



Northern Ireland
Assembly

Committee for The Executive Office

OFFICIAL REPORT (Hansard)

Budget 2020-21: Executive Office

19 February 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Colin McGrath (Chairperson)
Mr Mike Nesbitt (Deputy Chairperson)
Mr Trevor Clarke
Mr Fra McCann
Mr George Robinson
Mr Pat Sheehan
Ms Emma Sheerin
Mr Christopher Stalford

Witnesses:

Dr Mark Browne	The Executive Office
Mr Peter Toogood	The Executive Office

The Chairperson (Mr McGrath): Mark and Peter, you are welcome. Thank you very much for coming along for this session, which is a briefing on the Budget. We had asked for some additional information, and I know that an additional report has been provided. Please give a short presentation, and we will then move on to questions. I do not want to curtail the questioning, but I am sure that members are aware that we are well into the third hour of our meeting and are now about to discuss the Budget, which is hardly the most exciting subject. We will try to get as many of members' questions out first time around, followed by quick supplementaries. It can be difficult for members if they are the seventh or eighth to ask questions, particularly when others have already had a long time in which to ask theirs. We will move as quickly as we can. I invite you to give us a short presentation.

Dr Mark Browne (The Executive Office): I will be brief, Chairperson, because we touched on some of the issues last week, and I do not want to go through everything. You have the briefing paper. I want to make the point that we have additional pressures because of additional responsibilities that we have taken on over the past five years, plus a combination of budget cuts in the same period. That is where the pressure on our baseline budget comes from. We have been able to address that for the past three years because we have not had to meet the cost of having Ministers and spads and all other associated costs. That has allowed us to plug some of the gaps. With the Executive now back, we do not have that luxury any more, and those pressures are really being brought to bear.

We also have pressures on our Executive central funds. We need ongoing funding to meet our contractual commitments, which include the Delivering Social Change programme, for which we need funding to meet the remaining commitments for the social investment fund (SIF), the early intervention transformation programme and the dementia services signature programme. Even though it is a year down the track, we mentioned earlier the importance of making sure that good relations funding is maintained at £12 million a year.

The paper also refers to the funding coming from the tackling paramilitarism, criminality and organised crime (TPCOC) programme for B4 areas and communities in transition, which we discussed. However, we expect that to be bid for by the Department of Justice and that funding will come through to us from that Department, as we are acting under its lead.

We also touched earlier on historical institutional abuse (HIA), so I will not say much more, other than to repeat some of the pressures that, we think, that we face. There is a large degree of uncertainty around those pressures. We think that they range from, at the lower end, £149 million to, potentially, £402 million, which is our central planning assumption, up to a potential £668 million, although that is unlikely. Those pressures cannot be absorbed by the Department's existing budget and need to be met centrally from block funds.

Many of the same issues apply to victims' payments. I want to clarify the cost estimate, because some media reports last week suggested that there was a difference between the figures that the First Minister quoted and those that I quoted. We believe that, in 2021, the cost will be somewhere in the region of between £25 million and £60 million, and that was the figure that the First Minister referred to. When I was here last week, I referred to a figure for the financial planning horizon over three years, for which we reckon that the figure is around £109 million. Therefore, one was for one year, while the other was for three years. What we do not have is the total cost. We talked about that a wee bit earlier. We are working on a business case to try to work through what the costs might be, but we can expect them to be significantly in excess of £109 million.

We have received funding to help us with our central coordinating role on EU future relations. We will need to ensure that that funding continues to be provided. It is provided outside our normal baseline by the Department of Finance, and the requirement is in the region of £2.8 million in 2021.

We need capital to complete our existing commitments on Urban Villages and our expectations for the ongoing development of Ebrington, HIA and Maze/Long Kesh. There is also a line in there that some people may have picked up on to do with the international financial reporting standard 16 (IFRS 16) leases, which Peter always explains to me. It is really the capitalising of the lease costs. Instead of having a revenue stream, leases are capitalised into a lump sum, and that meets the cost going forward. It is a new approach and means that those lease costs are a capital rather than a revenue expenditure. I hope that I have described that correctly. We have also highlighted some areas in which we could do more if there was agreement and funding was available. There is the potential to have some additional Urban Village areas, if Ministers agreed to that.

The other additional thing is the potential additional cost arising out of 'New Decade, New Approach'. Some additional responsibilities have fallen to the Department to establish an Office of Identity and Cultural Expression and to appoint an Irish language commissioner and an Ulster-British commissioner. That will be something that I will go into in more detail at our next session in a couple of weeks' time.

