



Northern Ireland
Assembly

Public Accounts Committee

OFFICIAL REPORT (Hansard)

Police Service of Northern Ireland: Use of
Agency Staff

28 November 2012

NORTHERN IRELAND ASSEMBLY

Public Accounts Committee

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Members present for all or part of the proceedings:

Ms Michaela Boyle (Chairperson)
Mr John Dallat (Deputy Chairperson)
Mr Sydney Anderson
Mr Michael Copeland
Mr Paul Girvan
Mr Daithí McKay
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Sean Rogers

Witnesses:

Mr Jason Kennedy	Grafton Employment Group
Chief Constable Matt Baggott	Police Service of Northern Ireland
Mr David Best	Police Service of Northern Ireland
Mr Michael Cox	Police Service of Northern Ireland
Mr Joe Stewart	Police Service of Northern Ireland

Also in attendance:

Mr Kieran Donnelly	Comptroller and Auditor General
Mr Neil Gray	Northern Ireland Audit Office
Ms Fiona Hamill	Treasury Officer of Accounts

The Chairperson: Members, you are all very welcome. Are there any declarations of interest before we start the meeting?

Mr McKay: I am a former member of the Policing Board.

Mr McQuillan: I am also a former member of the Policing Board.

Mr Girvan: Members of my family are past and present members of the police.

Mr Anderson: I have extended family who are in the PSNI and formerly in the RUC.

The Chairperson: I am the former chairperson of a community safety partnership and a former member of Strabane District Policing Partnership.

Mr Matt Baggott, Chief Constable of the PSNI, is with us today as accounting officer. You and your team are all very welcome.

The Audit Office report found that almost 40% of all temporary workers in the PSNI were former police officers. On average, they were employed for much longer than the temps who were not former police officers. In all, nearly 20% of Patten retirees were employed by the PSNI as temporary staff. The Committee agreed to invite named witnesses from the PSNI's human resources department and its finance and support services department, as well as a representative from Grafton, to work through the issues that remained unclear after its first evidence session of 10 October. We agreed to address the questions arising from the Audit Office report that involve those departments.

I have asked accounting officers to disclose as much information as possible that is relevant to the Committee today. I put on record that I am grateful for the co-operation in providing papers for today. There was a time — 2 November — when papers were not provided within the expected time frame, but there were reasons for that. The Committee has had an opportunity today to look at the papers that came in late, both yesterday and this morning.

Mr Baggott, you are very welcome. Will you introduce your team?

Chief Constable Matt Baggott (Police Service of Northern Ireland): Thank you for the invitation to come back to the Public Accounts Committee (PAC) to clarify any outstanding issues of concern. There has been much speculation and comment about the use of agency staff, and I know that my colleagues welcome this opportunity to explain their actions and their role, as well as the context of those, in taking forward the command team's decisions at the material time, which was over the past decade.

I will introduce the people who are around the table. Jason Kennedy is the chief executive officer for Grafton; David Best is a director of finance in the PSNI; Joe Stewart is the director of human resources in the PSNI; and Michael Cox is the deputy director of human resources for the PSNI.

The Chairperson: You are very welcome.

I will begin, and then members will put their own questions to the witnesses. Witnesses, I would be grateful if you would keep your answers brief and to the point. Members who are asking supplementary questions should make sure that they are relevant to the main question.

My first question is for Mr Stewart. The report states that it is obviously cheaper to employ civilians for short-term assignments. I find it difficult to understand why the PSNI did not move to civilianise more posts until now and why there has been a lack of progress in that area. Will you comment further on that?

Mr Joe Stewart (Police Service of Northern Ireland): Madam Chair, thank you very much. I think that it is important to put on the record that we have civilianised over 1,000 posts since the inception of the Patten process, notwithstanding the fact that we have been assailed, as many other public organisations have been, by the reduction in public funding. Going back even to 2004-07, the intentions that we had to civilianise more rapidly were defeated by a reduction in funding.

In his evidence to the Committee the previous time that he was here, the Chief Constable made the point that, until 2009, we had a fixed establishment of police officers of 7,500 and that the funding stream went directly to that. Therefore, when the organisation as a whole had to face funding cuts, given that 80%-plus of the budget related to salaries and wages, the only action that we could take was to reduce the number of civilian police staff posts. I think that that explains the situation.

The Chairperson: Mr Stewart, from your perspective as director of HR, can you explain to the Committee why so many back-office roles are still being performed by police officers?

Mr Stewart: I do not think that it is correct to suggest that so many back-office jobs are still being performed by police officers. If you took a national comparison, under Her Majesty's Inspectorate of Constabularies classification —

The Chairperson: Do you have a figure for how many are doing that at present?

Mr Stewart: No, we do not have a precise figure, but we can provide you with that information; we have supplied it to the Policing Board in the past and it is in the Policing Board's dashboard. Michael may have some information on that.

Mr Michael Cox (Police Service of Northern Ireland): Yes, of the 7,000 police officers that we have, 94.2% of them are in operational roles that are forward-facing. So, the overwhelming number of officers are in service delivery and operational-type roles.

The Chairperson: Mr Stewart, the Audit Office report told us that an equality impact assessment (EQIA) was never carried out on the policy on the recruitment of agency staff. Why was that the case?

Mr Stewart: In her previous evidence to the Committee, the Deputy Chief Constable covered that quite extensively. We accept that we did not carry out an equality impact assessment. We believe that it would be impossible to do so, and we have researched every other public body and found that not one has executed an EQIA of temporary workers.

The Chairperson: What have you done to make sure that the screening of human resources policies is a mainstream concern in your department?

Mr Stewart: In 2004-05, we had a range of policies screened. In case we are in any way off the mark on this, as the Deputy Chief Constable said, we also instituted meetings with the most senior people who we can deal with in the Equality Commission to see how best we could take the matter forward. A meeting on that took place some three weeks ago. It was very positive indeed, and a further meeting has been arranged.

Mr McKay: I welcome you all to the meeting. There are a few familiar faces here. This reminds me of a Policing Board meeting, where we used to be surrounded by a lot of paper.

The Chair made a point about equality screening. Has the policy on the use of temporary staff been screened?

Mr Stewart: Sorry, Daithí, I missed that last bit.

Mr McKay: Has the policy on the use of temporary staff been screened?

Mr Stewart: No, it has not.

Mr McKay: Are there any plans to do that?

Mr Stewart: That is what we are talking to the Equality Commission about, as we are not quite clear about how that might be done, given that nobody else has done it.

Mr McKay: Did you speak to the Equality Commission about that in 2004 or 2002?

Mr Stewart: We contacted the Equality Commission. In fact, the equality and diversity unit has operated out of my department. It is not something that I created when I took on the job in 2001.

Mr McKay: Was that matter specifically raised in 2002 or 2004?

Mr Stewart: I cannot say that it was specifically raised in 2004. All that I can tell you is that my department completes all its annual returns to the Equality Commission, and in fact —

Mr McKay: Will you check that point and get back to us in writing?

Mr Stewart: Surely.

Mr McKay: Will you also check whether any suggestions were made to you at the time saying that the policy should be screened and then provide that information in writing as well?

Mr Stewart: Absolutely.

Mr Dallat: I am afraid that I cannot see a familiar face. This is the first time that I have met you, Mr Stewart. I am really pleased that you were able to come along today. You were not able to come along the previous day, but I understand that you were in the Building the day before that. What happened?

Mr Stewart: I was on leave. That is why I could not attend. Also, I was not requested to attend.

Mr Dallat: OK. It was a very important meeting. It may well have dispensed with the need for this one today if you had been available, but, of course, you are entitled to your leave. You say that you met the Equality Commission three weeks ago. You are probably the last remaining link between the RUC and the PSNI. You have been there since 2001.

Mr Stewart: I have been there since 2001, but I do not think that I am the last remaining link.

Mr Dallat: You are certainly in a key position to have ensured that the whole Patten process was carried through. My information is that a lot of the responsibility was devolved down to divisional commanders. Is that true?

Mr Stewart: I should say that I am actually responsible for all the Patten implementation. The Oversight Commissioner made 700 performance indicators, 400 of which fell to my department. We have achieved almost all those 400, including the recruitment of people under the 50:50 and the severance schemes. One of the policy recommendations in the Patten report — the Chief Constable covered this in his evidence — was that there should be maximum delegation to divisional and district structures. The command team as a whole embraced that, which is why there was extensive devolution of responsibility to district commanders between 2004 and 2010. However, they were not left to carry on in isolation, because we also invested heavily in finance resources and human resource expertise to sit alongside them and to guide them in the decisions that they made on budgets and engagement.

Mr Dallat: That leads me to my question. So, were you really on the balcony looking down on that whole process?

Mr Stewart: I was not on the balcony; I was in the command team with the Chief Constable and other colleagues when the decision was taken to proceed and preserve maximum delegation.

Mr Dallat: Mr Stewart, how do you then explain why the whole thing went so horribly wrong with so many retired officers returning again when those jobs could have been civilianised? You could have created loads of jobs for new people during a period of high unemployment.

Mr Stewart: Mr Dallat, I do not think that I could agree that it went so horribly wrong. The report itself envisages that the return of ex-officers into particular jobs is entirely legitimate and reasonable. The report also says that it is a matter of value for money. I was concerned about the number of temporary workers that we were engaging, and I think that the report refers to the fact that, in 2007, a draft report was put before colleagues in the command team and the Policing Board that sought to draw their attention to the scale of the number of temporary workers who were in place at that time. That report was really a product of us debating and discussing with colleagues over time the extent to which temporary workers were being utilised. Colleagues referred to a matching delegation of provisions under Patten and to the many other things that were going on at that time.

I think that it is important for the Committee to recall that the organisation was undergoing major reorganisation and a change from 25 district command units to eight. We were in the middle of implementing the compulsory redundancy of all the full-time reserve officers, and gaps were appearing throughout the Province. Therefore, many commanders felt that engaging temporary workers to cover those gaps was the only way that they could keep their performance up and deliver the service to the public.

Mr Dallat: I will come back later, Chairperson.

The Chairperson: I remind members that they have chosen areas of questions to ask about, so they should not cut across anybody else's question.

Mr Mitchel McLaughlin: Good afternoon. Mr Stewart, returning briefly to the first question that John Dallat asked you, do you confirm that you were here in the Building the day before our hearing in October?

Mr Stewart: Yes.

Mr Mitchel McLaughlin: Do you also confirm that you were at the Policing Board the day after our hearing?

Mr Stewart: I was.

Mr Mitchel McLaughlin: You indicated that you were not invited to our meeting. However, is the fact not that we wished to see you, particularly given the topic? We were informed that you would not be available on the day of our hearing. It was not that you were not invited; it was that we were told that you were not available.

Mr Stewart: I cannot comment on that, because I am not aware of that correspondence. All I know is that I was on leave —

Mr Mitchel McLaughlin: Do you accept those as the facts of the matter? We wished to speak to you on that occasion, and we were disappointed that we did not.

Mr Stewart: I saw from the subsequent Hansard record that my name was referenced in the meeting, but I was not aware of it beforehand.

The Committee Clerk: Mr Stewart's name was not in the initial invitation to officials. We later enquired whether he would be available. We were told that he was on leave that day and could not come. So, he was not in the original invitation.

Mr Mitchel McLaughlin: I accept that there was no invitation, but that was because we were told that you were not available.

Can I establish that you had a role in the preparation of and the negotiation and discussion on the severance arrangements under Patten?

Mr Stewart: I assisted the head of the Northern Ireland Office (NIO) policing division in the negotiations.

Mr Mitchel McLaughlin: In what capacity, if you do not mind me asking?

Mr Stewart: I was involved in two capacities. I was involved as the then chief executive of the police authority in the discussions on the voluntary severance scheme, and I was subsequently engaged alongside the current permanent secretary of the —

Mr Mitchel McLaughlin: The Justice Department?

Mr Stewart: No, of the Department of Justice in the negotiation of the compulsory severance scheme. At that time, I represented the Chief Constable. The then chief executive of the Policing Board was also present in those negotiations.

Mr Mitchel McLaughlin: As a consultant or as the HR director?

Mr Stewart: As director of HR.

Mr Mitchel McLaughlin: In that context and in that capacity as the director of HR, what was your role and responsibility in three related areas: the succession planning; the civilianisation strategy; and the use of agency staff?

Mr Stewart: The objective of the voluntary severance schemes and the compulsory scheme was not to touch on any of those things. The great prize in and the two objectives of the voluntary severance scheme were to ensure that enough people were encouraged to leave the RUC to enable us to recruit new people into the Police Service of Northern Ireland under 50:50. This may seem ironic in hindsight, but the biggest concern was that the terms were not going to be attractive enough to encourage police officers to leave. Without being able to encourage the officers to leave, there was no way of achieving the 30% target that we achieved under Patten. So, that was the focus.

As I recall, the sense with the compulsory severance scheme was to ensure that it did not force police officers out of jobs, although that was how the staff association saw it. It was not to be seen as less favourable than a voluntary scheme. That was the main source of those discussions. It was recognised that those particular officers might have great difficulty gaining alternative employment, and that was evidenced by the fact that they had a long training period paid for by the public purse to enable them to prepare for re-employment elsewhere.

You will see that succession planning is not mentioned anywhere in the Patten report, because the focus was on getting people out the door, to put it straightforwardly. That resulted in a situation for the organisation that was, frankly, impossible to contain, with the loss of over 800 people at inspector rank and above and a turnover of about 450% in the superintendent and chief superintendent ranks. It was a wholly exceptional set of circumstances, and, to be fair, the Audit Office, the Oversight Commissioner, the board's own consultants on the matter and the independent adviser, Sir Dan Crompton, all recognise that.

Mr Mitchel McLaughlin: I am interested in the reference that you made in passing to Patten and succession planning. The Patten report identified the potential issues with the loss of essential skills — succession planning. Are you saying that you had no specific responsibility for succession planning, such as managing the exodus of experienced officers and ensuring that the Police Service had the essential front line skills?

Mr Stewart: No. If that is the way that you understood my response, it is not accurate. We as an organisation and department did our best to assist in succession planning. I am saying that the scale of change was so great that it was not possible to fill the post of everyone who left with an experienced person. It also has to be recognised that demands on the organisation changed. In 2005 and 2006, we were very much looking forward to a civilianised police force, if I can use that terminology. That was a particular vision of Patten. Circumstances then changed when we had the upturn in dissident terrorist activity. That meant that we had to change our focus, as different demands were placed on the organisation. At the time that Patten was created, could we have envisaged the Historical Enquiries Team (HET)? No. Could we have envisaged legacy inquests? No. Could we have envisaged that we would not be as far on with community-style policing as we had hoped? No, we could not have envisaged that.

Mr Mitchel McLaughlin: Other colleagues have questions. I just wanted to come in on that issue, but I will revisit it when my turn comes.

Mr Girvan: I want to come back on a point that was raised in one of the questions. Great emphasis is being placed on the Equality Commission and its views of the policy. What area were you asking the Equality Commission to look at? Was it the appointment of disabled people or was it just religious breakdown?

Mr McKay: The question was asked to see whether the policy was equality screened. An important point that the Deputy Chief Constable made at the previous meeting in response to Mitchel was the acknowledgement that the equality impact ought to have been spotted earlier, but it was not. She said that the service should have spotted it earlier but did not. So, I flagged that up as a fault.

