



Northern Ireland  
Assembly

Committee for Social Development

# OFFICIAL REPORT (Hansard)

Budget 2016-17:  
Department for Social Development

25 February 2016

# NORTHERN IRELAND ASSEMBLY

## Committee for Social Development

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**Members present for all or part of the proceedings:**

Mr Alex Maskey (Chairperson)  
Mr Fra McCann (Deputy Chairperson)  
Mr Jim Allister  
Mr Roy Beggs  
Ms Paula Bradley  
Mr Gregory Campbell  
Mr Sammy Douglas  
Mr Phil Flanagan  
Mrs Dolores Kelly  
Mr Adrian McQuillan

**Witnesses:**

Ms Joyce Bill	Department for Social Development
Ms Deborah Brown	Department for Social Development
Mr Ian Snowden	Department for Social Development

**The Chairperson (Mr Maskey):** I welcome Ian Snowden, Deborah Brown and Joyce Bill to the Committee this morning. Ian and your colleagues, would you like to make your presentation?

**Mr Ian Snowden (Department for Social Development):** Thank you, Chair. As with our previous presentation, Deborah will give a short introduction to the paper that you should have in your packs. We can then take any questions that you might have.

**Ms Deborah Brown (Department for Social Development):** Thank you for the opportunity to update you on the 2016-17 budget, following our previous presentation on 4 February. Hopefully, you have the briefing paper in front of you. It outlines the budget reductions and the allocation of those reductions as agreed with our Minister.

In our previous briefing, we explained that the cut was 5.7%, equating to £25.7 million, and that is after protecting the social fund and housing benefit rates. In meeting the reduction, the Department also has to manage a number of pressures, including pay and prices, some pressures on the Charity Commission and to meet the cost of the social enterprise hubs. That brings the total amount that needs to be managed by the Department to £32.25 million. In addition, we will cover the women's childcare fund, and we are looking at the funding for independent advice centres and a programmed increase in participation and influence of women in community development. We are currently engaging with DFP on those issues. As previously advised, we will also need to place a bid in the June monitoring round for welfare reform in the region of £20 million.

The table at annex 1 outlines where we intend to allocate the £32.5 million. Some 5.7% is being allocated to the Social Security Agency, equating to £11.7 million, and that will be found in staff, general administrative expenditure (GAE) and other costs. Another £1 million is set against the child maintenance service, and £6 million of staff cost savings have been made from the exits achieved during 2015-16.

There is also a £1 million reduction to the Supporting People review, leaving £1 million to progress it during 2016-17. I am sorry but your table says, "social housing review"; it should say, "Supporting People review". We also plan to carry a £1 million level of overcommitment during the year; to levy a cut of approximately £4 million to the Housing Executive, which should allow it to protect Supporting People and other key housing areas; to make a small reduction against the urban budget of £740,000; to release £700,000 from Ilex, which will leave £600,000 to cover the strategy and regeneration staff who will transfer to local government; and to make a reduction to the social housing reform consultancy of the magnitude of £2.6 million. If we progress that, it will create a pressure in-year.

On the basis of previous experience, we believe that we can surrender some budget from the National Insurance fund of about £800,000, and we intend to levy a 5.7% cut to the independent living fund, which is transferred across to DHSSPS. You also see that we are taking smaller amounts from a number of smaller areas, at a total of £2 million. That will allow us to allocate cuts of £32 million across the Department to live within the reduced envelope of funding.

We have also presented some proposals on capital to our Minister. Once those have been agreed, we will bring them to the Committee. That is an outline of the plans for 2016-17, and we are happy to take any questions that the Committee may have.

**Mr F McCann:** I know that we are in difficult times and have been for a considerable period. We met the Minister a while ago to impress on him that, especially in urban and community development, many projects that are at the coalface could be wound up because of a slight cut or reduction. I think that you are talking about £740,000: have you any idea where that is coming from and how it will impact on the groups that are working with areas of social deprivation?