We also have responsibility for the appointment of commissioners for ministerial standards, for establishing a compact civic advisory panel and for identifying bill of rights experts to assist the Assembly Committee. Costs for those, which are only estimates put in to make sure some provision is made, are in the region of £6.3 million for 2020-21, rising to £11.9 million for 2021-22 and £11.4 million for 2022-23. Those estimated figures will be prone to change whenever decisions are made by Ministers.

Chair, that is all that I want to say. I am happy to take questions.

The Chairperson (Mr McGrath): Thank you very much. I will put two questions together. First, the departmental budget seems to be around £50-something million, but the departmental spend seems to be about £670 million. What is the difference between the two figures? What is the near £60 million and how does it go up to £660 million? What crosses over? In applying for the Estimates, you have applied for £57 million from the Vote on Account. Normally, 45% of your budget is applied for, but £57 million is not 45% of your overall budget. Am I correct?

The spring Supplementary Estimates (SSEs) tidy up the monitoring round inclusions, so did you take any decisions to give money back on which you were not achieving? How were the decisions taken on what you drew down from the monitoring rounds?

Dr Browne: Peter will answer the detail of that, but you ask two particularly key questions, and this will get very technical. The first part is about our opening baseline and how we get money in-year for

various central initiatives and how that then inflates to a much larger budget by the end of the year. The second part is the interplay between budgeting figures and the figures that are put in the Estimates, which can be quite different and can get technical, which is why I will let Peter answer it.

Mr Peter Toogood (The Executive Office): You are right about what we work with annually. Our baseline budget on the revenue side is about £55 million. We then get in-year funds for our Executive central funds. They are not included in our opening baseline, but we are assured of them coming. I presume that the £600-and-whatever million you referred to relates to the HIA costings that we included in the Estimates bill last week. That is actually an estimate of the cost over the entire period. Is that correct? Just so that I am clear.

The Chairperson (Mr McGrath): Yes. The figure for the budget will suddenly have £666-odd million in it, from a baseline of £57 million. We want to work out how one figure becomes the other.

Mr Toogood: Super. The £600-odd million is not an annual spend or budget. What we have to do for the Estimates is estimate what is required over the course of the programme. The £600 million in total includes HIA and victims' payments, and it is over the course of what we know. At this stage, HIA is estimated over seven years — £400 million — and there is £105 million for victims' payments, and then there are various other movements. There is a distinct difference between our Estimates and our annual Budget.

Each year, we spend £55 million, plus about another £20 million of in-year allocations, for our central funds, Brexit etc. We get about 45% of that for next year, which is why the figure is coming out at around £50 million. The 45% is a standard amount that all Departments are allocated in the Vote on Account. It is not to do with budget-setting at all. It is set at 45% so that it does not prejudice any budget-setting that still has to happen. Everybody gets it. It is about keeping the lights on and ensuring that we can continue to spend until the Budget for 2020-21 is set. Our Budget is still under consideration. It will very much be led by the Budget that will be announced in Westminster on 11 March, and we will take our lead from that. There are a number of different elements to our budgets, estimates and accounts. They are all very different and distinct, and, unfortunately, they serve different purposes.

The Chairperson (Mr McGrath): These are the Supplementary Estimates for 2019-2020, so it is the current year. You are therefore bidding for hundreds of millions for —.

Mr Toogood: No, we are not bidding. The Budget Bill going through at the moment is not a bidding exercise; it formalises and gives us legislative authority to spend any in-year allocations that we got from the point at which the Main Estimates were set last October. We have received only a small amount of in-year allocations. We received about £800,000 in the January monitoring round to take forward the work on HIA and victims' payments. I think that we also received some Executive central funds. Although we have the budget, we need the legal authority to spend it, and that is what the Budget Bill and the SSEs will do next week. As well as serving that purpose, the SSEs look at what provisions have to be made in our annually managed expenditure (AME) budget. That is where that £600-odd million comes from. They are different elements of the Budget Bill that will be introduced next week.

The Chairperson (Mr McGrath): Right. I have no idea what you said to me, but I will ask you again.

Dr Browne: I did warn you that it is very technical, Chair.

The Chairperson (Mr McGrath): It went right over the top of my head.