Mr Girvan: I take that to be somewhat tongue in cheek, considering the make-up of the Equality Commission: 72% and 38%. There is a major imbalance in it, with 72% from one section of the community and 38% from one other. I just wanted clarification on that.

Mr Anderson: I have just a small supplementary question. Mr Stewart, you talked about the numbers in HR and the change that had to take place. How would you describe the pressures that your department and HR were under at that time? Did you find that it was basically a numbers game and that you were coming under severe pressure from various sections and politicians to implement Patten as quickly as possible?

Mr Stewart: I think that members have had sight of some of the extensive correspondence that transferred between us and the Policing Board. To be fair to the Policing Board, it took its job of overseeing us very seriously, as did the Oversight Commissioner, Her Majesty's Inspectorate of Constabulary, and the Policing Board's own independent observer of the implementation of Patten.

As far as the human resources element is concerned, I know that people have talked in this case — mistakenly, in my view — about the revolving door. However, there certainly was a revolving door in the HR department, because no sooner had we one group of inspectors leaving than we found another group arriving and going over the same ground. I have said that the Oversight Commissioner that was recommended under Patten took the 172 recommendations that Patten made about changes to policing and developed over 700 performance indicators. I think that 430 of them fell to my department and the training department to implement. I think that we implemented successfully around 400 of those 430, which is an indication of the scale of the pressure that we were under. Furthermore, we were involved and embroiled in the whole complex issue of voluntary and compulsory severance. We were caught in a political maelstrom to a certain extent because certain members, particularly on your side of the House, were not terribly happy with 50:50 recruitment. Other parts of the political sphere were wondering how quickly we would get to 30%. Most of the Policing Board's reports were, quite rightly, on our progress towards 30% Catholic representation. So there really was an awful lot going on.

Mr Anderson: At the same time, you had to ensure that security was paramount and that lives and property were protected at all times. You were obviously under a lot of pressure. Would you say that?

Mr Stewart: That fell to my operational colleagues.

Mr Anderson: It involved the entire force at that time.

The Chairperson: Mr Cox, do you want to come in?

Mr Cox: Thank you, Chair. I think that it is important to try to answer that question by giving you some statistics, with apologies for trying to blind you with numbers. During that time — I think that the deputy chief constable mentioned this at the previous meeting — we made over 72,000 individual moves: appointments, cessations, transfers and promotions. There were 8,500 people left between April 2001 and March 2012, so it goes into last year and beyond the Patten period. We made over 1,800 promotions and recruited over 4,500 new officers.

The staff element has largely been missed in this, but it is significant. We made 13,000 moves of various types. We lost nearly 2,500 people either through turnover or because they went back to the Civil Service. We recruited 1,500 people and made over 1,300 promotions. So we had a significant volume of work going on. We ran over 400 competitions. Joe talked about inspectors. For a moment, I thought that he meant police inspectors as opposed to overseers. We ran over 400 competitions, for which we had to process over 13,000 applicants. So that was a huge operation. Any questions about succession planning need to be seen in the context of that scale of operation.

Mr Anderson: Michael, do not worry about giving us more statistics. We are well loaded with them. Thank you.

Mr McQuillan: I think that Mr Dallat has let the cat out of the bag. The crux of this is that he sees Mr Stewart as the remaining link between the RUC and the PSNI. That is what this witch-hunt is all about. Is today's meeting the Committee's second bite of the cherry because Mr Dallat feels that way? That is, I think, why we are here today and this is what it is all about. I want to put that on record, Madam Chair.

Mr Dallat: Chairperson, I will not reduce this Public Accounts Committee to the level of barracking across the table with Adrian McQuillan. I think that Mr Stewart knows the point that I was making about the connection between the RUC and the PSNI. It was not in any way politically motivated.

The Chairperson: Point taken.

Mr McQuillan: I would like to accept that, but I cannot.

The Chairperson: Mr Kennedy, you are very welcome. I would like to direct my question at you. You have been chief executive since 2009. Will you explain how you understand Grafton's responsibility in supporting the PSNI's public duty to recruit from right across the community?

Mr Jason Kennedy (Grafton Employment Group): Of course. First and foremost, it is to differentiate the temporary employees that Grafton recommends to the PSNI. The Grafton organisation reports directly to the Equality Commission every year on the community background and breakdown of all our temporary employees. We are not obliged under the current contract to provide the split of temporary workers in the PSNI. We are, however, obliged to report that information on permanent placements, which we undertake for the PSNI and on which we report every month, in fact, after any permanent recruitment activity. The contract does not specify temporary workers.

The Chairperson: How often do you report on that?

Mr Kennedy: We report to the Equality Commission every year. On the back of every permanent campaign for the Police Service, of which there has been very few in recent times, we report directly to the Police Service on the community background of anybody recommended for hire.

The Chairperson: Mr Baggott, I understand that the injury-on-duty information that the Committee has been seeking since 19 October is still not available. When will the Committee receive that information? Why is it not available?

Chief Constable Baggott: I will refer that to Michael. Thank you.

Mr Cox: Sorry, Chair, is this about the ill-health retirement information?

The Chairperson: Yes, the injury-on-duty information.

Mr Cox: My understanding is that the request was to be answered initially by the Policing Board and that, after two or three weeks, it found that it did not have the information. We provided, as best we could, the information analysed against the database provided to the Audit Office. That was then supplemented by the information from the pensions branch and the people who paid it. The information has gone back to the Policing Board, which is the body that decides on these retrospective pension payments. I do not know when the Policing Board will be able to provide the information, but we have helped as much as we can.

The Chairperson: You are satisfied that it is the Policing Board that has to —

Chief Constable Baggott: The Policing Board runs the injury-on-duty process information. However, I am very happy to go back to the chief executive to try to find you a date by which you will have that information.

The Chairperson: Thank you.

Mr McKay: My question is for Jason from Grafton. What is a strategic resource adviser in Grafton?

Mr J Kennedy: A strategic resource adviser?

Mr McKay: Yes.

Mr J Kennedy: I am afraid that I cannot define the job specification for a strategic resource adviser, Mr McKay, but I am happy to check with my operational colleagues.

Mr McKay: Do you have no idea what it is?

Mr J Kennedy: A strategic resource adviser? I could only make an assumption, and I am afraid of making assumptions. However, I would imagine that it is what we would otherwise call a recruitment consultant. I am happy to check that with my operational colleagues and report back.

Mr McKay: Is that a senior position locally in Grafton?

Mr J Kennedy: Again, I am making an assumption on the basis of a job specification that I am not familiar with. However, to me, it sounds more senior than a standard recruitment consultant.

Mr McKay: Are any former senior police officers now employed by Grafton?

Mr J Kennedy: Yes, sir. Today, in the organisation, we have two ex-police officers, one of whom works as part of a much larger and extensive team supporting the PSNI requirements. The other has no involvement whatsoever in the PSNI requirements.

Mr McKay: Is one of them a strategic resource adviser?

Mr J Kennedy: Perhaps. I am familiar with the individuals; I am not familiar with their titles.

Mr McKay: Michael Skuce?

Mr J Kennedy: Correct.

Mr McKay: So he has no involvement in any PSNI —

Mr J Kennedy: Mr Skuce has involvement with the PSNI account. He works in the PSNI support team in Grafton.

Mr McKay: When did he leave the PSNI?

Mr J Kennedy: I am not certain when he left the PSNI. However, I am of the view, subject to checking, that after he left the PSNI, he had other private employment before he joined the Grafton organisation.

Mr McKay: Would he have been involved in any way with information that would have been of use to Grafton before he came to Grafton and took up a position relating to the PSNI aspect of Grafton's work?

Mr J Kennedy: No more so than anybody else in the organisation who has industry experience. I do not want to lose the Committee, but, in the organisation, we have engineers working in our engineering division; IT programmers working in our IT division; and multilingualists working in our multilingual division. So he is involved no more so than anybody else who has industry experience.

Mr McKay: I would like one final clarification. I know that when civil servants leave the Civil Service, they have to seek government clearance to take up a private post within two years. Was that done here?

Mr J Kennedy: I cannot comment because I do not know.

Mr McKay: Will you confirm that for us?

Mr J Kennedy: I am happy to do that.

Mr Dallat: I will remain on the point that Daithí raised. Clearly, you would anticipate possible perceptions of conflict of interest, and so on. What measures did you take to ensure that former police officers working in your organisation — at quite a senior level, I believe — were not subject to any suspicion that their previous associations could be used in the appointment of temporary staff, who just so happened to be police officers?

Mr J Kennedy: I have two comments in response to your question. I have given a commitment to Mr McKay that we will come back on the actual title and the job specification that sits therein. Mr Skuce does not sit on the senior management team in the Grafton organisation. Ergo, and by definition, he is not as senior as is perhaps perceived. However, let the job specification detail that. As for background checks and any potential conflicts of interest, the Grafton contract of employment with Mr Skuce is very clear on the declaration of any conflict of interest.

Mr Dallat: So you do not feel that you are prone to any kind of suspicion about the contract itself being in some way advantaged by the fact that you had senior members of your staff who were former police officers.

Mr J Kennedy: I do not believe so. It no more represents a conflict of interest than any specialist skill set that I have in any other division of the organisation. Mr Skuce would have gone through the same selection procedure as anybody else hired by the Grafton organisation.

Mr Girvan: Names have been mentioned here, and people working in the private sector have been identified. By going down this route of questioning, are certain members trying to identify impropriety in how certain people were appointed? We are dealing with a report on the PSNI, not a report on Grafton, which is a private company that was appointed to deal with the contract. If there is going to be a witch-hunt on the basis of where ex-RUC officers are employed, we are treading on very thin ice. We have to be very careful that we deal with the report and not start to go through the employment procedures of private companies, which are open for us to inspect them should we wish to do so. That is not what we are here to discuss today. Should we wish to look at how the contract is funded by the public purse at another stage, we could do so. What is happening needs to be marked, and I want that line of questioning to stop.

Mr Anderson: I am concerned about where we are going. Members have said, "This is not a witch-hunt", but every line of questioning appears to drift away from the report. I back my colleague on this one. We know the questions that we have to ask, but going down this line is veering away from what the whole investigation and evidence session are about. The longer this goes on, the more we will have difficulties. This session has not been what I understood it would be, and I expressed fears last week that we could go down a route that is not what the report is about. I want to put that on record.

Mr McQuillan: Chair, you have to take control of the situation as well. If that is the line of questioning, call the member responsible to order and get back to the report.

Mr McKay: Chair, you should also protect the freedom of members to ask pertinent questions of the representatives from Grafton or the PSNI.

The Chairperson: We have a representative from Grafton here, and there is an opportunity to question him today. The ethos and the principle of today's —

Mr Dallat: Chairperson, for the general public, maybe you could point out that Grafton is mentioned throughout the report and that there is an acknowledgement that former police officers work for Grafton.

Mr Girvan: Names are not mentioned.

Mr Dallat: It is not fair that I am being accused of doing anything other than my job, which is to scrutinise the Audit Office report. That is what I am doing.

The Chairperson: I go back to my point that Grafton is named in the Audit Office report. The principle and ethos of today's meeting is to extract information from the witnesses that is relevant to the Audit Office report, which we can use when making our recommendations. That is the basis on which the Deputy Chairperson asked the question. So, Mr Girvan, I do not think that there is any undue witch-hunt or anything like that going on —

Mr Girvan: Identifying individuals' names is creating an issue. The generality of a position was mentioned in the report, but no name was attributed to it, and then the name came out.

Mr Dallat: I do not know the names of any of the people.

Mr Girvan: The name was mentioned in this Chamber just minutes ago.

The Chairperson: I remind people in the Public Gallery that they are not to interact with members.

Mr Girvan: My question is about the awarding of the contract to Grafton. I appreciate that, from the body of the report, we identified that there were some £25 million of savings, but the issue is how the £44 million contract to Grafton was awarded in 2004. At that stage, I appreciate that there was no competition for that. I would like some clarification. I understand that, under procurement guidelines, most contracts, especially those of that value, are open to public tender. Will you explain why that did not happen?

Mr Stewart: A number of points arise from that. The Chief Constable and the Deputy Chief Constable covered these points extensively when they were last before the Committee. The first point is that the value of the contract, as far as we are concerned, is more in the line of £4 million, not the £44 million ascribed to it in the Audit Office report.

In 2004, the Police Service asked the Northern Ireland Office procurement unit, which is our adviser, on at least three occasions whether the contract needed to be tendered in view of the fact that we were not able to pursue the recruitment of permanent people to the extent that we wished to and needed temporary workers. On the third occasion, we were told that the contract was essentially for the same type of work, that it was still recruitment and that the contract could be varied. Had the advice from the procurement unit been that we must tender the contract, we would have tendered the contract. However, that was not the advice that we received at the time.

Mr Girvan: I appreciate that there was a later variation — an uplift — to the contract. However, did the PSNI seek clarification on whether it required any other information from the procurement unit?

Mr Stewart: That is what I am trying to say. In 2004, we asked the procurement unit three times what we should do. On the 2004 variation, which is what we are talking about, the advice that came back on the third occasion was that it was permissible to vary the contract because it was essentially for the delivery of the same type of services. That is why we went down that route.

Mr Girvan: In my first comment, I mentioned £44 million being the upper value of the contract. You mentioned £4 million. Is that £4 million the portion that Grafton received for its management of the contract?

Mr Stewart: Yes, those were the fees.

Mr Girvan: Do you believe that the total value of the contract was not £44 million?

Mr Stewart: The fact that there is a difference of opinion on this matter between the Police Service as a whole and the Audit Office was documented in the Chief Constable's letter to the Comptroller and Auditor General, in which he made it clear, as I recall, that we did not accept that the value of the contract was the total value including salaries. Had it been a contract for permanent employees, we would simply have been paying the fees to the agent and the wages directly to the individual. As the contract was for temporary employment, the wages were routed to the individuals via the agent.

Mr Girvan: My understanding is that even if you count only the part paid to Grafton, there was still a variation of the contract in excess of 50%. I appreciate that I am labouring the point, but I just want to be clear. According to what you just said, you sought clarification on the process from the procurement unit three times, and it told you to extend the contract.

Mr Stewart: You raised the issue of the 50%.

Mr Girvan: It is in paragraph 2.7.

Mr Stewart: That advice on the 50% variation was not available to us in 2004. It came to us about one and a half years later in the context of an entirely different discussion and in response to questions raised by the Policing Board. In 2004, therefore, when the variation was made, there was no advice about the 50% uplift in the contract. The advice was simply that it was permissible to vary the contract because it was essentially about the same element of recruitment.

Mr Girvan: Paragraph 2.9 refers to your statement that the salaries paid to temporary workers were not relevant to the value of the contract. Why did the PSNI not consider salaries to be part of the contract?

Mr Stewart: Again, had that been relevant, we would have expected the procurement unit to have drawn it to our attention. The procurement unit's advice was that it was the same type of recruitment issue from a procurement point of view, regardless of whether the recruitment was temporary or permanent. There was no advice to include the value of all salaries in the contract. In any event, it would have been very difficult to prevent, because, frankly, we had no expectation in 2004 that the level of temporary workers would have reached the level that it did in 2007.

