Northern Ireland Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Budget 2015-16: Department for Social Development

4 December 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Mr Jim Allister
Ms Paula Bradley
Mr Gregory Campbell
Mr Maurice Devenney
Mr Stewart Dickson
Mrs Dolores Kelly
Mr Fra McCann
Mr Sammy Wilson

Witnesses:

Ms Deborah Brown	Department for Social Development
Mr Andrew Hamilton	Department for Social Development
Mr Ian Snowden	Department for Social Development
Ms Joyce Bill	Social Security Agency

The Chairperson (Mr Maskey): This morning, from the Department for Social Development (DSD), we have Andrew Hamilton, Deborah Brown, Ian Snowden and Joyce Bill. I formally welcome you to the meeting. I invite you to give us your best performance. *[Laughter.]* I remind members that the Committee for Finance and Personnel wants to collate all responses by tomorrow. We are aware of that and have asked Kevin and the officials to prepare a draft response. We are anxious to hear from the Department directly about the proposals for the draft Budget 2015-16. Without any further ado, Andrew, I hand over to you and your colleagues to present those proposals.

Mr Andrew Hamilton (Department for Social Development): Thank you, Chairman. I will say a brief few words of introduction and outline the very big picture. I will then hand over to Deborah, who will go through the details of where we propose to find the savings.

Thank you for giving us the opportunity to present the proposals for the draft Budget 2015-16. We have provided the Committee with information on our proposed approach to manage the allocation and a copy of the consultation document that we intend to publish this morning. Our proposals are subject to change as we go through the consultation process and take account of the views expressed. There is also a fairly important bilateral meeting planned with the Finance Minister, and we will also make representations to that.

At the outset, I emphasise that the proposals do not in any way impact on the benefits that are paid to claimants in the social security system, as those are funded through an entirely different budget that is managed by the Treasury. In the paper, we have sought to outline the approach we have adopted to arrive at the proposed allocations. We have also provided additional details on the in-year and recurrent pressures the Department faces and how those will be managed. There is also a preliminary assessment of the impact of the draft Budget on service users, and we will want to look much more closely at the equality impact of our proposals over the next few weeks.

To help to guide us on where reductions should fall, the Minister provided us with a strategic steer on his priorities. It is important that I outline those for you at the start. Essentially, there are four parameters within the constraints of the Budget for which we should seek to provide an acceptable level of service in discharging our statutory responsibilities. People depend on the social security service, and we have to make sure that we provide an adequate service to meet their needs.

As far as possible, we should seek to protect the level of support that is available from the social fund and to help people to continue to live independently in their own homes through the Supporting People programme. You will see that we have protected those programmes and, in that way, are trying to alleviate the harsher implications of the most vulnerable people who depend on our services. As a result of that, management and overhead costs will need to be kept as low as possible so that we can sustain our front-line services. Also, when there are alternative sources of finance for specific services, we should consider accessing those to get the most out of the Department's budget. An example of that would be financial transactions capital (FTC).

We also have to honour our existing capital commitments. As with any capital budget, we have a number of capital commitments, and we have to see those through. For housing, we are trying to strike an appropriate balance between meeting the needs of new and existing tenants. We want to sustain our investment in efforts to combat fuel poverty and, as I said, we will want to exploit the potential of other funding sources such as financial transactions capital. We cannot keep everything at the same level as last year, but we want to try to sustain urban regeneration investment as far as we can. Those are the strategic priorities that have guided us as we brought forward our proposals.

The DSD baseline budget is £654 million, of which approximately £125 million relates to housing benefit rates, which has been ring-fenced. So our non-ring-fenced baseline is about £528 million, and it is against that budget that the cuts have been levied. The gross reduction is about £79 million, which is about 15% of our non-ring-fenced baseline. Against that, we have been given an additional allocation of £15·1 million, which is about 2·3% of our budget. That was very gratefully received, but it is a significantly lower proportion of our budget when compared with other Departments. The Department also faces a number of recurrent pressures, for which no funding has been secured and which we will have to continue to fund in future years. Those amount to £14 million and largely relate to pay and price, housing reform and the social fund.

In addition to those recurrent year-on-year pressures that have to be financed with recurrent money, we also face a number of in-year pressures, which amount to about £20 million. Those involve £2 million for the child maintenance reform programme, but a large proportion is staff costs. You will hear more about the implications for staff as we move through the detail, but, essentially, we will need access to a voluntary exit scheme, and that will not be available until midway through the year. That scheme will apply to the whole of the Civil Service, and funding will also need to be accessed by the non-departmental public bodies. That means that we will have to finance salaries for at least six months of next year, and that is contributing about £5 million for the Department and upwards of £8 million for the Housing Executive.

We are also facing pressures on the capital side of the landlord function, and we need to put some money into that next year. We are also facing pressures in urban regeneration, where we want to alleviate some of the harsher effects during the year, so there is a £2 million requirement there.

After taking account of the £79 million of cuts less the additional allocation of £15 million, which gives us £64 million, we then add the recurrent pressures of £14 million, which brings us up to £78 million. When we add the non-recurrent pressures of £20 million, it leaves us looking at the need to make savings next year of around £98 million or £99 million.

That is the big picture. I will now hand over to Deborah, who will set out how we propose to manage that.

Ms Deborah Brown (Department for Social Development): Our starting point with that level of cut was to apply a 15% top-slice. However, we recognised that that needed to be adjusted to take account of the pressures that Andrew outlined and that we needed to identify some recurrent savings to help to manage the recurrent pressures in future years.

Table 2 of our paper outlines the recurrent cuts, and the 15% cut has been made against the baseline in the Social Security Agency (SSA) of £246 million, after removing £36 million for welfare reform and £19 million for the social fund. As explained earlier, savings cannot be made against the social fund as it is a demand-led expenditure and, therefore, must be protected. Similarly, we cannot make savings in welfare reform, as we anticipate pressures in the event that it proceeds.

It is anticipated that, to manage that level of cut, a reduction of funding for approximately 650 posts in the SSA will be needed. However, it is anticipated that approximately 300 new posts will be required for welfare reform, so there will be a net impact in that area of approximately 350 posts. Such a cut will inevitably have an impact. It will impact on clearance times, financial accuracy rates and, potentially, on increased rates of fraud and error.

In the Housing Executive, a £25 million cut equates to a cut of 15% and, in addition, £10 million can be managed through a reduction in loan repayments. That will have no impact on services. A range of actions is being considered by the Housing Executive for that level of cut, which will remove all the subsidy to the landlord function. It will also impact on regional activities and will inevitably have an impact on staffing. The Housing Executive has submitted a business case for a reduction of approximately 300 posts, but that could rise as high as 400. A £7 million cut is proposed for urban regeneration, which equates to approximately 12%, which is roughly the same cut that is in the draft Budget paper. That will include a reduction in neighbourhood renewal funding of approximately £3 million and further reductions in areas like Ilex and the Laganside function. In urban regeneration, to manage this level of cut, it is anticipated that there will be a reduction in funding for approximately 30 posts, but a further reduction of 145 will be required by April 2016 to manage the move of this function under the reform of local government. It must be remembered that this reduction in the number of posts would have been required regardless of the Budget cuts.

In the core Department, we anticipate reducing funding for approximately 75 posts in a range of our back office functions. After removing the posts that are affected by the reform of local government, we anticipate reducing the Department's number of posts by approximately 8%.