Mr Nesbitt: I am speaking to your briefing paper on budgetary pressures. You have a baseline of £55 million, but, for the next financial year, which is 2020-21, you appear to suggest that that baseline is £5 million short of what you need. Beyond that, with Executive central funds, the historical institutional abuse inquiry, victims' pensions and EU future relations, you are £120 million short of what you need. You actually need about £175 million: is that correct?

Mr Toogood: Yes.

Mr Nesbitt: Wow. The Department of Health says that it needs £661 million to stand still. Where will the money come from?

Mr Toogood: A large part of that £120 million relates to HIA and victims' payments, as you can see. That is the subject of ongoing negotiations as to from whom and from where it comes.

Mr Nesbitt: If I were a victim or a victim of institutional abuse and I were told, "We need £175 million, but we've got only £55 million", I would be concerned.

Dr Browne: The point about that, Mr Nesbitt, is that, because we took the HIA forward on a statutory basis and had the legislation in place, because it was important to give them confidence, victims have a legal entitlement to the funding. That is important. Where victims can establish that they suffered abuse and a payment is made, they have a legal entitlement to that payment, so the Executive will have to find it.

Mr Nesbitt: In paragraph 2 — we are going to narrative now — you talk about why the baseline is not enough. You go back five years and talk about "budget cuts" and "additional work" that the Department has absorbed. That is fine, but is it not the case that, over the past five years, you have also had easements? Work that used to fall to the Department was transferred to other Departments.

Dr Browne: Some functions transferred a number of years ago, in 2016, with the changes to Departments, but the budget would have transferred with them.

Mr Nesbitt: Would it not have been a fuller disclosure to have said that, as well as the additional work that you have undertaken, there have been easements?

Dr Browne: It is not actually an easement; it is a budget transfer. Where a function or responsibility transfers from one Department to another, the appropriate budget moves with it. There is no gain or loss to the Department. The function on which we were spending the money would transfer to another Department along with the requisite budget. We should have still left the budget that we need to deliver what we are then responsible for.

Mr Nesbitt: I am not expecting you to comment on paragraph 5, Mark, but Delivering Social Change has pressures. You identify those in paragraph 6 as being the completion of Bright Start and the social investment fund. I will not go over old ground on the social investment fund, but I put on the record that the Executive agreed SIF on 22 March 2011 as an £80 million programme to be delivered over four years. This document makes it clear that there will still be financial pressures to deliver SIF in the financial year 2022-23. The failure to deliver SIF in a timely and effective manner means that there are pressures on your budget seven years after that four-year project was supposed to be completed, not just resource DEL pressures but, as shown in paragraph 34, nearly £8 million of capital DEL. That is highly regrettable. Can we go, please —?

Dr Browne: Sorry. May I have an opportunity to comment on that? We will say a bit more in the future, because we have another meeting that will pick up on the social investment fund. I would make the point that, yes, £80 million was identified at that point, but our spend will be in the mid-80s. There was an agreement by the Executive to extend the amount to £93 million. The learning from that — it has been learning for everyone, including those who were in the Executive who set the target at the time — is that, when you have a major programme and it requires community consultation and projects to be brought forward to be appraised and analysed, you need to allow sufficient time for that to happen. That is the learning. That is what the Audit Office put in as a key recommendation. We have tried to apply that learning to other programmes. When the funding that was made available was not used, it was either used for other purposes in TEO or eased back to the Department of Finance. The funding was not lost.

Mr Nesbitt: Let me take you to paragraph 35, which is on the costs associated with 'New Decade, New Approach'. Tell me that I am wrong: tell me that that does not say that the Office of Identity and Cultural Expression, with its two commissioners, will cost £28-25 million over the next three financial years.

Dr Browne: Sorry. Which paragraph is that, Mike?

Mr Nesbitt: Paragraph 35.

Dr Browne: Are you asking about the cost over the three years?

Mr Nesbitt: Yes.

Dr Browne: That is what it says, but I said, when we were commenting on this, that we did not as yet have a clear picture of precisely how those offices will operate.

Mr Nesbitt: The figures are very precise, Mark: £5.833 million next year; £11.518 million the following year; and then £10.922 million. I helped set up, with colleagues, the Victims' Commission. From memory, we did it on £1 million a year. The budget today is less than £1.5 million for the Victims' Commission.

Dr Browne: It depends where you count the spend and so forth.

Mr Nesbitt: It is £28 million over the next three years. Why is that needed and what will it be spent on?

Dr Browne: That is our estimate of the cost. Ministers will have to decide whether that is —.