Mr David Best (Police Service of Northern Ireland): Central Procurement Directorate (CPD) advice is very clear:

"From the outset, there was no value attached to the advertisement for civilian recruitment. The contract value figure was exclusive of salaries."

I speak from a finance perspective. When this business case was prepared way back in 2004, we were not aware that salaries were required for business cases. We accept that salaries were not included; there is no dispute with anyone about that. The fact is that that was not the practice, as we knew it, at the time.

I read the Hansard report from the meeting of a couple of weeks ago, and the Department accepted that it reviewed the business case and approved it, and it accepted that the practice was not followed at that stage. From my understanding, there is no specific guidance, even now, to indicate very clearly that salaries should be included. If the practice now, in 2012, is that salaries should be included, we will happily comply with that. In fact, salaries have been included in the recent business case. We are happy to do that, but we have a slight concern that a practice adopted in 2012 is retrospectively being applied to 2004, when that was not the practice. That is a fundamental issue. We have never accepted the figure of £44 million that has been quoted. We have been very clear with the Audit Office that the true figure is £4 million.

Mr Girvan: That is not the figure that the media portrayed. The point is that there have been changes in the rules, and there are new guidelines. In light of those new guidelines, staff training must be updated. Has the organisation engaged in updating members and staff on how they interpret these rules?

Mr Best: The funding regime has changed from the time that we reported directly to Westminster, which was pre-April 2010. The procedures and practices that we were expected to follow were not as rigorous, and we readily accept that. As we moved under the Department of Finance and Personnel (DFP), we have found that the business case process, in particular, is much more complex. As the director of finance, I would say that there are very good principles in there, and we are very happy to comply with those. We have had to put more effort into this. About 18 months ago, we brought an economist from DFP into the PSNI, which has been very helpful, and additional training has been run by DFP. A large number of staff, not only in the financial side of the business but those responsible for running contracts and preparing business cases, have attended those courses. In addition, heads of business services, who are responsible at a local level, have been given specific guidance and asked to look at this in detail. These are qualified accountants whom we have brought into the organisation. We accept that, pre-devolution, we were not up to the normal business case standards, but we believe that we have made very considerable progress.

The Committee can also be assured that we have welcomed what are called "drill down" audits carried out by the Department of Justice and reviewed by DFP. They ask to see our business cases and evaluate whether they are up to standard. You may see those reports from the past year or so, if you would like to. We think that they are positive. Some issues emerged, and we are learning from those, but we believe that, overall, it is positive. From where we were a number of years ago, we have invested a lot, and we believe that we are now well placed to meet the requirements that operate in devolution.

Mr Girvan: Compared with other public sector areas, what proportion of the current staff is agency staff?

Mr Stewart: The figures are in the report. The proportion was never, in any year, at the level of the rest of the public sector. I think that our highest was 6.8%, whereas the public sector average, according to the report and the Northern Ireland Audit Office's findings is 7%. The graphs in the report

show a significant reduction from 2007 to 2009, when there is a sharp drop in numbers. Of our current staffing total, the proportion who are temporary is running at about 3.5% or 4%.

Mr Girvan: Do you accept that, were this contract to be awarded under the current guidelines, the overall figures would be considered in calculating its value?

Mr Best: Yes, and I confirm that, a number of months ago, HR took the lead on it. We in finance review all business cases as a corporate control at the centre. The business case submitted for the next three- to four-year period was prepared on that basis, and we are happy to comply with that.

Chief Constable Baggott: An issue that may be relevant is that I think that the degree of scrutiny and compliance is significantly better here at present than anywhere else where I have served. I am reassured that when the guidance was updated in March of this year, immediate and significant steps were taken to ensure full compliance, and you have my assurance that there will be full compliance. My concern is that, to some degree, I now have another conundrum, in the sense that there is an over-scrutiny of business cases through the procurement process. In a policing world that is about managing public safety and risk, if you are not careful, you become so slow that the public are put at risk. So there is a balance between regulation and process and the ability to be dynamic in managing risk. We are working on a number of examples in which the purchase of equipment and other issues — not just staff-related — have been quite problematic because of the time taken in acquisition. However, we are working on that with DFP. This is a new and significantly different world since devolution. It is one that we embrace and acknowledge, and things are very different from 10 years ago.

The Chairperson: Thank you, Mr Baggott. Did you want to come in, Mr McLaughlin?

Mr Mitchel McLaughlin: My point has been picked up.

Mr McKay: I want to follow up on a couple of Paul's points. What percentage of the PSNI staff complement, as opposed to officers, are temporary or agency workers?

Mr Stewart: Currently, about 7% or 8%. However, I do not think that you can really look at staff alone, because there has been such interchangeability between police officers and staff that we have to look at the organisation as a whole. I am not aware of any other public organisation that, when calculating its averages, subdivides its staff into groups.

Mr McKay: What was the highest percentage in the past 10 years?

Mr Stewart: I think that the report states that it was 29% if you look at police staff alone.

Mr McKay: It is a quite significant number.

Mr Stewart: Only if you disregard everybody else in the organisation. We are an organisation of 10,000 people and calculate the averages across that figure. I am sure that that is exactly what other public sector employers, whether in health or education, also do.

Mr McKay: Do you accept that officers and staff are two distinct categories?

Mr Stewart: Officers and staff are two distinct categories in the PSNI in the same way as nurses and surgeons are in the health service. However, they are all engaged by the service and many of the jobs that have been undertaken were previously performed by police officers.

Mr McKay: The Policing Board raised several concerns about the failure to go to tender in 2004, and we have seen that correspondence going back to 2002. Fred Cobain, who was the chair of the audit and best value committee, which is one of the most powerful committees in the Policing Board, raised concern at the time about the contract awarded to Grafton recruitment and whether proper government procurement procedures had been followed during its letting. He proposed that that be directed to internal audit services. However, that was blocked by the PSNI. Why?

Mr Stewart: We do not accept that there was any failure to tender. My answers to the Committee earlier indicated that if we had been advised that it was appropriate to tender we would have done so.

However, we were not advised to do so: we were advised that varying the contract was perfectly acceptable. That correspondence was responded to in the way that it was because we had taken the advice of the procurement unit, which was our expert. We adhered to it solidly in 2004 in the way in which we dealt with that contract.

Mr Best: I have responsibilities for procurement corporately. I was not specifically involved in the detail of this case, but I have looked at it retrospectively. The NIO procurement unit stated that there was never a change in the scope of the original contract. If a contract variation had not been awarded to Grafton, it would have had cause to challenge that decision as it was the PSNI's contractual civilian recruitment supplier. That is a very clear direction to the PSNI. The organisation was outside the PSNI but was part of central government. That is very strong. It also states that, in 2004, the variation in the contract was within the scope of the existing contract. That is very clear wording for us. The PSNI complied with public sector procurement guidance. The experts said that; not us. That best value was obtained at the time. The original rate was 19.6% for the fee.

Mr Stewart: That is commercially sensitive information

Mr Best: I am sorry. The rate went down considerably, and the NIO said that value for money was achieved.

Mr McKay: Was that a trend in other major PSNI contracts at the time? Would a number of contracts have been varied, or would the majority have gone to tender?

Mr Best: Overall, the PSNI has 256 contracts, valued in excess of £660 million. I am responsible for 196 of them, valued at about £440 million. We have variations in contracts. They come up through the approval system. There are variations, and quite a few of them with that scale of contracts.

Mr McKay: Could we have an answer in writing about the period from 2002 to 2004 that will give us an oversight of what the trends were at that time?

Mr Stewart: Yes.

Mr Rogers: Paragraph 2.12 in the report tells us that a recruitment manager with delegated authority to approve spending of £100,000 was able to authorise a contract variation that increased spending by £4.6 million. That does not seem to be sound financial control. What are your views on that?

Mr Stewart: I am delighted to have the opportunity to give some clarity on this. Both of my colleagues will be happy to support me in this regard. It is important to say that £4.6 million relates to fees and salaries. Our position on fees and salaries was made very clear to the Committee and to the Audit Office. The report says that a variation of this scale should have been approved by the Deputy Chief Constable. That is not correct. Such approvals would have been at the level of grade 7, the level above that of the officer who signed the contract. The officer who signed the contract worked under the direct supervision of my colleague Mr Cox and had his authority to complete that contract at the time. I think that Mr Best has the full details of the approval levels.

Mr Cox: Chair, I will supplement that. The suggestion in the report that this was some sort of unilateral action needs to be refuted absolutely. The decision was taken by me. The recruitment manager was the person who just happened to sign the variation, but did so on my authority. As Joe said, I had the authority at the time. Authority for financial delegations was open-ended, not that I would have ever exercised it to that degree, obviously. After consultation with the procurement people and negotiations with Grafton to reduce the charge-out rate, as mentioned earlier, it was signed off. I repeat: this was not unilateral action; it was a measured action as part of an overall process.

Mr Rogers: Are you, then, questioning the accuracy of paragraph 2.12?

Mr Cox: It does not reflect the financial delegations at the time.

Mr Best: Chairperson, would you like me to clarify this from a financial position? What Michael Cox and Joe Stewart are saying is correct. At that stage, a grade 7 in the Civil Service had that authority. Michael operates at a much higher level, and he gave the OK, although that was not formally written down on a bit of paper at the time. You may say that that is a high figure for someone with that

authority, but that was the system that operated at the time. A couple of years later — remember we are going back eight years — it was tightened up. Anything above £3 million now goes to the Deputy Chief Constable, and anything between £1 million and £3 million now goes to the chief officer. So, a couple of years later, the situation changed, and it was tightened up. However, that was the process of delegation operating at the time, and everyone was aware of it.

Mr Rogers: Does it not set off alarm bells when somebody who normally has delegated authority for £100,000 is responsible for £4.6 million? OK, there was some of sort of verbal arrangement, but do you not think that it should have been written down?

Mr Best: It is readily accepted that it should not have happened. It was a relatively serious matter, but we got an assurance that authority was given.

I also point out that we have a very strict audit regime. It was our internal auditors who picked this up shortly after it happened. When that sort of failure to comply is picked up, we notify all concerned. From an audit perspective, we have had 16 internal audits of procurement between 2003 and today. I would be very happy to share the results of those with the Committee. This area has been audited. I am told that it has been audited to death, but I do not think that that is true. I think that we need to audit it. In my role, I have responsibility for internal audit, and I have always pushed auditing procurement, because I see it as a high-risk area.

So, it has been audited by our auditors and the Northern Ireland Audit Office, particularly over the past number of years. We accept the failure. It was picked up by our auditors and was notified across our department. There are such failures from time to time, but they are generally picked up. We learn the lessons, and we seek to learn the lessons.

Mr Rogers: When did the £3 million ceiling come in, so that anything above that had to go the Deputy Chief Constable?

Mr Best: The revised delegations came in 2006, which is over six years ago. Again, I just want to confirm that anything above £3 million goes to the Deputy Chief Constable; anything between £1 million and £3 million goes to the chief officer; anything up to £1 million goes to a grade 7; and anything up to £100,000 goes to a DP or superintendent.

Mr Dallat: Based on the remarks made by Mr Cox, am I right in assuming that this report has been signed off, agreed and accepted and is not in dispute?

Chief Constable Baggott: We have accepted the report, but we have always disagreed with some parts of it; for example, the inclusion of salary costs as part of the contract value. That has always been a matter of disagreement. Likewise, there are some facts — for example, those about the number of police posts filled by temporary workers — that we would have liked to have seen more explicitly expressed. However, I do not want to get into a dispute about the report, because there are matters of disagreement about some of the context. We accepted the report, but the structure was very clear in that there was an end to the process in respect of questioning some of the factual accuracy. That is the point we reached.

Mr Dallat: I am quite happy to accept the report, as long as we are not involved in an exercise of revisionism.

Mr Mitchel McLaughlin: There was also an issue in relation to demonstrating value for money in the use of agency staff. The Audit Office indicated that figures supplied by you demonstrated that you could not show that there was value for money. The comparators should have been like for like, that is, civilian jobs for civilian jobs.

In relation to setting aside the salary costs in respect of the contract with Grafton, clearly, there were costs involved in using a recruitment agency because they operate for profit. However, in respect of the salaries, there was an argument that agency staff were a cost-effective option. What salaries were you comparing? Was it the salaries of civilian staff or police officers? In the business case that you used to justify it, you seemed to be able to access the relevant information and deploy it in those circumstances.

Mr Stewart: My reading of the report is that the Audit Office accepted that whether you compared civilians or police officers, there were significant savings involved in salary costs. The figures quoted are £22 million, but it is likely to be in the region of £25 million in circumstances where some of those temporary workers would replace people who would otherwise have drawn police salaries. My reading of that part of the report is quite clear.

Mr Mitchel McLaughlin: Mr Stewart, I know that you are trying to help us with it, but Patten was very clear about the need to identify the maximum amount of civilianisation that would have allowed you to concentrate on the cohort who were delivering the full range of policing functions, skills and support, which was in-house or was contracted in to allow that to happen. However, the cost of that civilianised function should have been on a consistent comparator, which is what would it cost you to employ civilians to do that, not replacing trained police officers who we would expect to be on the front line.

Mr Stewart: First, Chris Patten's view of civilianisation at that time was much more radical than anything that we have done, such as outsourcing all personnel, human resources, finance and other services.

Mr Mitchel McLaughlin: Patten's view was more radical or your approach was more radical?

Mr Stewart: I think that Chris Patten's view and the view of his colleagues was more radical than the route that we have followed because we have not outsourced a lot of things such as finance, human resources and pensions. As members will know, he suggested that they should be outsourced to ex-civilian members or ex-police officers.

The report states that the conclusion is reached that we saved the public purse £22 million by using temporary workers. That £22 million relates to civilian comparison. If you look at the engagement of temporary workers to replace police officers who are paid add-on costs, that figure escalates to £25 million. I think that is what is in the report. Certainly, that is my reading of the report.

Mr Kieran Donnelly (Comptroller and Auditor General): Those are not my figures. I want to put it on the record that these are the PSNI's own estimates and that I have not validated them.

Mr Mitchel McLaughlin: I am not going to labour this point because I am aware that colleagues already have the floor, but are we dancing on the head of a pin in relation to that the way that we used to do this back in 2002 or 2004 is different from what happens now? We have to have whole costs factored into business cases, but we are having a statement of fact, which is inserted into the report that this was a value for money exercise.

Mr Stewart: I do not believe that we are dancing on the head of a pin, and I do not understand why we are having any dispute about this because we can stand over the figures presented. As far as I was aware, they were accepted as being accurate by the Audit Office. I do not think that there is any difference between 2004 and 2002. All I am saying is that, in the overall approach by Patten to civilianisation, as the chief has said, nothing stands still, and things changed over time. Patten published in 1999, and we are now in 2012. If he were writing it today, his emphasis might be different.

Mr Best: I refer you to paragraph 5 and paragraph 2.11 of the NIAO report. The Audit Office concluded that value for money was achieved through the use of temporary staff and that that is clear. That was the overall conclusion. I acknowledge that the figures on the £22 million were prepared by us and are open to audit. We looked at the number of staff that we brought in and what it would cost if we employed them ourselves. It was quite a detailed exercise. We looked at what the same posts would cost Grafton, averaged it out and came up with that figure for the Audit Office. It is open. We did not get into the detail of the number of police posts because we had to get that information out, but it would be higher than £22 million.

