



Northern Ireland
Assembly

Committee for the Office of the First Minister
and deputy First Minister

OFFICIAL REPORT (Hansard)

January Monitoring Round:
OFMDFM Briefing

12 December 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Colum Eastwood
Mr Paul Givan
Mr Alex Maskey
Mr John McCallister
Ms Bronwyn McGahan
Mr Stephen Moutray
Mr George Robinson

Witnesses:

Mr Stephen Boyd	Office of the First Minister and deputy First Minister
Mr Noel Lavery	Office of the First Minister and deputy First Minister
Mr Gavin Patrick	Office of the First Minister and deputy First Minister

(The Acting Chairperson [Mr Maskey] in the Chair)

The Acting Chairperson: I welcome Noel Lavery, Stephen Boyd and Gavin Patrick. I am content if you want to outline your position.

Mr Noel Lavery (Office of the First Minister and deputy First Minister): Shall we do the January monitoring round first?

The Acting Chairperson: Yes.

Mr Lavery: I thank you and the Committee for your time. The Department of Finance and Personnel (DFP) commissioned the monitoring round, and returns are due with DFP by Thursday 3 January. We are now seeking the Committee's comments. I think that this is the first time in which I have been in front of the Committee when the Department has had no reduced requirements. This is a bit of a first. Basically, we have no reduced requirements and no bids. Having been around the Department and our arm's-length bodies, we are saying that our current budget, as confirmed in the October monitoring round, is the one that we are aiming to hit for the end of the year. In addition, I will highlight, as we have stated in the letter to the Committee, the sale of houses at the St Patrick's site. That has generated £2.15 million, which, under the Hillsborough Agreement, is to go the Department of Justice as part of this monitoring round.

In this monitoring round, which is due with DFP on 3 January, given the process that we go through, we take people's actual expenditure to the end of October and their forecast for the rest of the year.

We forecast to the end of the year using actual spend and forecast spend. It is five months of forecast, so there is a degree of risk in what we are doing. Recognising that and the fact that this will be the last time to seek to adjust budgets, I have written to all heads of division in the Department and to all the arm's-length bodies' chief executives to ask them to please confirm — absolutely, absolutely, absolutely — that this is their best forecast and to give an explicit undertaking on that.

I want to make a couple of points. Given the elongated timescales, it may be that I will have to write to you to say that we have had a late adjustment. I hope that this will not be the case, but, given the timescales, it is important to get it as accurate as possible. That is the first point. The second point is that forecasting is not without risk. There are a couple of issues on that point. The expenditure on the historical institutional abuse inquiry, our grants to third parties and foreign exchange risk are risks that we are seeking to manage. That is not an excuse or obfuscation. Obviously, capital budgets are lumpy by their nature. I am seeking one further re-forecast from everyone. I am saying that there are some risks, and, as always, we will seek to manage that. We are forecasting resource expenditure of circa £78 million. Last year, we finished at £74 million, so that would be more expenditure going out to programmes than we managed last year. I am happy to take questions, Chair.

The Acting Chairperson: Overall, do you consider this to be a good position, Noel? Are you on target? If you are on target, you are not expecting anything dramatic to happen between now and the end of the year.

Mr Lavery: The short answer is yes. Given the nature of the process, people are generally over-optimistic about what they can spend. I am sure that, in your time on Committees, you have seen people declaring late underspends. It is a ramp up of everyone's —

The Acting Chairperson: It is like that in my house, I will tell you.

Mr Lavery: Funny, it is like that in mine, too.

People are so concerned about overspending, which ends up in a qualification of your accounts, that they are cautious. You get a lot of degrees of caution, and sometimes it can end up with an underspend, which we are seeking to avoid. I am content with where we have got to, Chair.

The Acting Chairperson: Thanks for that, Noel. I have two questions before I open the meeting to other members. These issues have been raised by other members. I apologise on behalf of the Chairperson, because he cannot be here. He had to leave to attend a meeting a while ago. Members previously asked about the social protection fund, and you provided answers. There are funding issues involved with that and with the costs associated with the historical institutional abuse inquiry. Have you anything of note to say on those two matters or are they in hand?