Mr Nesbitt: Based on what?

Dr Browne: I was just going to explain that. Ministers will have to decide exactly what functions they want for those offices, how quickly they want to implement the functions and what the extent of the functions is. They will also have to take decisions on things like the grant-giving powers available to the Office of Identity and Cultural Expression and what size of budget will be available there. Those decisions have not been taken, so those are not firm figures. You asked why they are precise, and I understand why you ask that. Maybe we should have rounded them off a bit. Given that we do not really know the precise range and extent of the functions or the speed with which they have to be delivered, we looked to see whether there were any other similar bodies out there that looked as though they had broadly similar functions. We then looked at their budget and said, "That's the best estimate that we can come up with at the moment".

Mr Nesbitt: Which bodies were they?

Dr Browne: One of the key responsibilities of the Office of Identity and Cultural Expression, according to the legislation, is to put responsibilities on public authorities to do certain things. It looks similar to the Equality Commission. We took the figure for the Equality Commission and said, "That is the best comparator we have". Look, it might be different. They are only marker bids, not precise costs. We do not know what the role of the Irish language commissioner or that of the Ulster-Scots/Ulster-British commissioner might look like. It could be somewhere between the Children's Commissioner and the Older People's Commissioner, and we put in a cost reflective of that. As I said, those are only broad estimates. The costs could be half of what is in there, or they could be more. That will depend on what Ministers, the Executive and the Assembly want the bodies to do. They are only sighter bids, Mike. They are not precisely worked-out and detailed estimates.

Mr Nesbitt: With some of the others, such as institutional abuse, you put in a narrative, in which you say there are variables. We have discussed the fact that I do not think that you have put in enough variables. There is no commentary on this: why not?

Dr Browne: I am happy to add to that.

Mr Nesbitt: Would it not have been better to replace the £5.833 million figure with "Don't know"?

Dr Browne: I do not think that it would. While we do not know the precise amount, it is important that some provision be made, because we know that it is in the NDNA agreement that those offices will be established. We know that it states that the legislation should be brought in within three months, so there is an imperative to have funding in place for those offices to be put in place. It would be remiss of us to put in nothing. All that we can do is make our best guess.

Mr Stalford: May I come in briefly on that, Chairman?

The Chairperson (Mr McGrath): Yes.

Mr Stalford: You said that it looked like the Equality Commission. The Equality Commission is made up of more than one individual, so that is an example already of where the two will not look similar. Secondly, the Equality Commission has a wide remit in private business. There is no suggestion in NDNA that that office will have an impact on private businesses and stuff like that, so the figure might be a bit inflated. I am sorry for cutting across, Chair, but thank you for your indulgence.

Mr Nesbitt: In the financial year 2021-22, the Office of Identity and Cultural Expression, with the two commissioners, will cost 41 times the cost of the compact civic advisory panel. That seems like nonsense. One of the lessons of the RHI debacle was that another Statutory Committee, rightly or wrongly, was heavily criticised for not spotting things. As a Committee, we need to up our game, particularly where finances are concerned. You say, "We are costing things for which we do not even know the agreed functions".

Dr Browne: That is right.

Mr Nesbitt: If this were the private sector, the paper would be shredded. We would be told to forget it.

Dr Browne: If it were the private sector, I suspect, there would not be any commitment to do something for which the cost was not known. We are in not the private sector; we are in the public sector. The realpolitik of this is that an agreement has been signed up to by all the parties that has in it commitments that require funding and resource. As civil servants, we have to try to identify what that resource might be and ensure that some provision is made and that that is taken into account by those who decide on the finances. We have put in estimates of what, we think, the figures might be. I accept that they will not be right, and they are not meant to be precise costings. They are just marker bids.

Mr Nesbitt: That is your best guess, and you have done it by thinking, "This could be a bit like the Equality Commission. What does it cost?".

Mr Stalford: The back of an envelope.

Mr Nesbitt: You have gone down to the fourth figure. I could understand a figure of £5 million, but £5.833 million? That sounds like a very exact calculation.

Dr Browne: I explained why that is the case.

Mr Nesbitt: OK. People will be surprised that it will cost £28.25 million, potentially, to run that office over the next three years.

Dr Browne: It might not, however, and that will be dependent on decisions that Ministers and the Executive make and the passage through the Assembly of all the Bills.

Mr Sheehan: I have a short question, Mark. How have you prioritised the Department's spending needs for 2020-21?