Mr Mitchel McLaughlin: I cannot speak for all the Committee members, but I am not aware of anyone who would dispute that there were benefits in using agency staff, particularly given the change management in which you were involved. That is my position, and I recognise that there is a role for it. The issue is with the system used in this case and the revolving door, as it has been referred to. There may be some examples of that that might raise serious questions about value for money and the efficacy of that approach. I am happy to leave it for now.

The Chairperson: Mr Stewart, the invitation to tender's specification of requirements required the agent to handle, issue, receive and analyse equal opportunities data and provide it to the police for fair employment monitoring. Why did that requirement not make it into the contract?

Mr Stewart: If I understand it properly, this is about permanent employees, not temporary workers. One of the Patten recommendations is that an independent agent carries out selection recruitment for the Police Service of Northern Ireland. The agent acts on our behalf in engaging permanent employees. Under the equality laws, the responsibility for permanent employees rests with us and not with the agent. If the agent were handling the recruitment selection, and so on, of permanent employees, we had to know the religious composition of all those who applied and all those who were appointed for our records so that we could comply with the law.

Mr Anderson: Gentlemen, can I ask about the Central Procurement Directorate and paragraph 2.18. CPD raised concerns about the value of the contract variation for the HET staff in 2009. Was CPD's advice ignored on that occasion?

Mr Stewart: My colleagues will assist me in this, but I cannot accept that CPD's advice was ignored. Elsewhere in the report, it says that, where it is ignored and not followed, there needs to be a reason for that. In this case, the organisation was faced with a difficult operational situation and quite a difficult community confidence situation. The Historical Enquiries Team had been implemented to look at historical cases and had been engaged under a Thames Valley contract that was about to expire and with no intention to renew it. We were faced with either letting HET collapse while we bid for a tender, or taking into account the procurement unit's advice, the possible community impact of allowing HET to collapse, and our legal advice, which said that the matter could properly be awarded to Grafton and, indeed, that Grafton might have cause for complaint if it were not awarded the contract. We went down that route. It was a balanced judgement at that time and was fully minuted as a decision.

Mr Best: We have very regular meetings with all our main contracts. These involve CPD; Joe Stewart, the head of HR; and our head of procurement. Joe Stewart has had 30 meetings with CPD specifically about contracts. From what I can see, he always listens to what is said. Those minutes are prepared by CPD, and, previously, by the NIO procurement unit.

Around that time, there were meetings on 18 March 2009, 20 March 2009 and 30 June 2009. The early discussion focused on the concerns that CPD provided. When the options were looked at and everything was taken into consideration, including the legal advice, the position changed.

CPD, in its correspondence, said that, with regard to the contract, which included the HET, the PSNI complied with public sector procurement guidance. Variations were put in place that gave rise to efficiency, and value for money was obtained. That is the wording of CPD at the end of the discussion. The NIAO report highlighted the concerns but did not address the process that took place subsequently. That is a matter of record.

Mr Anderson: It is interesting that we are now getting this information about CPD. It is welcome news. It appears that CPD was saying that advice was ignored, but we are hearing today that it was not ignored and that a lot of legal advice was taken on board. You are saying today that you believe that CPD was fully brought on board in this case, knew exactly what was happening, and knew what the savings were. I take it that there were savings in the extension of the contract. Are you saying that advice was not ignored?

Mr Stewart: Clearly, there were savings; they are referred to in the report. It was about £120,000.

If you refer to paragraph 2.15, you will see that, in that period, the fees for temporary workers and a business case were approved at a level of £5.4 million. As I understand it, even including the variation and the HET work, that sum was not exceeded. In fact, as it turned out, the fees were less than £5.4 million. What is represented here is the original CPD position, as I understand it. Further discussions took place, and the organisational part was understood and accepted by CPD. It also had the benefit of the savings and the commission that would otherwise have been paid to Thames Valley.

Mr Cox: To supplement that, CPD, at every stage, was represented in the discussions. It was not an exercise in ignoring its advice. It was part of the process, which culminated in what David described a moment ago.

Mr Anderson: What rate was being paid to Grafton? Was it more or less than that of the public sector?

Mr Stewart: My colleague Mr Cox referred to that earlier in respect of the 2004 variation. The work he did at the time obtained a reduction in the fees paid to Grafton beyond that which was prevalent in the public sector at that time.

Mr Anderson: So, it represented best value? Is that what you are telling us?

Mr Cox: I would like to make a couple of points. The report says that we could not clearly demonstrate best value. There is an acceptance that there was some element of savings from the Audit Office. That is worth noting.

To give this a wider perspective, I think that, subsequently, the Northern Ireland Civil Service ran a procurement exercise for temporary workers. Grafton won it. I think it charged a higher rate than we were paying. Although it cannot be said absolutely, there are some very clear indications that there were cash savings to the police budget. That is a good thing.

Mr Anderson: There was also the possibility that HET could have collapsed if things had not gone forward in the manner in which you brought them forward.

Thank you for those responses. I want to ask Fiona a couple of questions about the concerns expressed — and for which we now have an explanation — about the potential increase in the value of the Grafton contract, and ensuring that the PSNI acted in accordance with procurement guidance. Were those concerns followed up?

Ms Fiona Hamill (Treasury Officer of Accounts): I apologise; I am not aware of the report from which Mr Best has been quoting, which suggests that CPD was in support of this contract. It is not in line with the briefing that I had from CPD. The briefing that I had takes the same position that I presented to the Committee before, which is that CPD had expressed concerns about the extension of the Grafton contract and that it had provided advice, but that, ultimately, it was for the business area. I cannot provide the Committee with any further advice at this stage.

Mr Anderson: It has been said that there were 30 meetings in relation to different issues. Do you have any information about those, Fiona?

Ms Hamill: I will try to provide clarification for the Committee as soon as possible, but I do not have anything with me today.

The Chairperson: It would be relevant, Mr Best, if you could share that report with the Committee for future reference.

Mr Anderson: It is very relevant, because what we are hearing today, when we consider this report in the round, is very specific information that we need to follow up on. I want to get to the bottom of it.

I have a couple of questions to ask. Fiona, how can you be sure that public bodies do what they are advised to do?

Ms Hamill: It is the responsibility of the accounting officer to ensure compliance. We would hope that non-compliance would be picked up, in the first instance, by the controls in an organisation, by an internal audit function or, perhaps, in oversight by external audit. As I said before to the Committee, it is one of the personal responsibilities of the accounting officer. It is not policed separately by us.

Mr Anderson: Do we know to whom it was communicated that compliance was not being adhered to in this case?

Ms Hamill: I can ask CPD, but because, at that stage, the formal handover from the NIO procurement unit to CPD took place it is not quite clear to me, looking at the files, exactly who the individuals involved were and whether they were NIO staff or CPD staff.

Mr Anderson: Quite honestly, we are teasing out today that there are gaps to be filled. From what we have heard today we do not really know who knew what and at what particular time. That needs to be clarified and further information needs to be brought back, in light of what we have been told by the panel today.

The Chairperson: Mr Best, are you happy to forward that clarification to the Committee?

Mr Best: Yes. We will pick that up.

Mr McKay: I just wanted to pick up on the question that you asked before Sydney asked his questions. Are you saying that the tender specification and the requirement for the inclusion of information on fair employment for employment monitoring purposes were not included in the tender for temporary staff?

Mr Stewart: It could not have been, Daithí, because that would have been in breach of the Equality Commission's guidance and the rules, as far as I understand them. That information is disclosable only by the agent to the commission. I think that the Deputy Chief Constable made that point quite extensively at the hearing last time around.

Mr McKay: That does not make sense to me, because we have a copy of the invitation to tender for the recruitment of temporary staffing services from 2004. It says:

"We will require the agent to handle the issuing and receiving of all equal opportunity monitoring forms. Analysis of equal opportunity data will also be the responsibility of the agent. PSNI Equality and Diversity Unit must be provided with all relevant information for Fair Employment monitoring purposes."

That contradicts what you are saying.

Mr Cox: At its most simple level, we are saying that the recruitment function was outsourced. Grafton ran the competitions for staff recruitment, ran the advertising, gathered in the application forms and consolidated the information that was included in the monitoring forms that went out with the application forms so that we could include that detail in our annual returns to the Equality Commission. That is what that is all about.

We got all sorts of information from the —

Mr McKay: Do you have that information?

Mr Cox: For what? For the permanent recruitment?

Mr McKay: The information on community backgrounds.

Mr Cox: For permanent recruitment?

Mr McKay: This is temporary recruitment.

Mr Cox: No; we only have it for permanent recruitment.

Mr McKay: Why is it in the invitation to tender for temporary staff?

Mr Cox: I do not think that it is.

Mr McKay: It is in front of us.

Mr Cox: We will have to check that because it would be at variance with what the deputy reported previously and with what Jason said this afternoon about returns to the Equality Commission. It was confused when the chief executive of the Policing Board made some reference to this at the previous meeting. That has never been our understanding, and we will check it.

Mr McKay: There must be some misunderstanding somewhere, because the PSNI provided us with this document, which clearly refers to temporary staff and services and an invitation to tender. I have just read out what is included in that document, so there is confusion somewhere.

Mr Cox: Could you read it again, please?

Mr McKay: It states:

"We will require the agent to handle the issuing and receiving of all equality opportunity monitoring forms. Analysis of equal opportunity data will also be the responsibility of the agent. The PSNI equality and diversity unit must be provided with all relevant information for fair employment monitoring purposes."

The Chairperson: That is information that has been provided to the Committee.

Mr Cox: We need to check that because that is not right.

The Chairperson: You are saying that information from the PSNI, which we have before the Committee, is not right?

Mr Cox: It does not make sense in respect of our expectations from the supplier, which is Grafton. Our expectation was that Grafton was providing us with the monitoring information, consolidated from the permanent recruitment. Jason has already talked about what they do for the temporary workers. I am confused, and we will check that.

Mr McKay: Jason, what is your view on that?

Mr J Kennedy: I have three views, Mr McKay. My first is aligned with those of Mr Cox in so far as the responsibility to report to the Equality Commission lies solely on the employer, which, in this instance, is Grafton, and, therefore, we reported annually. Without trying to contradict anyone, I think that if we were to report it and the PSNI was to report it, we would have to double account from the equality perspective, so it would seem logical that, as the employer, —

Mr McKay: Were you aware that that was in the tender?

Mr J Kennedy: I was not, because my working assumption has always been that that responsibility falls with Grafton. However, I have a rhetorical question: is the contract that you refer to a 2004 contract, as I think you mentioned, as distinct from the current contract?

Mr McKay: It is from 2004.

Mr J Kennedy: That is a different contract from the one under which we are currently operating, so I cannot comment with any working knowledge on the 2004 contract.

Mr McKay: Can you check that out and give us a view?

Mr J Kennedy: I am happy to do that.

Chief Constable Baggott: I wonder whether we might examine this because it appears that there are parts of one contract being transposed to another. However, the critical two words are "relevant information". If the provision of relevant information to the Equality Commission rests with Grafton, that is where that would sit. If there is no relevant information to be provided to the PSNI under existing legislation, there would not be any provision. It may be clumsy, but I do not think that there is anything in there that sounds particularly Machiavellian or as if something has been breached, because the key words are "relevant information".

Mr McKay: I am concerned that something relating to equality monitoring in the police is referred to as "clumsy". This is significant; it is quite serious.

Chief Constable Baggott: Forgive me —

Mr McKay: Let me finish.

Chief Constable Baggott: The wording is clumsy, not the information.

Mr McKay: Mr Baggott, I think that this is significant. The PSNI should have read this information before sending it to the Public Accounts Committee.

The Chairperson: Perhaps there is an issue there, Mr Baggott. The information before us warrants further clarification.

Chief Constable Baggott: I agree entirely, but I want to clarify something. I did not call providing the right information under the law "clumsy"; I was referring to the wording of the contract and expressing concern about what the wording meant. There is a difference between legal compliance. Forgive me if you felt that "clumsy" referred to legal duty, because it was not that. I think that you know that.

Mr Mitchel McLaughlin: My question relates to a further inquiry. I am intrigued. If this was in a 2004 document, I think that I can understand why we were talking about two different realities for a time, but it raises a serious question. Why did that paragraph drop out of the procurement process and the contract, given the significance of section 75 groups and its centrality in the Good Friday Agreement? It was in the 2004 document, and we are told that it is not in the current document, so that immediately flags up to me the fact that somebody —

The Chairperson: Who was responsible for putting this document together?

Mr Cox: Do you mean the submission to the PAC or the 2004 document?

The Chairperson: The document that Mr McKay read from.

Mr Stewart: I surmise that the document may have been put together by the procurement unit at the time, but I will check. Any subsequent contract will have been put together by the procurement unit as well, whether it be 2004 or 2008, subject to the requirement of the customer, who would be the PSNI.

Mr Mitchel McLaughlin: Would the omission of that paragraph have required discussion and agreement?

Mr Stewart: The position in law is clear about the supply of community background information, and it is in the Equality Commission document. We will check out whether the document was incorrectly expressed in 2004, but two wrongs do not make a right; it does not mean that that error should be repeated in 2008. If we ascribed the wrong duty to the contractor in 2004, we would have hoped that it would have been rectified in 2008, because 2008 reflects the legal position, as I understand it, which is that responsibility for the equality monitoring of agency staff rests with the agent and not with the PSNI.

Mr Mitchel McLaughlin: As I understand it, and as you are presenting it now, the correct position is that the agent gathers the data and makes it available for monitoring purposes. Therefore, it seems to me that the position in 2004 was the correct one. If the existing contract has been amended to delete that requirement, that is the incorrect decision. We have not moved away from the requirement to monitor equality provision and opportunity, by any means.

Mr Stewart: We may be talking at cross-purposes here because the responsibility of the agent is to gather data and to supply it to the Equality Commission, not to supply it to the Police Service of Northern Ireland, because, under law, it cannot supply it to the Police Service of Northern Ireland.

Mr Mitchel McLaughlin: I do not think that we were ever discussing that. The information has disappeared; we cannot get it now, yet it appears that there was a time when the information was gathered. The mechanism by which it would be supplied for monitoring purposes is merely a matter of good management; it should not be the issue. As a legal requirement, it should be, and, I hope, still is, a duty that is inherent in every contract that issues from a body such as the PSNI.

Mr Stewart: The legal duty exists in statute. The legal duty to acquire that information and to supply it to the Equality Commission is, in this particular case, on Grafton; that is its responsibility. All the contracts that we are associated with have very specific requirements on a contractor to comply with a legal framework that exists in Northern Ireland. I think that that, potentially, is a standard clause in every CPD-related government procurement.

The Chairperson: Before I let Mr Girvan in, I want to ask Mr Kennedy something.

Mr Mitchel McLaughlin: May I finish?

The Chairperson: OK. It is clear to me that there may have been a significant error in that area. Going back to my original question, Mr Kennedy, did you inform the Committee and me that you do not supply any equality information under temporary worker contracts?

Mr J Kennedy: Yes we do, to the Equality Commission but not to the PSNI.

The Chairperson: You do not provide information to the PSNI.

Mr J Kennedy: That is correct.

Mr Girvan: That was the point that I wanted to make, because I appreciate that Jason said that he had done an annual return to the Equality Commission, and I was just coming round to that. It is his responsibility.