To manage the in-year pressures of £20 million as outlined by Andrew, funding will be made available from the SSA budget, as not all the welfare reform moneys will be required in 2015-16. However, this will need to be reinstated in 2016-17 to meet the pressures of welfare reform on the basis that it proceeds. This funding is available only because of the continued delays in welfare reform and the fact that some costs will be incurred only with the passage of legislation.

Table 3 in our paper outlines the proposed allocations after taking account of all those issues in order for the Department to remain within its revised allocation of £464 million. The Department is also pulling together its proposals for the change fund — a pot of £30 million — and we will come back with any proposals that are made under that.

Let us move on to capital. The proposed allocation for capital is £17 million lower than that provided in the current financial year. It provides for £216 million of expenditure against receipts of £97 million. If receipts at this level cannot be generated, it will reduce expenditure accordingly. The allocation includes £2·3 million of financial transactions capital and £10 million for the Together: Building a United Community (T:BUC) fund, and they cannot be used for any other purposes. That means that, when we exclude T:BUC and the FTC, our comparison with the 2014-15 baseline shows an effective reduction of £29 million.

This is a particularly challenging settlement, given the Department's range of programmes, targets and new initiatives. We set out in the paper how the £97 million of receipts will be met through the housing association grant (HAG) loan and grant repayments, house and landlord sales, loan repayments, crisis loan repayments and the urban regeneration receipts. Against that allocation, £47 million is currently required to meet existing commitments, including the FTC and T:BUC. Some £10 million has been allocated to T:BUC to support the development of shared neighbourhood pilots, and £16 million has been identified for crisis loans, which are paid to fund people in times of extreme need for crises. They are used to meet daily living expenses or can be used to cover rent in advance of other accommodation costs, fuel and debt. It can be provided to help if someone has suffered a disaster like a flood or a fire. There is also an allocation to jobs and benefits office (JBO) accommodation. The main elements of capital for SSA include the FTC of £2·3 million for the north Belfast JBO and £2·8 million for the development of the Strabane JBO, which is being taken forward as a joint project with the Department of Agriculture and Rural Development (DARD) and is contractually committed. Some £15 million is also being allocated to urban regeneration as a contractual commitment.

I turn now to the allocation of the balance. It is proposed to fund £95 million for 1,500 social homes and £3 million for land purchases. We intend to bid for the additional funding to achieve the target of 2,000 social homes. Some £10 million is available for co-ownership, and we hope to be able to increase that through in-year monitoring rounds. That £10 million will provide for 330 new homes. Some £10 million is allocated to capital investment in existing stock, taking forward work on tower blocks, non-traditional housing, including no-fines and bungalows, as well as high-priority development. The affordable warmth programme will retain its existing level of budget cover of £16·5 million. Likewise, disabled adaptations will retain £6 million. This settlement does not allow us to provide the current level of funding for renovation grants, which will be reduced by £3 million to £10 million; that includes disabled facility and home repair assistance grants, both of which are mandatory. Demand has been relatively consistent in recent years, so this could present a pressure in a year when the Housing Executive and the Department have little scope to manage it. Some £3 million is also allocated to the Building Successful Communities pilots. Master plans are being developed and will allow implementation to start. Vesting and other programmes have been allocated £4·3 million.

Some £25 million in total has been allocated to urban regeneration, based on £5 million in receipts. As already stated, £15 million is deemed to be already committed, leaving £10 million for high-priority projects. Although that is lower than the £33 million allocated to the current year, it should be remembered that, in this financial year, an additional £13·5 million was made available through monitoring rounds. Across the two years, we will have committed over £71 million of capital investment to urban regeneration.

That is the outline of the Department's proposals to manage this Budget settlement.

I understand that the Committee also requested information on the Northern Ireland investment fund. The fund is one way in which the Executive support investment in infrastructure. It will ensure that promoters of local projects have easy access to affordable finance. As a first step, the Executive have agreed to commission a feasibility study, which will help to determine the optimum structure, scale and investment strategy for the proposed fund, and this should be completed in the next four to five months. We anticipate that the fund will be operational by March 2016, but it will probably not be fully operational until well into the 2016-17 financial year. DSD is considering how to make best use of this kind of finance by looking at affordable housing and access to funding for housing associations. We have already held initial meetings with the Department of Finance and Personnel (DFP) to determine the scope of opportunities.

That concludes the outline of the Department's proposals. We are happy to take questions.

The Chairperson (Mr Maskey): Thank you, Deborah. Gregory and Mickey have indicated that they wish to speak.

Mr Campbell: You said that the co-ownership scheme needed £10 million to achieve 330 homes. That works out at roughly £30,000 per property. Is that about the average for the past few years?

Mr A Hamilton: It would be an average contribution.

Mr Campbell: It has not changed.

Mr A Hamilton: It has not changed. I will shed a little more light on that. In previous years, our baseline has been £15 million, and, through bidding rounds, we have increased that. Last year, the expenditure was £15 million. Given the pressures that we face, we thought that we should anchor it at £10 million for now and bid for funds through the monitoring rounds during the year. We have developed the proposal, but we think that there is potential for financial transactions capital to be used. The way in which co-ownership works means that individuals get a mortgage for 50% of the cost, and then over time staircase out. They will provide additional capital receipts, and, if this works, we may be able to use those to pay back the financial transactions capital. That is what we want to do.

Mr Campbell: The amount per property is roughly —

Mr A Hamilton: The amount per property has not changed.

Mr Campbell: Will you please repeat what you said about welfare reform? You said that there would be a gross cost in additional jobs, which would be costed to us but then offset. Is it 300 jobs? Will you give me the figures again?

Ms Brown: Funding for 650 posts would go, but 300 new posts would be created for welfare reform, if it goes ahead. We are looking at a net position, so we will not let 650 people go and then find 300 new people. We will bridge that. That is some of the cost that we have outlined in the paper, which is about covering some of the staff costs in the interim.

Mr Campbell: The big question is whether we proceed with welfare reform. Let us assume for the purpose of your exercise that the status quo continues. What then?

Ms Brown: We will not let those posts go until we know what is happening with welfare reform.

Mr A Hamilton: Are you asking what happens if welfare reform does not fly?

Mr Campbell: Yes.

Mr A Hamilton: That is an issue for the Budget as a whole. My understanding is that the draft Budget presented by the Finance Minister was predicated on the basis that welfare reform would proceed. They have set £70 million aside to meet the costs of the package that has been negotiated, but no funding has been set aside for the sanctions that would apply if we were not to proceed with welfare reform.

Mr Campbell: That is a separate political decision.

Mr A Hamilton: If welfare reform does not go ahead, it is a whole new game. We would be faced with huge additional costs associated with IT systems. We would have to find workarounds and other ways to pay benefits to people when the main GB system is unavailable.

Mr Campbell: What about the potential additional 300 jobs?

Mr A Hamilton: If welfare reform does not proceed, we would not recruit for them.

Mr Brady: Thank you for your presentation. You mentioned that the potential reduction of staff in the Social Security Agency could lead to additional clearance times, which will create more problems for people on benefits. You also talked about the possibility of increased rates of fraud and error. Since I joined the Committee in 2007, we have been given figures each year that show that fraud is decreasing; it is departmental error that is going up. I am not sure whether fraud would necessarily rise, but, if you have staff under even more pressure — social security staff are under tremendous pressure anyway — the likelihood is that error will be a problem. It is cutting off your nose to spite your face, because the problems will increase for social security office staff and claimants.