Dr Browne: The broad approach agreed by Ministers is the approach that has been in place for a number of years. We look at any statutory obligations that the Department or its arm's-length bodies have to deliver and try to make sure that they are safeguarded. We also look at any contractual commitments in the delivery of programmes that the Department has entered into. After that, we look at where there is a Programme for Government commitment and try to protect that as far as possible. We then look at where there are ministerial priorities and try to make sure that they are brought through as far as possible. Beyond that, there has been a standing policy of supporting the victims' budget. That has been maintained at flat cash for the past number of years. That is the broad policy that we have followed when asking, "If we do that, where are the pressures?". We have also looked at where there might be value in expanding some of the provision of any of those programmes. That is why I mentioned the possibility of doing some more around Urban Villages, if Ministers agree. It is important that the money is there. There is the possibility of looking at a Delivering Social Change-type approach, if Ministers feel that there is value in having a central pot that can encourage the development of a new approach that can then be mainstreamed into Departments to come up with transformation in health, education, early intervention or whatever that might be.

Mr Sheehan: When you say that there is a precedent for supporting a victims' budget, does that include the new victims' payment scheme? Will that be incorporated into that view?

Dr Browne: I was referring to the funding for the Victims and Survivors Service. That is the extent of that commitment. The funding for the victims' payments will be a subject of negotiation with the British Government.

Mr Sheehan: There is no business case yet for the victims' scheme, is there?

Dr Browne: No.

Mr Sheehan: There was a short discussion last week on the cost and who will carry that cost. The projected costs for the HIA could be upwards of £600 million, and we discussed the cost of PSNI hearing loss claims, which is running at between £160 million and £180 million. Intuitively, you would think that this would be a bigger claim than either of those. Do you agree with that?

Dr Browne: I prefer not to use intuition alone. We are trying to look at the scope of the regulations, what categories of victims are in/out; what are the numbers there; and what assumption we can make about their coming forward. I agree that it will be a much bigger figure than the £100 million I referred to for over a couple of years, but I honestly cannot at this point give you a sense of what that figure is likely to be. That requires much more detailed working out. We are starting to work on a business case. We did not expect to have to do that because that is normally done by whoever initiates the policy, so something has come to us that we now have to try and cost. I do not want to give you a figure because I could be very wrong.

Mr Sheehan: I understand that, and I do not want you to pluck figures out of the air, but if you use the PSNI hearing loss claims and the HIA as comparators, this is probably bigger than both of those put together.

Dr Browne: I am not sure. I am unsure that they are exactly analogous. They are similar big spending programmes, but they are not the same. We need to look at the specifics. I would rather not say that they are the same. We need to look at this and break it down into the factors that will drive the costs, get our best sense of the extent of those factors and then come to a cost. I would rather not be drawn on any sort of figure on that, other than to say that it is big.

Mr Sheehan: OK. I have just one final question, Chair. Do you have any idea of when the timeline for the business case will be finished?

Dr Browne: No. We are in the early stages of the business case. As you can appreciate, the regulations were finalised at the end of January. We have been working on the practical aspects of trying to put some of the arrangements in place. Part of that requires a full understanding of what the regulations actually mean, which is where we are at the moment. Alongside that, we are starting to develop and get a better understanding of what the bits of a business case would be.

In order to do the business case, we need to know, as I just mentioned, who exactly can qualify here; how many might be in that category; and what sort of an award there might be. That requires some probing around the regulations and consideration of their implications. We have not been involved in a detailed policy development. It is quite difficult. To be able to develop the business case, it takes time to pick up all that background knowledge and understanding, so I cannot give you a timeline, but we have started work on it.

Mr Sheehan: Do you have a ballpark figure?

Dr Browne: You will not get me to give a ballpark figure, I am afraid.

Mr Robinson: How is the Department managing the deficit of £2.5 million, and what lines of spend will be impacted?

Dr Browne: Which £2.5 million deficit is it that we are talking about, George? Is there one part of the paper that you are looking at?

Mr Robinson: The core Department managing the deficit.

Dr Browne: Which paragraph is that in the paper?

The Chairperson (Mr McGrath): I think that it was in last week's paper. We were looking at the deficit that the Department was running over a number of years. Is that right, George?

Mr Robinson: Yes, that is right.