Mr Mitchel McLaughlin: I will tell you why I am interested. I put this question to Judith Gillespie and yourself, Mr Baggott. I felt that I got a very forthright and direct answer from Judith Gillespie, which I much appreciated. The question related to the unfortunate pattern of inequity of community representation in the RUC, which we attempted to repair with the establishment of the PSNI. Yet we find that, in the area of full-time and temporary agency staff, a pool was developed by retired RUC and PSNI officers registering with Grafton, Grafton winning the contract and that unfortunate history being revisited. Judith accepted that that is where there was a major lapse in the equality requirements, as Patten identified in a very central way. We were recruiting from a pool that could not possibly have been representative of the community and without reference to the equality requirements of a new beginning to policing that is representative of the community that it serves.

Mr Stewart: This is a very complex area, and it is important to be clear about what we are saying. Grafton will tell you that it has a very wide employment pool. It goes much, much wider than people who have ever had anything to do —

Mr Mitchel McLaughlin: *[Inaudible.]*

Mr Stewart: The context of the pool on which it draws for appointments is important. The report tends to overlook that 61% of the people who are employed as temporary workers by the Police Service of Northern Ireland had absolutely nothing to do with the Police Service of Northern Ireland hitherto fore. They were not ex-colleagues and had nothing to do with the police, but 39% were. That takes us into the area of specific police skills. If I may be so bold, I think that, in her evidence, the Deputy Chief Constable was referring to a situation in which there was a specification for roles that could be filled by ex-police officers. You were then fishing in a very narrow pool, and we all have to accept that that is the case.

Mr Mitchel McLaughlin: I am conscious that I am cutting across colleagues. They were not essential police skills in all circumstances; they were call handlers, drivers and camera operators.

Mr Stewart: We need to be careful about that, too. Until the past couple of years, call handler positions were occupied entirely by police officers. In exactly the same way, it was sworn officers who operated cameras. We need to be very precise about the information, and that was the situation until very recently.

Mr Mitchel McLaughlin: I would have thought that those posts would have presented prime opportunities for civilianisation. What we used to do was not best practice if it was not representative

of the community to start with. There is then the question of whether we needed highly trained police officers to operate cameras and staff call centres.

Mr Stewart: We recognised that, which is why we have moved to civilianise those posts. However, those posts were previously occupied by sworn officers; you would have found the same thing in other police services. With our circumstances and the restrictions around the 7,500 figure, we were restricted in what we could do.

Mr McQuillan: I will follow on from Mitchel's question. Chief Constable, do you agree that the reason why officers had to be used for camera operation and call handling was the security situation at the time? We have moved on since then, which is why we can now civilianise the appointments.

Chief Constable Baggott: As I said the last time that I gave evidence, I was not here at that time. However, when I look back at the sheer scale of the churn of more than 8,000 people leaving, the bit that I am very concerned about was the rigidity of having to have 7,500 police officers. With the benefit of hindsight, there might have been greater emphasis on that in the report. They were fulfilling police roles traditionally done by police officers. You had to do that because the police skills were needed.

There was a difference between posts that required specific police skills at that time and the right for people to go back into the employment market if they had driving, administrative or any other competencies that may be available to anyone else. Police officers develop a whole range of skills over the years. Forgive me if I am mistaken, but I suspect that, under employment law, it would be illegal to deny people employment opportunities simply because they are former police officers. I think that we would have run into significant problems if the organisation had decided to do that. One issue is the justification for police officers going back into police posts that require policing skills; the other is employment law.

When asked at the last meeting whether, with the benefit of hindsight, we could stand over every post, I was clear that I suspect that we could not, given the sheer scale of the process. There will be posts that we have subsequently tightened and reviewed, and our governance is much better. That was identified by the internal audit report in 2007, which was done by the PSNI on the PSNI.

However, across the whole of the UK and in the South, there is a need for temporary staff and the employment of police skills, albeit on a short-term basis. The question is this: can it be justified? That is the critical issue. Is there good governance, and can it be justified?

Mr McQuillan: Do you also agree with me that where this whole thing fell apart was in the fact that recruitment was devolved to district commanders and that HR and headquarters were too far removed from it? That led to a rapid increase in numbers, and it got out of control.

Mr Stewart: As I said at the outset, the view of the Chief Constable and the rest of my colleagues in the command team at the time was that we should pursue maximum delegation, although the HR department and I were slightly uncomfortable with that. Over the years, we were constantly agitated about the need for clearer control over temporary workers. As is clearly expressed in the report, in 2007-08, the matter was fully debated by a committee chaired by the Deputy Chief Constable representing the whole command team. The view was that, rather than re-centralising control, we should issue strong guidance to the heads of human resources on compliance with the various requirements of temporary workers. That had limited success, as the figures show that the numbers reduced by about 200. It is only come 2010 that they drop radically. From January 2011, I exercised central control over every temporary worker who came into the organisation. A business case for each one had to be presented and signed off by me.

You could say, on reflection, that we took the wrong decision in 2004. However, people were focused on the great prize of implementing Patten. What is forgotten is that, four times a year, the Oversight Commissioner's team arrived on PSNI premises, and the first thing that they looked at was the extent to which delegation had been given to local commanders. Have you reduced the size of central HR? Have you given that responsibility to district commanders? To what extent can district commanders and heads of department purchase their own services? They expressed disappointment if there was not maximum delegation. If you look at the Oversight Commissioner reports published over time, you will find a common thread.

Mr McQuillan: Earlier, you quoted the statistic that about 61% of those employed through this process were not former police officers. How many professionally qualified HR staff do you have now?

Mr Stewart: There are about 40 HR folk with professional qualifications. That came about as part of an external recruitment campaign and internal skills development.

Mr McQuillan: How does that compare to 2004?

Mr Stewart: There are more now than in 2004. Part of the delegation process was to provide commanders with more qualified people to assist them in their decision making. That is how the numbers grew. Between 2004 and 2006, we ran a skills development programme that took the numbers up to what they are today.

Mr McQuillan: Have you any uniformed police officers doing an HR role?

Mr Stewart: There are no uniformed officers involved in human resources deployments or anything of that nature. I have one staff officer who manages my office who is a uniformed constable; all the other uniformed officers who work for me work in training and in delivering direct operational training.

Mr McQuillan: Do you believe that the numbers of temporary workers were out of control in 2004 and thereafter?

Mr Stewart: We wrote the wording that is referred to in the Northern Ireland Audit Office report. What we were trying to do was direct the attention of our colleagues to the fact that the numbers were increasing. Our concern was more that, when others left, our colleagues were replacing vacant posts without thinking about whether they needed to replace them or whether there was a different way of doing the job. We were also concerned about long-term sustainability in respect of cost. That is why we wrote it in that way.

Mr McQuillan: Did any of you ever contact ex-RUC officers to tell them to contact Grafton for a job?

Mr Stewart: No.

Mr McQuillan: I know that I am straying into somebody else's question, but why was red circling not used more often? I think that I asked the Chief Constable that the last time he was here.

Mr Stewart: The report is quite clear. The Treasury put a limit on the number of red-circle posts that we could have. Although we felt that it was a wee bit tight at the time, I understand it. The big prize for the change process was the composition of and change in the PSNI. If we had the ceiling of numbers that you could only recruit to in police employment and if we retained a lot of people on red circling, it could have been argued that we were seeking to defeat Patten. The Treasury was also keen to ensure that everybody who had to go had gone within the financial period up to 2010-11. It made it clear that if there were any people who had to go after 2011 and we had not achieved what we had to achieve, the funding might not be available to pay them under the voluntary severance scheme. That was a bit of a pressure as well.

The red circling was entirely voluntary; people had to agree to be red-circled. We were not able to make much impact because of the 5%. We did not use the whole 5%, but if we had, the implications would have been insignificant.

Mr Cox: A couple of points need to be made. At the very outset, the voluntary severance scheme was run annually. It encouraged people to rush to the door, often whether or not they were prepared to, because they did not know whether it was going to happen the next year. In 2002, we took it up with the Northern Ireland Office to see whether it would give us an undertaking that it would run the severance scheme for the duration so that people could be given the assurance that if they did not go this year, they could go in the next year and the like. The response, as you might expect, was that it would not look beyond the current spending cycle. I would probably have been surprised if it had looked beyond it. However, it gave us a signal that it understood the connection to creating headroom and to the compositional change through recruitment. We were able to give a signal to the wider organisation that the process was not going to finish at the end of any given year; it was going to run for the 10-year cycle. That encouraged many people not to apply.

As Joe said, it was voluntary, but the individuals had to be aged over 50. The terms of the scheme meant that people aged 48 and 49 could have maximised their benefits; therefore, they would not have been eligible for consideration. Even if they were eligible, they had to agree to be red-circled.

Paragraph 5.5 of the report shows the criteria that had to be satisfied. The criteria were applied by the severance valuation panel, which had representatives of the Northern Ireland Office and the Policing Board's chief executive on it. Each case had to be dealt with on its merits. Figure 18 shows the numbers who were red-circled. You might ask why we did not have 17 if we could have had 17. It was partly down to the deselection. The first three years were essentially about the reduction of numbers; we had 8,500 regular officers, and that had to come down. The profile in the Patten report shows, from memory, that it expected it to come down after three years to about 7,100. As it turned out, because of the slight fracture between the severance scheme and the recruitment, it went below 7,000 and had to be recovered in 2002. That is why, in year 3, we suspended the severance scheme. That was part of getting stability and certainty into the exercise.

Even if we had from year 5 out, we would have had an extra 38 people, had we been able to find them. That would have had no material effect on either the volumes that I talked about earlier, the transactions of people leaving and being brought in or, indeed, the number of temporary workers that we would have brought in. It was just one device against a significant series of changes during that period.

Mr Rogers: I want to take up a point that Adrian made. It says somewhere in the report that the recruitment of temporary staff was "out of control". In the timeline, in the information that you gave us on 16 December, it says that the HR committee discussed the continuing high number of agency staff employed by the PSNI. There is a letter, which was agreed to be issued to the Deputy Chief Constable, regarding members' concerns and the requirement for greater urgency and a more strategic approach.

However, look at figure 6. Two years later, in 2007, the number of temporary agency staff peaked. What happened?

Mr Stewart: There were several things on the go at the same time. I referred earlier to the restructuring of the organisation into eight districts and to the compulsory severance of the full-time Reserve. What happened was that commanders and heads of departments were desperately trying to plug gaps. Moreover, we had anticipated a much more rapid progress with measures in the Public Prosecution Service such as file handling and some of our IT systems that would be implemented to reduce the number of files that we had to handle so that we needed fewer people to process prosecution files. We thought that there would be a more joined-up approach and that we would be better able to use IT. At that time, the Causeway Project was under development among different agencies. However, we were ahead of other parts of the justice sector. Therefore, we had a mismatch between what we expected we would be able to do and what we were able to do, which resulted in the increase in the number of officers concerned. However, we have looked at that column in detail. Michael has something to add.

Mr Cox: This was debated at the last Committee meeting, and a question was posed that gave a response that showed a slightly different picture from that presented in figure 7. Let me explain what that is and why it was done.

Figure 7, which is sourced by the PSNI workforce strategy, was deliberately done in that way. I mean that all we did was put in the main grant pay posts for the staff. That pointed up that we had more people than approved posts, which is what the Auditor and Comptroller General said at the last meeting. We did it that way as a fairly crude attempt to try to get the organisation to start focusing on that, as Joe said.

What is not quoted in the draft workforce strategy, but which is acknowledged in paragraph 3.5, is that we also included in the commentary the trade union side's concerns about the volumes and that it also wanted opportunities. What we were trying to do was stimulate a debate across the organisation to confront what it called "archaic working practices". That would have been a way of dealing with what Joe was talking about, namely, creating some capacity that we might have been able to use for civilianisation.

Therefore, in the department, we were trying to agitate to get a different debate going, but I am not sure that the debate was heard, for, as you say, Mr Rogers, the numbers went up. However, we were

agitating and then, in 2008, the numbers went down, and that was on foot — hopefully — of some of the agitation that we had done, but also on the deliberations by the finance, personnel and training committee in the middle of 2007.

Mr Rogers: You say that the debate was not really heard. Had that anything to do with the fact that that particular workforce strategy document was never endorsed anywhere? It was only consultative.

Mr Cox: No, it was not. However, it was shared with the Policing Board and across the organisation because it was developed from the Links project, which was dealing with staff alone. Honestly, it was fundamentally flawed because it looked only at staff. It did not look at the wider organisation. As Joe said earlier, what we needed to do was to look at how we deployed the staff and officers in order to control costs and ensure that we had a greater preponderance of the staff in forward service-delivery-type roles as best we could — to civilianisation point, by way of shorthand. What is missing from figure 7 is — in the answer given to the question that was posed at the last hearing — that it gives us answers about other funding streams. For instance, in the very first line, on command, it looks as though there were 153 too many people. A funding stream has not been included, the HET funding stream, which is shown there. As I said, that was done as a pretty crude device to try to get the organisation to address the number of temporary workers.

Mr Rogers: I have one small question. How, then, is it that Policing Board members have no record of the 20% increase in the number of temporary staff in 2007 if all of that was shared with them?

Mr Stewart: I cannot account for that because not only was the information shared with the Policing Board in written terms, but there would scarcely have been a month when that matter was not being discussed by the human resources committee of the board or a month in which either Mr Cox or I would not have been present in the partaking of that discussion. So, I cannot account for that.

Mr Dallat: The issue of red circling has come up. I was to deal with that question later on. At least, if somebody else asked it, I cannot get into trouble for misrepresenting it. *[Laughter.]* Let us finish it. If a superintendent goes out on a Friday evening and comes back as a consultant on the Monday, let us face it, that is not real. Who set the daily rate? How did the rate compare with the previous salary? I can tell you that those rates are, very often, much better. How did that affect public confidence in an organisation that people aspire to and look up to for doing things right? I would, of course, add that consultants have been the bane of all Departments. You know that the Public Accounts Committee has a particular view on consultants. So, do not take it personally when we ask you about them. However, it really does beggar belief that, somehow or other, the PSNI managed to get onto the consultancy gravy train as well. How do you justify that?

Mr Stewart: I think that the Chief Constable made a very telling point in his evidence, which is that when you look at some of those cases — some few cases, I have to say — things do not look good, but it would be wrong to extrapolate that from one or two isolated examples to the organisation as a whole. We can see that there are some very specific instances when that happened. Some of them are mentioned in the particular report. As I understand it, one of the individuals to whom you referred was in a particularly key post with regard to the specific requirements of the legislation under which the organisation operates. He had expertise that had to be retained. I am not au fait with his skills set. As to the rates of pay, I think that they are established through negotiations with the individual concerned. The human resources department would not be involved in those negotiations. The negotiations would be taken through the process that is set out in our financial regulations with, probably, the departmental head concerned, but not necessarily with us.

Mr Dallat: So, Mr Stewart, you are certainly telling us that whatever else you are responsible for, you are not responsible for setting the fees for those former police officers who came back as consultants.

Mr Stewart: No.

Mr Dallat: Was it something that bothered you? Was it something that you might have anticipated would become a question at a future hearing of the Public Accounts Committee?

Mr Stewart: If the truth were told, I do not think that I ever envisaged being at a hearing of the Public Accounts Committee.

