



Northern Ireland
Assembly

Committee for Justice

OFFICIAL REPORT (Hansard)

January 2015 Monitoring Round and Savings
Delivery Plans: Department of Justice

10 December 2014

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Members present for all or part of the proceedings:

Mr Alastair Ross (Chairperson)
Mr Raymond McCartney (Deputy Chairperson)
Mr Stewart Dickson
Mr Sammy Douglas
Mr Tom Elliott
Mr Paul Frew
Mr Seán Lynch
Mr Alban Maginness
Mr Patsy McGlone

Witnesses:

Mr Glyn Capper	Department of Justice
Mr Billy Irvine	Department of Justice

The Chairperson (Mr Ross): I welcome to the meeting Glyn Capper, the deputy director of finance, and Billy Irvine, the acting head of finance services division in the Department. The meeting will be recorded by Hansard and published on the Committee website. When you are ready, please brief the Committee on the monitoring round position, and we will then open it up to questions.

Mr Glyn Capper (Department of Justice): Good afternoon and thank you, Chair, for the opportunity to give you an update on the Department's finances. I plan to cover two separate areas in this briefing. First, there will be a summary of our in-year position following the January monitoring round and then an update on our savings delivery plans as of 30 September 2014.

I will look first at our in-year funding position. The Committee will know that this has been a challenging financial year for the Department. A significant amount of work was done prior to January monitoring to deliver cuts, and these were already reflected in budgets. Therefore, this monitoring round was, in many ways, an opportunity to ensure that our budget was correctly aligned as we enter the year end. Details are provided in your briefing paper. A number of relatively small easements and pressures were identified, allowing the Department to reallocate funding internally. The legal aid allocation brings the legal aid budget in line with this year's forecast. Importantly, it means that pressures will not carry forward into 2015-16, and you will be aware of the significant cuts facing the Department next year. PSNI has not declared any additional pressures during January monitoring. In summary, therefore, the Department will not be submitting any resource bids to DFP.

The Department's ring-fenced resource DEL — our non-cash budget — is a technical budget for costs such as depreciation and cannot be used to fund other areas of spend. So, taking into account

January monitoring, we have surplus non-cash funding of around £22 million. When setting budgets for the 2011-15 period, the Department informed the Committee that it had surplus budget in this area.

We entered this monitoring round with a capital deficit of £1.2 million. As part of January monitoring, easements totalling £6.9 million were declared. The largest easements were in the Prison Service and PSNI. So, taking into account the deficit of £1.2 million, we now have a net easement of £5.5 million, and this will be surrendered as part of the monitoring round. That position excludes the NI Community Safety College. PSNI had a capital baseline for the college this year of £15.7 million, and the current forecast spend is now £1.4 million. We surrendered £7.2 million to DFP as part of October monitoring, leaving a balance of £8.5 million. Given the current forecast, a further £7.1 million will now be surrendered. As part of our January monitoring return, we will engage with DFP to determine how this easement should be treated, given that, at present, access to underspends is in place until 31 March 2015.

I will now look at savings delivery plans. This is the Department's penultimate update as part of the current Budget period, and, following today's briefing, we will publish our savings information on the Department's website. As the Committee will be aware, savings targets for each spending area were factored into original budget allocations. That is, budgets for each of our core directorates, our agencies and their arm's-length bodies were reduced by the target savings amounts in each of the four Budget 2011-15 years. I should note that these plans, given that they are at 30 September, do not take into account the additional cuts and allocations agreed this year as part of October monitoring. These will form part of the final update at March 2015.

As at 30 September, net savings totalling £63 million have been delivered. We forecast total savings of £103 million by the end of this financial year, against a total savings target of £109 million. It is important to note that this position takes into account the cost of the Prison Service staff exit scheme. Final figures are still being firmed up, but, because more officers are due to leave than originally planned, we have incurred more costs but will not see the full financial benefits until future years. In total, 520 employees left under the scheme, with the final 12 leaving in May of this year. Based on the most recent estimates, there will be net savings of just over £100 million over the appraisal period. Excluding the costs of the scheme, we will be on course to meet our savings target of £109 million by March 2015.

