



Northern Ireland
Assembly

Committee for the Environment

OFFICIAL REPORT (Hansard)

Budget 2015-16: Mr Mark Durkan MLA
(Minister of the Environment) and DOE
Officials

30 March 2015

NORTHERN IRELAND ASSEMBLY

Committee for the Environment

Budget 2015-16: Mr Mark Durkan MLA (Minister of the Environment)
and DOE Officials

30 March 2015

Members present for all or part of the proceedings:

Ms Anna Lo (Chairperson)
Mrs Pam Cameron (Deputy Chairperson)
Mr Cathal Boylan
Mr Colum Eastwood
Mr Alban Maginness
Mr Barry McElduff
Mr Ian Milne
Lord Morrow
Mrs Sandra Overend
Mr Peter Weir

Witnesses:

Mr Durkan	Minister of the Environment
Ms Siobhan Lynn	Department of the Environment
Mr Leo O'Reilly	Department of the Environment

The Chairperson (Ms Lo): We are going to have the Minister, the permanent secretary Leo O'Reilly, and Siobhan Lynn from finance and business planning division. I remind all witnesses that the session will be recorded by Hansard. I also welcome the voluntary sector. You are all very welcome. I remind everyone that you will need to switch off your mobile phone — not switch it to silent mode but switch it off. If you do not, it will interfere with our recording. I see that the Minister is switching off his phone.

Minister, you are very welcome, and Leo O'Reilly and Siobhan Lynn as well. I thank the Minister and his senior team for coming at such short notice. It is a bit of a pity, Minister, that we did not have you here before notices were given out to the sector about the final budget. As you know, we were very unhappy at the meeting, not last week but the week before, when we were expecting you or the permanent secretary to come and brief us on your final budget. We understand that you had not, at that stage, finalised your budget. It would have been a lot easier if you had engaged more closely with the Committee: we would all be in the same place now, rather than be hearing in the news and from the voluntary sector about the severe cuts given to them in an email on Wednesday or Thursday.

Minister, we understand that you have a difficult budget to manage. You face a 15% cut — the most severe cut of all Departments — so we have sympathy for you. However, there are a lot of questions that the Committee will want to ask you. Just before you came, we had a meeting with the sector representatives, and, certainly, their concerns are not new to you. They are all very concerned that

the whole sector may be wiped out. The ones who have letters of offer from the Department have been given, literally, three months' notice that their funding will end at the end of June and there will not be any funding from July. They are concerned that there will be job losses and that their ability to lever in funding for Northern Ireland will not be there. Getting £1 from the Department can lever in up to £7 of funding through the lottery, INTERREG and other sources of funding. They are very concerned about the skills that are being lost to Northern Ireland, which will add to the brain drain of very skilled workers who leave here. They are concerned about perhaps infraction fines that will come if there is not the capacity. They have many concerns.

As you know, Minister, many organisations were set up by the Northern Ireland Environment Agency (NIEA) to protect our environment, and now they are told that they will not be needed any more. Members will ask you how you will cope with the loss of such skills, manpower and volunteers to the sector.

I will start. First, Minister I will look at your opening budget. Members, this is at page 33 in your pack. In a nutshell, Minister, from the table it looks like you have not made many reductions in your Department. You are passing the £9 million — the 15% cut — on to the voluntary sector. I leave that question in the air. I am just so exercised, Minister, as you can probably tell.

We have a lot of questions, but the first question we want you to brief us on is this: how have you managed your Department? What savings have you made in your Department, rather than passing on the cuts to the voluntary sector? Give us five to 10 minutes of your briefing, and then there will be lots of questions for you, as, I am sure, you will be aware.

Mr Durkan (The Minister of the Environment): I am sure that there will, Madam Chair. First, I have to say that I am glad to be here; I was certainly keen to address the concerns and questions of the Committee. It is a reflection of how important and serious the issue is that we have such a big turnout of Committee members, let alone those in the Public Gallery. I hope that you will acknowledge that I have never avoided the Committee and am always keen to come here to address any concerns that the Committee might have. There is no difference in this instance.

As you rightly pointed out, Madam Chair, my Department was the hardest hit of any Department in the Budget process. I flagged that up at draft Budget stage, when I was the only Minister to vote against the draft Budget. I warned at that time of the devastating consequences that that Budget could have or would have for the environment sector. Unfortunately, between draft and final Budget stage, there was little in the way of material difference to the budget allocated to my Department, the only difference being £2 million pounds that was ring-fenced, if you like, for the derating grant to councils. Therefore, the landscape did not change for the environment sector and the NGOs.

I have been overwhelmed by the response to the publication of my final budget last week. Whilst it was not unexpected, it certainly has been unprecedented in the amount of correspondence that I have received as a Minister. It is reassuring to know that there are so many people who care so passionately about our environment. I would like to put it on the record that I care passionately about our environment. In that respect, the correspondence and, in some instances, the criticism has been quite stinging, when I am accused of short-sightedness or of not holding our environment in regard or high esteem, when, clearly and evidently, I do. It pains me to have to bring forward a budget that makes such swingeing cuts; however, I have found myself in a position where I have no alternative.

You spoke about my departmental budget. My budget mostly comprises salaries and grants. The salaries total around £60 million, which is about 60% of my Department's budget. Then, we have the grants, of which the two biggest are grants to local councils: the derating grant and the rates support grant. I am statutorily obliged to pay the derating grant, and it is therefore ring-fenced, in effect, and immune from cuts. A view was expressed by the Committee at an earlier stage that I should do everything I could to protect if not enhance what I had allocated to the rates support grant; unfortunately, I was unable to do that. There are other inescapable pressures on the Department; however, as you rightly pointed out, the cut to my Department is actually being placed on the shoulders of a small percentage of my budget, and that is where the NGOs are.

I reject any suggestion that I have, in some way, singled out the environmental NGO sector to carry the can for the cuts. When I was last at Committee on 4 December, the most burning issue, if you like, for the Committee was road safety. I have virtually halved the road safety budget. I do not think that we can afford to take any more out of that. I would like to hear the Committee's thoughts on where money could be better spent. We face the real possibility of 400 posts having to leave the Department; however, we are not currently in a position to budget on the assumption that they will. The figure

represented in those tables for salaries is, in effect, the same as the budget for salaries last year. However, as the voluntary exit scheme (VES) gets up and running and as people choose to leave, we will be in a better position to know how much money we will have. None of that money will readily become available until September. It is my desire to ensure that the groups out there and the groups in here who do such valuable work for the promotion and protection of our environment are able to be maintained until that stage. Unfortunately, I am not in a position to give them or you, as a Committee, the certainty that is needed on who will get how much and when.