Mr Dallat: Our original indication was that you did not envisage it, since you did not turn up the first day.

Mr Stewart: That would be rather unkind.

As an organisation, we are well aware of the issue concerning consultants. We are very sensitive to that, and rightly so. I think that eight or nine cases are referred to in the report over the organisation as a whole. I ask the Committee to take that in the view of the organisation as a whole. There are very specific reasons that can be gone into in another place as to why those people were engaged. I think that the Chief Constable may be more aware of them than I am. I can certainly speak about one of those cases, but I cannot speak about the others.

Chief Constable Baggott: I urge some caution in taking individual cases and extrapolating them into something that is wrong. Case example F does not say that what happened was wrong, illegal or not justified. It presents some facts.

I am concerned about that because, as the Deputy Chief Constable said the last time, a number of people came back and, for example, acted as family liaison officers in relation to a tragedy, and the posting of those people was exactly the right thing to do. There were others whom we employed because of obligations to other agencies; for example, the coroner. They might have had a continuity of knowledge, and the judgement on that rests with the coroner. I am quite concerned with taking case studies and somehow making the assumption — not that you are — that something is going wrong.

Perhaps, if we can, we will provide some confidential briefing to the Committee on the justification for some of those posts — the time they were there and the reasons for that. I am nervous about this being presented as something that is wrong. Each case must be taken on its merits. That is not to say that, among the number of police officers that came back, every post could be stood over. I have been very clear about that, particularly in relation to the years of 2006 and 2007, when there was a desire to pull that back in and exercise greater grip. Sometimes, there are justifications for very specialist posts.

I think that we need to be careful when using the word "consultant". Being employed as a consultant can mean bringing back specific skills, not being asked for advice. I would be very nervous if we were bringing people back and asking them how to do things when I already have those skills in the organisation. However, they might have specific knowledge, and there might be an issue of continuity in their role that had to be addressed at that material time.

Mr Best: Joe referred to how that might be calculated on the financial side. That would tend to be left to the local decision-maker in consultation with HR. I will give you an example from when I went through a process. Just after I joined, we did a major exercise involving the Treasury on the value for money of the severance scheme. The previous head of finance had particular expertise in the pension schemes of our full-time Reserve and the old auxiliaries. He retired, but we brought him back. We looked at his previous rate of pay, the charge-out rate that we might give him and the consultants' rates that are published in the guides, and we made a decision. We sought to ensure that he would not earn any more than he would have done through his annual salary. We went through that process. You tend to look at what salary they left on and what the market rate is and come to some agreement. That is the process that you tend to go through.

Mr Dallat: Perhaps to put it more kindly, a lot of this is historical. For the purpose of our report, we would not expect to see consultants appearing very often in the future.

Chief Constable Baggott: You might see specific justification for individuals to come back for a time-limited period. I would be wary about using the word "consultant". We probably, generally, misuse that word a little.

Mr Best: A term that we tend to use is not "consultancy" but "staff substitution". In other words, if we need a particular skill, we will bring someone in from outside to do that. That is not consultancy. That is defined in the Civil Service guidance as "staff substitution".

Mr Dallat: I am sure that the income tax department is listening very carefully to what we are saying here. "Consultancy" seems to me to merit self-employment and opportunities to claim expenses and all that, whereas "staff substitution" could probably be PAYE. That will make somebody happy.

The Chairperson: It might. Mr McKay, do you want to come in on this question?

Mr McKay: Do all the officers we are discussing work in-house on the police estate? Do they have their own offices in the PSNI?

Mr Stewart: I could not say for sure because I am not over the terms of the various posts. Are you talking about consultants?

Mr McKay: Yes.

Mr Stewart: I am not over those terms. I assume that some would have to have access to the police estate to carry out their work. If somebody was reviewing a particular murder investigation, they would need to have access to premises to conduct that type of review.

Mr McKay: I seek some clarification on that. If consultants are working on a case on the police estate all year round, they will be availing themselves of police services, such as a telephone line. They would have to pay those overheads if they had their own office. Is the fact that they are availing themselves of police resources taken into account when you are negotiating the amount that you have to pay consultants?

Mr Stewart: As I said, I really could not say because I am not over the detail of those cases. I would simply point out that there seems to be eight or nine examples of that. That is really the extent of it.

Mr McKay: Could you provide details on that?

Mr Stewart: David and I will try to find out what we can about that for you.

The Chairperson: Are you happy enough with that Mr McKay? The witnesses will provide some more information for the purposes of clarification.

Mr McKay, you are next to ask a question.

Mr McKay: Paragraph 3.6 of the report relates to the evaluation of positions. It states that a PSNI internal review of criminal justice was carried out in 2009. As part of that, 18 jobs were evaluated, of which 10 were subsequently downgraded, seven remained unchanged and one was uplifted. The review found that over half the posts were graded incorrectly and that staff were overpaid. Was that of major concern to you?

Mr Stewart: Not really. The initiative taken by the head of HR was to be supported in looking at the construction of that department. I do not believe that there is any reason to extrapolate that experience to the organisation as a whole. In fact, I think that — Michael will keep me right — in 2009, we conducted a complete resource-to-risk process across the whole organisation in which every post was looked at and justified. Without going through a full job evaluation process — that would be horrendously time-consuming, and we would probably still be at it — we looked at that, compared it with our information and came to a view about whether it was appropriate to retain or suppress posts and whether anything should be changed.

Mr Cox: I have a couple of points on that. The resource-to-risk process started in the autumn of 2009, with a view to agreeing the HR distribution plan for the day after Patten ended. That was on foot of the strategic review that happened earlier in 2009, which allowed us to move away from the fixed 7,500 officer establishment and to do some of the civilianisation and the different things that we talked about earlier.

A couple of points need to be made about the job evaluation. Before that happened, in 2008, a review was undertaken of temporary workers and job evaluation to make sure that there was a match across to the grading guidance and to ensure that that was properly done. Overwhelmingly, that was the case. The conclusion you referred to was really not significant to us, and as Joe said, we do not accept that it can be extrapolated out. However, even if it could, we had already started a process in 2008 to look at those posts and to make sure that there was clarity on grading levels and rates of pay. A lot of stuff had already been done.

The answer we gave in paragraph 3.7 of the report was in response to the commentary in paragraph 3.6 that we should undertake a review. At that time, it was not considered necessary to go back and redo it and make it retrospective when you are talking about the number of posts that would have come across a comprehensive review. We had already done something.

Mr McKay: Claimed savings of £22 million and, I think, £25 million were referred to. Did those savings include the cost to the police of training and vetting agency workers?

Mr Stewart: I do not think that those costs are relevant. Regardless of whether you were engaging somebody on a permanent or temporary basis, they would still have to be vetted and trained, unless, of course, they came with a skills set already available. So, as far as I am concerned, it is a neutral accountancy provision.

Mr McKay: May we get those costs for the 10-year period?

Mr Stewart: We will have a look at it, but I do not think it probable that we would have captured costs in that way for training and vetting. The vetting function is extant in the organisation, and they just deal with the volume of requests that go through, whether the posts are temporary or permanent.

Mr McKay: Would that not need to be taken into account if you are trying to measure value for money?

Mr Stewart: What I am saying is that there is no difference between our temporary and permanent people in the cost of vetting. The process is the same. Somebody being put in a permanent position has to be vetted; somebody being put in a temporary position has to be vetted.

Mr McKay: Yes; but a temporary position is supposed to be a temporary position, as opposed to a permanent position, where, in theory, you would get more bang for your bucks, so to speak.

Mr Stewart: Yes, on the basis that people stay with you longer, which is key to the whole thing. Our problem was that, given our financial situation, we needed to have the flexibility not to have people stay longer than we needed them to.

Mr Cox: On a point of detail, Chair. Staff are vetted on a five-year cycle anyway. Vetting is done on a rolling cycle rather than once and indefinitely.

Mr McKay: I think that it would be good to get some analysis of that, regardless.

Mr Best: To reinforce the point: I was quite happy from a financial perspective that agency numbers were going up. That is because, to quote the figures, over eight years until the end of last year, we had target savings of £179 million. We achieved £194 million, which was 8% above target, and one of the contributory factors was that we had the flexibility to use agency staff to bridge the gap as we had to reduce police numbers. As Joe said earlier, 80% of our costs are staff-related, so that helped us to get those costs down and to meet those figures. That was an important driver in giving us flexibility, without which we simply could not have achieved those savings targets.

Mr McKay: My final point is about what has been referred to as civilianisation. I think that it is right and proper to civilianise jobs such as call handling, which was referred to earlier. How many officers are there in call handling at the moment?

Mr Stewart: I do not have off the top of my head the figures for officers involved in call handling. The number of 130-odd springs to mind, but I can certainly provide you with that information.

Mr McKay: What is the total number of staff?

Mr Stewart: In call handling?

Mr Stewart: I have the figures in the office, and I can make them available, but I do not have them with me now, and I would rather not speculate.

Mr McKay: May we have the figures for retired officers in call handling as well?

Mr Stewart: I will have to check. The best thing that I can say is that I need to check to see whether that information is available.

Mr McKay: OK. Thanks.

Mr Dallat: On a point of principle, Chair. Mr Best, are you telling us that you used temporary staff as a means of controlling your budget?

Mr Best: I said that we used temporary staff as a measure to meet the funding cuts that would come to us in the future but the scale of which we were uncertain about. So, we employed temporary staff, and when we faced the cuts, we were able to reduce those staff rather than lay off permanent staff. It helped us to manage the number of staff by which the PSNI would be reduced in the context of the very significant cuts that we have had over the past eight to 10 years.

Mr Dallat: If I am picking it up right, Mr Best is saying that he used temporary staff in circumstances of uncertainty. That is OK, but I do not think that it should go further than that. I would certainly discourage Departments from using temporary staff as a means of controlling their budget.

Mr Best: If I have conveyed that, I take it back. I accede to your point.

The Chairperson: Mr McKay has finished his questions. Mr Copeland will take Mr Clarke's questions.

Mr Copeland: I am Trevor Clarke for the afternoon. *[Laughter.]* I trust that you will bear that in mind when I put the questions to you, which I do with some sorrow, Joe, because you are an ex-shipyard man as well.

Chief Constable, with your permission, I will address my questions to you, and you can decide which of your colleagues is best suited to respond. Mr Clarke has an initial question and three follow-ups. Mine are a good deal shorter, and there is a googly in there as well.

Paragraph 3.10 tends to indicate that there was a lack of good quality management information to properly manage the contract. We understand that, on one occasion, you had to return to Grafton to obtain some of the information required for the C&AG's review. Given the size of the organisation, that is, perhaps, understandable but, nevertheless, regrettable. How did you expect to manage a £100 million contract and properly control the use of temporary staff, if regular and detailed management information was not, in effect, being generated? Or, is that a misnomer?

Mr Stewart: First, we need to go back into the concept of the devolved administration of the organisation from 2004, when the command view was that these issues and budgets should be managed at local level, not centrally, to aid responsibility in departments and districts to take ownership of their own areas. That is what fed into that. In central HR, we were always aware of the numbers, because that is what we constantly referred back to our colleagues, and, indeed, the numbers of temporary workers were discussed frequently with the Policing Board. We had pro formas created, on which people were supposed to put down their business case and create the justification. However, the detail of the justification was held at local level. It is true to say that there may be some aspects of not being able to tie up the money side with the numbers side at the central level, but we are certainly in a different situation now. From January 2011, and well before the Audit Office had a look at us, we had a much clearer and tighter level of control, although that causes some frustration to some of my colleagues due to the amount of bureaucracy that is now involved in that level of control. I am conscious that Michael is keen to get in here.

Mr Cox: There is an important point here, and it goes back to one of the things that was said earlier about the value of the contract. As we know, the moneys processed through it include the salaries, and that has put it to the level that it is at. The local devolved decision-making and the heads of business services, which David talked about earlier, were there to control the costs and make sure that they were covered. The costs were covered, and it made sense. At the centre, the Grafton contract manager was aware, through our heads of business services, of what the expenditure going through it was in its totality. As Joe said, we were providing the information across the organisation. I suspect that we were not regarded as being terribly welcome on occasions, as we told people about the volume of temporary workers that we had, and we were trying to agitate to get an interest, as I

said earlier. Then it came down to the management information on how we managed Grafton as the contractor and how it proved its performance to us. Those are the key performance indicators (KPI) that are mentioned in the report. So, it is about what they were doing specifically. The £100 million question, as you have put it, was broken down and dealt with in a number of ways. It would be entirely wrong to say that we had no management information.

Mr Best: I will comment on the financial aspect of that. Through the Patten process, we have referred to devolution being implemented. On the financial side, we developed a policy and procedures; we devolved budgets; we appointed heads of business services; and we developed an integrated planning process, which tied up the numbers with the money. Those budgets were given to the local level. Those included the salary costs. We dispute strongly the £100 million. Those were devolved to the local level, and I can assure the Committee that those were managed very tightly by those managers. I held monthly meetings with all heads of business services and discussed variances. Those were reported through to the commanders. They came to the chiefs' meeting every month and to the board meeting every month, and I answered questions on those. Those were very tightly controlled, and I can confirm that we did not overspend on our budgets at any stage. The auditors have never qualified our accounts. I assure the Committee that strong financial control was operating during that period.

Mr Copeland: I trust that the three supplementary questions will not need such long and in-depth answers. In what way did you monitor Grafton's performance in acceptability and whether a payment was due? Not so long ago, the Committee took evidence regarding a situation in which a service provider had been invoicing a non-governmental organisation for servicing lights in a block of flats 10 years after the block of flats had been demolished. Those things can happen. Was there any method of checking that a payment for the provision of a service actually related to the provision of the service and that the service was provided?

Mr Cox: The approval of the payments was done locally. They were the people best placed to make sure that what was being charged for had been done. That is under the regime that David has sketched out for you. We had monthly contract meetings with Grafton. We also had half-yearly meetings with them on emerging issues and the like, and they were pitched at the higher level. Furthermore, contract performance meetings were conducted with Grafton, and they included representatives from CPD. There was, therefore, quite a robust arrangement in place dealing with those things.

Mr Copeland: Did those arrangements have KPIs with which Grafton had to comply?

Mr Cox: Yes. This goes back to what we wanted Grafton to do for us, which was about providing suitable people and getting them to fill gaps. There were performance indicators, and that management information formed the main agenda for those monthly contract management meetings.

Mr Copeland: Was the list of suitable people that Grafton would have presented to you filtered by Grafton in any way? I understand that, for the most part, we are here discussing former police officers. I declare an interest, as I married a police officer who is now a former police officer, so I have some knowledge of it. Most expressions of concern that came to me about the whole process were not from those who had applied and found employment, but from those who had applied, considered themselves qualified and, for some unknown reason, were accepted and then unaccepted or not accepted at all. Was there any monitoring of former officers, particularly those involved in the fields of communications or intelligence? Some officers applied and felt that they were perfectly competent. I believe that there was one case in which the individual was under the impression that they had been accepted, only to be told two days later that they were not accepted. Was there any monitoring to ensure that there was a level playing field, even within the cohort that we are talking about, which is retired officers?