**Mr Snowden:** The urban regeneration people have been looking at their list of currently funded projects. Four are coming to a natural end at the end of March and will not be continued, so the savings will be taken from those projects. An exercise has been carried out to look at the historical pattern of actual spend on some projects against the grant awards that have been made. In some cases, the actual award has been underspent, on average, by a small amount every year. The awards going forward next year will be based on previous actual spend as opposed to the previous award, which will squeeze out £100,000 or so. Those measures and the four projects that are not proceeding should save the £750,000.

**Mr F McCann:** The Minister seemed to indicate that, by and large, he would work to ensure that there was no real direct impact on neighbourhood renewal projects.

**Mr Snowden:** No project will have its funding ceased unless it is coming to the end of its natural life at the end of March.

**Mr F McCann:** OK. Thank you.

**Mr Allister:** Paragraph 21 refers to a saving of £14 million being required of the Housing Executive, but the summary refers to £4 million.

**Ms Brown:** When we approached the Housing Executive to find a 5.7% cut, that equated to £7.5 million, but the Housing Executive had also identified other pressure areas, meaning that the total that they believed that they had to find was in the region of £14 million.

**Mr Allister:** What about the figure, in the summary at paragraph 23, of £4 million?

**Ms Brown:** In order to meet our cuts, we are saying that would need to cut them by only £4 million.

**Mr Snowden:** I should clarify that, last year, the Housing Executive was given an extra sum of about £6.5 million, so it was protected from the cuts in its budget, and the regional services increased slightly, so the total amount that the Housing Executive has to save in 2016-17, compared with the

current financial year, includes that one-off non-recurrent allocation of £6.5 million to help it through a process of change to identify savings. On top of that, there is the £7.5 million that Deborah identified. It also has to manage its own pay and price inflation pressures within that, so it had to save a substantial sum. The £4 million levied in cuts that has been identified is less than the 5.7% cut that it would normally have had to make, but it is on top of the £6.5 million non-recurrent funding that it received for the current financial year. Its budget in 2016-17 will total £10 million less than this year.

**Mr Allister:** What percentage cut is that?

**Mr Snowden:** I would have to work that out against its recurrent budget, but it is something like 3% or two-point-something. If you add the one-off funding of £6.5 million, it would be larger than that. I would need a calculator to work it out.

**Mr Allister:** It really amounts to £10 million.

**Mr Snowden:** Yes. If you want to look at it in bald headline figures, its budget will be £10 million less in 2016-17 than in 2015-16.

**Mr Allister:** Paragraph 21 appears to include a bit of a rebuke for the Housing Executive:

*"Our view is that the NIHE ought to have adopted a more proactive approach to the identification of savings".*

**Mr Snowden:** They knew that the £6.5 million was a one-off, non-recurrent package of funding for one year. The intention was that they were to use that to make structural and other changes in their operations to help them to save money.

**Mr Allister:** Having got a one-off last year, there might be an expectation of getting the same this year.

**Mr Snowden:** The nature of a one-off addition is that it is a one-off. It was very clear that it was to be a single year, and that was explicit in all the correspondence that we had with the Housing Executive.

**Mr Allister:** Do you have any feel for what a £10.5 million cut means for the Housing Executive in technical terms?

**Mr Snowden:** It is mainly going to be in their administration costs, although they have shed quite a few staff under the voluntary exit scheme.

**Mr Allister:** Is that yet complete?

**Mr Snowden:** No, there is another tranche of releases due to take place at the beginning of the next financial year.

**Mr Allister:** And the voluntary exit scheme for the Department is effectively coming to an end.

**Mr Snowden:** Yes.

**Mr Allister:** You have no plans for an exit scheme for 2016-17.

**Mr Snowden:** There will not be a voluntary exit scheme in the Civil Service next year.

**Mr Allister:** How far has the number of exits under the voluntary exit scheme in your Department fallen short of the original expectation?

**Mr Snowden:** We originally set the number at 400, and there were a number of assumptions underlying that. One was that the regeneration function would transfer to local councils in April, but the decision was taken that that would not happen so 150 posts will have to remain in the Department. Those posts would not have been there if we were no longer carrying out that function.