I also point out, Madam Chair, that there is money from the carrier bag levy that I have not allocated yet. I hope that between now and June, which is the date to which this wave of funding has been paid, I can work with the sector — the sector will work together — and with you as a Committee to identify priorities where the money could and should be best spent to ensure maximum environmental protection.

The Chairperson (Ms Lo): Thank you very much. I talked about your budget: what have you cut within your Department? Have you made any cuts apart from the road safety? I looked at your budget, and it did not seem to me that you had made many savings in your own Department. What efficiency savings have you made?

Mr Durkan: I want to point out that, as well as having to protect the derating grant to councils and doing our best with the rates support grant, other grants to councils have been cut completely — wiped out. I did not want to do that, particularly as we are on the cusp of the new councils coming into place this week. It would have been in all our interests, certainly in the interests of all the citizens of the North, to have the councils starting off on the right foot.

I will ask Leo to talk about the efficiencies made in the Department.

Mr Leo O'Reilly (Department of the Environment): On the specifics, the Committee will recall that, when we were here on 27 November and again on 5 February, we took you through the budget position as it was at that stage. We highlighted to the Committee the reductions that had been applied across a range of areas in the table that we provided to the Committee at that time. That showed that forecast spend across a range of activity in the Department at that time amounted to £148 million this year and that we were reducing that to £125 million next year. We discussed a miscellaneous range of activities with the Committee on 5 February concerning further reductions.

When we wrote to the Committee on 24 March, we enclosed the final budget allocations for the residual amounts of money still to be allocated, which we had not allocated when we discussed the budget with you in detail in February. In that table, you will see that, across a range of activity in the Department, we have had to make reductions to a wide range of funding programmes. The Minister has highlighted a few of them, particularly the road safety programme, and he mentioned the reductions in grants to councils. Others include cuts to listed buildings grants and cuts to road safety, communications, contracts with external organisations, including universities, to fund various activities, environmental maintenance, crime seizure, hydrometric data, water management unit and funding for a range of other activities. I am not going into the detail because it has already been provided to the Committee, but you will see that what we have tried to do, in a sense, is spread the reductions as evenly as we can across as many areas of the Department as possible. Inevitably, with the scale of the reduction in our budget and the inflexibility that the Minister has highlighted, particularly in relation to our opening salaries positions, it means that there had to be significant and very difficult decisions.

Lord Morrow: What was the total that you gave us?

Mr O'Reilly: It is £125 million. It is in the table from 5 February.

The Chairperson (Ms Lo): It is the 2015-16 list of necessary expenditure on page 30.

Lord Morrow: OK, thank you.

The Chairperson (Ms Lo): What percentage is the cut within your Department? You got a 15% cut to your overall budget. You have contracted out services, mostly for the voluntary sector. They face a 75% cut, if not a 100% cut, so what is the percentage of cuts in your Department?

Mr O'Reilly: It is all the Department's expenditure.

Mr Durkan: As we have projected, it was originally 500 voluntary redundancies; it is now 400. If that happens during the year, we will make savings of some £15 million.

The Chairperson (Ms Lo): In your opening budget statement, you were still talking about £60 million for salaries. That is for your entire staff.

Mr Durkan: Yes.

The Chairperson (Ms Lo): All the other things —

Mr Durkan: We cannot budget on the assumption of who will leave or when they will leave, but, as I have explained, as people leave, money will become available that I will redirect to other areas.

The Chairperson (Ms Lo): How will you redirect that if you are telling the voluntary sector now that it has only three months' money to go by and you will not see any reduction in staff until October or November of this year, as you have said? The voluntary exit scheme will not kick off until the latter part of the year. How will the organisations survive —

Mr Durkan: Sorry, Madam Chair, that is a point that I addressed in my introductory remarks. I said that there was also money that had not been allocated yet from the carrier bar levy, and it is my intention to work with the sector and with you, as a Committee, over the next three months to see how that can be best distributed or allocated to carry people through until September and until more money becomes available through people leaving.

The Chairperson (Ms Lo): Yes, I heard you, but why have you waited this long? There is a lot of uncertainty at the moment. You had months to prepare for this. You are sitting now on £750,000 or £800,000 for the challenge fund. Why could you not have thought about that in the last few months and then you could allocate the money to the organisations, rather than now saying, "There could be money beyond the 30th"?

Mr Durkan: I can say that there will be money, but we have to decide how the spend of that money is prioritised.

The Chairperson (Ms Lo): Why did you wait until now to tell people that there is still that money to be distributed? Why have you not managed to —

Mr Durkan: I am not sure, Madam Chair, whether you would have preferred that six months' money had been allocated to everyone rather than three months?

The Chairperson (Ms Lo): No, no. My point is —

Mr Durkan: Then we would have been in a more difficult position six months down the road.

The Chairperson (Ms Lo): You still have money that you have not factored in. You still have that pot of money.

Mr Durkan: Yes.

The Chairperson (Ms Lo): Right. Why could you not have thought about that and told the organisations how that would be distributed rather than saying, "We are still going to think about how this will be distributed"?

Mr Durkan: The fact is that I do not yet know how it will be distributed. That is something that I will decide on in consultation with the sector. I have had meetings with some of the organisations represented here today on an individual basis and collectively, and they outlined to me their acceptance or recognition of the need to work together to achieve efficiencies. People certainly knew what was coming. They might not have known the extent to which it was coming, but, as I have said, since November, when the draft Budget was passed by the Executive, I have been flagging up the consequences of it. Organisations were notified by post in January of the potential implications of that Budget for them. I have outlined again and make no apology for repeating my commitment to work with the sector.

The Chairperson (Ms Lo): We heard from the sector earlier that people are not too sure what criteria you used to assess the level of cuts to the different organisations. It does not seem to be evidence-based. I think it was mentioned previously that it would be assessed and analysed on an evidence base where the cuts would go and by how much. The sector certainly has the impression that you have used criteria that are not transparent to make the cuts that you have just announced.

