



Northern Ireland
Assembly

Committee for The Executive Office

OFFICIAL REPORT (Hansard)

June 2020 Monitoring Round:
The Executive Office

3 June 2020

NORTHERN IRELAND ASSEMBLY

Committee for The Executive Office

June 2020 Monitoring Round: The Executive Office

3 June 2020

Members present for all or part of the proceedings:

Mr Colin McGrath (Chairperson)
Mr Doug Beattie (Deputy Chairperson)
Ms Martina Anderson
Mr Trevor Clarke
Mr Trevor Lunn
Mr Pat Sheehan
Ms Emma Sheerin
Mr Christopher Stalford

Witnesses:

Dr Mark Browne	The Executive Office
Ms Tara Kennedy	The Executive Office

The Chairperson (Mr McGrath): I welcome Mark Browne and Tara Kennedy. Mark, as we know, is the director of strategic policy, equality and good relations in the Executive Office, and Tara is head of the finance branch. I will pass over to you to give us a briefing, which, in the absence of the written paper, we will use to scrutinise.

Dr Mark Browne (The Executive Office): Thank you very much, Chair. I apologise for the fact that the Committee does not have a written paper. As you explained, we sent a message before the Committee meeting to indicate that the deadline for returns on June monitoring, set by the Department of Finance, is this Friday, 5 June, and Ministers are still considering a number of proposals in the June monitoring paper that we provided to them. Some proposals are still under consideration, and agreement has to be reached on them, but Ministers have advised that I can brief the Committee on the generality of the issues that we face in June monitoring.

I appreciate that, without a paper, it can be difficult to follow figures, so I will try to go through this as clearly as I can. Afterwards, Tara and I will be happy to answer any questions from the Committee.

I will start with the opening position in 2020-21. Our resource departmental expenditure limit (DEL) opening allocation at the start of the year was £113.5 million. That comprised a number of elements. It comprised our baseline of £57.8 million; Executive central funds of £15.5 million; ring-fenced funds of £37.5 million to address historical institutional abuse (HIA); and £2.7 million for EU future relations. That gave us £113.5 million at the start of the year.

The Executive central funds of £15.5 million were broken down into £2.8 million for Delivering Social Change projects; £0.7 million for Atlantic Philanthropies co-funded projects; and £12 million for the shared future fund that supports the Together: Building a United Community strategy. In the course of

the discussions on the 2020-21 Budget, we made a bid for HIA funds of £38.9 million, of which £37.5 million was allocated, as I mentioned. We made a bid of £2.9 million for EU future relations for work on Brexit, and £2.7 million was allocated.

That is where we started this year with our allocations, and that is the breakdown of our budget. For June monitoring, we had to consider a range of things. First, we had to consider whether there were any easements across the Department or its arm's-length bodies and, secondly, what pressures would have emerged. Easements of £100,000 were identified, while pressures of £1.2 million were identified across the Department and its arm's-length bodies. Those pressures related to £0.7 million in the Department for staff costs across a range of areas; £0.1 million for New Decade, New Approach (NDNA) costs; £0.3 million for arm's-length bodies; and £0.1 million to support the creation of the mental health champion post, to which all Departments are contributing. Those elements made up the pressures of £1.2 million, against which we had easements of £0.1 million, which left us with a net pressure of £1.1 million.

In seeking to address that pressure, we have some sources of income in the Department, the most significant of which is the income that we derive from financial transactions capital (FTC). Under the arrangements, interest-bearing loans are made through TEO and the Strategic Investment Board (SIB) to Ulster University in most cases but also to the Northern Ireland Investment Fund. They are interest-bearing loans, as I said, so a certain proportion of that income can be retained by the Department. Some £70 million in investment was made to the Northern Ireland Investment Fund, so £2.2 million of interest was available to TEO as a consequence. Setting that £2.2 million against the pressure that we had from our normal baseline of £700,000 left us with a balance of £1.5 million available to deal with the pressures that emerged in June monitoring of £1.1 million. We therefore have £1.5 million against £1.1 million.

Some other pressures have emerged from other departmental responsibilities. One such emerging pressure is the Northern Ireland hub, which TEO hosts on behalf of all Departments. TEO bid for £4 million for that at the start of the year. We are clear, now that we are further into the year, that the pressure is £3.2 million. What we are proposing to do is to use funds of £500,000 from the centrally held fund for anticipated emerging pressures to offset that pressure. That will leave a net pressure of £2.7 million, which we will bid for as part of the centrally run reprioritisation exercise.