As you will see from the update, some areas have indicated that there may be an impact from the savings delivery plans on front-line services, and I thought that it would be helpful to say something on the key areas. I mentioned to the Committee before that officials continue to work closely with the Probation Board to minimise the impact on front-line staffing. For example, over a million pounds of additional funding was provided to the board as part of its final 2011-15 Budget settlement to reduce staffing impacts. The Police Ombudsman's office continues to consider process changes to ensure that its investigation processes are as efficient as possible without adversely impacting quality. The Police Rehabilitation and Retraining Trust (PRRT) has indicated that no front-line service has yet been directly affected, however further cuts will begin to affect the front-line services provided to clients. Officials continue to liaise with all spending areas to ensure that savings plans remain on track and that savings targets are delivered. We will work with all areas of the various bodies across the Department to look at ways to protect front-line services as much as possible.

I hope that that provides you with an overview of our savings delivery plans and our in-year financial position. I am happy to take any questions that you have.

The Chairperson (Mr Ross): Thank you. Members, please indicate if you have any questions. This is my first Committee meeting here, but one of the issues that I certainly am aware of is the cost of legal aid. What is the total allocation towards legal aid over the last three monitoring rounds?

Mr Capper: I will give this figure while I look for the three monitoring round figures. Following January monitoring, the closing budget for the Legal Services Commission will be about £107.5 million. The starting point for the budget was £74 million, so, over the course of the monitoring rounds, we gave £23.5 million or so as part of the June monitoring. Over the course of the October period, where we had various cuts and allocations, the balance was allocated to bring the legal aid budget up to, as I said, about £107.5 million this year. As I said in my opening comments, that then brings the commission's budget in line with this year's forecast. I suppose that the positive aspect of that is that there will be no pressure from this year left that would otherwise roll into next year and, therefore, cause more cuts in other areas next year.

The Chairperson (Mr Ross): What are the opportunity costs of having to reallocate that money for legal aid? What areas have we not been able to allocate to as a result of having to find the additional money for legal aid?

Mr Capper: I suppose that it is a combination of what areas we have not allocated money to, but it is probably more significant this year with cuts. It is about what areas have had to be cut to various degrees to fund some of that legal aid pressure. It is fair to say that, over the course of this year, although the Minister has sought to protect some areas as far as possible, all areas have taken cuts as a result of legal aid and also, of course, as a result of the wider Executive cuts.

Mr A Maginness: Welcome, gentlemen. I will follow through on legal aid. Given the changes in Crown Court rules and regulations relating to legal aid, one would have expected a saving to come through. Indeed, the Minister has talked about a saving of approximately £20 million per annum arising out of that. Has that been absorbed in the increased bill on legal aid caused by the spike in cases that have been addressed in the Crown Court?

Mr Capper: There are a number of aspects to that. You are quite right that, to date, the Minister has introduced significant reforms to legal aid. I suppose that had it not been for those reforms the legal aid forecast and therefore the pressure that we are looking at would have been significantly higher. The reforms were designed to introduce savings of around £20 million when they take their full effect. I suppose that there are two thoughts on that. One is that given the life cycle of a criminal case, for example, there are a number of years before cases come through that those savings are fully implemented. There is also your point that there has been a significant increase in the volume of cases, so, in some ways, that masks the savings. To go back to my original point, had it not been for those savings, the pressure would have been significantly higher.

Mr A Maginness: If the volume of cases reverts to a pre-this year, more normal level — if I can use that phrase — would you expect some savings to be more visible as far as Crown Court legal aid is concerned?

Mr Capper: Had it not been for the increased volume, it is correct to say that this year's pressure would have been less, yes.