Mr Durkan: That is what I would like to sit down now and establish with the sector. The fact is that, had we established the criteria two or three months ago, some of the groups that have just received a letter telling them that they are getting three months' funding would be receiving one telling them that they were getting no funding.

Mr Weir: Others may want to pick up on this: a lot of the NGOs feel that the process has not been well handled, even down to the particulars of letters coming in to organisations that were not even addressed to the chief executive, which meant that staff were opening them. That left them in a very difficult position, but others may want to pick up on that.

I will pick up on two aspects of the internal spend. You said that there is potential money from the carrier bag levy and that that has not been allocated, yet we have a table in the papers that gives an exact breakdown of the £4.2 million. The only area that seems to have a degree of discretion is the £750,000 on —

Mr Durkan: Challenge.

Mr Weir: — the challenge fund. When you say that money has not been allocated, are you talking about, essentially, the challenge fund, or are you talking wider than that in the £4.2 million? Presumably, that means that some of the things that are listed as being paid out of the £4.2 million — it adds up to £4.2 million — will be abandoned and some will be reallocated.

Mr Durkan: No. You are quite right to identify the £750,000. The money that I am talking about is additional to that. I think that there is £225,000 for other environmental projects.

Mr Weir: According to this, it is £300,000.

Mr Durkan: For other environmental projects? There is £215,000 for other environmental programmes.

Mr Weir: Presumably, the papers that were sent to us are different from the papers that you have in front of you.

The Chairperson (Ms Lo): Page 33, Peter.

Mr Durkan: The natural heritage programme and contracts is represented as £1.1 million. Is that the same in yours?

Mr Weir: Yes.

Mr Durkan: Only £600,000 or so of that has been allocated.

Mr Weir: When, I think, Leo was previously in front of us, he said that one of the options was to reallocate a reasonable percentage of that. The problem with looking at what the position on this is in June is that, when you are giving people three months' funding and three months' notice, a lot of those organisations will start redundancy processes at this point. It would be a heck of a lot better if, out of that £4.2 million, you were able to say that you will set aside £2 million or £3 million or whatever the exact figure is and allocate it now to the existing NGOs —

Mr Durkan: To all the existing NGOs?

Mr Weir: You could start to plug some gaps. I will come to the other aspect of this. You say, "We'll look at this again in June", but, by the time you get to June, a number of the organisations, effectively, will be at the point of closing their doors. If you reallocated this at a much earlier stage, it could at least start to fill some of the gaps. I urge you to take —

Mr Durkan: OK, I take that on board. Let me assure —

The Chairperson (Ms Lo): That was my point earlier.

Mr Durkan: Let me assure the Member, the Committee and the organisations represented here today that I will not wait until June to look at this.

Mr Weir: One of the many messages that we got from the NGOs was that they want certainty, and they want it soon. A lot of them employ staff, and, as responsible organisations, they will have to start the processes of making redundancies in the next week or two, because they only have that three-month window of opportunity. That needs to be looked at.

The second thing I want to touch on is the voluntary exit scheme. You mentioned that the figure is about 400. I appreciate that this will not all hit in the first year, but you are talking about a full year of finance of about £15 million. Presumably, if you are talking about September, that might be in and around £7 million and £7.5 million.

Mr Durkan: It is £5 million.

Mr Weir: Why £5 million? Is it not six months?

Mr O'Reilly: No, because, without going into the intricate details of the voluntary exit scheme, the target is up to 400 posts. However, we will not know how many will leave until the eligibility of applicants in the Department has been determined centrally. Once the eligibility has been determined, the time at which people can be released will be determined centrally.

Mr Weir: So you are estimating a £5 million in-year saving.

Mr O'Reilly: At the moment, making a number of assumptions, we estimate that, if we were to end the year with 400 fewer staff than we started it, with a process starting in September, you might free up about £5 million in-year.

Mr Weir: Why can we not then at least make an assumption that the bulk of that money will be freed and reallocated?

Mr O'Reilly: We cannot assume the savings until they are being delivered.

Mr Weir: There are two things in relation to that. The problem will be, if you do not make any assumptions until you get to September or October, you will find that a lot of the organisations are shut, redundancies have been made and people have moved on to other jobs. You will be reallocating to ghosts at that point. It would be a heck of a lot better to make some assumption about the amount of money. It may not be an exact figure, and you may want to pitch a slightly more conservative estimate and say, "Well, we can be fairly certain about getting £4 million in". Presumably, you feel you will have enough staff wanting to go to cover the 400 posts.

Mr O'Reilly: It will not be staff wanting to go; it will be staff who are allowed to go.

Mr Weir: You have got more than 400 who have expressed an interest in departure.

Mr O'Reilly: Yes, but it depends on how many we are permitted to release under the wider scheme.

Mr Weir: Yes. Given that your initial figure was 500 and you have revised that down to 400, it seems likely that, across the board in the overall scheme, you will be permitted to let those numbers go or at least the vast bulk of them.

Mr O'Reilly: That will depend on the number of applicants across the entire Civil Service.

Mr Durkan: Do we know what other Departments are doing, Leo? Is anyone else working on the assumption of how many people will leave and budgeting accordingly?

Mr O'Reilly: They are doing much the same as we are.

Mr Weir: On the Assembly Commission, we have factored in the numbers that are going and the money that will save, and that is contained in the budget, so it would not be unique to do that. You are simply waiting in the expectation that you might get about £5 million worth of savings, but none of that will be allocated until September.

Mr O'Reilly: Some of that money will not free up until well after September.

Mr Weir: With respect, if you are producing a budget for the year and you can make a reasonable enough assumption — £5 million is probably a relatively conservative estimate — why are you not doing that? The problem is that you will be plugging gaps when the organisations may well have shut down and are likely to have made redundancies. That seems to be a very foolhardy way to do it, whereas a level of indication at this stage would at least give the sector a degree of confidence.

Mr O'Reilly: It would be giving them false confidence, because we could be promising money that we will not have to spend.

Mr Weir: To be cynical — occasionally I am accused of cynicism — it gives the impression that Department is playing games with the sector. We have a situation in which the presentation is, "There isn't a great deal of money here; we are simply making cuts across the board because of the terrible decisions that have been made by the Executive". Yet, at a later stage in the year, you will come, like the 7th Cavalry, to the rescue with a few million pounds at that stage.