Mr Cox: I will leave it to Jason to answer some of the specifics of how they deal with it. They were not sent to the centre or filtered at the centre; they were dealt with locally. The intention was that Grafton would provide us with a number of suitable people who met the criteria. That means that if one person gets it, one or more others will not get it and will be disappointed. That was the way in which the exercise was undertaken. The idea was that Grafton would give us a suitable number, depending on the role and the availability of people within their employment group, to meet the demands of the job or jobs.

Mr Copeland: Would it be possible to obtain some indication of the number of positions that were offered and the average number of applicants for each position? Were any criteria applied, apart from the decision taken locally? Throughout my wife's service, she had several sergeants. She did not particularly like some of them, and I am sure that some of them did not particularly like her. Was there any method by which personal avarice or dislike, or some blip in former service, was written out? It is difficult, but do you follow what I am saying?

Mr Cox: The difficulty is that it depends on the role and how many people were there. I understand that, quite often, as you said, it spoke to a number of people and then made its judgement that a certain person was the most suitable.

Mr Copeland: Grafton spoke to a number of people?

Mr Cox: No. Grafton quite often provided a number of people, depending on the job, and it would have spoken to local management, which would have made its judgement, hopefully — and I have no reason to believe otherwise — on the basis of an objective assessment. However, there is an old saying that there is nothing as queer as folk, and, therefore, I cannot say absolutely that an old sergeant did not take retribution. I have no way of knowing.

Mr Copeland: It struck me as curious that we focused very much on those former officers who successfully applied. However, I, and probably some of my colleagues, have had complaints from those who applied unsuccessfully. That is not surprising, perhaps. I was just wondering whether there were any safeguards built in there. Would Grafton, on occasions, have perhaps presented a star, if that is the right word, potential candidate, and been surprised by the eventual selection? Or did you not bother with that?

Mr J Kennedy: It is a fair question, Mr Copeland. Anecdotally, securing gainful employment in any sector is always an emotive business, particularly if you do not get the job. Therefore, there is always anecdotal evidence that the people who do not get jobs will shout loudest. This is no different. There are two key steps in the process, which may help you. Once Grafton undertakes a specification or a job order from the PSNI, we will receive a detailed specification and, hence, an open job order. Our responsibility is to manage the supply chain as professionally and objectively as we can, and that invariably is driven from our database. Invariably, on the basis of managing that supply chain, having received a job specification and done a detailed analysis with the hiring unit in the PSNI, we will typically provide, based on best judgment, anywhere up to a maximum of three candidates for every open vacancy. Thereafter, the hiring decision or the methodology to hire that person to the PSNI is taken by the PSNI.

Mr Copeland: Please forgive me for asking this question, but cynicism has become a substantial part of my character in the past two years. Some of the jobs were very specialised, and although I fully understand that the person who did the job before was, on paper, the most qualified person for it, are you content that the job specifications that you received were wide enough not to lead to the immediate recruitment of a single individual? In other words, was the cloth cut to suit the pattern?

Mr J Kennedy: I am happy that the specifications were wide enough, but as a private organisation in the recruitment industry, we have an obligation to register anybody who applies to Grafton. We are not prejudicial, whether you are a police officer or a brain surgeon.

Mr Copeland: That was an interlude of mine amongst Mr Clarke's questions. When were the key performance indicators in paragraph 3.10 actually agreed?

Mr Cox: When the original specification went out, it asked the bidders to make some suggestions about how their performance could be best managed. I understand that that is a standard way of doing it. Is that the best way of doing it? You pays your money, you takes your choice.

Mr Copeland: What were they asked?

Mr Cox: The bidders were asked to come forward with how it might be done, and that is the way, as I understand it, the procurement people expect it to be done. The ones that are set out in paragraph 3.12, if you understand the role of the temporary placement agency, are very relevant to what we want the contractor to do. It started with the original specification and then formed part of the procurement process after that.

Mr Copeland: This is the last one I will set in front of you, Chief Constable. Apologies. We understand that the Policing Board claimed to have had great difficulty in getting information from you, particularly on the use of temporary staff. I presume, the service being what it is, that lessons have been learned about information flow from this contract and that those lessons will be applied in the future?

Chief Constable Baggott: I will answer that again, because I have written to the Policing Board and I have not yet had a reply — but I will have a reply — suggesting that an independent audit is carried out on the provision of information to the Policing Board committees in relation to this specific subject, the whole issue of resourcing and the use of temporary and permanent staff. The correspondence that I have been able to provide — I am very grateful to the committee for that — does not show a tale of a lack of information. In fact, it shows a tale of significant information being provided at different times to different committees, underpinned by audits carried out by the Policing Board by the use of consultancy. There are lessons to be learnt in how the committee structure may become a bit more co-ordinated and how we might become more consistent in the information provision. However, if you look at the sheer volume of information provided at different times, it is hugely significant. I think that the way to deal with that is an independent audit, but that is a matter for the Policing Board to consider.

Mr Copeland: My own question may be rather small and insignificant. Figure 14 indicates that 82% of the temporary staff who were employed as drivers were former police officers. Even to me, that seems to be a fairly high percentage. Can you explain why 82% of the temporary staff employed as drivers were former police officers? Was it because the skills that were required by police officers would not have been resident in the civilian community? More importantly, perhaps, who determined whether the policing skills were a requirement for a specific post? Did that reside with you going to Grafton and Grafton applying that judgement, or did you request former police officers specifically for specific roles?

Mr Stewart: We would not request former police officers for specific roles in a specific fashion. As Michael said, those who were running the department would have been responsible, with their head of human resources, for developing a job description to fill a position. That would then have been given to Grafton, and it would have gone on to its database and tried to match those job skills and the specification to those on the database. Grafton was then required to produce people to the department, and the department would then have decided on engagement. I have not managed to bottom out the issue of drivers yet, except to say that it was quite small. We did quite a radical revision of police protection driving, where we tried to make best use of our available policing resource. We reduced the number of sworn officers involved in driving duties and replaced them with civilian drivers. I am speculating now, but some of those would have come forward with advanced driving skills that would have been suitable for that type of engagement, such as manoeuvring and things of that nature and the transport of confidential documentation.

Mr Copeland: I put this question to you, Chief Constable, although you may not be fully able to answer it. Taking the whole thing in the round and the process of change — people into the service, people out of the service, people being promoted — and the whole new regime, in your view, could the continuity of service have been provided to the standard that it was as well or as economically efficiently without the use of those temporary officers?

Chief Constable Baggott: I come at this with the benefit of hindsight and with the benefit of enjoying the prize that came out of this, which was the devolution of policing and justice. Look at decisions that have been made, particularly the one in 2007, which was to continue the Patten recommendation about a highly devolved structure. That was very important to gaining confidence, which led in April 2010 to having a Justice Minister, four-year budget planning time frames, coming off the rigidity of 7,500 officers and, to be honest, to work with DFP in a much more inclusive way around the guidance. The prize was devolution.

Looking back at this — and we have acknowledged this — could the grip have been tighter? The internal audit itself, in 2007, said that there were questions to be asked, and the grip got tighter. However, if you look at the number of factors of the churn, 8,000 is a huge number to leave an organisation — 80,000 staff movements. If you look at the way in which the budget was having to be managed, which, in effect, was to have no carry-forwards and give back the money at the end of every year, the comprehensive spending review in 2007, which has now been acknowledged was too low — it left the organisation without the resources. If you look at the rigidity, combined with the lack of

forward planning, combined with churn, I do not think that there would be an organisation in the private or public sector that would not have had to make use of some temporary staff. The fact that many of those posts were being filled by police officers or were police roles inevitably led to the return of some police officers, both by employment law requirements and by specific policing skills. There was, if you like, an organisational consequence of all those things coming together, which probably was not predictable in 2002.

The other issue of course is that, sadly, since 2006 there has been by some a return to violence, which, in itself, is a factor that was not foreseen at the time. So, enormous churn, the rigidity of the regime, the extra threat — and even, forgive me, but the point has been raised, the legal complexity. The Deputy Chief Constable is entirely right, and I share her view, that we would love to be on the front foot with the Equality Commission in developing a whole, legally audacious approach to equality that is unprecedented in the public sector in Northern Ireland or elsewhere. There is a genuine promise to work with that, but even that is complex. What the Equality Commission said we could and could not do is complex. Employment law is complex, and all these things are matters that, at the time, could not be foreseen —

Mr Copeland: *[Inaudible.]*

Chief Constable Baggott: Yes, and had consequences. Forgive me, because I do not want to grandstand on this, but where we are today, with the benefits of what we went through in that decade, is a much different place, a much tighter place. That is very important, because in the next year or two, we are going to get into even tighter budgets, where the use of temporary measures will become critical. There is nothing unusual there, in the private sector or the public sector. We are going to have to do that.

At the end of this year, however, we have the highest confidence for many years, the lowest crime for many years and the lowest number of road deaths for many years. Something in public safety and public responsiveness has been achieved, alongside a really significant consensus with the devolution of policing and justice.

The area that we still need to talk about with our Policing Board colleagues, with the greater scrutiny that I welcome, is the issue of accountability. That touches on the issues of information provision to the Policing Board and how we can improve that together, individual accountability to the ombudsman, which was quite rightly challenged on the Policing Board, and is one for others to resolve, but which we will sign up to, and best value, which continues to be something that exercises everyone in public sector and private sector leadership at the moment.

Mr Mitchel McLaughlin: I want to pick up on point that the Chief Constable left off on there. I want to record my gratitude for and recognition of the transformational achievements because they have been absolutely breathtaking. I am at the stage now where I know the first names of police officers. It used to be the other way round; they knew my first name, but I did not know theirs.

This report and this discussion have come about in the context of remarkable and very positive change. However, there are issues that we have to get right. I have a confidence in the discussions that we have that, where issues are exposed, they will be responded to.

I want to come to two issues that go to the heart of this report and which have significance in securing, consolidating and building on the public trust and confidence that exists. Paragraph 4.8 of the report outlines the key issue:

"The majority of former PSNI officers who were re-employed had a break of more than one year between their severance date and starting in a temporary position. Fifty four were re-employed within a week of leaving; nineteen, one day after their severance date; and two were engaged prior to their severance dates."

I am not going to go through all the cases, but I want to discuss the last two referenced. The Audit Office identified, as it transpires in a footnote, the information is that they:

"were former full time reserves who had ended their operational engagement with PSNI and had begun their paid retraining phase."

I presume that this is agreed and factual, and that there is no dispute about that information. Which company was providing the training?

Mr Stewart: Sorry, for —

Mr Mitchel McLaughlin: Joe, only the two reservists who were preparing for their severance and were on a retraining course.

Mr Stewart: The Police Rehabilitation and Retraining Trust was responsible for retraining full-time Reserve officers.

Mr Mitchel McLaughlin: The trust itself? Did it bring in another company or organisation to provide the training?

Mr Stewart: My understanding of the way in which the Police Rehabilitation and Retraining Trust went about its business was that it had a range of permanent staff who delivered training, but various aspects of training were delivered by different experts. I understand that it did not have a full panoply of skills in the organisation to do the full round of training for officers, which also, of course, depended on what careers full-time Reserve ex-officers decided to go on.

Mr Mitchel McLaughlin: On the face of it, this would appear to be a relatively easy set of circumstances to identify. Am I correct in asserting that Grafton provided the retraining?

Mr Stewart: I do not believe so. I do not know. I can check it out, but I do not believe so.

Mr Mitchel McLaughlin: May we see whether that information is available? Would the Audit Office or any other of the witnesses be able to help us?

Mr Stewart: No. I do not believe that to be correct, but we can certainly go into those two cases without any difficulty and provide you with —

Mr Mitchel McLaughlin: It is not inconceivable that it would have been Grafton? Might it have supplied some of the services that the Police Rehabilitation and Retraining Trust did not?

Mr Stewart: I would be surprised. Rather than say it is "not inconceivable", I would be surprised, because a lot of the courses that I was aware of were about CV development and different career directions. People followed a range of careers, so I cannot quite see the —

Mr Mitchel McLaughlin: I absolutely accept that you have to check it, but will you come back to us, please?

Mr Stewart: Surely.

Mr Mitchel McLaughlin: OK. I have a second and particular concern. I think that you were present at the PSNI's community policing awards recently.

Mr Stewart: I was.

Mr Mitchel McLaughlin: You will have recognised that one of those presenting awards was a former PSNI direct commander who now works for Grafton.

Mr Stewart: Yes; I think that he has already been referred to in these proceedings.

Mr Mitchel McLaughlin: I have his name here, but I will avoid using it unless necessary. He presented an award at that event on behalf of Grafton.

Mr Stewart: Yes.

Mr Mitchel McLaughlin: Is it also true that Grafton assigned him to its PSNI recruitment portfolio?

Mr Stewart: I believe that that is what has been said, yes.

Mr Mitchel McLaughlin: So, on the other side of that, because we discussing what has been described in the media as the "revolving door", is it also true that you have recruited people from Grafton into the PSNI? I am thinking particularly of two individuals whose names I have.

Mr Stewart: Yes, we have.

Mr Mitchel McLaughlin: Initially on fixed-term contracts, they are two people with whom you have some history when they worked with Grafton. This was around the same time as the contract was varied in 2004 to make Grafton the sole provider.

Mr Stewart: No, that is not correct.

Mr Mitchel McLaughlin: Will you come back to me with the detail of that time frame?

Mr Stewart: Absolutely.

Mr Mitchel McLaughlin: Subsequently, the jobs that both individuals were doing were made permanent. They are now permanent employees.

Mr Stewart: No. They are on fixed-term contracts.

Mr Mitchel McLaughlin: Still? Is one of them your HR man in the crime department?

Mr Stewart: There is somebody who was an employee with Grafton, who was engaged following an open competition for human resources managers.

Mr Mitchel McLaughlin: The other individual is in central HR?

Mr Stewart: As a Grafton employee?

Mr Mitchel McLaughlin: Former.

Mr Stewart: A former Grafton employee? I do not believe so.

Mr Mitchel McLaughlin: Well, will you check that as well, because that is my information?

Mr Stewart: Of course I will, yes.

Mr Mitchel McLaughlin: When the Audit Office shows us that the two departments most closely connected to the lucrative contract for Grafton are the PSNI's central HR and crime departments, you would say that there may be an issue there that should interest us all.

Mr Stewart: I do not accept that at all.

Mr Mitchel McLaughlin: OK. If we wait for the information — I am sure that you will come back to us with that — we will be able to draw some conclusions. Thank you for that.

Chief Constable Baggott: Forgive me. I do not dispute, in any sense, the right to ask for that information, but it is important in two aspects. The sponsorship of key events in the PSNI is multifaceted. We have a significant number of sponsors who very kindly come forward. It is not, in any shape or form, limited to Grafton. The issue is whether it complies with regularity and propriety in our sponsorship policies. I am very happy to provide a copy of that and examples of where sponsorship has been provided for awards that are matters of concern to the community.

Secondly, in relation to the employment of individuals, the question for me is not so much who they are but whether the practice was open and transparent and whether it conformed with the employment law requirements. It is an understandable question to ask, but unless there is an implication to it, or

an accusation, I would like to explore, perhaps privately and confidentially with the Committee, why that question is being asked.

Mr Mitchel McLaughlin: I am asking the question because it is also legitimate to ask the question, as you have acknowledged. Although we have acknowledged — properly — the progress that has been made, we have to address the concerns that people have. I am quite happy to wait until then; I did not make any accusation yet. I am waiting on the information, and I will take it from there.