You spoke about welfare cuts and the IT system. The cornerstone of the cuts, or "reform", is universal credit. It is clear from the pilot scheme that was run in Warrington and was due to be rolled out in February that they do not have an IT system that can deal with it. We have been told by people who are involved in the process in England that it could take up to 10 years to get an IT system that can deal with universal credit. The likelihood is that it is not going to run. They have already written off £142 million in the pilot scheme on the IT system. What are your thoughts on that?

Mr A Hamilton: I will make a few points, and Joyce can help on some of the detail.

I will pick up on the issue of fraud and error. There is no science. We have to work all this through. We are alerting you to the fact that, if we have fewer staff processing the claims, it is likely that error and fraud would increase. The claims are not going to change, so there will be more work for fewer staff. That is just a rational consideration.

Mr Brady: In a sense, it is a by-product.

Ms Joyce Bill (Social Security Agency): To pick up on that, the agency has a section that looks at benefit security, which is primarily around about the accuracy of how we process payments and the decisions that we make, both from the perspective of the official departmental side and from the perspective of the information that we get from customers. We do a range of checks across those every year to allow us to correct incorrectness in benefits payments; that assures the public that we are processing them as accurately as we can. Over the last 10 years or so we have significantly driven down the levels of fraud and error, by both officials and customers, to what are probably the lowest levels that they have been over the last number of years. We have to look across all areas of our business, including those where we do checks, and those checks could be reduced. That will mean that we detect less fraud and error and make fewer corrections.

Mr Brady: I have two more points, one of which is clearance times. A few years ago, the Committee went to the Plaza, and I sat in with somebody who was taking a telephone claim. It was done very quickly on screen, and all the details were put up. It was done well and quickly. However, when I asked when the person would be paid, I was told that it would be six, possibly eight, weeks. That was maybe three years ago, and it has since come down to about three weeks. I know that you have targets on that.

Ms Bill: I suppose that it depends on the benefit. Our targets are set on an average actual clearance time to process a benefit, and we have targets for new claims and for changes of circumstances.

Mr Brady: I suppose the point that I am making is that, if there are cuts in staff, those times will, presumably, go up again because staff would be under a lot of pressure.

Ms Bill: We expect that clearance times will move out, so it will take longer on average to process a benefits claim and a change of circumstance across benefits.

Mr Brady: In the meantime, people may have to get crisis loans. That will mean less money available for crisis loans in the case of flooding or fire. Presumably, that will have a knock-on effect. The other point is on the child maintenance reforms. On the face of it, it makes sense for people to have mutual agreement on sorting out payments and such. I know that that is not in very long, but it seems to be so far so good. Presumably, that will eventually mean that less money will have to be spent in that area. So, that may be a saving. Will that saving go back into the Department or to the Treasury?

Mr A Hamilton: Ultimately, it will be a reduced cost for the Department and will feed back into the Executive funds. That saving is not available in 2015-16. It will take two or three years to fully implement it, but we do expect savings from 2017-18 and 2018-19 onwards.

Mr Brady: Savings are anticipated. That is fine. Thank you.

Mr Allister: Did I hear you say that the total number of staff who need to be lost across the Department is 8%?

Mr A Hamilton: Yes, about 8%.

Mr Allister: Does that include your arm's-length bodies?

Mr A Hamilton: No.

Mr Allister: So, it is staff in the Department. Do you expect to meet that target on volunteers?

Mr Hamilton: Yes, we are not assuming any compulsory redundancies.

Mr Allister: So, you are assuming that you will be able to get the staff volunteering.

Mr A Hamilton: Yes.

Mr Allister: Are you assuming that they will be in the right places?

Mr A Hamilton: No, that is where it gets difficult. There will need to be a redeployment exercise behind this.

Mr Allister: That will cost money.

Mr A Hamilton: No. It might mean that you get more volunteers than you need in one part of the business and fewer in another.

Mr Allister: Or you might get more or less at one level in the staff tiers.

Mr A Hamilton: Indeed.

Mr Allister: Are you not more likely to get volunteers towards the end of their career?

Mr A Hamilton: I would have expected that, but the details of the scheme have yet to be presented.

Mr Allister: That would mean that you could shed a lot of very experienced and senior staff.

Mr A Hamilton: Let us see the details of the scheme that is been developed; I am unsighted on that. All I can say now is that it will be subject to voluntary registration of interest.

Mr Allister: Is that a commitment that there will be no compulsory redundancies?

Mr A Hamilton: Yes —

Mr Allister: It is a commitment.

Mr A Hamilton: There is no assumption that there will be compulsory redundancies.

Mr Allister: No; is it a commitment that there will not be compulsory redundancies?

Mr A Hamilton: We have no plans.

Mr Allister: That is different.

Mr A Hamilton: Well, you are asking me to forecast the future, and I cannot do that. However, the scheme being presented is a voluntary exit scheme for staff.

Mr Allister: Who pays for the redundancy?

Mr A Hamilton: It will be financed by DFP.

Mr Allister: So it will not harm your budget at all.

Mr A Hamilton: We have made some provision for that because we suspect that the funding available may not meet the full costs. We have set aside £2 million to £3 million for the Housing Executive to contribute to the cost that it is likely to face.

Mr Allister: Because that would not be funded by DFP.

Mr A Hamilton: It may not be. There may not be sufficient funds in the pot set aside by DFP.

Mr Allister: What is the pot?

Mr A Hamilton: One hundred million pounds.

Mr Allister: What percentage would that cover across the entire Civil Service? Do you know?

Mr A Hamilton: I do not know the figures.

Mr Allister: Eight per cent is quite high; it is one in 12 people who work there.

Mr A Hamilton: That is correct.

Mr Allister: Do you see any outworking of that involving an increase in Housing Executive rents?

Mr A Hamilton: The landlord function is largely financed by rents, but it is also subsidised directly by the Department. The proposals assume that that subsidy will be withdrawn. It will then be a matter for the Housing Executive to determine how to respond. There are different ways of doing that. One is through improved efficiencies, the other is through doing less work, and the third, of course, is to consider an increase in rent.

Mr Allister: It sounds as if you are saying that we should expect an increase in rent.

Mr A Hamilton: We have increased rents year on year for a number of years.

Mr Allister: Yes, but something above that.

Mr A Hamilton: That would be a matter for the Housing Executive to consider.

Mr Allister: No doubt your housing division will be in consultation with it.

Mr A Hamilton: When, or if, the proposal comes in, we will certainly look at it.

Mr Allister: You are keeping it pretty vague, Mr Hamilton.

Mr A Hamilton: The Housing Executive is a non-departmental public body with its own board. We have to give it room and scope to respond to the proposals in a strategic way, in the same way that the Department has had to respond. I do not want to make decisions on behalf of the Housing Executive.

Mr Allister: However, your expectation is a hike in Housing Executive rents.

Mr A Hamilton: I am not going to be drawn on that, Mr Allister. It is a matter for the Housing Executive to bring forward the proposals as to how exactly —

Mr Allister: It does not have many places to go if its budget is reduced.

Mr A Hamilton: Nor does any organisation.

Mr Allister: Can I ask you a wee bit about the £70 million? Is that now in your budget?

Mr A Hamilton: No.

Mr Allister: Where is that sitting?

Mr A Hamilton: It is sitting with either the Department of Finance or the Office of the First Minister and deputy First Minister.

Mr Allister: I see. How long is the £70 million fund to mitigate meant to last?