Mr Durkan: I can assure you that no games are being played by me or the Department with that sector or any sector, Peter. I can assure you of that. On the initial point you made around process, I hate to be the purveyor of bad news, particularly if that bad news is given badly. That is definitely something that should not have happened, and apologies to the organisations for that. While I have majored on the importance of the sector and the work that the groups do, we also have to look, on an individual basis, at the people whose jobs we are talking about. I recognise that, and that is why I hope to be in a position to give certainty as soon as I can.

Mr Weir: Unlike, say, some civil servants, who are applying in a voluntary process, we may be left with a large number of people in the sector who are getting redundancy not on a voluntary basis but on a compulsory basis. That is the problem.

The Chairperson (Ms Lo): They will get statutory redundancy pay. They will not get the voluntary exit scheme pay.

Mr Weir: There is a gap that could be plugged there at a much earlier stage, with a certain level of confidence at least, that —

Mr Durkan: That is a point that I made in response to a question from the Chair in the Assembly one day. We are potentially looking at 130 job losses that have nothing voluntary about them. It is also a point that I raised again and again at the Executive.

The Chairperson (Ms Lo): OK. We will bring in others, Peter.

Mr Boylan: Thanks for your presentation and for coming along today, Minister. It is unfortunate, so let us clarify. From my reading of it, you still have money to allocate, so, in essence, you have actually created uncertainty. You are saying that you have handed out notices to people telling them that they have three months. Some of them are going right away, and some are losing 25% of funds, 75% or whatever. Are you clarifying today that there is money and that some of those groups will be allocated that money?

Mr Durkan: Yes, I thought that was quite clear.

Mr Boylan: How soon do you think you can allocate that money?

Mr Durkan: I want to become engaged in that process as a matter of urgency. As I said, I have to sit down with the NIEA, the NGOs and, indeed, the Committee or representatives from the Committee to identify priorities, the threats to the environment and how the money is best spent to meet them.

The Chairperson (Ms Lo): Minister, some organisations will close in two days' time. How will you to engage with them? Some organisations are getting their funding cut from 1 April.

Mr Durkan: Were they contracted? Anyone, I believe, with the expectation of receiving funding beyond 31 March 2015 is not getting their funding cut to zero.

The Chairperson (Ms Lo): Some of them are. That is the information given to us. I think it is the Belfast Hills Partnership, if the sector can confirm that.

Mr O'Reilly: It will have had an offer letter up until 31 March this year but not beyond that.

Mr Durkan: No funding had been committed to some groups beyond 31 March this year anyway.

The Chairperson (Ms Lo): Minister, those organisations were set up by the Department to help support areas of outstanding natural beauty (AONBs). You have a landscape charter signed to say that those organisations are there to protect the environment. You are going to wipe out some organisations in two days' time.

Mr Durkan: Sorry; Madam Chair, I am not going to wipe out any organisation. We have to look at the commitments from the NIEA and the Department. You rightly identify those around the protection and promotion of AONBs. I referred to the new dispensation in local government and some of the new functions going to local government, including, significantly, local economic development and tourism. Councils will need to look at some of these issues as well. I am not trying to absolve myself or the Department of responsibility with regard to the environmental aspect, but these groups do much more than that. That is speaking of their value, not trying to detract from them.

The Chairperson (Ms Lo): I am afraid that you are not showing leadership to the councils, Minister. That is seen by the sector. You are not showing the leadership for local government to support the voluntary groups on the ground. You are saying that you are now pulling funding from them. The councils starting on 1 April could say that they will not do any more or support the sector.

Mr Eastwood: Stephen Farry wiped out student numbers — or was that the Executive?

The Chairperson (Ms Lo): That is another issue.

Mr Boylan: Obviously there is no point in pursuing the point I was trying to make, Chair, because you have covered it. I want to go on to another point. In terms of the jobs for these people and the funding, in most cases this is a catalyst for other funding, Minister. It goes back to the evidence base and how you came up with the cuts in the first place in relation to certain groups that you made a decision on and in the proposals you are making.

You want to use the Ring of Gullion and the AONB there; the amount of money provided by NIEA, what it generates and the leverage it provides is a lot of money. I have not got the exact percentage, but it generates a lot of economic benefit for that area over a year. That is one point that I want to make. You see, that should have been part of the impact assessment of withdrawing the money from those people. I am only using that as an example.

On a weekly basis we have heard, down through the years on the Committee, about European infractions, directives and everything else. If you go ahead with this, what impact will that have in meeting your Department's European directives and our targets? It is untold, the work and expertise that you will lose through all of this. How will you achieve that if you continue down this route?

Mr Durkan: First of all, you asked how I came up with the cuts: I did not come up with the cuts. I will be passing the cuts on, but I did not come up with them.

Your point about the catalyst that funding from the Department can provide in attracting match funding or acting as leverage to do so is important and pertinent. That point was made to me over the

weekend by a number of organisations. That will be something that we consider when we sit down and try to work out where the remaining money and the future money is and will be best spent.

The same applies to European infractions. When I referred to threats, that is what I was getting at. We have to see what they are, where they are most real and imminent and how we fend them off.

Mr Boylan: Have you the expertise in the Department to deal with that or tackle that? These organisations are doing this work now and covering the Department — you have contracted it out. If you do away with the contracts, is there the expertise in the Department to carry on that work?

Mr Durkan: On some issues around this budget I have been accused in the press of being short-sighted: I do not know if you are hard of hearing. That is why I am sitting down with the —

Mr Boylan: A wee bit louder, Minister.

Mr Durkan: That is why I am sitting down with the sector. I recognise and value greatly the expertise across the NGO sector. The expertise gathered in this room alone is invaluable and will remain so. I place a great value on that. I prefer to focus on the value of it rather than the cost, which, unfortunately, we have been reduced to looking at.

Mr Boylan: Right, I heard you that time, Minister. I can only go by the information that I have been given today. It is alarming and worrying for the sector, which does a lot of good work. There is a lot of expertise and a skill set built over many years. You have contracted that out, and now it is under threat. You said at the start that the environment was at the heart of it. That is correct, and that is the way that it should be. I appreciate your answers.