Mr Lavery: The historical institutional abuse inquiry has opened only recently, and because we do not know the number of people who will come forward to the inquiry, it is a bit of a moving item. I sit on the programme board for that. It is quite difficult to forecast. We have made our best forecast for the year. We are not seeking any additional funds; we are seeking to fund it this year within the Department's current budget position. Is that correct?

Mr Gavin Patrick (Office of the First Minister and deputy First Minister): Yes.

Mr Lavery: What is more relevant concerning the historical institutional abuse inquiry is that the Department's budget reduces next year as part of the comprehensive spending review. In addition, Minister Wilson's paper during the year, which was agreed by the Executive, made further cuts to the Department's budget. Therefore, we are looking at a more pressurised situation next year on the Department's resource budget.

Mr Stephen Boyd (Office of the First Minister and deputy First Minister): It dropped £6 million compared to our opening position at the beginning of this year.

Mr Lavery: The Department is facing a budget cut next year, plus we have a pressure on the historical institutional abuse inquiry. We need to look at that in the early months of the year and estimate what the pressure will be. The more salient point on the historical institutional abuse inquiry is what the pressure will be going into next year and how will we fund it. The Executive will meet that

commitment, so it will be a pressure on the block grant. However, we will first try to meet it from within our resources if we can do so.

On the social protection fund, I understand that there was a call for projects. Is that correct?

The Acting Chairperson: Do you mean the social investment fund?

Mr Lavery: Yes. Colleagues are looking to see what expenditure there will be this year and will communicate with DFP on that. The position has not been finalised yet.

The Acting Chairperson: On the call for projects under the social investment fund, people were advised that the money would be ring-fenced and would not be lost to a project even if there were slippage, because there are a lot of complex issues around the delivery of some of that. With respect to the, sort of, tight management that you mentioned earlier, Noel, I take it that you do not envisage the Department handing any major moneys back unspent.

Mr Lavery: As I said, this is the last time to hand money back. If we underspend, we will do so at the year end and against our budget, and I will be before you in May 2013 accounting for that. I do not want to be in that position. However, projects slip, as we know, but we are seeking to minimise that. If we see something slipping, we try to use expenditure elsewhere on approved projects. The tricky thing can be on capital projects, where those are lumpy. I had a meeting with all the capital budget holders. Our capital budgets are, basically, at the Maze, Ebrington and Crumlin Road jail. I have met them all. I have looked them all in the eye and told them that they need to spend what they said they were going to spend. If anybody has any doubts, they need to tell me before 31 December.

The Acting Chairperson: You are not getting any doubts back?

Mr Lavery: Well, they all gave me that assurance. We will see what happens. Should there be any adjustments, I will come before the Committee or write to the Committee on that.

The Acting Chairperson: The point you are making is that you have been very proactive. According to your report, you are going to people, including the arm's-length organisations, to basically make sure that the thing is on track and that no surprises are coming down the line.

Mr Lavery: I seek an explicit written assurance from arm's-length body accounting officers and heads of division.

Mr Boyd: We also ask people to surrender money earlier in the year so that it can be redistributed across the block. In the October monitoring round, we surrendered about £1 million in revenue and about £5 million in capital. That was to get it out early so that it could be recycled.

The Acting Chairperson: OK. Do members have any issues to raise on the report? Unless I am misreading it, this certainly sounds very prudent and good. That is the point that I was trying to make earlier.

Mr G Robinson: It is good housekeeping.

The Acting Chairperson: Good housekeeping; very well put, George.

Mr Lavery: The proof of the pudding is in the eating.

The Acting Chairperson: It is the type of report we want to see. Last year, there were qualification issues. I do not think they were that problematic, but, as you say, you do not want to have qualification of your accounts at any point.

Mr Lavery: Last year, we came in at a 99% spend against budget, which was the Department's best result ever. We had a 2.4% underspend on capital and less than that on resource. That is what we are seeking to aim for, and better.

Mr G Robinson: At this stage, do you envisage giving money back to the Treasury?

Mr Lavery: That is a matter for the Department of Finance and Personnel, Mr Robinson. I would not like to speak for that Department, but it will seek to make sure that that does not happen. Certainly we would not be contributing to any of it. That is my aim.

Mr G Robinson: That is good.

The Acting Chairperson: It is a good sign, I think, that no other members have indicated that they want to ask any questions. You will be pleased to hear that. Thank you, Noel, Stephen and Gavin, for being here.