Mr A Hamilton: We have not yet seen the detail of exactly what the fund will be used for. Some of the mitigation measures that have been tabled, I understand, would have more than a one-year life. To the extent that they are in place for a number of years, that fund would be committed for a number of years.

Mr Allister: So, is it £70 million every year or £70 million in total?

Mr A Hamilton: To be honest, I am not sure whether the provision set aside is recurrent or non-recurrent.

Mr Allister: That would be important, would it not?

Mr A Hamilton: That would be a matter for the central authorities.

Mr Allister: Does the £70 million include the £17 million that was mentioned to protect existing tenants from the bedroom tax?

Mr A Hamilton: We expect to be funded for that if it goes ahead.

Mr Allister: Is that a yes and that the £70 million includes the £17 million?

Mr A Hamilton: My understanding is that it would; it would be a charge against those moneys.

Mr Allister: So, what does the other £53 million go to?

Mr A Hamilton: The other measures that have been identified.

Mr Allister: What do you anticipate those being?

Mr A Hamilton: I do not have that brief before me. That money is not in our budget; it is not a budget consideration for 2015-16 for us. It is not a charge against the resources that have been presented to us at the moment.

Mr Allister: So, you do not know where it would go.

Mr A Hamilton: I think that the package is now in the public domain. It would finance the costs associated with that package of measures.

Mr Allister: Is it anticipated that it will all be to help claimants?

Mr A Hamilton: Yes. All the mitigation measures tabled are to assist people and to mitigate the harsher effects of the proposed welfare reform.

Mr Allister: Is any of the £70 million for the administration of that?

Mr A Hamilton: To be honest, I have not got into that, Mr Allister; that is not on our agenda for today.

Mr Allister: As a Department, you are very high-demand in terms of administration, are you not?

Mr A Hamilton: We run a statutory service, and to do that we have to employ staff. Those staff tend to be in administrative and general service grades.

Mr Allister: Finally, I will come back to a point that was touched on earlier. Because of welfare reform, there is quite a grey perspective on the budget. You are saying that, if welfare reform does not proceed, there will be 650 redundancies in the agency and that if it does proceed there will be a net figure of 350. Is that right?

Mr A Hamilton: That is right. You mention redundancies, but those are people who are agreeing to leave the service voluntarily.

Mr Allister: Exiting.

Mr A Hamilton: Exiting. Some of that might be accounted for in vacant posts and as people leave and things like that.

Mr Allister: Is there a freeze on filling posts at present?

Mr A Hamilton: Yes, and there is a freeze on promotions.

Mr Allister: When did that come in?

Mr A Hamilton: Quite recently.

Mr Allister: How recently?

Mr Ian Snowden (Department for Social Development): October.

Mr Allister: So, there has been a freeze on promotions and on new recruits.

Mr A Hamilton: At this moment. Perhaps we should confirm that for you because I do not have the detail in my mind.

Mr Allister: Do you think that we should have been told that before?

Mr A Hamilton: Announcements have been made. I am not trying to hide it from you at all. As part of the management of the process, we have to get ourselves into a position to respond to this. That is good management.

Mr Allister: Is that contributing to the 8% cut?

Mr A Hamilton: Some of it will be.

Mr Allister: Can you say how much?

Mr A Hamilton: No. I cannot really do the detail because individual managers will have been responding to it, but some posts could have been held vacant in the knowledge that a cut was coming down the line and then the savings are released.

Mr Allister: Has that happened in the Housing Executive as well, for example?

Mr A Hamilton: I am sure that the Housing Executive has been aware of the implications.

Mr Allister: Has there been a promotion and recruitment freeze?

Mr A Hamilton: I have no idea; I do not know.

Mr F McCann: Thanks for the presentation. We will all admit that we are in fairly difficult times due to the ongoing cuts to the block grant and the outworkings of that. In terms of protecting people, are there any proposed cuts to the budget?

Mr A Hamilton: We are conscious that people are very dependent on our services. There are two programmes that we run that deal with the people who are most vulnerable. One is the social fund, which have protected. Our budget would have been cut. It would have been included in the budget that was reduced, but we are covering it elsewhere. We are maintaining the social fund at the 2014-15 level. The other is Supporting People, and we will maintain our expenditure on that in line with 2014-15 as well.

Mr F McCann: I was glad to hear that there will be no reduction in funding to crisis loans, because that is one of the big factors in helping people who are in dire need. Will there be no cuts to Supporting People at all?

Mr A Hamilton: No.

Mr F McCann: That is also good to hear. I think that there was some talk of a possible £2·5 million reduction in the neighbourhood renewal budget. Where will that take effect? What aspects of the budget for neighbourhood renewal will it affect?

Mr Snowden: The individual projects for that have not been identified yet; we are working through a process on it. The first stage is to look at all the one-off projects that we are funding in the current financial year: the refurbishment of premises, community audits, and the purchase of equipment, for example. We would see what that frees up as money that is available and would not have to be spent otherwise; although that means that you have no opportunity to do that kind of thing in the next financial year. After that, we would cease projects that do not directly deliver benefits to neighbourhood renewal areas.

For example, if the majority of the beneficiaries were not from the neighbourhood renewal area, it should not be prioritised for neighbourhood renewal funding. We go through a process for that. Unfortunately, that will not make up the full amount of the £2·5 million saving required; therefore we will have to get into a prioritisation process. The Minister is looking at the options for that at the minute. He has said that he wants to try, as far as possible, to ensure that whatever options are taken forward have the minimum impact on the services that are delivered and the number of jobs and posts that are funded.

However, I think that it is inevitable that there will be some losses. The kind of things that we will look at are: the degree of duplication or displacement of other projects; the quality of the outputs delivered; and the value for money generated by a project. We will try to make an assessment of which projects should be taken forward, based on those qualitative criteria.

Mr F McCann: Who makes those decisions, Ian?

Mr Snowden: Once the Minister sets the strategic direction, it will come down to the local development offices to take those decisions and apply them.

Mr F McCann: I know that your background is in working in neighbourhood renewal areas and with people. You will appreciate that neighbourhood renewal deals with core essential services for the most vulnerable in our society and that any cut, especially one of £2·5 million in what is already a limited budget, will have devastating effect on people. One job can lead to the closure of a crèche, and that can have an impact on childcare and many services across the board. I fully agree with maintaining the budget for Supporting People. That is one aspect of the budget that, because of the essential work that it delivers, should have been protected or ring-fenced, given that it is a limited amount of money.

When you match that against the £10 million put aside or ring-fenced against housing associations, which is for co-ownership enterprise, the mind boggles. I hope that that is taken on board in the Department's allocations.

Mr Snowden: Other parts of the urban budget are taking larger reductions than that, so quite a lot of the activity that we do in and around town centres on professional and technical costs, consultancy fees and so forth are taking a much larger cut.

Mr F McCann: There is a big difference between technical and professional costs and the closure of a community group, a crèche and so on. It is difficult even trying to equate the two, in looking at the services provided.

Mr Snowden: It will be difficult. The point that I was trying to make is that we have tried to make as great a reduction as we can to other budgets first in order to protect this. However, it is the largest single element of the urban regeneration resource budget, so it is very difficult to avoid cuts when you are dealing with reductions of 12% to 15% to be achieved across the board.

Mr A Hamilton: Fra, can I just clarify one point for you? You mentioned the £10 million for co-ownership. That £10 million is capital; we are talking here about revenue.