What I am saying is that we had £2.2 million of interest available, with £1.1 million of pressures and £700,000 from our baseline to meet. What we are proposing to do is to put £500,000 towards the central pressures that are emerging in order to meet the £700,000 and to hold the remainder against the other pressures that have emerged in June monitoring.

We have a capital baseline of £18.1 million. The position is quite different there, in that that has been fairly significantly impacted on by COVID-19. Work on a number of capital projects has had to stop, although a number have now come back on-site, with appropriate social distancing. Spend has been reduced there, however, so, in non-ring-fenced capital, we have an easement of £2 million, which is offset by a few bids from within the Department. We therefore have a net easement of £1.8 million that we will be making available to the Department of Finance centrally. Ring-fenced capital DEL has to be used for specific purposes, so there is an easement there of £1.4 million. That relates to the social investment fund (SIF) and, again, is as a result of the delays that are arising from the impact of the COVID-19 pandemic on the construction sector. We will therefore make an easement of £1.4 million on ring-fenced DEL.

Chair, that is our current position. We believe that we can meet the pressures that have emerged internally and that we can put half a million pounds towards pressures that we had bid for centrally. In line with what DOF asked us to do, which was for Departments to look internally to see what pressures they could meet themselves, we believe that we can meet half a million pounds of the pressures that are largely coming from COVID-19 and from the hub. That should leave us able to meet our responsibilities going forward.

Chair, I am going to pause there. I know that you referenced the Research and Information Service (RaISe) scrutiny points, and I am happy to take any questions on them that Committee members wish to raise. Indeed, I am happy to take questions on any other issue that is associated with what I have just outlined to the Committee.

The Chairperson (Mr McGrath): OK, Mark. Thank you very much for that. I appreciate that it is not your fault that no paper was available, but, again, to underscore the point, the briefing is very difficult

to understand when a lot of numbers are being thrown at us in different ways. I tried to scribble down figures as best I could, but there comes a point at which it is tough to do that.

I have two questions to open with. First, you mentioned there being a bid for a COVID-19 hub, which you are hosting on behalf of the other Departments. What would happen if that bid were unsuccessful?

Dr Browne: That is part of the considerations that we will discuss with the Department of Finance. The costs of the hub are starting to reduce as the need for that sort of central coordination reduces, as the pandemic progresses. The costs there are changing. Nevertheless, they remain a pressure for us. The first thing is that we will bid for the hub, and if we do not get what we have bid for, we will have to look at how we can absorb the pressure from other budgets. That could mean reductions across a range of budget areas, but we will have to look at that and then make a return to the Department of Finance.

You are probably aware that the Finance Minister has made it clear that, in responding to Committees — the second element of the exercise — on what we will do to meet any further pressures, we should await decisions by the Executive on them. I therefore cannot really go into any more detail on the hub, other than to say that if the pressure is not met, we will have to try to find some savings across the range of our departmental functions.

The Chairperson (Mr McGrath): This is my final question. If I heard you correctly during your presentation, you identified a number of pressures and said that you were using the money that you were saving during the year to offset them, before working out what was left at the end to hand back. Are you therefore identifying a couple of your budget lines that are extending beyond what is being allocated to them? Do you have an internal process to examine whether you will need to bid for more money when it comes to next year rather than go for the same budget? If a project suddenly requires an extra £1 million or £2 million, how do you manage? What mechanisms do you have in place to check why that is the case?

Dr Browne: There are a number of ways. First, we scrutinise any bids, internal and external, from arm's-length bodies to determine what the cost drivers are, what the outcomes are and what the necessity is. We prioritise the bids according to whether or not they are Programme for Government (PFG) commitments, ministerial commitments or statutory requirements.

A number of the pressures have come from additional work that has come to the Department over the past number of years, some of which has not been funded, some of which was identified, for example, in New Decade, New Approach, and some of which, such as the mental health champion contribution, is a cross-departmental contribution, on which the Executive have agreed. For those, we have to look at whether we have any available funding in existing budgets, or any source of income. In this case, we are fortunate, in that the work that we do with financial transactions capital generates income from the interest that comes from the loans that go through TEO, through the Strategic Investment Board and out to the sector for specific projects.

Mr Beattie: Thank you, Mark, for that, and thank you, Tara, for being with us. It was incredibly difficult to follow your briefing, if I am being honest. I am more inclined to wait until I see the figures come out on 5 June.

You mentioned the costings that have been set aside for New Decade, New Approach, but I did not pick up on the figure. Will you extrapolate? For an office of identity and cultural expression and three new commissioners — the two language commissioners and the armed forces commissioner — what budget is required? Are those budgeted for? Do you have to bid for the budget, or do you have the funding already?

