



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

January 2015 Monitoring Round:
Department for Employment and Learning

10 December 2014

NORTHERN IRELAND ASSEMBLY

Committee for Employment and Learning

January 2015 Monitoring Round: Department for Employment and Learning

10 December 2014

Members present for all or part of the proceedings:

Mr Robin Swann (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Phil Flanagan
Mr David Hilditch
Mr William Irwin
Ms Anna Lo
Mr Fra McCann
Ms Bronwyn McGahan
Mr Pat Ramsey

Witnesses:

Mr Billy Lyttle	Department for Employment and Learning
Mr Stephen McMurray	Department for Employment and Learning

The Chairperson (Mr Swann): I welcome Mr Stephen McMurray, director of finance, and Mr Billy Lyttle, head of higher education (HE) finance.

Mr Stephen McMurray (Department for Employment and Learning): Good morning, Chair and Committee.

Our January monitoring return is again set against the background of the Minister's priorities to help in the transformation of our economic and social landscape. The role of skills, in particular, as a key economic driver is well established. Access to employment is also a key intervention to address poverty and the lack of opportunity. As I have said many times, the Department's aim is to promote learning and skills, prepare people for work and support the economy. In that regard, the current positive economic indicators reflect our improving trend, but there are major budget challenges ahead.

The first thing to note in the detail of our January proposal is that we have been able to manage resources across all divisions and operate within our budget limits. This time round, we have had only one major technical transfer, which was £500,000 to DHSSPS for the condition management programme. That programme supports people with health issues and disabilities in managing their condition in the workplace. It is an ongoing contribution, and we have contributed a total of £3.5 million for the year. It is administered by DHSSPS on our behalf. It does not contribute anything, and neither does any other Department, but the programme has a number of very good outcomes.

In this monitoring round, we are not planning to submit any resource bids or surrenders. That is because, first, we are confident that all internal pressures can be met internally; secondly, it would be very difficult, if not impossible, to spend any new funds that might be received with only two or three

months to go, unless there was something on the slips ready to go; and, thirdly, we are not getting any indication that there are spare resources available for bids this time round. That having been said, if the Committee has any suggestions, we will be happy to follow them up.

It is a similar position on the capital side. With regard to Ulster University (UU), we are looking at the potential of utilising further financial transactions capital. Discussions are ongoing with DFP about that.

Chair, that is a quick overview. There is not a huge amount of activity from this monitoring round, as you can see. I think that is fairly typical of being the last round of the year. I am happy to take questions.

The Chairperson (Mr Swann): OK, Stephen, thanks. You mentioned the condition management programme. Why is it not in our briefing paper?

Mr McMurray: Technical transfers do not need Executive approval.

The Chairperson (Mr Swann): I am just asking why it is not in our briefing paper.

Mr McMurray: Sorry, I can include it if you would rather see it.

The Chairperson (Mr Swann): In the past, technical transfers have been in the papers.

Mr McMurray: There is no problem; it is just that it is the type of thing that does not need technical approval, and it has already happened. We advised DFP of it last week.

The Chairperson (Mr Swann): I am a bit surprised. You say that there are no bids because there are major budget challenges ahead, and you say that you could not spend the money between now and the end of the financial year. However, the Minister is coming to us later, probably to say that he is going to make major cuts in certain programmes between now and the end of the financial year. Does the Department not think it is worth making bids to cover any of those shortfalls?

Mr McMurray: We have been able to meet any shortfalls that we have identified this year internally through our own resources, so there is nothing, unless it was something new, or something coming out of a pilot, for example. Again, with the short period of time that is left, it just would not be possible. There is a double edge: to ask for money and not be able to spend it would be a far worse thing.

The Chairperson (Mr Swann): So the Department has not bid in monitoring rounds to try to compensate for any of the budget cuts that the Minister is proposing within this financial year.

Mr McMurray: No, we have been able to manage the cuts this year ourselves, so there has not been any major effect on our major targets for this year.

The Chairperson (Mr Swann): So, the Minister will present to us and talk about cuts to student numbers and the European social fund (ESF), and he will tell us that he has to find money in his budget between now and the end of March, but you are saying that that is not a problem for the Department.

Mr McMurray: It will be a problem next year. I will not go into that; I will let the Minister cover that, but there are issues next year, which you will see, with the size and scope of the cuts.

The Chairperson (Mr Swann): So, as director of finance, you are telling me that the Department has the money to deliver its full programme between now and the end of the financial year.

Mr McMurray: Yes, as we have set out and as is feasible to spend within the year. I am sure that members will raise other issues about other things that are at different stages of business cases etc, but, in terms of what we have before us, we can meet our current requirements.

The Chairperson (Mr Swann): I will not labour that point. I will pick it up with the Minister.

Paragraph 6.5 of your paper, under end-year flexibility (EYF), states:

"identify the amount to be carried forward in relation to EYF from 2014-15 which will be available for investment in future years."

How much are you expecting there?

Mr McMurray: We are expecting to carry all of that forward into next year.

The Chairperson (Mr Swann): Which is —

Mr McMurray: Which is £6.5 million plus whatever additional money comes out of next year, which we will not know the full extent of until the end of the year.