Mr F McCann: I understand that, and I will come to it. However, regardless of whether it is capital or revenue, when you work out the budget initially, there is still a block amount of £10 million that will be spent on it, and we move on to that. Let me use my constituency as an example. You say that 330 homes will be gained by co-ownership, but, in my constituency almost 330 people have been in hostels for a number of years while we are trying to get housing built. I cannot understand that. What do you say to people who have been languishing for years in such accommodation when £10 million is given to a housing association that could be better spent in trying to provide homes for them?

Mr A Hamilton: It is a question of balance and meeting wide needs across the community. On the social housing front, what we respond to is the work that the Housing Executive does in determining objective need.

Mr F McCann: I am well aware of the work that the Housing Executive does. I am also aware that there are over 3,000 people on a waiting list in my constituency, almost 2,000 of them are in housing stress and many of whom have lived for years in overcrowded conditions. How do you explain to them that you are giving £10 million to a housing association for co-ownership that does not deal with objective need but which is spread right across the board rather than being given to areas of constant need?

Mr A Hamilton: There is no right answer to all of this. A reasonable balance is presented in the circumstances in which we find ourselves. In real terms, our capital budget is cut by £29 million. For us to preserve the social housing budget at around the same level as last year demonstrates that a very strong priority is attached to it. Moreover, the social housing budget is not solely for new provision; we need to start investing in the existing Housing Executive stock. If you add the £10 million that we are putting into it to the £95 million for social housing, that is a total budget for social housing of £105 million, which is higher than the sum that was available last year.

Mr F McCann: It is all smoke and mirrors when you start to break it down. You talk about 1,500 houses; however, 1,500 houses were not built. We are talking about paper starts rather than completions. Again, in my constituency, a limited number of people benefited. Figures may be put out, but the houses may not be started for some years. When you are at that end of it, it is difficult for people to see progress.

With respect to the jobs that will be lost, do you say that there will be no forced redundancies and that it will all be done through voluntary redundancy?

Mr A Hamilton: That is the plan.

Mr F McCann: You spoke about over 650 posts going in the DSS, and then you talked about recruiting 300, possibly, down the line. Are they two separate things?

Mr A Hamilton: No.

Mr F McCann: So, out of the 650 being made redundant, 300 will be offered posts in the new thing?

Ms Bill: The intention is to roll over. We are facing a reduction estimated to be funding for 650 posts. We believe that we need funding for a further 300 posts to do welfare reform, so the intention is to roll across the experience of our staff into welfare reform. Of course, it will depend on what staff apply for the voluntary exit scheme and what skills we need. All those things will have to be put in the mix.

Mr F McCann: Have many people applied for voluntary redundancy to date?

Mr A Hamilton: The scheme is not open yet.

Mr Dickson: You referred to the scheme for voluntary redundancies. You will be removing staff from a range of programmes and activities that you undertake across the Department. What plans have you put in place to ensure that you take cognisance of the governance risks of having fewer staff available to look at issues such as fraud and not having sufficient capacity to undertake the programme? You may have decided to defend a particular programme, but there is not sufficient staff and resource to provide that effectively in a safe manner, with all of the appropriate governance issues. Have you thought about the risks that are involved in doing that? I have a number of other questions, but maybe you would like to answer that one first of all.

Mr A Hamilton: You are right. The outworkings of it have risks, and part of the management responsibility will be to ensure that those risks are appropriately managed. So there will be red lines around it, below which we cannot fall. For example, on Deborah's side, finance will be expected to deliver savings, but there are very important controls associated with the staff in the finance function, and those control systems will have to be maintained. We have already mentioned the potential impact on fraud and error. You are right. You are poking at the heart of that, and there are issues of tolerance in all of that. Our performance on fraud and error is better than in other parts of the UK, so there may be some tolerance factor there that we can take into account.

Ms Bill: We will try to target where we do our checks and analysis to the most risky areas. That is the mitigation that we will put in place.

Mr Dickson: But it is not just in respect of welfare fraud; it is right across the whole of the Department, in everything from housing to whatever. When you reduce the amount of staff, there are fewer eyes on the ball and, therefore, there are serious risks. You would not want to be coming back here to tell us about some massive fraud that has gone on — or, more likely, perhaps, an act of incompetence that has occurred as a result of the numbers of staff. That takes me on to the issue. On the basis of volunteers, you get to pick and choose. In other words, if there is someone who is highly skilled or who you feel needs to be retained in the service because of their expertise, you can decline their volunteering.

Mr A Hamilton: The criteria have yet to be specified in all of that for how that scheme is going to work. The details are not known yet.

Mr Dickson: You told us that you were going to see DFP to raise a range of issues over the budget. In respect of the voluntary exit scheme, you said that it will not kick in for approximately another six months. Will you make representations to have that sped up?

Mr A Hamilton: We already have.

Mr Dickson: That is very helpful. Will you re-employ any of those who leave on temporary or agency contracts?

Mr A Hamilton: There is absolutely no intention. I know the point that you are making, and we want to avoid that.

Mr Dickson: You wish to avoid that. OK; that is very helpful. Have you costed the cost of division and segregation to the Department as a whole? What savings could be made if you were better able to manage the cost of segregation and division across those functions that you have?

Mr A Hamilton: We have not looked at that in any great detail. I know that there was a report done a number of years ago that highlighted the cost of division. If you look at the range of our services across the country you can see that they are largely single centres serving local communities — both communities. It would be fairly much at the margin, I think.

Mr Dickson: Though housing is not.

Mr A Hamilton: Well, housing is responding to the needs where they are presented. We are very aware that the population is divided.

Mr Dickson: So have you costed that division?

Mr A Hamilton: A new house in one area of Belfast costs the same as a new house in another. They are always responding to need.

Mr Dickson: There is a big-picture story there as well. If you build houses in that way, you end up having to build two schools, two health centres and two of everything. There are consequences to that. You have to start somewhere.

Can we turn to the subject of welfare reform? You said that there is no funding for sanctions and that there would be huge additional costs to the Department. How would those costs be met? In the event of failure to implement welfare reform, and with the additional funding that we will have over the rest of the United Kingdom, how would you fund those additional costs? Do you have a disaster plan? In other words, can you tell us where you are going to draw that funding from and what functions across the Department, in addition to staff, will simply cease because there will be an obligation to continue to deliver welfare?

Mr A Hamilton: That is a matter for the Executive.

Mr Dickson: But the Executive will return to your Department and say, "You have to deliver this".

Mr A Hamilton: If they were to do that, they would have to accompany that request with significant additional resources.

Mr Dickson: And if those resources were not there?

Mr A Hamilton: If the resources are not there, we will not be able to provide a service.

Mr Dickson: You told us that the main UK computer system will be unsuitable for your use as things progress and change. To what extent will that affect how you will deliver benefits? Will claimants see delays?

Ms Bill: I did not think that I was going to be answering welfare reform questions this morning. The reality is that, as the two systems start to diverge in terms of the IT systems that we use, which belong to DWP —

Mr Dickson: Have they diverged by this point?

Ms Bill: There have been some divergences already.

Mr Dickson: Is there a cost to that?

Ms Bill: There has been some cost in terms of us pulling out of IT releases that we had previously been in. As we move forward, DWP will cease to use some of the systems that it currently uses. We will have two options. We will either have to build and procure our own IT systems, which, given the complexity of the benefits that we are trying to administer, would be a significant challenge, or alternatively we will have to engage with DWP to understand whether or not we could take over the systems that it has with its suppliers, which, again, would be a significant procurement challenge.

Mr Dickson: The old systems.

Ms Bill: Yes.