Mr Toogood: That comes from the position when we got our budget last year. It was the opening position in 2019-2020. We received our budget, which was reduced by 3.6%, and we allocated that reduction across our arm's-length bodies and the Department in line with the priorities that Mark outlined earlier. We know that, even with the budget cut, we still have to absorb inescapable costs like pay and price inflation. That is the figure that comes out at the end. That is why it is a lot. We have looked at a range of ways of addressing that in-year. Looking to the longer term, we have reduced programme budget allocations in the initial term. We have looked at our vacancies and at any other ways that we can reduce costs. I go back to another point that Mark made earlier: in the current year, we were fortunate enough, in the absence of an Executive, to be able to redeploy the financial easements that we benefited from because we did not have to pay for Ministers, spads and the support functions. That is a non-recurring issue, and we will not have that luxury this year — from a financial perspective *[Laughter.]*

The Chairperson (Mr McGrath): Well recovered, or maybe not — maybe you were right.

Mr Stalford: You mentioned that deficits were allocated across the arm's-length bodies (ALBs), and the figures that we have are that they are managing a 3% deficit. What lines of spend are being impacted across your arm's-length bodies?

Mr Toogood: They are allocated a budget, and it is for each individual arm's-length body to look within their respective areas to determine how best to meet that budget. Ours is one of two or three Departments that have suffered budget reductions. The arm's-length bodies have done a lot of work around accommodation, primarily, and many have co-located. We have moved bodies from expensive leases to cheaper leases or even into public DOF-owned buildings. There has been a range of initiatives in that sort of area to help to manage it in the past. Organisations have also looked at vacancy control and vacancy management to help to control that, but, again, it is down to each individual organisation.

Mr Stalford: This is a hobby horse and theme of mine for years. A review of arm's-length bodies is included in the new deal — sorry, the 'New Decade, New Approach' document. The words in new deal — I have made that mistake twice, so I will just to adopt what Michelle O'Neill says; it is NDNA, and that will do. *[Laughter.]* The 'NDNA' document contains a review of arm's-length bodies, and the wording is very specific:

"with a view to their rationalisation."

Has the Department started a scoping exercise or anything on that?

Dr Browne: We have not started a specific scoping exercise. I imagine that that will be taken forward on a cross-departmental basis. It was done by the previous Executive and kept under review. We have some experience of closing a non-departmental public body (NDPB). We closed Ilex three or four years ago. We are still closing it, and I say that because, although we transferred the functions to the Department almost immediately and made appropriate financial savings from that, the actual process of winding up the organisation, including dealing with liabilities and so forth that were still on the books, has taken the last three to four years. This is not an easy or a quick approach, but I think that we may be the last Department to have closed an arm's-length body. I am not 100% sure about that claim, but, certainly in that case, it was beneficial to us as we have managed to progress the development of that site much more speedily, and there have been financial savings from that. Rationalising arm's-length bodies is a very complex task.

Mr Stalford: I remember during the talks asking for a full list of the outside bodies that are either ALBs or have a sponsor Department. The number runs to several hundred. Ultimately, that is money. From

memory, there is an historic buildings trust and a historic monuments trust. Why are those two organisations separate? That is absurd.

That is grand. Thank you.

The Chairperson (Mr McGrath): You climbed on your hobby horse again there.

Mr Stalford: The poisons council is another one that I remember.

Mr McCann: He got that hobby horse from the City Council.

Mr Stalford: Smaller government.

Mr McCann: Paragraph 2 of the briefing paper outlines the 25% cut in real terms over the past five years. That must have had a huge impact on any Department's ability to plan. It mentions that you require:

"additional funding through the Budget 2020-23 process to address this deficit."

What happens if you do not get the money?

Dr Browne: If we do not get the funding, first, we will have to discuss with Ministers how we apply the necessary reductions in order for us to remain within budget. I talked earlier about the priorities around statutory responsibilities and so forth, and it will mean that we have to pass on the reductions to arm's-length bodies and take an impact in the Department. Simply, some things will not be able to be done, some will be late and others will be done much more slowly because we will not have the resource. NDNA, as we just talked about, has put on this Department significant extra responsibilities. In addition, we have victims' payments, which came from Westminster to this Department, and we have the HIA moving into major delivery mode. There are very significant pressures. If we do not have the baseline resource, we simply will not be able to do all of those things and everything else that we are doing. It will impact on our arm's-length bodies as well. It would be very significant if we did not get at least some of that pressure met.

Mr McCann: I go back to what was said about outside bodies. The last number I saw was, I think, about 120 or 130. Have we ever seen a figure for how much it costs to run that number of bodies? Has there been any discussion in the Department on what it would be like if many were brought in-house?