Dr Browne: No budget was identified for NDNA, so no budget has been made available to the Department to take forward that area of work. What we have been able to do is to look within our resources and reprioritise. We have put in staff to prepare the policy, work on the associated legislation and start to think about the sorts of structures that need to be put in place, including those for the office of identity and cultural expression and the two language commissioners.

We will have to bid for the costs of those institutions when they are set up. Our budget would not stretch to meeting the costs. The Department is currently covering the staffing costs, but we have not put a firm figure on what the other costs will be. At one stage, you may recall, we talked about looking

at similar organisations and putting in a ballpark figure. Our thinking has moved on, however. When the legislation is approved, we will make a small number of appointments and ask them — the head of the office of identity and cultural expression and the language commissioners — to identify what resources they think they will need to fulfil their functions. The Department can then respond to that. That will give a clearer costing. I therefore do not have a clear costing, Doug. It makes more sense to put the early stages in place and then to seek views from those who are implementing the structures on what they think is required, to which Department will respond.

Mr Beattie: Mark, that makes absolute sense. Thanks for sharing that. I have no issue with that answer.

You mentioned that an amount of money was set aside for New Decade, New Approach. How much have you had to find from your existing budget during this monitoring round to do the preparatory work that you have talked about?

Dr Browne: We have identified a pressure of about £0.1 million, but that figure is not indicative of the full costs that we are meeting, because there are staff working on New Decade, New Approach issues in existing branches. I will have to look at what those costs will be, but the pressure is £0.1 million.

Mr Stalford: Thank you for the information that you were able to give us, limited as it was. There was a discussion earlier at the Committee about the pension scheme for victims of the Troubles. The pension scheme will bring a financial cost to the Department. Is the Department undertaking prep work for its delivery?

Dr Browne: Yes. Work has been ongoing for some time on making preparations for the scheme, Christopher. A delivery team has been established in the Executive Office. I chair a victims' pension oversight group, which has been meeting for what must be over six months. The group has on it representation from a number of Departments that have an interest in the area, in order to try to take forward the preparations. We are working with the Northern Ireland Judicial Appointments Commission. I have met the Lord Chief Justice. We have had discussions with the PSNI and the Public Record Office of Northern Ireland. We have been doing a lot of background work in preparation for the scheme. We have looked at the IT system that would be required, although we cannot move on that until there is clarity on a designated Department so that we know who we are working with. As you referenced in your discussion just prior to our presentation, there is not agreement yet on the source of the funding and some aspects of the guidance.

Mr Stalford: Has a budget estimate been established around what that prep is likely to cost, and is there a request for some of that budget from this monitoring round?

Dr Browne: That is one of the matters that is still being considered by Ministers, so I am not able to go into detail.

Mr Stalford: OK, you cannot give me the budget, but has a request been put in, in relation to the delivery of the victims' pension scheme, for funding from the June monitoring round?

Dr Browne: As I say, the proposals have not been finalised, and that is a matter that the Ministers will have to decide on. We have been looking at the total costs across the scheme to work out what the profile of those costs might be. It is a very complicated matter, and we are still working on that.

Mr Stalford: Forgive me if I am not being clear. Ministers make decisions, obviously, and civil servants feed suggestions up to Ministers such as, "Minister, this may cost x. You might want to lift some of the money out of the June monitoring round to pay for it." I do not need details. All I am asking is whether a request for funding from the June monitoring round has been submitted in relation to the prep work for the delivery of the victims' pension scheme.

Dr Browne: That is something that Ministers are considering, and no decision has been taken on it, so I cannot give you an answer on that.

Mr Stalford: OK.

Mr Sheehan: Thanks, Mark. Just on one of the last points that you were making, you said that you were working on the costs for the scheme. Have any changes been made to those costs since the last time you spoke to the Committee?

Dr Browne: We have discussed a number of cost figures with the Committee, and a figure has got out into the media that is not quite accurate. When the First Minister came to the Committee, she referred to costs in the first year of between £25 million and £60 million. I came to the Committee a couple of meetings ago and talked about the Estimates document, and, at that stage, I mentioned a figure of £109 million, which was for the first three years and included some backdated costs and lump sum costs. However, neither of those was the full cost of the scheme.

The notion in the media seems to be that the total cost of the scheme is £100 million. That is a confusion, I think, with the £109 million figure that I referred to, which we reckon to be the costs that we could incur in the first three years of the scheme. The total cost is quite complicated. There are a number of areas where we have not got firm figures, so we are still working through what those numbers might be, what the costs might be and how many people might come forward. There are a lot of variables, and I am not in a position yet to identify what a range of total costs might be.