Mr Dickson: And you would then have to —

Ms Bill: We would have to pay for those and negotiate all the costs associated with that. We would have to bring in our own contract management teams, enhance those and enhance the IT skills that we have.

Mr Dickson: Do you have a figure for the cost to date?

Ms Bill: Not with me, no.

Mr Dickson: Can that be provided for us?

Ms Bill: Yes.

Mr Dickson: Thank you.

The Chairperson (Mr Maskey): That is a particularly important issue, but it is not in the draft Budget 2015-16.

Mr Wilson: On the Chairman's last remark, whilst it is not in the draft Budget for 2015-16, if there was some progress with universal credit and the closing down of systems, it could become an issue for you in the next year, could it not? Or is it more likely that the additional IT costs will come in 2016-17?

Ms Bill: We would have to do more work on that and look at it according to the progress in GB. We would have to start to look at the teams that we need and invest in those teams to do the necessary preparatory work. That would be quite extensive in terms of what we would have to do to make a decision about whether or not we go for DWP IT systems or procure our own. We would have to stand up teams to do that to specification, and that is quite a significant challenge.

Mr Wilson: So there could be costs in next year's budget that you have not yet included in the figures.

Ms Bill: Yes, we have based this on the assumption that welfare reform will proceed.

Mr Wilson: I am sorry, Chairman, for coming in late. If some of the questions that I ask have been answered, the officials can say so. I want to look at some of the ways that you intend to do your reductions. You are looking at a 15% reduction in your administrative overheads. That probably only takes you back to the costs that you had for the Department in 2011-12, because in DSD, of all Departments, the increase in administration costs was 12·2% over those three years. That was at a time when, on average, all other Departments had falling administrative costs. What is the reason for that element?

Mr A Hamilton: It is largely explained by the housing reform programme. By far the greatest chunk of that is associated with the consultancy that we are currently going through with the asset management condition survey of the housing stock. That is £4·6 million alone, and that involves assessing the condition of over 20,000 of the Housing Executive's houses. That is needed to give us an accurate assessment of the level of investment that is required in future.

Mr Wilson: That falls on the Department rather than the Housing Executive, even though it is a Housing Executive function.

Mr A Hamilton: Yes. The Housing Executive will obviously get a value out of that, but the reform programme sits with the Department, and that is the major contributor to that significant increase in resource.

Mr Wilson: Is that finishing now?

Mr A Hamilton: That will run on, because we are doing our preliminary work. That will take us right through, probably, to the middle of next year — June or July. There are other costs associated with that, because as we develop options we will need some assistance on that. Ultimately, if a decision were taken by the Executive to transfer existing stock, there would be significant consultancy costs associated with working up the proposals. That is going to stay in the system for a couple of years, but it will then come out as a saving at some point in the future.

Mr Wilson: The expenditure will not be at the level that it has been generating at present, so that really means, Andrew, that the administrative savings are in this one-off piece of additional work that the Department does not carry as its core function. Really, when you are looking at administrative savings, there is very little being carried by the Department's core functions.

Mr A Hamilton: No, that is not right, because the core functions are having to make a contribution. The number of staff is going to be reduced by 8%, and there will be other bits and pieces contributing. The savings in that programme will not flow through until after 2015-16.

Mr Wilson: So the expenditure will continue at the same level. You said that that was £4·6 million. Is that over the whole period, or is that per year?

Mr A Hamilton: No, the total cost for planning and working up the way forward is £12 million.

Mr Wilson: Are you saying that it is about £4·6 million a year?

Mr A Hamilton: Yes.

Mr Wilson: That is about a 15% increase on your administrative costs, and you are saying that you are going to take 15% out next year.

Mr A Hamilton: Yes. There is real pain here. Our total budget includes a Supporting People programme and an urban regeneration programme; the rest of it is really staff. It is funding for posts that is being reduced. We have given you our best estimate. We think that around 445 seems a very accurate number. That is what it comes out as across the Department. You are looking at 300 to 400 posts, probably, across the Housing Executive.

Mr Wilson: Some of those posts, however, do not really bring a saving to the Department. Some of the urban regeneration stuff and whatnot are functions that are being transferred to the councils. Will that movement of staff be over and above the savings that you are going to make?

Mr A Hamilton: It will. There are about 30 staff currently involved in urban regeneration. We have been managing that down in order to be able to respond to the cuts that we knew were coming down the line. There are about 145 staff currently engaged on those projects, and the budget for those staff will transfer to local government.

Mr Wilson: And you have not included those staff in the staff reduction that you are anticipating.

Mr A Hamilton: No.

Mr Wilson: Or any other transferred staff for any other function that you are intending to do.

Mr A Hamilton: No.

Mr Wilson: OK. I do not share Fra's views about the value for money that we get from the money that goes into co-ownership. The £10 million will have an impact on what has been a very successful programme. Are there any other ways in which you see the co-ownership programme being able to be supplemented?

Mr A Hamilton: There are two ways. As you know, we have taken the opportunity to bid in monitoring rounds. That is money that we can get into the system and spend. So, if there are surplus funds available which are declared as easements elsewhere, we will put up our hand and say that we can spend those. The other option is financial transactions capital. That is not in the bag yet, but we want to explore it. We see financial transactions capital as a potential resource that could be used. Under the co-ownership scheme people will, over time, purchase a greater share of their home, and that manifests itself in a capital receipt to the Department, which could be used to finance the repayment of the loan. We will want to talk to Co-ownership Housing about that and see where we get to.

Mr Wilson: Although there have been gasps of horror about the cut in the capital budget and the impact that that is likely to have, when you put the £29 million capital reduction in the context of the money that you hand back every year, and have consistently handed back for I do not know how many years, is it not the case that, rather than having an impact, that is simply a recognition that the Department has not been able to spend its capital money every year anyway and is bringing the capital base down to a level that is —

Mr A Hamilton: I know the point you are making. When I negotiate budgets, I look at the expenditure trends as well. In effect, we have not actually handed back the capital. All of us would have preferred not to have been in that position last year, but, essentially, it was the maintenance budget, which is revenue, that was handed back, not the capital that was available. We tend to be able to spend any capital we get.

Mr Wilson: Capital has been handed back every year as well — maybe not to the tune of £29 million. Mind you, it is usually re-bid for and has gone into co-ownership.

Mr A Hamilton: Yes, when we get capital receipts back from co-ownership and housing associations we have to declare those and then bid for —

Mr Wilson: In a situation in which capital and revenue budgets are tight, is that not a reflection of the inability of housing associations to spend money in previous years?

That brings me on to my last point. If capital moneys are down, what conversations have you had or do you intend to have with housing associations to try to squeeze more finance out of alternative sources? The level of grant to housing associations is higher here than in other parts of the United Kingdom. Have you, for example, said to them that if there is a shortfall in the capital that the Department gets, they can make that up by borrowing from the banks or using some of their collateral to try to lever in funds from other sources?

Mr A Hamilton: That is correct. However, we have just been through a process in which we looked at the level of grant. In order to keep rents at an affordable level, we have had to increase the grant to about 52%. If we had not responded to that, the alternative would have been rents that were set higher than the local housing allowance, which we felt was getting into the territory of affordable rather than social rents.