Mr Durkan: We have to look at the threat to the sector and the fact that we anticipate losing up to 400 members of staff from our Department. There is a threat to that skill set as well, and it is more important than ever that we work as closely as possible with the sector. That is why I regret any damage that may have been caused to our relationship with organisations in the sector through this process.

Mrs Overend: I thank the Minister for coming to the Committee today. Does he have any idea of the grades of the staff who will apply to the redundancy scheme? Obviously, that will bear on the cost of the redundancies.

Mr Durkan: I will ask Leo to answer that question.

Mr O'Reilly: The only information we have is in respect of our own Department. In that case, it is simply the total number of staff who have applied to the scheme, which closed last Friday. The total is 466. I do not have a breakdown of what grades they are, but grade will not be a selection criterion for people to leave; it will be, as you know, the cost and value for money in letting people go.

Mrs Overend: I am sorry; I did not pick that up.

Mr O'Reilly: I do not have a breakdown of the 466 by grade, but grade will not be a criterion when it comes to selecting people whose application to the scheme is successful. Primarily, it will be about the value for money that would be offered by them leaving — how much it costs to pay them to go compared with the saving made on their salary.

Mrs Overend: OK. You would think that you would look at the staff you have left and the value for money in needing them as opposed to the value for money in losing them. Will that be taken into consideration?

Mr O'Reilly: Once we know which of those who have applied have been successful and have confirmed that they want to leave — we will know that towards the end of June under the present timetable — we will have a precise understanding of the implications of the profiles of people leaving across the Department and any gaps that will open up in skills or capacity to deliver functions. Then, we will have to look at restructuring ourselves to ensure that we can carry out our essential functions. That will also mean discarding discretionary activities.

Mrs Overend: It will take you from now until June to figure out how much you will save through staff reductions. You originally estimated what you would save by having 500 redundancies, now 400 redundancies, which is actually 466 redundancies. You are not going to know what your budget is yet, even though you have provided figures. Is that not right?

Mr O'Reilly: The June deadline is the central timetable that applies to all Departments and not just DOE. Every Department will have to work to that timetable. By June, we should know how many people have been successful and how many want to leave. I suspect that, in practice, it will be fewer than 466 and, possibly, considerably fewer. Once we understand that figure, we will then get to the point that Mr Weir was alluding to, where we might be able to put some firm numbers against staff savings at that point in the year. This is not entirely satisfactory, but it is much better to have that picture in June and not at a much later stage in the financial year. It is at the end of the first quarter of the financial year.

Mrs Overend: OK. I want to go back to the organisations that face these swingeing cuts. Has the Department assessed the funding that many of the organisations can avail themselves of from other avenues, whether it is EU funding, lottery funding or whatever? I understand, from talking to the organisations, that for every £1 that comes from the Department of the Environment, there could be between £3.50 and £7.00 from other avenues. That could be lost completely if they do not receive funding from your Department. Have you taken that funding into consideration when making your decisions?

Mr Durkan: As I said to Mr Boylan, that will be very much part of our consideration and deliberation over the coming weeks and months —

Mrs Overend: It is not something that you have looked at at this stage.

Mr Durkan: — with the sector. It is important that we not only do that but work with groups to identify potential new sources of funding, including local government.

Mrs Overend: So, it is not something that you have looked at to date in making the decisions you have made at this stage, but you are committed to doing it.

Mr Durkan: Yes, 100%.

Mrs Overend: OK. Thank you very much.

The Chairperson (Ms Lo): I just want to follow up your response, Leo. There are 466 who registered an interest in going, but surely out of all your staff there must be some essential posts that you must keep. You cannot just lose all of them because it is under the voluntary exit scheme. For example, you cannot have a whole branch of NIEA going, if the 466 people expressing interest are from there.

Mr O'Reilly: The way that will be dealt with is, first of all, as I mentioned to Mrs Overend, by seeing how many are actually leaving, how many have been successful. The next question is when they leave. Obviously, if you had a scenario such as you describe — a whole branch leaving — we would seek to phase the exits there between September and the end of March 2016, which is when the exits have to happen. That will be a case of redeploying people from lower-priority activity in the Department into what is deemed to be essential activity that we need to deliver. We will end up with a lot fewer staff in the Department.

The Chairperson (Ms Lo): Should you not have taken the step of making an analysis of how many posts you can actually do without and then seeing how many people holding those posts can be made redundant and asking them if they want to consider leaving through the voluntary exit scheme, rather than a free-for-all?

Mr O'Reilly: This is, as you know, a central scheme, and the emphasis was on making it open to as many people as possible, rather than trying to restrict access to the scheme. The principle was that the scheme should be open to as many people as possible across the entire Civil Service, and that has been followed generally across all Departments. In fact, our Department has the biggest group of exceptions — the vehicle testing staff were excluded from the scheme.

The Chairperson (Ms Lo): Sorry, what staff?

Mr O'Reilly: The vehicle testing staff were excluded from the scheme.

The Chairperson (Ms Lo): Technical staff? You have other technical staff, I am sure — professional and technical staff.

Mr O'Reilly: Yes.

The Chairperson (Ms Lo): If they are going to leave en masse, how will you carry out the functions?

Mr O'Reilly: We will have to wait and see what the profile is of the people applying, but, given the numbers and the distribution of grades across the system and given that there are a wide range of administrative grades in the system, we do not anticipate that it will happen that most of the people leaving will be from one speciality and one area. I do not think that is the way it will play out. It will be a distribution of grades across most areas.

The Chairperson (Ms Lo): That is what you hope.

Mr O'Reilly: There is an element of uncertainty, because it depends entirely on who volunteers and then who is found to be eligible.

Lord Morrow: Minister, you have said something here, and I want you to explain it to me. You have said that this is not your decision; you are just the postman, delivering the message. Do you not have a departmental budget?

Mr Durkan: I do not think that is exactly how I put it.

Lord Morrow: Well, I wrote it down. That is exactly —

Mr Durkan: If it was up to me, there would not be any cuts — I would not have to make cuts. Unfortunately, I am in an invidious position where I have no option but to make cuts, and what we are seeing and hearing now is the outworkings of what was always and still is a bad Budget.

Lord Morrow: But you accept that you have a departmental budget.

Mr Durkan: Yes.