**Mr Allister:** But those 150 posts would have been transferring to local government. They would not have ceased to exist.

**Mr Snowden:** Overall, there would have been a requirement for fewer posts. We have to differentiate between the posts that the Department requires and the individual members of staff. Some of the staff might have transferred across, but the net position would have been that the Department would have required 150 fewer posts because it was no longer carrying out that function.

**Mr Allister:** You would not have been paying out on those 150 posts.

**Mr Snowden:** No, that is why we would have to shed —

**Mr Allister:** You originally had an expectation of 400. What did you end up with?

**Mr Snowden:** I think that it was 286 or something like that. I would have to check the precise figure, but it is in that region.

**Mr Allister:** Thanks.

**Mr Douglas:** Thank you for your presentation. Deborah, you mentioned the women's childcare fund. I am going to visit the Ballybeen Women's Centre tomorrow, and they will ask me questions. In your briefing, you state:

*"It is anticipated that the Women's Childcare Fund can be met from in-year non-recurrent easements if additional funding from the Executive does not materialise."*

You say that the fund "can be" met: can you give us an assurance that it definitely will be met?

**Ms Brown:** It will. The money will be found, but we still want to continue negotiations with DFP on that issue.

**Mr Douglas:** OK, thank you very much; that is all that I wanted to know.

**Mr Beggs:** I want to pick up on that latter point. You have created an expectation that you will be able to find the money through in-year monitoring. Will you issue letters of offer to the groups, or will they have to live from month to month? Will they have any degree of certainty?

**Mr Snowden:** The Minister has publicly committed to continuing the funding for the next financial year, and that commitment will be translated into letters of offer to those organisations for the full year.

**Mr Beggs:** Thank you; that is helpful. Welfare reform is inescapable work. Can you explain why it has not been prioritised, given that it has to happen? We have to be able to support the changes that are being implemented. Why have the Executive not provided the funding for what is an inescapable issue that is coming down the line?

**Ms Joyce Bill (Department for Social Development):** The position is that we continue to engage with DFP on the additional bid that we will submit in the June monitoring round. We have been advised that that bid will be prioritised.

**Mr Beggs:** As others might be.

**Ms Bill:** Yes.

**Mr Beggs:** OK. I just find it strange. Moving on, there is £4.6 million for the housing benefit rates annual increase. I thought that the funding for housing benefit came directly from Westminster and not from our block grant.

**Mr Snowden:** Housing benefit for rent is from annually managed expenditure (AME) funds, so that comes from Westminster. Housing benefit for rates relief was translated several years ago from AME to departmental expenditure limit (DEL) funding.

**Mr Beggs:** OK, so this is coming back to the Executive from the rates that will be paid. You are charging yourself and then the Executive will be charged for bringing it back in again. I can see why we have met it then.

I want to turn to the child maintenance service. There is an indication that you have to make a £0.8 million saving in salaries. That has been measured as 27 staff at administrative officer (AO) grade. Have you been trying to ensure that front-line services are protected? The AO grades are involved in front-line activity. Have you been trying to produce a flatter structure with fewer managers and reductions in senior staff rather than simply measuring this in terms of front-line staff?

**Mr Snowden:** That number is just an indication of what that might mean in terms of the number of people involved; it does not mean that we have identified 27 staff at that grade to go. As far as we can, we have sought to protect all the front-line services. The cuts and reductions up to this point have mainly focused on corporate services, back office functions and so forth. There will come a point at which it is not possible to do that any longer, so we have to examine how staff reductions are implemented in such a way as to minimise that impact. It is unavoidable that there will be some impact.

**Mr Beggs:** I am just conscious that the child maintenance service provides support for some very vulnerable young children and their families, so it is a very important service.