You make a very good point when you compare the level of grant here with elsewhere. Our understanding is that we are not too much out of kilter with Wales and Scotland — there may be some marginal differences. There is a tremendous difference with what is happening in England. Really, the policy in England has been to reduce the capital contribution and to allow rents to increase. That is subsequently funded through housing benefit, which, ultimately, has been capped as part of the reforms. The missing link in all of that is the subsidy that is available. Housing associations are encouraged to build for market rent and for sale and, essentially, to cross-subsidise with the social housing provision. I am not sure that that would work here, given where we are with the housing market in Northern Ireland.

The Chairperson (Mr Maskey): A couple of members have indicated that they want to come back in again to make brief points. I live in hope.

Mr F McCann: It was just a couple of other things. Sammy and I have talked out the point about co-ownership over a fairly lengthy period of time. I am not opposed to co-ownership in itself, but I am opposed to money being allocated to it — in some years it was £70 million in different allocations over a period of time. It is a housing association that has its own systems of raising finance and an ability to do that, yet we are talking about penalising other housing associations but rewarding Co-ownership Housing. When the houses are bought — you said that 330 have been bought over a period of time — it will not be done on objective need, and the money will not be allocated to objective need. It has a waiting list of less than 500 when there are 40,000 people on the general housing waiting list. There is no balance there.

On the housing under capital allocation, I meant to ask you earlier to explain what the T:BUC shared housing is? As important, £3 million has been allocated to building successful communities. What is that?

Mr A Hamilton: The shared neighbourhoods is part of the Together: Building a United Community initiative that was launched a year or so ago. We have a number of projects there. A number of them are being financed through moneys from the Northern Ireland Office. That money is coming through, and we have the details of that somewhere. Some £7 million of the funding will meet the building costs that are associated with those neighbourhood projects. There are six areas where the funding will be used. Four of the areas started in 2014-15, and a further two will commence in 2015-16.

Mr F McCann: What are the areas, and what are they building?

Mr A Hamilton: I do not have the details of that. We can send you a note. The key point in all of that, Fra, is that it is not overriding objective need. We work down the waiting list for the people who say that they would like to live there. There is not a different allocation system, and we never know the extent to which they are shared until the final allocations are made. It does not sit outside the normal housing allocation system.

Mr F McCann: To determine that, I would need to know where you are talking about and where the builds will be. Not that long ago, something similar was done on the lower Oldpark, and five of the houses were allocated to people with no points at all.

Mr A Hamilton: It is my understanding that that is not happening here. We will provide you with the detail.

Mr F McCann: And the £3 million for building successful communities?

Mr A Hamilton: That is the six pilot areas in Belfast that have established their community forums.

Mr F McCann: Again, it is on to the housing thing. I would like to know where that is, what it is been allocated for and how it will work.

Mr A Hamilton: I think that you are aware of where the six pilots that have been established are. They are now moving into a master planning stage. This is setting aside some money to respond to the master plans when they are developed.

Mr F McCann: Building Successful Communities involved much more than housing; it was a cross-section of things. Some are at an advanced stage, most are not. However, £3 million is allocated against housing in the budget, and I am just trying to find out what that money is allocated for and where it is being allocated to.

Mr A Hamilton: It has been allocated to that programme. And you are quite right that that will not cover the full cost of the master plans.

Mr F McCann: I understand that, and I know the workings of Building Successful Communities. I am trying to find out specifically what the £3 million allocated to housing means, in terms of houses.

Mr A Hamilton: It is being allocated to the housing-led regeneration pilots, which are Building Successful Communities.

The Chairperson (Mr Maskey): I presume, Fra, that what you are looking for is a breakdown of the £3 million and details of how it is to be set against —

Mr A Hamilton: I am not sure of that detail because how it will be spent depends on the master plans that are currently being developed.

The Chairperson (Mr Maskey): Obviously, we will be able to get that information because it is through the programme and a set figure has been allocated to it. We can get that information from you afterwards.

Mr Brady: I have two quick points. My first question is for Joyce. Stewart asked about the cost of developing a new IT system. Is there a cost to the Department at the moment for using the DWP system?

Ms Bill: Yes, we pay a share of cost for using the DWP system.

Mr Brady: Is it possible for us to find out how much that is?

Ms Bill: I do not have the figure with me at the moment.

Mr Brady: I understand that; I realise that you do not have it at hand.

The second thing is that there has been a lot of talk over this past while that, if the cuts were not introduced, the people who work for the DWP here — some 1,200 people — would lose their jobs. We were at a NIPSA conference a number of weeks ago where it was unequivocally stated by a NIPSA official that that would not be the case, but if the cuts were introduced, 1,200 jobs would go. There seems to be a contradiction, an absolute disagreement, there. I wonder whether that could be clarified.

Mr A Hamilton: Is that a reference to what would happen if we did not proceed with welfare reform?

Mr Brady: Yes. These are the people who do the benefits work, for instance, for Kensington and west London. We were told that all those jobs would go. There are apparently 1,200 jobs that depend on that work. Then a senior official of NIPSA told us very clearly at this conference that that would not be the case but that it would be the case if it were introduced. This seems to be a contradiction.

Mr A Hamilton: The issue is there. It is really an issue of risk. Those jobs depend on parity between the systems, and if the systems change, there would be no advantage whatsoever for DWP to —

Mr Brady: I understand that. That was the departmental argument, but NIPSA was saying the absolute opposite of that. I just wondered —

The Chairperson (Mr Maskey): That is for discussion on another day. It does not relate to the specific issue of the budget, and we need to move on to the next item.

Mr Campbell: I have just two brief points. One is further to something that Mickey Brady said, and it is a very topical point. Just last night, the story broke about the potential loss of 30 DSD jobs in Lisahally. My understanding is that those jobs are directly related to Department for Work and Pensions work. Are they part of the — whatever the figure was — 1,200 or 1,400 jobs that are potentially at risk because of welfare reform related issues, or are they separate from that?

Ms Bill: I will touch first on the story that broke last night. That is a decision by DWP to close the remote storage unit, which is what Lisahally does for them. DWP is effectively moving that work to England. It is outside the wider jobs that we compete for, in terms of the delivery of the processing of benefits. We compete for that work against other benefit processing centres in GB.

Mr Campbell: Does that mean that the jobs that last night's news item said are potentially at risk are in addition to the jobs already alluded to?

Ms Bill: They are part of the overall number of jobs that are employed by DSD working for GB, yes.

Mr A Hamilton: But they are additional to the 445, or that is my understanding. If it is all right, Gregory, we will clarify that in writing.

Mr Campbell: I spoke briefly to the Minister about the issue by telephone yesterday. My understanding is that this is more than just a potential risk; it is a very real one. This work is about to be transferred.

Ms Bill: The work at Lisahally?

Mr Campbell: Yes.

Ms Bill: Yes. DWP is looking to move that work, and we are engaging with DWP about the timing of moving it.

Mr Campbell: My other point is separate —

The Chairperson (Mr Maskey): Could I just follow on from that point, Gregory? Is that situation similar to the DVLA issue? In other words, this is nothing to do with the budget problems, but the contract has been lost to somebody else. Is that right? Is that what you are asking, Gregory?

Mr Campbell: That is my understanding.

Ms Bill: Yes. It is a decision by DWP to move the storage work.

The Chairperson (Mr Maskey): Fair enough. So it is over and above.

Mr Campbell: The other issue is about the welfare-related jobs. I go back to the issue that I raised about the 300 jobs. Are the salaries of those jobs roughly of a similar average size to those of other jobs in DSD, or are they in any way different? I am talking about the size of the salaries.

Ms Bill: Are you talking about the jobs that we are seeking to roll over into welfare reform?

Mr Campbell: Yes.