Mr A Maginness: OK. I will leave legal aid and go on to the hearing loss aspect of this presentation. At paragraph 10, you say that:

"The first £12m of hearing loss costs is factored into PSNI's in-year budget, with any additional requirement funded by a HM Treasury Reserve claim. However, based on current forecasts, a Reserve claim is not required this year."

Does that mean that we are seeing a levelling off of claims for hearing loss?

Mr Capper: Yes. There are still a number of claims in the system. For the past number of years, we have seen the number of claims settled exceed the number of new claims received. That will continue throughout the rest of this year. The police's latest estimate is that they will settle approximately £12 million or so of cases this year. That £12 million is in the police's budget. Therefore, a top-up, to put it that way, from the Treasury Reserve will not be required this year.

Mr A Maginness: Do you anticipate that the £12 million would decline as well?

Mr Capper: From what we have seen of the police's forecast spend for next year, it is unlikely that hearing loss costs will exceed £12 million. The trajectory that we are on will continue. Whether it is less than £12 million remains to be seen. I would not expect it to be more than £12 million next year. Obviously, as time goes on, it will taper down.

Mr A Maginness: Yes.

Mr Douglas: Thanks very much for the presentation. Glyn, I think that, at the last meeting, we raised concerns about the adequacy of the Probation Board's funding, certainly with regard to its savings delivery plan. It has also had to deal with a rising workload, including a substantial increase in the number of offenders to be monitored or managed in the community. You mentioned that you have spoken to the Probation Board. Can you give us an assurance today, after those discussions, that sex

offenders and violent offenders in particular will be monitored and managed and that there will not be any shortcomings? We are talking about the safety of communities here.

Mr Capper: Indeed. I suppose that what I should say first is that the operational aspect of that will obviously be for the Probation Board to work through. From a financial perspective, the Department has done what it can to protect the Probation Board as much as possible this year. Just looking down the figures, you see that its savings target this year is 5.6%, which is significantly less than other areas. From that aspect, the Department has tried to protect the Probation Board as much as possible this year and next year.

Mr Douglas: Yes, but you do recognise that it has a growing workload, particularly in monitoring and managing offenders in the community, do you not?

Mr Capper: I absolutely accept your point. Yes, as we said when we talked about 2015-16, there will no doubt be front-line impacts across the justice sector. The Justice Minister's aim will be to minimise them as far as possible. That will be reflected in the budget that the Probation Board receives.

Mr Douglas: OK. Will the Desertcreat easement be lost or could it be reallocated to another project?

Mr Capper: Where we are on Desertcreat funding is that underspends from the previous years have built up in an end-year-flexibility pot in Treasury. That currently totals £78 million. Under the terms of the four-year Budget deal that we are currently in, the arrangement with Treasury was that those underspends could be rolled forward and used in the current four-year period that runs out on 31 March 2015. So, as I said in my comments, we will work with DFP and take its view on the best way to use this year's underspends. I suppose that that comes down to either using them elsewhere across the block or adding to the end-year-flexibility pot with the risk that the deal runs out this year.

Mr McCartney: I note that hearing loss claims are now coming from the Prison Service. Are they of a similar nature to the PSNI's hearing loss claims?

Mr Capper: Do you mean in the reason for them?

Mr McCartney: Yes.

Mr Capper: Yes, that is my understanding.

Mr McCartney: It relates to firearms training.

Mr Capper: That is correct.

Mr McCartney: You would expect that it will not be as high.

Mr Capper: It will not be, because we are talking about a much smaller population of officers.

Mr McCartney: In a number of the presentations that we have received over the years, the case was always made about trying to settle these as a collective. At the time, the Department gave the reason why they were done individually. Would they have changed their mind on that now that claims from former members of the RUC are nearly coming to an end and perhaps they are applying it to the prisons? What always struck us was that, on average, the claim seemed to be nearly a three-way split — for the want of better words — between the person involved, the legal costs and the medical costs, which were remarkably the same. Is there anything that the Department can do to have a collective approach to this in the future, particularly now that claims are coming from the Prison Service?