Finally, in your briefing paper, you state on the issue of staff redeployment:

*"Until we have better information on which to base our calculations on how much might be saved from this route, we have worked to the conservative assumption that no further savings can be achieved from the core Department's staff and associated General Administrative Expenditure budgets".*

When will you have that information so that you can plan? You mentioned that there would be no voluntary redundancy scheme this year. I thought that the application for funding was approximately £200 million per year. Are you saying that there are no more staff reductions coming next year or the year after? If we do not reduce the number of our central administrative staff, front-line services will take the cut all the time.

**Mr Snowden:** I will pick up on a point at the end of your question first. The staff in the core of the Department are not all central administrative staff; quite a few of them are delivering programmes. That includes, for example, urban generation group and housing division staff who are delivering programmes, as well as what you might call corporate services or administrative staff. Leaving that to the side, the Civil Service overall is not proceeding with a voluntary exit scheme in 2016-17, although there are voluntary exit schemes in other parts of the public sector. The Housing Executive, for example, will run a voluntary exit scheme. That is a corporate decision that the Civil Service has taken.

Work on the grade mix that is required for the welfare reform work and what might be possible in redeployment continues in the Social Security Agency as it works through its implementation plans for welfare reform. I do not know exactly when that might be available, but it is a work in progress and quite a lot of activity is going on around it.

**Mr Beggs:** Do you accept that it is vital that we try to maintain front-line services that help individuals and that the Department should always try to see how it can do things more efficiently? Perhaps it should reassess what programmes it provides and how it provides them, rather than simply saying that there will not be any further redundancies from its core.

**Mr Snowden:** Of course, yes; we will do that continually.

**Mr Beggs:** But you have just said that the Civil Service will not have a voluntary redundancy scheme.

**Mr Snowden:** There will be a redeployment of staff from one area to another. The general idea will be to reduce the number of posts that we require in our central activities and redeploy staff involved to front-line services. That is how they will be protected. We cannot commit to saving a certain sum of money from the salaries in the core at this point. That is why we have to be conservative about it. We do not have a specific vehicle, so I cannot say to you honestly that we will be able to take out, for

example, 40 posts from the core of the Department and redeploy them to welfare reform work or other front-line services in the Department. I do not have a specific vehicle at this point to do that.

**Mr Beggs:** Finally, the dredging of the Lagan that, I understand, was due to occur will not now happen. Do you accept that there will be flooding in Belfast if you put off dredging the Lagan for ever?

**Mr Snowden:** We do not intend to put it off for ever. The intention is to hold it until the next financial year, 2017-18.

**Mr Beggs:** Are you confident that there will be no flooding in the next year?

**Mr Snowden:** I could not possibly guarantee that, but —

**Mr Beggs:** Has there been an assessment behind why you are putting it off?

**Mr Snowden:** It is a question of timing. It can only be done at certain times of the year. Environmental reports have to be undertaken first, and licences have to be obtained from the Environment Agency. That work is still under way. The professional advice that we have got so far is that it can wait until 2017-18, and we are working through the environmental processes at the moment.

**Mr Beggs:** OK. Thank you.

**The Chairperson (Mr Maskey):** Ian, you are going to be on a sweat between now and this time next year.

**Ms P Bradley:** I want to draw your attention to paragraph 9, which is about the Fresh Start Agreement and the Executive preparing a Budget. Albeit that I am interested in and fully behind the influence of women in community development, I want to look at the funding for independent advice. Paragraph 9 states:

*"The department is currently assessing how this could be managed."*

From our consideration and scrutiny of welfare reform, the Committee knows how essential independent advice will be. Until now, there has been a consortium of Advice NI, the Citizens Advice Bureau and the Law Centre, but I have been led to believe that there has been a breakdown in that consortium. Can you give me any more information on the Department's assessment of how that could be managed? I do not want any issues to stall anything, because we know that it is of paramount importance.

**Mr Snowden:** I am not over the full detail of what is happening with the advice services consortium. I know that a joint approach was to have been developed between the three organisations that you mentioned. That work is currently funded through our existing funding lines, so it is not connected to additional money for welfare reform. Professor Evason identified a requirement for an extra £2 million per year, she estimated, for the next four years related to welfare reform. We sought that additional funding from the Executive because there was a commitment in 'A Fresh Start' that that would be provided. We have not got that funding committed as yet. If it does not come forward, the Department will have to look at ways in which it might make the funding available from other services in order to deliver it. However, we are still pursuing the issue with the Department of Finance and Personnel.