Dr Browne: I have not seen a figure that I can give you on the cost of the arm's-length bodies, and I do not know whether one exists. However, it is important to make the point that it is not all saving, because many functions are delivered by arm's-length bodies, some of which are very specialist, and that is why they are in place. Somewhere in the region of 70% to 80% of Government funding goes out through arm's-length bodies. Therefore, if all of those functions came back into Departments, there would be very significant additional pressures on Departments. It would not be right to think that every pound being spent on an arm's-length body would be saved. There could be savings if things were done in a different way, but you cannot assume that the entire amount spent there would be saved.

Mr McCann: For quite a while, even when I was on the council, those bodies were seen by many as a nice wee earner for people who were approaching retirement.

The Chairperson (Mr McGrath): In fairness, our health trusts and the Education Authority are arm's-length bodies, so we need to have some of them. The public impression is due to the poisons council — not that I want to pick on it — and bodies like that.

Ms Sheerin: You mentioned the fund for cross-departmental programme delivery, which is £19.3 million for 2019-20. Is there a figure for 2020-21?

Mr Toogood: The equivalent figure, £16.5 million, is in paragraph 5 of the briefing paper. The reason that it has changed is that the £19.3 million, which is this year's figure, reflects greater expenditure in the Delivering Social Change line. This year, there is much more activity in the social investment fund, delivering, I think, 20 or 25 projects, so the figure is reducing in that regard for this year.

Ms Sheerin: OK. Thank you.

Mr Clarke: I have a supplementary to questions raised by Fra and Christopher. I am intrigued by your response on the spend, Mark. At what stage will work be done to see whether arm's-length bodies are value for money? The other name for them is quangos. We accept that there need to be some in health, education and other areas, but quangos are the ones that we are really concerned about. You said that the Department would have to bring back around 75% of that money, but what value for money has ever been weighted against quangos?

Dr Browne: Every arm's-length body is subject to review, normally around every five years. As part of that, there is a review of whether the ongoing function or requirement remains for the arm's-length body and whether it should continue in its current form. That review is built in. Of course, the Audit Office occasionally looks at arm's-length bodies and assesses the extent to which they function effectively or are value for money. Those are the two that spring to my mind.

Mr Toogood: I recall that, under a previous Executive, the Department of Finance founded the Budget review group, or some form of ministerial subgroup, which started a review of arm's-length bodies to look at that sort of issue. I am not sure where that went, but it was certainly looked at under that Budget review group.

Mr Clarke: I previously sat on the Public Accounts Committee, and I value the work that the Audit Office does. However, given the number of quangos, the Audit Office would probably be working on them full-time if it were to scrutinise all of them. I am not sure whether that would be the best method.

You mentioned looking at their delivery and functions, but what about value for money? It is interesting that — even in Peter's response to somebody earlier — you are looking at leases now and reviewing "expensive" leases. Why does it take you to get to the stage where we are cash-strapped for you to look at expensive leases? Why do you not look at them on an ongoing basis?

Dr Browne: I think, to be fair, we were ahead of the game on that one. The Executive Office (TEO) has worked on that over the past five or six years. A number of our arm's-length bodies are actually in the same building — down in Equality House, for example — where they share the building and have shared services. We were somewhat ahead of the game in making a number of those savings, but it is the responsibility of every arm's-length body — in fact, every Department as well — to look at the cost-effective delivery of services and to reduce costs like that.

There has also been a significant central initiative on property management by the Department of Finance to ensure that there is a discussion with it before any further leases are entered into, and to ensure that, right across the Government estate, there are alternative ways in which to provide accommodation more cheaply. That has been ongoing and is a central initiative.

Mr Toogood: As and when leases expire or come to a break clause, there is the opportunity to review them. It is really bringing a focus on that pinch point or timing.

Mr Clarke: The cynic in me would ask why you were ever signed up to those expensive leases in the first place. Why are you in the centre of Belfast, which is probably the most expensive place to rent property? Why did the Government not own some of those buildings as opposed to renting them from the private sector? Christopher has his hobby horse; that is one of mine.

What are the requirements for 2020-21 to allow the Department to take forward the NDNA commitments?

Ms Sheerin: Has there been an audit?

Mr Clarke: What will it cost?

Ms Sheerin: Yes, what exactly it will cost.