Mr Capper: There are a number of aspects to that question. As you say, we are hopefully seeing maybe not the tail end, but certainly the trend going down. As to whether the approach is the right one, we also have to bear in mind the affordability of doing a class action. To take that number of cases and fund them in a limited period would obviously create a very large pressure. The current course of action is based on legal advice. The legal advice was and is that it is better to run through the current process. As regards the split of costs, it was originally approximately 50:50. It is important to note that the 50% fees and costs were not just legal costs: medical costs and so on were factored in there. Over time, as the process has become more efficient, if that is the right phrase, the

percentage of those costs has been reducing. Where we are now and, based on legal advice, how the Department has dealt with that is still the right course of action.

Mr McCartney: OK. The phrase was used that the PSNI had "no additional pressures". Can you just explain that? Was that as a result of no shortfalls?

Mr Capper: What I am suggesting there and what that means is that the position for the police going into the January monitoring round was the outcome of the October round, which saw cuts to the police and an additional allocation. In assessing that budget and the requirements for the rest of the year, police did not come back with any pressures. They plan to live within the funding that they have got this year.

Mr McCartney: Table 6 deals with impact. It is interesting that the box refers to "any adverse impact". Perhaps this picture does not reflect the recent round of budget requirements put on agencies. What is the difference between "any impact" and "any adverse impact"?

Mr Capper: The savings delivery pack is based on figures at the end of September, when the extra cuts had not come through. All areas of the justice system, including the police, have said that, because of this year's cuts and, maybe more importantly, the cuts facing the Department next year, there will be front-line impacts. I expect that when we come back after March next year with the updated savings delivery plans, some of those will show a front-line impact.

Mr McCartney: If there is no front-line service impact as a result of a budget cut, what was being done before might have been inefficient, and I am not being pejorative when I say that. Where you have the sort of change that has an adverse impact on front-line services, adverse could mean critical. I wonder what the threshold is for the next round so that we have a better understanding of what is being hidden. We have had a discussion about this before. Smaller projects may not get their money. The Department might say that it is having no adverse front-line service impact, but it might have an impact, and we need to ascertain that as we go forward.

Mr Capper: I accept your point absolutely. I think it worthwhile noting as well that the detail in those savings delivery plans is prepared by the bodies themselves.

Mr McCartney: I understand that.

Mr Frew: I just want to be clear on this: you are surrendering £5.5 million in this monitoring round and, on top of that, the £7.1 million that was directly allocated to the Desertcreat training college. Is that correct?

Mr Capper: That is correct as regards capital spending.

Mr Frew: Are both amounts going back to the centre?

Mr Capper: Yes.

Mr Frew: What about resource? Are we declaring any easements?

Mr Capper: We are not submitting any bids to DFP for resource, nor are we declaring any easements. After the October monitoring round, and taking into account some additional funding, the Department plans to live within the budget that it has for the rest of the year.

Mr Frew: From what budget does the funding for front-line services, such as the community addiction service on Railway Street, Ballymena, come? Is that resource or capital?

Mr Capper: That is resource.

Mr Frew: Funding for that is stopping at the end of January, but you did not see fit as a Department even to bid in a monitoring round for funding to keep open this valuable service, which saves the Department money by reducing prison numbers, crime rates and the massive burden that would otherwise be placed on our health service.

Mr Capper: We should remember that the departmental budget is ring-fenced over this four-year Budget period. When we were allocated our budget at the start of that period, we were asked to live within it and not bid to DFP and the Executive for additional funding in-year. That changed slightly in the middle of the year because the in-year cuts required at Executive level and some additional funding for specific pressures meant that the ring fence was temporarily broken. The Department, however, enters the end of this year as a ring-fenced Department and would not be expected to put bids to DFP. I am aware that the Department is still considering options for funding the specific project that you mentioned from within our ring-fenced budget.