**Ms P Bradley:** It is worth having a look at this because if that consortium, which has been running quite well for the past three years, has reached some sort of stumbling block, we do not want it affecting any of our constituents. Chair, it would be good to get a bit more information on where that is at the moment.

**The Chairperson (Mr Maskey):** It certainly would. OK, Paula, thanks for that.

**Mr Flanagan:** There is no information here about the public realm schemes.

**Mr Snowden:** That is in the capital budget, so the Minister has not finalised his decisions on that yet.

**Mr Flanagan:** When is that anticipated?

**Mr Snowden:** Quite soon, we hope. There are decisions to be taken.

**Mr Flanagan:** Is there much impact on the budget for this year compared with previous years?

**Mr Snowden:** No, the capital budget is not under pressure in the same way as the resource budget. I do not think that there are any particular issues or concerns in there. However, I do not want to comment until the Minister has made his final decisions.

**Mrs D Kelly:** Apologies for being late, Chair. On the back of Phil's question, is neighbourhood renewal in a similar category?

**Mr Snowden:** Capital funding for neighbourhood renewal is, yes.

**Mrs D Kelly:** Can we anticipate an announcement fairly soon?

**Mr Snowden:** Yes.

**Mrs D Kelly:** I have a question about annex 1, if this has not already been clarified, where, against "SHRP Consultancy" there is a reduction of £2.6 million. What is its overall budget? What does that stand for, and what is it?

**Mr Snowden:** It is the social housing reform programme. There was quite a large consultancy budget for that programme that was connected to the asset commission work that was undertaken. I think that you will get a briefing on that — a written briefing, at least — next week. It was quite a large-scale survey of Housing Executive stock. That is what the housing reform programme consultancy budget related to. The programme has been delayed a bit, so that is why there has been a reduction in the consultancy budget. I do not know the total figure off the top of my head, but there is only a small amount left in that budget for the coming financial year in expectation of what we will require from it.

**Mrs D Kelly:** What exactly did it do? Was that to pay people to go round and check out each house owned by the Housing Executive?

**Mr Snowden:** A 25% sample of the houses was surveyed by professional surveyors.

**Mrs D Kelly:** It would be interesting to hear what the overall cost of that was. The sample was 25%. It seems quite a large sum of money.

**Mr Snowden:** It was fairly intensive work.

**Mrs D Kelly:** I appreciate that. How does DSD's overall reduction compare with those of other Departments? Are the reductions evenly spread across all the Departments?

**Mr Snowden:** Some Departments were protected: Health, Education, Justice and Regional Development. The remaining Departments had a reduction of 5%.

**Mrs D Kelly:** They had to take the hit.

**Mr Snowden:** Yes, all of those Departments had the same percentage cut.

**Mrs D Kelly:** OK. Thank you.

**The Chairperson (Mr Maskey):** The Committee has been quite focused on the Supporting People programme, as has the Minister and the previous Minister. We are keen to support it. Can you give us more information on that and where it sits at the moment?

**Mr Snowden:** The total budget for Supporting People in the current year includes a sum of £2 million to implement the recommendations of the Supporting People review. Next year, £1 million of that will be retained and protected, and then the £1 million cut that is shown in the table is the other part of that

£2 million. That means that the existing services can all be maintained at their current level into the next financial year, although we want to use the coming financial year to implement the recommendations of that review and see what efficiencies and other changes can be made to the delivery of the Supporting People programme as we go forward.

**The Chairperson (Mr Maskey):** No other members have indicated that they want to speak. Ian, are you happy enough that you have made the Committee aware of the core details of your presentation?

**Mr Snowden:** Yes.

**The Chairperson (Mr Maskey):** Thank you very much, Ian, Deborah and Joyce.