is probably why this has increased slightly from last year, and that unique situation is sitting at the centre. We are prepared to pay that money back to the Treasury. Should there be progress on welfare reform, the headroom can be used for that purpose.

Mr Mitchel McLaughlin: For the record, is the £35 million for the DHSSPS additional to the £30 million and the previous £14 million in the monitoring round?

Mr Jakobsen: Yes.

Mr Mitchel McLaughlin: Are we giving the money to health because it can spend it?

Mr Jakobsen: Yes.

Mr Mitchel McLaughlin: It is not that health needs it.

Mr Jakobsen: The DHSSPS clearly says that it needs the money, because it made a bid in the January monitoring round; but it can spend the money now, towards the year end. Most Departments cannot ramp up their spending quickly. That is the issue.

Mr Mitchel McLaughlin: This is probably my fault, but how will I find the £35 million in annex A? I am trying to figure that out. Is it reflected in annex A?

Mr Jakobsen: No.

Mr Mitchel McLaughlin: No wonder I could not find it.

Mr J McGuinness: These are the agreed changes.

Mr Jakobsen: These are movements that have already happened.

Mr J McGuinness: So, the £35 million would not be in there yet.

Mr Mitchel McLaughlin: OK, you have kind of explained it to me. I just wish that I had asked you sooner.

With regard to the variance and special terms that were agreed for the DHSSPS at the start of the Budget, going back to 2011; it would seem, given the monitoring performance outcomes, that we have moved off that agreed position. In the run-in to the 2011 Budget period, the Department was allowed to keep its own reduced requirements. The quid pro quo for that was that it would not be bidding in monitoring rounds except where it could demonstrate exceptional need, but we seem to have relaxed that arrangement informally. For some reason, it seems that the DHSSPS is now bidding along with everybody else.

Mr Jakobsen: Obviously, it does not preclude the Department from getting an allocation.

Mr Mitchel McLaughlin: No.

Mr Jakobsen: And it does not stop the Department bidding either.

Mr Mitchel McLaughlin: But this is for additional — *[Inaudible due to mobile phone interference.]*

Mr Jakobsen: Departments should not bid unless it is for unforeseen or major circumstances. The DHSSPS obviously viewed those bids —

Mr Mitchel McLaughlin: Was that Edwin Poots on the phone? *[Laughter.]* I think that the phrase "major and unforeseeable circumstances" was used.

Mr Jakobsen: The DHSSPS argued that its bids were major and unforeseen, and the Executive took the decision to meet some of those bids.

Mr Mitchel McLaughlin: OK. Do I detect that if the Executive were satisfied, that did not necessarily mean that you were satisfied at official level?

Mr Jakobsen: We were reasonably content with some of them. It is not a black and white issue. It is a judgement call on those ones.

Mr Mitchel McLaughlin: Thanks for that. Just a final point, with reference to paragraph 8 and the DEL headroom, does the recent change that you referred to on how student loans are recorded have any negative impact on the moneys controlled by the Executive, or is this what you would call a technical adjustment?

Mr Jakobsen: It is more of a technical adjustment. It is a DEL issue perhaps.

Mr J McGuinness: There will be some impact if it goes beyond the budgets that we have forecast at this stage. I think that along the lines of 1/29th or 1/30th of the pressure will be met by the Executive, which is the £0·6 million that we included just in case.

Mr Mitchel McLaughlin: That sounds like a probable impact. I mean, you expect it.

Mr J McGuinness: We are not sure but it is prudent to plan for it.

Mr Mitchel McLaughlin: What are the protocols involved? Does it require consultation or prior discussion with the Treasury before those would impact, or do they just land on our desk?

Mr Jakobsen: In this case, they land on our desk. We prefer consultation, obviously, and we will take it up with the Treasury.

Mr Mitchel McLaughlin: Are any protocols meant to be enacted in these circumstances?

Mr J McGuinness: Not on a technical change, and this is what they would call a technical change.

Mr Mitchel McLaughlin: It does not make developing budgets and maintaining budget lines any easier if they can act unilaterally, does it?

Mr J McGuinness: It is unusual, and they recognise that. Normally, in advance of the financial year, they will provide consolidated budgeting guidance that has all the rules, and they will ask for comments on any changes they make. That is happening at the moment. However, this was put in unilaterally.

Mr Mitchel McLaughlin: It pushes you in the direction of headroom, which, as we discovered in the early days of the Assembly when getting to grips with the budgeting process, actually masks inefficiencies in our own approach to our Budget management and financial projection systems. Are we sliding back into that area? It gives too much of a comfort zone.

Mr Jakobsen: For student loans, the answer is definitely no, because that is a technical issue. The other headroom is the budget exchange scheme issue. There is no doubt about that. That is why we put that in and it is self-explanatory.

Mr Mitchel McLaughlin: There are alarm bells going off in my head about the quantums here. They are pretty significant sums. Given the pressures on the health budget, to have that degree of flexibility, you wonder what is going on under the surface. I just have a feeling that we have not got the full picture.