Lord Morrow: And you have decided that this is where you will target the cuts.

Mr Durkan: I would open it up to the Committee to identify where it thinks I should make the savings. The last time I was here road safety was majored on, and there was representation made about a couple of organisations. I have listened to the Committee as regards those representations, and that is reflected in my final budget.

Lord Morrow: But you have decided that this is the best place to make those cuts.

Mr Durkan: It is not that I have decided: I have been left with no choice of where to make the required savings.

Lord Morrow: No, but I suspect that nobody, but nobody, wrote to you and said that you must make the cuts in this particular department, or do you have such a letter that says that?

Mr Durkan: I know that I could not make them out of the derating grant, which is £25 million. That is ring-fenced and, despite repeated requests from me to the Executive to take it out of my baseline budget, they did not.

Lord Morrow: So, it was your decision. While you and I sit here today, 31 March is tomorrow. Does that mean that any NGO or group that has got a letter saying, "Your funding is over from 31 March", is gone?

Mr Durkan: Any organisation that is not getting funding after 31 March was not getting funding from 31 March.

Lord Morrow: So, they are gone.

Mr Durkan: There might be other sources of funding that those organisations rely on.

Lord Morrow: While we also sit here today, you tell us that you are sitting on a stock of money from the carrier bag levy.

Mr Durkan: Yes.

Lord Morrow: Right. Those organisations will have fallen off a cliff by that time; therefore, they will not be included or get an opportunity to get your attention and be considered for some of that funding.

Mr Durkan: I did not say that. They might not necessarily have fallen off that cliff. I have been accused — not today but publicly — of a lack of strategic overview on this, but would you prefer it if I used that money to fund every group for three months and then have no money to fund any group beyond that?

Lord Morrow: Minister, as you now are, one day I was, and, I suspect, as I now am, one day you will be.

Mr Durkan: I doubt it.

Lord Morrow: Some 465 people have declared an interest in the voluntary exit scheme. Would it be reasonable to assume, in the very worst-case scenario, that 200 of those are doable?

Mr O'Reilly: Potentially, yes.

Lord Morrow: Is it possible that you could have considered that when you were trying to do your figures? What concerns me here is this: we have an infrastructure here that is now about to fall apart. That will be irretrievable, and it cannot be gathered together again. Surely to goodness, there is a degree of urgency that you can bring with your officials to the subject, rather than sending everybody away home today as wise as when they came in. Can you not give them any reassurance at all?

Mr Durkan: I think that I have given some reassurance today, and I will give further reassurance as early as possible. Mr Weir referred to how the Assembly Commission is dealing with the process, but it is my understanding that other Departments are not working and cannot work on the assumption that people will leave, how many people will leave or when they will leave. I know that there is a rather strict audit process around that, and perhaps Leo could elaborate on that.

Lord Morrow: Minister, the assumption that you have made is that there is none.

Mr Durkan: No, I have not made the assumption that there is none; I have made the assumption that there is none before September.

Lord Morrow: What figure did you include then? You have not included a figure because you have assumed that there will be none. You said that it would be wrong to make an assumption, which is a fair point. It might be the wrong thing to do because 465 people have declared an interest in the scheme, and it might be quite wrong to say that all 465 will go. Let us take the worst-case scenario and say that half of them take it up. Would that be fair?

Mr O'Reilly: We went through the detail of the budget, you will recall, a couple of times over the last number of months. Without opening up another channel, there are other financial pressures in our Department at the moment that we know are certainties for next year and that we have not covered at all yet in our budget. In a sense, we have simply set those to one side and said that we will have to try to manage that in-year. There are other pressures in our system that we have not covered yet in the budget. If only 200 went, I can tell you now that we could spend all the savings from that right now on known pressures that we have in the system that we have not yet addressed.

The Chairperson (Ms Lo): Again, within your Department. That money is going to help the expenditure within your Department.

Mr Durkan: In this case it would be councils.

Mr O'Reilly: In this case it would be councils that would benefit from the money.

The Chairperson (Ms Lo): Can I bring Members' attention to page 30 —

Lord Morrow: Chair, could I ask just one final question?

The Chairperson (Ms Lo): Yes, that is to support your point.

Lord Morrow: I have great concern here. I have said this, but I want to repeat it: the whole infrastructure here is in danger. Furthermore, when all of it disappears or if even a fraction of it disappears, it has to be picked up somewhere else, or a whole lot of it will be discarded and thrown away. You said at the outset that you are an environmentalist and that you have a real concern for the environment. Tell me this: how will EU directives be dealt with here, once this structure all falls apart?

Mr Durkan: I have already addressed that question. We very much need to and I very much want to sit down with the sector and the NIEA, and I am and was happy to extend that invitation to the Committee or representatives from the Committee.

Lord Morrow: Minister, you are talking about sitting down with the NIEA and others. Are you doing that this week?

Mr Durkan: Yes. I want to do that as a matter of urgency.

Lord Morrow: Perhaps even tomorrow?

Mr Durkan: It will not be tomorrow, but I could happily try to do so this week.

Lord Morrow: It will be done this week.

Mr Durkan: I could do so this week, yes.

Mr O'Reilly: I sense there is concern about the process we are following here. Maybe I can explain our thinking behind what is happening here. The Committee will recall that when we were here in February we went through a lot of detail, but we identified a number of allocations that had not yet been determined. We said that they were still being considered in light of the final budget position and in terms of forecasts of the carrier bag levy money. We said we would come back to the Committee with the detail, which was what we did at the end of last week.

Some organisations had a reasonable expectation of continuing funding into the next financial year. Some will have received a funding allocation for a fixed period that ends, so it is not those groups. However, if we had attempted to simply allocate all our money to all those organisations that had a reasonable expectation of continuing funding, as the Minister indicated, everything would have stopped for certain by the middle of next year. The money would have simply stopped completely.

We have taken an initial tranche of money and allocated it across all the organisations for an initial three-month period to keep them running and keep their funding streams going. During that period we will then take the balance of the carrier bag levy money that has not yet been allocated and, as the Minister indicated, consult the sector and the Committee as to how that balance of funding should be allocated to those organisations and how that can ensure that, at least, certain key activities can continue, not just to the end of June but beyond that into the latter part of the financial year and beyond. Also, hopefully, by that stage the further tranche of savings that we hope will come from staff reductions in the Department will add some further money into the mix.