Dr Browne: I talked about the main things that arise from NDNA: an office of identity and cultural expression, an Irish language commissioner; an Ulster Scots/Ulster British commissioner; a commission for ministerial standards; a compact civic advisory panel; and bill of rights experts. Those are the ones that the Executive Office has some role in. We had a bit of a discussion about the

estimates and the extent to which they may be subject to further refinement. On the wider agreement, work is ongoing to map out all those commitments and look at how best they might be brought forward in a way that is manageable.

Mr Clarke: Something else was said. You used the word that was in the document in relation to the language piece with a three-month time frame. We are four or five weeks into that first three months. I am not asking you to rush this, but, surely by this stage, there should be some initial costings and an idea of what this will look like.

Dr Browne: Some timescales in NDNA are extremely challenging. Draft legislation attached to the overall agreement has been published. We have to work through the legislation and the policy intent. We were not involved in this. It came out of the political talks. In order to be able to get the legislation right, get it introduced and, associated with that, to be able to give you some estimate of the cost, we need to understand what the thinking was behind it, the full extent of the responsibilities and what the expectations are around this. What we have in the paper is only a marker bid, and it is just to ensure that there will be some provision. These figures will not be right, and I was not intending to convey any spurious accuracy by providing them.

Mr Clarke: I was not inferring that, of course. You say that it was political. It was very much political. It was not the Government here that agreed it. This is the two Governments' document. We have a tight time frame, and people have commitments in relation to that. Can you give us some assurance? I may be straying slightly, Chairman, but please indulge me. Will the Department give us an assurance that we will get a proper opportunity to scrutinise that legislation and that it will not come to the Assembly through accelerated passage? It is controversial. I recognise that it is not your document, but we are five weeks in and there are still no costings. I want an assurance that we will get an opportunity to scrutinise it before it comes to the House.

Dr Browne: The handling of the legislation, as with everything else, is a matter that Ministers will decide, and we will discuss that with them. That is not for me to decide; it is for Ministers.

Mr Clarke: You know what we expect, and you can relay that.

Dr Browne: Certainly, I will relay it.

The Chairperson (Mr McGrath): Thank you very much, gentlemen. I want to conclude with two comments rather than questions. Certain scenarios have played a role. The Assembly is just back, there has not been an opportunity for this document to be costed, and many circumstances are impacting on your budget. Today, I had appointments at 10.00 am, 10.30 am, 12.00 noon and 1.00 pm before coming down here, at 1.40 pm, for the meeting. Receiving a substantial document of 12, 13 or 14 pages at 10.30 am will not cut it. I did not have time to read it. I just do not have time to digest it. You appreciate that I am not apportioning blame to you personally. As I said, there could be certain circumstances. However, going forward, we simply cannot have that. We cannot have delivery two or three hours before a meeting, because our diaries are full. It means that there are things in the document that I will not understand, and I will end up looking at you blankly. I will not understand your response and will have to follow it up.

All those things impact on the Department. They are not your issues; nor are they your fault. However, I do not like your budget because it is filled with so many variables that run from £100 million at one end to £600 million at the other. You might have to do certain things; you might not have to do others. There are things that you may cut, may not cut or may not be able to cut. All of us, as a political grouping throughout the Building, went through RHI, and we saw the forensic detail — the accountability that we could be held to at the other end of processes. I expect that the Committee will ask you to come back regularly to provide us with information as you get it. There should be much more clarity around those figures. There should be no wide goalposts or big numbers that we do not expect. We will journey through the process together. It will start with us giving you due notice, we will get the papers in time, and then we will be able to clarify matters with you at the meetings. We must go through that process because the public expects it of us. At the minute, I do not have confidence that there is a full understanding of what your budget will be. We will have to go through that process together.

Thank you very much for coming up and presenting to us. Peter, I will come back to you on those figures.

Dr Browne: Can I make one comment, Chair? I appreciate the desire to receive papers very quickly. The one week, from last week to this, to get papers written, cleared and out put us under some difficulties. Any opportunity for scheduling to allow more time would mean that we had more time to prepare and the Committee would have more time to consider those. I appreciate that some things are urgent and that, sometimes, the Committee wants information urgently, but, where there is the potential to schedule in that way, it would be helpful for all of us in getting the papers in time.

The Chairperson (Mr McGrath): Of course, but you will have had budget timescales. It must have been getting clearance that was causing the delay. You constantly prepare for budgets and spring Estimates. You will have been in that process anyway, so it must have been the clearance. Thank you very much. We will keep in contact.