Mr Frew: You talked about the principle of not bidding because of the agreement that your budget would be ring-fenced. You are protected and should not be asking for any more money. Surely, however, given that the principle has already been broken in the previous monitoring round and that the service can be proven to save the Department money, it is for you to make a bid. It is an example of an invest-to-save service, so it is arguable that such a bid would prevent your bidding again in the future.

Mr Capper: There are still options and potential income streams for that project available to the Department from within its ring-fenced budget. We need to exhaust those first before we submit a bid.

Mr Frew: Is that simply talk, or is this nothing to do with money whatsoever? Is this more of a fundamental principle? Do officials in the Department of Justice think that they should not be funding this service at all; that it should all come from the health service; and that they are simply going to walk away, hoping that maybe the Department of Health will pick it up?

Mr Capper: No, I do not think that that is a fair assessment. When the decision was taken, it was done so in the context of significant cuts facing the Department. We have said before that there will no doubt be front-line impacts across the justice system. Our decisions to fund or not to fund particular areas have to be taken on the basis of one overall funding envelope. I come back to my point: my understanding is that funding streams are still being explored for that project in-year.

Mr Frew: The last time that you were here, Glyn, we talked about the cost of a prisoner in Northern Ireland. I said that I would not hold you to figures, because I am not like that; I am fair. However, we had assumed that it was around £70,000: do you have any further information on the cost of a prisoner?

Mr Capper: Yes, the cost per prisoner place — I think that I said that it was £60,000 a year at the time — is £63,000. I was not too far off. There are a lot of caveats around that because there are a number of fixed costs and so on. By adding or taking away one prisoner, you do not automatically add or subtract £63,000 from a prison's running cost.

Mr Frew: I take that point. Are you aware of the 'Bromley Briefings Prison Factfile: Autumn 2013', which suggests that the cost is £16,000 higher?

Mr Capper: Sorry, I am not aware of that briefing. What was the figure that you quoted?

Mr Frew: It is £16,000 higher than £63,000.

Mr Capper: Is that the Northern Ireland Prison Service cost per prisoner place?

Mr Frew: Yes.

Mr Capper: I am not sure on what date that figure was struck. I know that, historically, the cost per prisoner place for the Northern Ireland Prison Service was higher and has come down due to a range of savings measures, the staff exit scheme being one. I would need to know on what date that figure was produced, but, from Prison Service colleagues, I know that the current cost is £63,000.

Mr Frew: I do not have any more information, but, for your reference, I am quoting from the 'Bromley Briefings Prison Factfile: Autumn 2013'. I ask that question simply because, if we lose this drug addiction service, there is no doubt that there will be more people in prison, which will place a burden on the public pound. It will also impact greatly on our GP surgeries and hospitals, which are ill-equipped to cope. That will also place a burden on the public purse, yet the position is that this will

close at the beginning of February. I appeal through the Committee, because I know that it is part of the Committee's submission to the Finance Committee, that the Justice Department does everything within its gift to try to seek funding for this and other services like it, which are invest-to-save options that will save the taxpayer money in the long run.

Mr Dickson: Glyn, I have two questions. You touched briefly on the prison officer exit scheme. Has that come to an end?

Mr Capper: Yes. Some 520 officers have left, the final 12 leaving in the first quarter of this financial year. There are no more costs associated with the exit scheme.

Mr Dickson: Is the scheme now closed?

Mr Capper: Yes, that is my understanding. I know that all of the officers who applied have left. Whether the scheme is technically closed, I am not sure, but everyone who applied to leave has now gone.

Mr Dickson: If it has not, do you anticipate that there will be a closing date for it?

Mr Capper: I would need to find out from Prison Service colleagues. My assumption is that, because all of those who applied to leave have now gone, it has closed.

Mr Dickson: Is it anticipated that, should there be a voluntary redundancy scheme across the public sector, it would be better than or not as good as this exit scheme?