It is absolutely not as satisfactory as being able to say to an organisation, "For the next financial year we will give you x," but we are not able to do that for all of them. What we are doing is seeking to manage the position on a staged basis over the coming months, working with the sector and with your

Committee. It is not satisfactory, and it is not remotely the way that the Minister would have wanted to do this, but I am just explaining what we are doing and why we are doing things this way.

The Chairperson (Ms Lo): I am sure you understand how concerning it is for an organisation to get a letter saying, "This is termination. You are getting three months, and no money beyond that." Responsible organisations have got to then start making staff redundant.

Anyway, I will bring Colum in; he has been very patient.

Mr Eastwood: Maybe not so patient, but I am delighted to hear so much support for the environmental sector. I did not hear an awful lot of that during the Budget debates, when we were highlighting the dangers of the Budget and the impact it was going to have on the environmental sector and on every other item of funding that you give out. It is important that during this discussion we highlight other areas of the budget that are getting hit. Road safety is getting hit fairly significantly. The rates support grant, which affects people in my constituency and ratepayers in the poorest constituencies generally, is being hit. It is important to say that it is not just about affecting the environmental sector.

In terms of the money that has not been allocated that you are going to engage on, and the money that might be allocated in the event of a redundancy scheme, whatever that ends up being, will that be allocated solely to the environmental sector, or is there potential for road safety, the rates support grant or any other element that has been cut to benefit from it? It is important that we know where that sits.

Mr Durkan: The initial phase of funding that we are talking about is largely derived from the carrier bag levy, which is ring-fenced and will have to be spent on environmental projects. I cannot envisage spending it on anything other than natural heritage projects, not do I want to. Beyond that, as Leo indicated, there are other financial pressures on the Department. We will wait and see what happens with the voluntary exit scheme. However, I have stated clearly and repeatedly here today my commitment to the protection of our natural heritage and environment. The survival — more than the survival, the continued support — of many of the organisations we are talking about today is essential.

Mr McElduff: One of the organisations that I am most familiar with from a west Tyrone point of view is Outdoor Recreation, because it is making a difference in tourism and economic planning for the whole Gortin glens area. There is also a mountain bike trail in Davagh forest. Those are real projects and good things that are happening in the community. Will the Minister describe the risk assessment that was used to make the decisions?

Secondly, in case Sandra does not get the opportunity to come back, she intended to ask a question about match funding that will be lost — INTERREG and other types. It appears that there will be a massive reduction in the capacity of the sector to draw down and manage other funding, such as EU funding. Does the Department have a measure of the value of the additional funding that will be lost?

Mr Durkan: As indicated in earlier responses, that is very much part of our exercise going forward in conjunction and partnership with the sector and, hopefully, the Committee.

With regard to Outdoor Recreation, like many of the organisations represented here today and in the documentation you have in front of you, its contribution is much more than an environmental one. I am not using that as a stick to beat anyone with; it is something to be celebrated. I am fully aware of the potential of the environment to be an economic driver through what it does for our tourism industry and how it contributes to people's health and well-being. That is why I remain extremely committed to the environment and to the projects we are talking about today and others. Unfortunately, Outdoor Recreation is not contracted to receive funding beyond 31 March 2015.

Mr O'Reilly: I think that is the case, yes.

The Chairperson (Ms Lo): Barry, I think it said — this is in my notes — that it should be getting about £25 million leverage from things like INTERREG and the lottery by 2020. Minister, that is why people said that the cut is not strategic but is short-sighted, because you may cut £1 but you lose the other £6 that you put in.

Mr Durkan: No, I recognise that our funding —

The Chairperson (Ms Lo): If you do not have that core funding to hold the organisation together, it cannot go out and find more money. We are not even talking about volunteer manpower.

Mr Durkan: So, for our £125,000, it was getting £25 million.

The Chairperson (Ms Lo): It said —

Mr Durkan: That is something that I will have to look at.

The Chairperson (Ms Lo): You gave it £120,000 core funding. I think in the last six years it has levered in £7.5 million and, by 2020, will have levered in £25 million from outside sources.

Mr Durkan: I recognise that the grants from the Department are often a key ingredient in a cocktail of funding for many organisations. It is important that we take that into consideration. We do not have that many bucks, but it is important that we get the biggest bang for them as possible.

Mr McElduff: One of the big questions, which I think others have touched on, is about the £800,000 remaining in the carrier bag levy. Will you say a wee bit more about the process — how you are going to take that forward, who you are going to consult and when?

Mr Durkan: I am not sure I can say much more about it, because I have said so much about it already, Barry. I want to take that work forward with the sector, the Environment Agency and the Committee. There will actually be some further money available from the carrier bag levy that I had identified for the challenge fund for other community-based environmental projects. I know that, in the past couple of years, some of the organisations we are talking about here have applied for and availed themselves of funding from that stream as well. That is more project-based.

The Chairperson (Ms Lo): So are you saying that you are going to cut out the challenge fund and there will not be any challenge fund?

Mr Durkan: No, I am just saying —

The Chairperson (Ms Lo): Those organisations would have to apply for that £750,000 from the challenge fund to keep them going beyond 20 June.

Mr Durkan: As it stands, we have that money set aside for the challenge fund. However, some of those organisations have applied for and availed themselves of that. They have applied successfully for that in the past.

The Chairperson (Ms Lo): Yes, but that is only some organisations through some initiatives out of the current work that they put in for that project funding. It is not the core funding that organisations need to keep them going.

Mr Durkan: Yes, I am aware of that. I will just highlight the success of the challenge fund to date, in that, as grant processes go, it is relatively simple to apply for. It is open to and availed of by smaller groups that may not have the expertise in applying for grants that some others have — and, indeed, by schools. Again, like I said, at the moment we have the money set aside for that, but it is important that we look at things strategically.

The Chairperson (Ms Lo): But, Minister, we have to bear in mind that the challenge fund was very much over and above the core organisation of the current NGOs and what they are doing. The challenge fund is small bits of money, but, if you already have the sector there, people will ask if you should not use that money to support the existing infrastructure, rather than dish out small bits of money for initiatives.