Ms Bill: Yes, we assume that the salaries of those jobs are of similar size.

Mr Campbell: Do you have an average salary rate for those 300 jobs?

Ms Bill: The average salary rate that we use in the agency is about £29,000.

Mr A Hamilton: It depends on the grading. It might be slightly lower than that.

Ms Bill: It depends ultimately on the grading.

Mr Campbell: That could be £8 million or £9 million a year then. If you just take it as 300 jobs at £30,000, that is £9 million or a bit less than that. Roughly speaking, that is the order of it.

Ms Bill: Honestly, I cannot do that maths in my head.

Mr Campbell: OK.

Ms Bill: It is very disappointing for an accountant. *[Laughter.]*

The Chairperson (Mr Maskey): We need efficiency savings anyway.

Mr Wilson: I will just ask one question. It is really regarding the Department's pursuit of other sources of money. I had a discussion with the Minister along with the national association of slaters the other day. They said that if there was work with other Departments, such as DSD and DEL, there are European moneys that can be applied for for training, but which can also link in with, for example, insulation for houses, warm homes, fuel poverty etc. However, there seems to be this insular view that DEL just looks at the training and does not look at where it could maybe attract additional money by training people to insulate houses. DETI is doing the same. Are there any plans, Andrew, for the Department to work with other Departments to try to draw in additional funds like that? It might only be marginal, but if you were talking about an extra £2 million or £3 million, that could maintain a programme at a level at which, currently, it will not be maintained.

Mr A Hamilton: You make a good point, and we want to look at that in more detail. It is not that we are starting from a zero base. The boiler replacement programme is part-funded by European regional development fund (ERDF) money from DETI. I know from my previous experience with DEL that it is largely committed, to be honest, to social fund-type activities. However, to the extent that there are opportunities there, we want to explore that with them. We are working with DETI, DFP and OFMDFM in looking at a proposal for the Household Energy and Thermal Efficiency Programme (HEaT) project. That would sit alongside our Affordable Warmth scheme and be available for households with incomes higher than £20,000. There might be opportunities to work with the energy providers as well. There is a team in place working up an outline business case. We want to see to what extent we could build in the ERDF and European moneys as well. The point that you make has been well taken.

The Chairperson (Mr Maskey): No other member is indicating that they want to speak. I will make a couple of points to Andrew and his colleagues, if they do not mind. There has been some discussion about alternatives. Sammy has just raised again the issue of alternative areas for funding. That has been dealt with in the draft Budget proposals and by the Minister for Social Development and the Minister of Finance and Personnel in his foreword. Can you come back to us at some point fairly soon around what efforts are being made to examine and explore all areas of funding, be it from the EU or investment funds and so on? I think that we would like to maybe apply our mind a bit to that because, as you know, there are Programme for Government commitments to meet a target of an additional 20% drawdown from Europe. That would be useful, and I do not think that we have had that proper conversation with the Department yet. Can we schedule that between us and you, as soon as we can, to look at what can be done and what is being done around chasing additional funding? Can we agree that we will do that in a timely fashion?

Mr A Hamilton: Yes.

The Chairperson (Mr Maskey): I raised at the talks yesterday that there is this whole spectre around the number of jobs to be lost. We are talking this morning about 1,000 jobs, and, yesterday, 1,500 was mentioned. I am generalising and rounding these numbers up. As Departments are briefing the Committees daily now, we are hearing these big numbers of jobs. We are also hearing that a lot of them are vacancies and that a lot of them will be suppressed redundancies. The mind nearly boggles sometimes when you hear that there are 1,000 posts but that, actually, 500 of them are not filled. I think that we need to get a greater handle on that. You have given a briefing to the Committee this morning, but I do think that this is something that we need to get a better understanding on. I understand that there has been a freeze on recruitment as well. What net effect is all of that having? You cannot recruit into a vacant post. You might ask, when some of these posts have been vacant for quite some time —

Mr Wilson: Is it a post?

The Chairperson (Mr Maskey): Is it a post at all? Or, to what extent is not filling some of those vacancies making it virtually impossible to deliver some services? Obviously, we are all minded to try to protect front-line services, but we do understand that, the further that you go back into the infrastructure, if you strip away some of that, you just cannot deliver. I want to flag up that, for me, that is a concern. I think that it is a concern for probably most members. So, we will just maybe get some further understanding of what the actual nature is of all these so-called vacant posts and what that really means. Is there some sliding scale of how long some of these posts have been vacant? Are they really posts? I made the point yesterday that, on paper, you could sustain some of these posts because you are making it very clear that there is no intention to do any of this other than by this so-called voluntary exit scheme. You can only do these things once.

Mr A Hamilton: That is —

The Chairperson (Mr Maskey): I understand. I am saying that you can only take these hits once. You can only remove posts that are vacant once. You can only sell the family silver once, if you know what I mean. I certainly would like a better understanding about the nature of some of what are described as vacant posts. I do not expect you to do it today, but I would like a note on that or maybe we will have another discussion early in the new year.

Mr A Hamilton: Once the Budget is agreed, our business areas will have to go into detailed planning. It is at that stage when those sorts of issues will emerge. We will be happy to share that with you when we have done the work, but it will not be this week or next. I would have thought that it will be towards the end of March before we get a detailed position on all of that.

Mr Wilson: Andrew, you must know currently how many posts are vacant in the Department and how long they have been vacant for.

Mr A Hamilton: That information is there, but centrally we do not know. Those posts could have been held for a specific business purpose and may be needed. For example, there are some vacant posts in the Social Security Agency, but we might need to fill those when welfare reform comes on stream. You are quite right. Globally, we have the big numbers, but I want to be assured of the business impact of all of that before we declare.

The Chairperson (Mr Maskey): We are going to move on to the monitoring round, but the last point that I want to make is to reinforce some of the points that were made earlier around streams like neighbourhood renewal and Ilex, which has not been mentioned other than you having presented it in your earlier submission. I do think that it is very clear that, whether I am dealing with my previous constituency or my current constituency, neighbourhood renewal is a relatively small amount of money but has a very significant impact. Fra McCann made the point that, if you take one post out of some of those projects, you kill the project. Those are for the areas of greatest disadvantage, whether that is the Village, the Markets, Andersonstown or somewhere else. I am just making the point that the impact of cuts, even though it is a relatively small amount of money against the bigger schemes, announcements or proposals, is such that it has, probably by far, the greatest impact, and that is a negative one. I just want to put that on the table now.

Are members content that we move into the December monitoring?

Mr A Hamilton: Can I make one final point? When we meet the Finance Minister, we will obviously make a case for some additional resources. We would like to have the cut that would have been on the social fund restored as a minimum, and there may be other cases. The £15·1 million additional allocation that we received is significantly lower than that which was made available to other Departments. To the extent that there are some small-scale additional moneys available and not fully committed yet, then we would like to make a bid for them, and we would appreciate your support on that.

Mr Wilson: Andrew, the £70 million package includes that restoration of money for the social fund.

Mr A Hamilton: That is slightly different, but there is money there certainly.

The Chairperson (Mr Maskey): The Committee is expected to, and has been requested to, make some formal response. As I said earlier, our officials have prepared some work already for that. Rather than give you a response now or try to get some consensus around the table by way of a response to DFP by tomorrow, could we move into the December monitoring round first and then return to what we may want to do around this briefing as well as the December monitoring? I think that the December monitoring round may well help us to formulate a view. Are members content that we move straight into the December monitoring round discussion?

Members indicated assent.