Mr Capper: I do not know what the terms of any proposed exit scheme will be, so I would not like to comment on that. There were additional benefits to this particular staff exit scheme. We will have to see what the more general one looks like.

Mr Dickson: I turn briefly to the Youth Justice Agency and its comment under "key risks":

"The overtime levels have increased and have exceeded budget due to an increase in the number of young people with difficult behaviours at the JJC and vacancies."

The demand is being met by overtime because of the lack of staff. What efforts can be made to address that, because there is a limit to the overtime that people doing professional jobs like that can sustain while maintaining the quality of the service that they deliver? I go back to Paul's point: if you cannot deliver a quality service to the people in need, you get spillover elsewhere.

Mr Capper: I am aware that, for this year and the efficiencies required next year, work is ongoing to look at the overall staffing structure and complement in the Youth Justice Agency. I imagine that that is being done with a view to reducing overtime as far as possible and in the context of looking at the overall staffing structures and staffing regime.

Mr McGlone: Congratulations, Chair. It is good to see you with us.

I go back to my patch and what is happening with the Desertcreat project. Financially, the issue was the surrender of £7.1 million, and the Department was to engage with the Department of Finance and Personnel on the determination of the easement and how it could be treated, given that we are quite close to the end of the year, which could be the determining factor in whether you hold on to it. How are things going? I raised the issue two or three weeks ago, so, presumably, there has been some form of engagement with DFP since then. How are things coming along with DFP on that front and with the Treasury?

Mr Capper: We will formally submit the easement reflected in the paper to DFP following today's Committee briefing. As to the overall issue of Desertcreat funding for future years, DFP sits on the college steering group, so it is very aware of the figures and the risks involved. I would need to speak to DFP colleagues about where discussions are with Treasury, but the project forms part of DFP's negotiations with Treasury on the overall 2015-16 Budget discussions. I am not sure what stage those specific discussions have reached.

Mr McGlone: Can you clarify that for me, please, because it is a very important issue? If it all goes bang on 31 March 2015, the scenario will be even worse than it is now.

Picking up on a theme that Paul was developing, I have looked at your documentation and the mission values of DOJ, particularly the promotion of, and contribution to, safer communities through partnership working with statutory organisations, communities, third sector organisations and businesses; the rehabilitation of offenders; and having a prison delivery model that is capable of withstanding changes in both prisoner population size and needs. About £400,000 of core funding goes from the Department to, for example, the Northern Ireland Association for the Care and Resettlement of Offenders (NIACRO). Aside from that core funding and how it could be jeopardised, are you aware that that is used as a lever to draw in about £3.6 million of other funding? You are aware of that because you are the finance people. You go to external bodies, other agencies and funding bodies and say, "Please provide me with money". The first or second question that they ask is this: who else is funding? Therefore, I am concerned, first, that their funding could be jeopardised, and, secondly, that the lever that the core funding from the Department provides could jeopardise additional external funding. That is before we come on to the role that NIACRO plays. Paul touched on it, and I have seen and heard about some of their work. Its role is to keep people out of prison and get them back into work. I think that its employability programme may not be directly funded by you. The reconviction rate for people who engage in that programme is 23% compared with double that for those who do not. If we remove it, we are looking at more people winding up in jail, which takes us back to the £63,000 cost per prisoner and the pressures there.

I am looking at this and saying that there is a danger that you are being penny wise, pound foolish in a big way — not only because of the pressures that it would put on the prison system, the probation service and wider agencies such as those in health, employment and the Social Security Agency. It seems to me to be a very tricky situation, particularly for that organisation, given its role, and what potential levers the Department, through its investment, places at its disposal to draw down other funding.

Can you have a look at that, please, because I am really concerned?

Mr Capper: Do you want me to comment on that?

Mr McGlone: Please do.