Mr J McGuinness: Certainly, that does not give the DHSSPS flexibility unless additional funds appear from other areas. The DHSSPS would very much disregard this in trying to achieve its own budget this year. It just gives that flexibility if something happens later in the year and money comes out of the system somewhere. At this moment in time, the DHSSPS would definitely —

Mr Mitchel McLaughlin: Finally on that issue, is the Health Committee aware of the Estimates and alert to that headroom arrangement?

Mr J McGuinness: I assume that officials would be —

Mr Jakobsen: Officials should have clarified that with the Health Committee.

Mr Mitchel McLaughlin: Have they flagged anything up to you?

Mr Jakobsen: They have not flagged anything up to us, no.

Mr Mitchel McLaughlin: Can we cross-check that?

The Deputy Chairperson: Sure.

Mr Mitchel McLaughlin: Thank you very much.

The Deputy Chairperson: How confident is DFP that it will not return money to the Treasury and can ensure that it remains within the limits of the budgetary exchange scheme?

Mr Jakobsen: Clearly, we are very confident on the resource side because the headroom has been built in to deal with that. On the capital side, we monitor any easements that might emerge on a weekly basis. At the moment, we are not aware of any. We will take action there if anything happens on the capital side. We are fairly confident that we will not hand anything back. Certainly, on the resource side, we are sure that we will not do so because we have built in enough flexibility that it will not happen. The capital side is always more difficult because it is difficult to spend capital towards the year end. We can carry forward only around £12 million to £13 million. It does not take much to get to that. At the moment, there is no indication from any Department that any major easements will emerge.

The Deputy Chairperson: Paragraph 4 of the briefing paper refers to outturn. The provisional outturn for all Departments is reported to the Assembly in June or July. How and when do we receive a similar composite report on the final outturn?

Mr Jakobsen: The final outturn is normally not reported because it is so late in the year. It is really at departmental accounts stage. The final outturn just reflects the departmental accounts. They are signed off normally in July or August, I think. There is a report to the Assembly on it.

The Deputy Chairperson: Is that report laid before the Assembly?

Mr J McGuinness: Departmental accounts are laid before the Assembly.

Mr Jakobsen: There is no report to the Assembly that draws all of that together; it is simply the departmental accounts.

Mr Cree: The last point you made is a good one. You actually have to go and look for those figures. I appreciate that they are there. However, they are a missing part of the jigsaw. It probably would be nice to have that at the end of the line so that we could perhaps reflect on it.

I found the reconciliation detail by both of you to be very helpful. I am just looking to see where I could find that detail. I certainly will not find it in the page numbers quoted. Will I simply have to comb for the information or will I have it in the three monitoring rounds?

Mr Jakobsen: Certainly, most of it is in the monitoring rounds.

Mr Cree: Where is the rest of it?

Mr Jakobsen: You will see some of the technicals in the monitoring rounds. For example, reclassification is shown in the tables in the monitoring rounds. Any internal movements above the de minimis limit is shown in the monitoring papers. You will not actually see small movements anywhere.

Mr J McGuinness: There can be hundreds or thousands throughout a year.

Mr Jakobsen: You will not actually see really small movements between Departments.

Mr Cree: That makes it very difficult for us to reconcile because all of those small amounts of hundreds or thousands add up.

Mr Jakobsen: That is why we give you that table to reconcile back. It is part of the picture.

The Deputy Chairperson: On previous occasions, we asked for that detail. In fact, there were a number of occasions when questions were asked here about technicals when the officials themselves were not aware of what they were or where they came from. If you do not know, how will we find out?

Mr Jakobsen: I am happy to provide the detail.

Mr J McGuinness: I will provide the detail that I have.

Mr Cree: It would be useful. Obviously, we will have the Hansard report, which will be helpful as well. When you are trying to read across when there are bits missing, you just cannot do so.

The returns for later allocation always concern me. That money is coming back in, but, really, it is earmarked. Is there any way that we can clearly identify those sums in the budgets?

Mr Jakobsen: Do you mean money that comes in very late in the year?

Mr Cree: I mean when it is transferred on the basis that it is going to be reallocated.

Mr Jakobsen: If we are talking about late reallocation, or potentially late reallocation, the headroom gives you a clue as to where the money will go if anything becomes available. It will go to the DOJ and the DHSSPS. Those are the only places that money can go to if any comes in at the end of the year.

Mr Cree: I do not want to get involved in the nitty-gritty, because it clouds the issue, but, if, for example, the Department surrenders a certain amount of money mid-year because a project is going to be transferred to the next year, that money is returned and can be reallocated for something else on the clear understanding that it will be available to them next year.

Mr Jakobsen: There is never that clear understanding.

Mr J McGuinness: Unless it is in the Executive paper.

Mr Jakobsen: Yes, unless the Executive agrees to it, and they very rarely do so. Most of the time, the Departments just hand the money back and make a case next year for it and bid for it, but they are not guaranteed to get it.

Mr Cree: You say "make a case"; in other words, they would have to make a bid for it.

Mr J McGuinness: Absolutely.

Mr Cree: Is anything ring-fenced?