The Chairperson (Mr Swann): That will be declared as a reduced requirement.

Mr McMurray: It has to be, Chair. Those are just the mechanics of it, because the money is held by DFP. That end-year flexibility is not held in our budget line. We declare it, and then it is carried forward. We have to — a bit artificially — show it as a surrender, though it is not really a surrender.

The Chairperson (Mr Swann): So, it is always in DFP.

Mr McMurray: It holds it in its coffers to allow us to use it next year.

The Chairperson (Mr Swann): And it will stay under EYF.

Mr McMurray: Yes, absolutely.

The Chairperson (Mr Swann): I have a final point. Overall, going through the rest of the points, you expect the division's expenditure to be in line with the resources available. That is as you have highlighted. Paragraph 6.9 of your paper states:

"The Department has a Capital DEL (CDEL) baseline of £55.7m."

Mr McMurray: Yes, and we project that that will all be spent. We have some areas where there is slippage, to be honest. We have to monitor those very closely. Potentially, we may need to move moneys around between further education (FE) and HE, but we are managing that internally and are confident that we will spend those moneys.

The Chairperson (Mr Swann): In regard to moving moneys around, under the capital funding allocation, in paragraph 5.2, you highlighted the bid of £40 million in relation to the University of Ulster. Capital funding allocations to the UU in 2013 were £25 million and, in 2014-15, were £10 million. Where does the £40 million come from? Is that additional?

Mr McMurray: The £40 million is money that they intended to borrow themselves, but, obviously, through the use of financial transactions capital, they do not need to borrow as much from those other sources. They can effectively replace that with financial transactions capital, which will be a cheaper form of borrowing for them, so it will free up resource, which will be very important for next year, obviously.

Mr Flanagan: I want you to go into more detail about paragraph 6.10, which states:

"The forecast Capital position is that we expect to live within the remaining resources available."

What does that mean?

Mr McMurray: That is within the total budget of £55 million. That will be enough to cover what we require up to the end of March.

Mr Flanagan: Is that all you require or all of the planned investment that there was?

Mr McMurray: It is all the current requirements that are feasible to spend within the year. There may have been other things at the start of the year that may have slipped, or we may not have had the business plan approved yet, or whatever, but we feel that it will meet the current requirements until the end of March.

Mr Ramsey: Good morning. You are very confident in your responses to the Chair.

In terms of bids made by universities or colleges or any body under the Department, is there a list of monitoring round bids that have not been tabled? Can we have a list of capital bids generally within the Department for the end of this mandate?

You were encouraging me when you looked at me earlier on, so I am going to ask you about the teaching block at Magee. Where is it at present?

Mr McMurray: I will hand you over to Billy.

Mr Billy Lyttle (Department for Employment and Learning): The position with the Magee teaching block is that the economic appraisal is still being reviewed internally. We are moving towards getting approval for that, but we are not there yet. It is constantly going back between us and university officials to get it into a shape that we feel we can approve. Once we get that, we will push it up the line.

Mr Ramsey: It is disappointing to hear that, because I know that the Minister has approved the planning permission for that site. You talk about shelf-ready projects; this is shelf ready and the planning is there. So, I encourage you to try to accelerate the process so that we do not miss out on any possibility of capital moneys, and I understand that those capital moneys may not be coming directly from the DEL budget but from an external source. Can you provide us with all the capital projects that have been bid for within DEL, not now but at some stage in the future?

Mr B Lyttle: We have copies of the estate strategies from all four institutions, and, from those, we draw up a list of what we would like to fund. For example, over the next three years, we would like £87 million in capital to spread across the four higher education institutions in Northern Ireland. That is what their estate strategies are telling us, and that is what we would like to fund. We are not in a position where they actually make bids to us. They make available everything that they want to do, and we try to incorporate that into bids that go forward from the Department.

Mr Ramsey: Can you share those with us?

Mr B Lyttle: I think that we can, yes.

Mr Hilditch: Thank you for your presentation. Is it necessary to have a different overview of things or maybe a different strategy going forward? We have been told that DEL may benefit in future monitoring rounds as a substitute for the loss in other areas. We cannot be in a position where we do not make bids because we cannot get it spent in time. Do we need a different way of looking at that or a different way of going forward potentially, where money may become available at short notice and it is the only opportunity to get it?

Mr McMurray: Absolutely. That is a good point; the landscape will change on that front. All Departments will be faced with major pressures, so you could see more of a bidding exercise in future. Later, we will hear about the change reform fund. You could see that becoming more of a feature. I agree.

Mr Hilditch: People will need to be on another footing — a short-notice type of thing — and, in other words, be prepared.

Ms McGahan: Are you aware of any programmes that have had to come to an end in the FE sector due to insufficient funds over the last three years, for example?

Mr McMurray: I am not aware of that, Bronwyn, but that might be because of a lack of experience: I have been in post for only three months. I am not sure. The other aspect is that we do not provide all the funding to FE colleges; I think that it is about 60%. They get funding from other areas, so they have a certain amount of autonomy to decide what they do or do not do.

The Chairperson (Mr Swann): Stephen and Billy, thank you very much.