Chief Constable Baggott: I am very happy to provide a confidential briefing to the Committee on the role, the process and the job description to give you the full picture.

Mr Dallat: Madam Chairperson, I am sure that the Chief Constable is envious of the high levels of detective work that are going on around the table.

Chief Constable Baggott: We are going to take lessons.

Mr Mitchel McLaughlin: I am actually thinking of retiring from the Assembly. *[Laughter.]* Do I write to Grafton? How do I get in?

Mr Dallat: I can see Mitchel being headhunted for the PSNI. *[Laughter.]*

Mr Mitchel McLaughlin: I have been headhunted by better than the PSNI.

Mr Dallat: We will stop at that.

One officer who retired was retained for five years in a temporary capacity. You know who we are talking about; I do not want a name, obviously. Five and a half years is inexcusable.

Chief Constable Baggott: I have been very clear. Mr Stewart can give some detail on this, but we have tightened significantly justification for not just the post but the timescale required. Those temporary contracts are all under scrutiny. They have end dates where appropriate.

Mr Stewart: An example was referred to, as Mr Dallat indicated. It is the one example that relates to my department. On the face of it, it certainly needs explanation; five and a half years is a long time to have somebody temporary. Those are very much exceptional circumstances. I think that about six or seven people fall into that category, and not all of them are ex-police officers. Frankly, it was a matter of convenience at the time, given the pressures that we were under in the department. We had a very complex human resources software system that very few people understood. However, it was required to do the 80,000 moves, recruit people, move people to different departments and record data on the system so that others could benefit from it. That person had, over time, achieved expertise in that area. Therefore, he was retained to enable us to keep servicing that requirement for information on those transfers. He has subsequently left the organisation. We did not engage anybody as an external appointment to replace him because we were reducing numbers. We were able to transfer an IT expert from our internal computing system to fill that post and keep that data running for us.

Mr Dallat: That is fine, but you have to think outside the environment in which you are working. I read your CV; you have been fortunate in that you have had a very challenging and interesting career. There are a lot of people leaving university, and there are a lot of people out there who are unemployed. A lot of people who were thrown out of jobs in the Patton Group and places like that have those kinds of skills. Somebody was kept out of that job for five and a half years, and that is wrong.

Mr Stewart: I fully understand the point, and the issue of current employment levels is a matter of concern, from the social responsibility point of view, to myself and my colleagues on the command team.

To that extent, we are now at the point of exploring some fairly radical or different approaches whereby we might, as an organisation, be able to give the opportunity to young people at university and so on, who cannot otherwise get a chance, to at least get some job-related skill on their CVs. That is in a broad range of activities from data handling through to business process improvement. So that is something that we are taking a close look at as we speak.

Mr Dallat: Chairperson, that is very welcome. A lot of young people will now choose the PSNI for work experience, and that is a very positive thing. It indicates that they are thinking about some kind of career that in some way relates or is allied to the PSNI for the future. That is important.

I have one last question. I qualify this by saying that this was not unique to the PSNI. It was common in the Civil Service and in the teaching profession that people got promoted just before they went out. Have we any statistics on how extensive that practice was? It has been referred to, and it is important to have the facts so that we can learn to avoid such situations in the future where someone is promoted, sometimes to a post that does not even exist, a few weeks or months before they go out.

Mr Stewart: I will take Mr Dallat's point, because I fully understand his concerns. I am very confident that there is no indication of people being promoted in our organisation to a post that does not exist. That is my first point.

I also want to address his point about people being promoted shortly before they retire. Michael has already referred to the number of promotion competitions we run, and the high turnover of people. I cannot quite pinpoint the year, but I could look at this and supply the information. Certainly, at some point, I raised a concern about the potential for people to be promoted and then to leave on severance. We put in place a commitment from people, for example, who were going for the role of chief superintendent that, in the event that they were promoted, they would remain with us for a certain period of time. The difficulty with that is that it is not enforceable, but it certainly was a requirement and an undertaking that we sought because we were aware of concerns in that regard.

Mr Dallat: I have no other questions, other than to say that I concur with the remarks we made earlier. It is very constructive and it indicates progress that we are able to have a hearing with the police around the table. Any contribution that I have made was intended to be constructive. And, for the future, there was some reference to the unexpected return of violence, and I am sure that we all agree that we do not want that. I wish all the officers, in whatever capacity, every safety every day of the week.

Chief Constable Baggott: Thank you.

Mr Girvan: I just want to come in on the back of those remarks.

A lot of this has to do with information that basically should have been made available. I wonder, how often was the Policing Board advised of the resourcing matters and how they were being dealt with? Did the board constantly ask about ex-RUC members being re-hired?

Mr Stewart: The information about our employment numbers was supplied to board officials, at their request, on a monthly basis. Michael tells me that it was supplied from 2007. There is something else that we developed recently, called the HR dashboard, which demonstrates to board members the various trends in employment. The questions from members, as you will see from the correspondence deposited with the Committee, varied over time. Sometimes it was about civilian workers, and other times, it was about temporary workers. Sometimes it was about the Catholic representation of civilian staff. So, there was a range of questions, and, in fact, the then chair of the human resources committee addressed the situation with temporary workers even in early 2011. We responded to the request as best we could.

The Chairperson: Members, do you have any other questions?

Mr McKay: In the past week, we got a copy of correspondence between the police and NIPSA. It was between you, Joe, and a Sharon Smyth. Sharon raised the issue of meeting the Policing Board, listing five points. She sent an e-mail about this to you, Joe, to which you responded. I am wee bit concerned about your response. It said:

"I am disappointed. The risk you run is that this matter is now highly politicised to the disbenefit of PSNI as a whole and that your concern will be manipulated as a consequence. I feel this approach risks undermining the relationship we believed we had with NIPSA."

Was the human resources relationship with NIPSA conditional on NIPSA's not going to the Policing Board with certain issues?

Mr Stewart: No, certainly not. The organisation's relationship with NIPSA over the years has been entirely positive, and it has been recognised in telephone conversations between me and the general secretary of NIPSA that I have been one of NIPSA's strongest supporters over the past seven years by making resources available to it out of my own budget. Those resources would not otherwise have been made available, and it would not have been able to conduct the work. It was important that NIPSA was kept fully advised about the various processes and about the departure from the Civil Service under the links process that Michael was running for us. I think that the difficulty was that the issue was being addressed outside the established negotiating procedures, in that those procedures had not been exhausted. I am named specifically in the negotiation procedures, but I had not been approached on the matter at all. I was concerned that various inaccurate comments were being peddled in the organisation generally about various persons' contractual competence. It is also clear that I was not far off the mark in saying that misleading statements can lead to political manipulation of the stories. I think that that is fairly obvious.

Mr McKay: What, exactly, is the matter that would be highly politicised if the issue were referred to the Policing Board?

Mr Stewart: The continued suggestion of a revolving door in the hiring of ex-police officers. I argue that the report indicates that that is not the case.

Mr McKay: There is no mention of a revolving door in the initial correspondence.

Mr Stewart: Nor would there be, but that is what I was seeking to address.

Mr McKay: Surely it was in the Policing Board's interest to meet with NIPSA to discuss the issues in an open and transparent manner.

Mr Stewart: I have no doubt that it is in the Policing Board's interests to meet NIPSA, but I also have no doubt that it is important that the events are clearly stated and that the circumstances are clearly set out in an accurate fashion.

Mr McKay: You could have corresponded with the board as well to provide that balance.

Mr Stewart: I corresponded with the board to make the point that the procedure had not been exhausted and that we did not have the opportunity to address any of those matters.

Mr McKay: You said that the concerns would have been "manipulated". Who was going to manipulate them?

Mr Stewart: I think that it is perfectly obvious that the manipulation has been by certain members of the political parties.

Mr McKay: Which members of the political parties?

Mr Stewart: My main concern is that, very shortly, I will, with the endorsement of the chief and colleagues, recruit more people into the Police Service of Northern Ireland. I want the broadest representation possible from Catholics, republicans and Protestants so that we have the best choice available to serve the public. I am concerned that misstatements are made in such a way that negatively influences young Catholics and nationalists against applying. That is known as the chill factor, and I think that it would be very detrimental. That is my primary concern.

Mr McKay: Just to clarify, do you believe that the Policing Board, or political members of the Policing Board, would have manipulated NIPSA's concerns?

Mr Stewart: I think that that was my concern, and I think that it is a matter of record.

Mr Girvan: Chair, I want to come in on that point. I refer to two press statements, both of which were published, one in the 'Derry Journal' and one by a Sinn Féin MP.

One statement said:

"When the Policing Board was reformed 15 months ago Sinn Féin gave notice that we would expose the scandal of retiring and rehiring within the PSNI. That's exactly what we have done."

The 'Derry Journal' states:

"More will emerge through the Public Accounts Committee".

That is printed material. We are going back 15 months. The headline stated:

"Exposing and closing the PSNI's revolving door".

Therefore, it has been a long-term objective to identify and expose that. Conor Murphy, another MP, is on record saying that he would not advise his daughter to join, yet they allege that it is an old boys' club. I appreciate that we are saying that we want to put this behind us and move forward. If we want to really get into the detail of a witch-hunt or what is going on, we will see that there is a political agenda. Members round the table play games, and that is what is going on here.

Mr McKay: Where this matter is concerned, it is important for NIPSA to have a good relationship with the PSNI and the Policing Board. I think that this is serious, bearing in mind some of the comments that have been made, regardless of whether the PSNI or any other public organisation is involved. If we had this material about other organisations, all parties would have been scrutinising them in the same way that we are. It has been said here that, regarding NIPSA's going to the Policing Board, there are likely to be serious repercussions on the working relationships that the PSNI's human resources team has sought to foster over the past number of years. I think that NIPSA should have the freedom to go the Policing Board about issues of concern or any others that it feels are not being dealt with through the PSNI. I think that that should be the norm moving forward.

Chief Constable Baggott: I have three things to say from my perspective. Forgive me; Mr Stewart will speak for himself and justify. First, there is absolutely no reason why NIPSA cannot go to the Policing Board, and I would expect that. I think that it is a legitimate right for them to go to their employer, and there has been no blockage to that. Mr Stewart will give the context of that letter, which was probably more about the process, and also about whether negotiations have been exhausted.

Secondly, the correspondence was given over voluntarily by Mr Stewart by consent. I think that I need to say that. As regards the other individual, there is probably some legal uncertainty about whether that was relevant, but, actually, it was given over by consent, and I would like the Public Accounts Committee to acknowledge that.

Thirdly, one of the reasons why I am very grateful for the return is that, in a completely apolitical way, this matter has been significantly debated in the media. That is a reality, but a lot of that debate has been highly emotive. That, again, is not a political point; it is the reality. I am grateful, because I think that the issues for me, which are entirely right, are regularity and propriety, value for money and whether there was a balance of risk and opportunity. That is exactly what we are required to do.

Some of the issues that were raised very quickly in the media were done so on the basis of insufficient facts and insufficient scrutiny, but that is entirely what this process should be about. I have welcomed the process, and I know that colleagues have as well.

The final thing on that correspondence is that, as you have seen, I wrote to the Policing Board on the back of some very public media statements and invited the Policing Board to conduct an investigation. It has declined to do so. That is my legal requirement, and that was what was complied with to the letter. So, where due process and anything coming out of that are concerned, there has been scrutiny and an invitation for scrutiny that, the decision having been made, was not taken up. I do not make a judgement on that at all. However, it was laid before the Policing Board as a relevant issue.

The Chairperson: Deputy Chair, are you OK?

Mr Dallat: Please do not encourage me.

The Chairperson: Just before we wrap up, I will say that I asked about the breakdown of gender for those who have been rehired. The PSNI's response was that it was not practical to give that

information on gender breakdown in the time available. Grafton provided us with some information for the years between 2002 and 2012. We also have workforce composition figures that were given to us, but I am just concerned that they date from 2005. I will go back to gender, as well as to the composition of community background and ethnicity. It concerns me that the information is dated for 2005. Do you hold a more up-to-date figure for workforce composition?

Mr Stewart: Our composition figures are updated every year in accordance with the legislative requirements under the Equality Commission. If you let us contact the Committee Clerk, we will see what was provided to you, because the information is up to date on those whom we employ.

The Chairperson: Could we have that information? The information that was provided states that you do not undertake any routine analysis of the gender of temporary workers. Is that something that you are going to look at so that you can seek to change it?

Mr Stewart: At the outset of my evidence, I referred to conversations that we have had with the Equality Commission. I think that, subject to its advice, we will have much more proactive engagement in that with all our contractors. As a result of conversations that we have had in the Policing Board and for the new contracts that we have entered into, I would say that we are being quite intrusive, as my staff are going in and looking at the operation of the organisation that is contracting with us and looking at its employment policies. We have no legal right to do so, but we are putting that into the contracts and expecting any contractor to comply with it. That will mean that we will be much more au fait with its process. I think that we now have a greater appreciation of the broader community impact of those matters, and we will be taking that forward.

The Chairperson: That has to be welcomed. Members, are there no other questions? This has been a necessary session. I appreciate, Mr Baggott, that you have come back again for a second bite of the cherry. As you know, the Department and the PSNI have to ensure that public expenditure is proper and regular, that it is managed and that it can be justified in an open and transparent manner to this Committee, the Policing Board and the wider public. The C&AG's report tells us that £100 million has been spent on hiring agency staff since 2002, that 39% of all agency staff over the past 10 years have been included in the report and that 75% of agency staff currently on the books are former officers who had retired under PSNI severance schemes. From what I heard today, it seems that the recruitment does not appear to have been carried out with the aim of having a rigorous programme of civilianisation of jobs. Having taken evidence from you, the Committee will consider what we have heard today and report back in due course. Indeed, we will be seeking the outstanding information that has been requested but that could not be provided here today.

Mr McQuillan: Chair, I think that it is important to stress that what you are saying is your opinion, not the opinion of the Committee as a whole. Is it fair to say that?

The Chairperson: Yes. As Chair of the Committee —

Mr McQuillan: You are not speaking on behalf of the Committee; you are speaking on behalf of yourself.

The Chairperson: Absolutely.

Mr Anderson: Can we reflect on those figures that you were talking about?

The Chairperson: Some 75% of the agency staff that are currently on the books are former officers.

Mr Anderson: Is that true?

The Chairperson: That is in the Audit Office's report.

Mr Anderson: It is 61%.

Chief Constable Baggott: The issue is the justification for that. The numbers have significantly reduced, the governance has increased, and, as the report states, there is a case to be made for the return, on a limited basis, of former officers for specific roles. The majority of those roles relate to the

increased security threat and to the extra money that the Executive and other sources provide to meet that threat.

Mr Anderson: I thank the Chief Constable for clarifying that and the reasons for it.

The Chairperson: I think that that is why the Committee had to look at it. I think that I can speak on behalf of the Committee in saying that we will consider the information that we heard here today, and we will report back in due course.

Chief Constable Baggott: On behalf of my team, I thank you for the thorough scrutiny that the Committee applied. I think that it is very necessary and timely, and it will provide an objective analysis, particularly as we enter into next year's budget constraints. It is very important that we have done this, so, on behalf of my colleagues in the PSNI, I thank the Committee very much.

The Chairperson: I thank the witnesses, the C&AG, who is here with his audit team today, as well as the staff from Hansard.