Mr J McGuinness: The further education (FE) colleges EYF scheme and the DE schools EYF scheme are ring-fenced. This is because FE colleges and schools run on a different financial year, so it is very hard for them to plan for our financial year at the same time. That is why the Executive agreed two EYF schemes in relation to those items. They are both capped, so that they cannot build up a stock and use it, but that would be an exceptional amount.

Mr Cree: That is highlighted, too.

Mr J McGuinness: Yes.

Mr Cree: I have two other quick points. I like the term "headroom": that is a good one. Last year, we used the term "overcommitment". Can you explain the difference between the two?

Mr Jakobsen: Are you saying that at the same stage we used the word "overcommitment" as opposed to "headroom"?

Mr Cree: Yes.

Mr Jakobsen: Then, I think that the two are synonymous. They mean money.

Mr Cree: Last year, we attempted to handle the potential surplus by overcommitment.

Mr Jakobsen: We have overcommitted again in January monitoring, as you know.

Mr Cree: Yes, I am going to get to that.

Mr Jakobsen: We have allocated £25 million more than was available; so, any money that comes in at the year-end will have to make that good first.

Mr Cree: OK. So, can we add the overcommitment and the headroom together —

Mr Jakobsen: No, not really.

Mr Cree: — to get a slush fund or a cushion?

Mr J McGuinness: The word "overcommitment" is a budgetary term, whereas "headroom" is more of an Estimates term. Headroom refers to the legal ability to spend additional money, whereas overcommitment would be in relation to how we manage our budgets.

Mr Cree: So, there is a subtle difference between the two.

Mr J McGuinness: There is a subtle difference, yes.

Mr Cree: My last question is how much money is in the centre at this point in time?

Mr Jakobsen: Jeff has the numbers.

Mr J McGuinness: Yes, I suspected that this might come up. At the centre, we have £5·9 million capital departmental expenditure limit in relation to loan equity. That is the financial transactions capital. We have an agreement from the Treasury that we can bring that forward into next year. We are holding £15 million for welfare reform penalties, and we expect that we will potentially give some or all of that to the Treasury. The regional rates income sits at the centre as does the reinvestment and reform initiative (RRI) borrowing amount. The RRI interest repayment of £47·4 million also sits at the centre, and then we have the overcommitment at the centre, which is £24·8 million resource overcommitment and an additional amount of ring-fenced resource non-cash, which is £23·4 million. We cannot use that for anything. That is ring-fenced for depreciation and impairments. Departments have indicated that they do not need that money, so that money can go back.

Mr Cree: Can I find those figures anywhere in here?

Mr McGuinness: No, the Estimates are departmental Estimates. What the Departments spend is voted on, whereas these are the centre items, and there are no votes for them.

Mr Cree: OK. Thank you for that, gentlemen.

Mr Girvan: There is something that I cannot quite get my head around. Mention was made of the DRD's depreciation of assets. On the basis of depreciation of DRD assets, roads in this case —

Mr Mitchel McLaughlin: I think that it says roads depreciation.

Mr Girvan: On that basis, is that not classed as maintenance?

Mr J McGuinness: This is a non-cash item, so an assessment will be taken of the value of the land or the roads, and a depreciation factor will be associated with it. In this case, whatever land the Department had been revaluing has not depreciated as significantly as it had assumed that it would. So, it has a reduced requirement of £36 million. It is a non-cash item, so it does not translate into —

Mr Girvan: How do you factor in money for something that you are saying will devalue, and where does that get reallocated to? Does it go into the maintenance budget, or what way does it work?

Mr Jakobsen: The important bit is that it is ring-fenced, and it is a non-cash item. It cannot be used for anything else.

Mr J McGuinness: We could not take that reduced requirement and spend it on health elective care. The Treasury will not allow us to do that.

Mr Mitchel McLaughlin: I thought that the A5 might have come up in discussion. What happened to that?

Mr Jakobsen: In June, £108 million was handed back.

Mr Mitchel McLaughlin: A small sum, you would call it.

Mr Jakobsen: That was reallocated to various capital projects. The Health Department and DRD were the main beneficiaries on the capital side.

Mr Mitchel McLaughlin: Have the Executive agreed any position on the scheme being revived at some stage?

Mr Jakobsen: They are still committed to the scheme. At the moment, there is still not clarity on the legal side of things. Until that is clarified, we cannot move the scheme ahead.

Mr Mitchel McLaughlin: We cannot anticipate that the legal issues will be sorted and that the surveys that were not done will be done in the next 12 months. Therefore, that will have to be reflected in our Estimates.

Mr Jakobsen: Our understanding is that it will not happen until 2015-16 at the earliest. There will be no spend next year, apparently. It will not be sorted out.

Mr Mitchel McLaughlin: There will be no spend on it next year.

Mr Cree: I have one last question. Where are we on the review of the financial process, after which this will all become brilliantly clear for all of us?

Mr Jakobsen: We are no further ahead than we were the last time we spoke to you about this. It is still stuck where we were last time. There is no further progress, unfortunately.

The Deputy Chairperson: Thank you very much, gentlemen. No doubt, we will be hearing from you in the future.