Mr Durkan: No, I fully accept that. That is why I have stressed that, at the moment, we have that set aside. We will have to be strategic — I commit to being strategic — in our approach to the use of all resources. You referred to "small bits of money", but they are all big bits of money to me and to the groups that have availed themselves of it in the past.

The Chairperson (Ms Lo): The challenge fund could be £500 for an initiative, but if you are seeing a whole sector going, you may be better to use that £750,000 to support those organisations and the expertise that they have built up over the years.

Mr Durkan: Yes, but one thing this does highlight is that without the carrier bag levy the Department and the sector would be completely decimated. Things are bleak now, but without the carrier bag levy we would have no discretion or wriggle room whatsoever.

Mr A Maginness: Thank you, Minister, for your presentation. Clearly, the budget has been savagely cut by 15.1%, which is £17 million. There are some other additions, but it is still a savage cut. You outlined the position to the Committee earlier and in previous sessions. Indeed, the permanent secretary, Mr O'Reilly, indicated that there would be shortfalls, particularly in the environmental sector.

The Chair has put this to you a number of times: was there any option to take measures to reduce expenditure within the Department itself and thus give more to the environmental sector? Was there any room for manoeuvre?

Mr Durkan: There was an option to reduce expenditure, and that option was taken. As I just explained to the Chair, we have reduced expenditure where we can in the Department. There are other inescapable spends that cannot be avoided.

Mr A Maginness: Are you saying that you have maximised whatever opportunities were available within the Department?

Mr Durkan: I believe that I have, yes.

Mr A Maginness: As a consequence of the shortfall in funding, were the reductions in relation to the environmental sector inescapable?

Mr Durkan: I believe that they were. A lot of the focus today has been on the management of that and how we manage it going forward. I will accept maybe some criticism in regard to that; not a lot, but some. I think it is fair to say that I have made the best of a bad hand.

Mr A Maginness: But whatever about the management, still the funding was not available.

Mr Durkan: Yes.

Mr A Maginness: In relation to projected or anticipated savings that have been identified by the permanent secretary for when the exit scheme is completed, does that give some comfort, or is that money notionally earmarked for other aspects of the Department's expenditure — for example, grants to councils?

Mr Durkan: It certainly has not been earmarked by me. I can give the Committee my commitment today. I have articulated my commitment to the sector and the work carried out. I recognise the need for that work, and that commitment is unwavering.

Mr A Maginness: So there may well be a degree of flexibility after September, but until that point is reached —

Mr Durkan: There is no "maybe" about it; I will use that money for projects and organisations here to carry on with the good work that they do.

Mr A Maginness: Yes, but, in accountancy terms and the way of managing public funds, you cannot say at this point in time, "There is £10 million, £5 million or whatever, therefore we will plan in accordance with that". Is that the correct position?

Mr O'Reilly: Yes. We do not have any certainty at the moment on what funding will become free and when it will become free.

The Chairperson (Ms Lo): I have just one last question. I want to follow up on the necessary expenditure you listed in table 7. Can you explain the items under "Other Office Services"? The narrative says it:

"Includes franking costs, mapping information charges, photocopying charges, postage, stationery etc."

The total is £1.5 million. Below that, "Contracted out services", includes cleaning, contract security, HR Connect charge, charge from DVSA, charge for driver licensing card production and bulk printing, grass cutting, pollution sampling and water supply analysis, totalling £3.6 million. The grass cutting cost £0.2 million. What are they for?

Mr O'Reilly: Well, as you see, that group of services —

The Chairperson (Ms Lo): Do you have a lot of grass in your Department?

Mr Weir: It has £0.2 million's worth by the looks of it.

Mr O'Reilly: As you see, our projected expenditure next year on contracted-out services is £3.6 million compared to £8.3 million in the current year. We have already made substantial reductions there. However, I take your point; we need to keep looking at other options for reductions and we will continue to do that. The "Other Office Services", as you see, have been reduced this year and spend will be £2.2 million; it has been cut back to £1.5 million next year. We are seeking to reduce those sorts of costs wherever possible. There are some costs there, such as professional costs, which have gone up.

The Chairperson (Ms Lo): Those will cost £2.4 million.

Mr O'Reilly: They have gone up from £2.2 million to £2.4 million. That is the cost that we pay to allow people to have medical assessments done for driving licences.

The Chairperson (Ms Lo): Can those be cut out? Can you ask people to pay for those themselves? Has the Department thought about revenue raising?

Mr Durkan: No, no. That is something we have looked at. Not only is there a cost attached to an application for a licence with medical circumstances but the licence that is issued is free — when it is issued.

The Chairperson (Ms Lo): It is free to the applicant but —

Mr Durkan: The licence is free and so is the medical test.

Mr O'Reilly: It is free at the point of delivery.

The Chairperson (Ms Lo): Yes, but have you considered cutting those or raising some kind of revenue in the Department from the likes of fees?

Mr Durkan: We have looked at issues around driver licensing and taxi, bus and HGV licensing and so forth.

The Chairperson (Ms Lo): How much extra income would that give you?

Mr O'Reilly: As you can see elsewhere in our papers, we raise quite a bit of revenue. We project to raise £22.7 million next year in various types of revenues.

The Chairperson (Ms Lo): I am sorry; how much?

Mr O'Reilly: It is £22.7 million. However, the difficulty with much of that revenue is that it has to be used for specific purposes. If we charge someone for a service, we have to use the money to deliver

the service. We cannot take the money and use it for something different. It is not as flexible as it looks.

The Chairperson (Ms Lo): You can use it to pay for salaries.

Mr O'Reilly: Sorry?

The Chairperson (Ms Lo): OK. Are you saying that you cannot use that for the heritage trust grant?

Mr O'Reilly: The only circumstance where we can use it is if we are also subsidising a service from our general expenditure. If we increase revenues and, therefore, reduce the size of the subsidy, the reduced subsidy amount becomes free for other purposes.

The Chairperson (Ms Lo): OK. There are no more questions. Thank you very much, Minister, for your time. I appreciate you giving us an hour and a half.

Mr Durkan: Thank you, Madam Chairperson. I will be in touch very soon with a view as to how we move forward on this.

The Chairperson (Ms Lo): I urge you to engage with the sector and with us. Top-down decisions are not the best solutions. People need to have their say with you.

Mr Durkan: I fully appreciate that.

The Chairperson (Ms Lo): OK. Thank you.