Mr Capper: You are absolutely right. Those are the issues that we are having to grapple with. The context is that the Department faces, as a starting point, 15% cuts, albeit that there is £70 million in funding from the Executive. We allocate a significant amount of that to the police, so you can see that the percentage cuts across the rest of the Department will be high.

Some of the voluntary and community sector funding that you talked about flows through the likes of the Prison Service and the Probation Board. You are quite right that there are invest-to-save and match-funding elements to that. Let us use the Prison Service as an example of trying to protect the front line. Our draft budget shows Prison Service savings of 8.7% next year, which is a significantly lower percentage than most other parts of the Department. That is with a view to trying to protect the Prison Service, the bodies that it funds and so on. Those are exactly the issues that we are working through. Other DOJ officials and I will, for example, meet NICVA next week so that we can have a good consultation and engagement with the voluntary and community sector. Implicit in trying to protect the front line as far as possible — you see that in the relative percentage savings — is trying to protect funding to that sector as far as possible.

Mr McGlone: I appreciate that, but this organisation's activities are all about rehabilitation, keeping people out of prison and giving them new opportunities. My concern is that, if it is scuppered financially, there will be more pressures on the police, prisons and the probation service. Without any doubt, given the £63,000 cost per prisoner that you gave us, you will also have additional costs there.

There needs to be some reflection on that because, if you are penny wise, pound foolish in the longer term, you will be coming back to us with figures showing an increase in the prison population, an increase in difficulties and pressures on the Police Service and an extremely difficult situation all round. Will you reflect on that and, with your permission, Chair, get back to us on it, please?

Mr Capper: Absolutely, we will.

Mr McGlone: Thank you.

The Chairperson (Mr Ross): Tom.

Mr Elliott: Thank you, Chair, and I congratulate you.

Thanks very much for the briefing, and I apologise for missing the start of it. I would like clarification on a couple of issues. First, is the target of £135 million of efficiency savings for this year, 2014-15?

Mr Capper: Sorry, where are you picking that up from? Is that the savings delivery pack?

Mr Elliott: Yes, it is.

Mr Capper: The total savings figure relates to savings that the Department is due to make by 31 March 2015.

Mr Elliott: Yes. I notice that you are running behind the current target of £108 million. You are sitting at £103 million.

Mr Capper: That is correct.

Mr Elliott: Where do you anticipate that the shortfall will be made up?

Mr Capper: It is important to note that a presentational shortfall does not mean that we will breach our budget by that amount. The shortfall has arisen because the costs of the Prison Service exit scheme were higher than planned. More officers have left, so more savings will be made in the longer run. The Department received some extra funding from the Executive earlier in the budgetary period to fund those additional costs, so the budget pressure has been met, but, presentationally, there will be a shortfall.

Secondly, when we update these plans on 31 March next year, we will no doubt see more savings reflected in them because we have had to make more savings in this financial year. I expect that, by March 2015, when we are back here to give you the final update, we will have hit our target.

Mr Elliott: That was my point: where do you see those additional savings coming from? I am just trying to get my head around this. Are you saying that, even though there is a shortfall in the presentation, there will not be a shortfall in March?

Mr Capper: If we look at it on a gross basis and strip out the extra costs of the Prison Service exit scheme, we see that we would have delivered our gross savings target. However, factoring in the extra costs of the scheme that were separately funded by the Executive shows that the costs were greater than the savings for that element. It tips it over and shows a deficit. If you strip out that extra funding and those extra costs, we would have exceeded our gross savings target.

Mr Elliott: OK, and, because the funding for the exit scheme came from the Executive, it will not be your responsibility to find that: is that right?

Mr Capper: It means that, in order to fund those extra costs, we do not have a budget deficit elsewhere in the Department because a separate funding stream was made available for those.

Mr Elliott: So that will not come out of next year's budget.

Mr Capper: No. We will have recurring savings after the initial upfront investment in the exit scheme.

The Chairperson (Mr Ross): OK. Everyone has asked their questions, so thank you very much.