Mr Sheehan: I understand the complexity of it all, and I am familiar with the figure of £109 million for the first three years, but am I right in saying that this is potentially a 30-year scheme?

Dr Browne: The payment will extend for the duration of the lives of the beneficiaries, and, in some cases, their partners, although there is the option to take 10 years as a lump sum up front. Yes, it could extend for a long period. I do not have a precise figure, but, in some cases, for some victims, it could be 30 years.

Mr Sheehan: Potentially, apart from everyone who lives here in the North who was a victim and could potentially make a claim, it could also be the case that every member of the British Army who served here over that 30-year period could also make a claim. That would be the case, would it not?

Dr Browne: Allowance would have to be made for any other pension that people in that category had been eligible for. They would have to claim and be seen as eligible. It may be more likely that it could be their survivors, were they to pass away, who would be the beneficiaries.

Mr Sheehan: If that category of people is excluded, it is also the case that others who have served a prison sentence of more than two years, or who have been sentenced to more than two years' imprisonment, are also excluded. Is that true?

Dr Browne: No. You are getting into the guidance around the exceptions, and that has not been finalised yet. It is still under consideration and discussion.

Mr Sheehan: OK, but —.

The Chairperson (Mr McGrath): Can I —?

Mr Sheehan: It is just that —.

The Chairperson (Mr McGrath): Sorry. I will let you go on with the point, but the meeting is about the June monitoring round, just in case the officials come back to say that you are asking questions about something beyond what they are here for today. I will let you continue to make points if you need to.

Mr Sheehan: I have just this final point, and I already made it earlier. If the responsibility for administering the scheme was lumped onto the Executive here, it would essentially be a regional Assembly administering what some people would term a national scheme. Are you familiar with any other scheme like that?

Dr Browne: [*Inaudible*] for me to answer, without working my way through it. I would prefer not to answer it. I am not sure.

The Chairperson (Mr McGrath): I will go to the phones, in the order that members joined the conversation, to ask whether they have any questions.

Trevor Clarke, you were on the phone first. Have you any questions? I think that we have lost Trevor.

Emma, you were on next. Have you any questions?

Ms Sheerin: I do not.

The Chairperson (Mr McGrath): Perfect. Finally, Martina, have you any questions?

Ms Anderson: Yes, please.

The Chairperson (Mr McGrath): Go on ahead, thank you.

Ms Anderson: It is even more difficult, when you are on the phone, to capture all the figures that are given. I share the frustration of others in trying to do this in this manner, without a paper. You mentioned that you had bid for £2.9 million for post-Brexit or Brexit pressures. You said that you had an allocation of £2.7 million. Can you explain to us what that is being used for?

Dr Browne: That is being used for a range of pressures. Maybe Tara will pick up on that.

Ms Tara Kennedy (The Executive Office): Yes, there is £2.7 million. The majority of it is for staff costs, and then we have some for general administration.

Ms Anderson: Is that additional staff that you are bringing in? I am just trying to work out where the new pressure has come from. Is it for training staff? What are the staff going to be doing that they were not doing before? Did you employ other staff?

Ms Kennedy: There is no new pressure now. We received money last year, and this is money for this year.

Ms Anderson: Yes. What is the role of those staff? What job will they be doing around Brexit, just so that we have a handle on what the staff will be doing? I ask so that we know, when we are scrutinising, what kind of questions we should be asking, based on the remit of the staff.

Dr Browne: The £2.7 million that I referred to was funding that was made available centrally to support our work on that. We bid for and got money last year; that is this year's element of that. It is not a pressure, Martina; it is something that was in our baseline. I appreciate that you do not have a paper in front of you, but I was just explaining what the opening allocation was. This is to support the whole team that is advising Ministers on the negotiations, helping to coordinate all the preparations across all the Departments and trying to interpret the potential implications of the various proposals that have come forward. It is the ongoing cost of the Brexit team from previous years. It is not a new pressure.

Ms Anderson: Is any support being given to outreach or engagement with the multitude of different sectors that are deeply concerned about what is coming down the track at them? We know that Brexit is happening, but a number of organisations are not prepared for the implications of the border in the Irish Sea. Are any staff reaching out to particular business sectors or others so that they are informed around the kind of declarations that will be expected, the two VAT systems that will be in place and how they will operate? Have Ministers been kept across that? Do Ministers understand the scale of it, given that there is a support team to help to coordinate the pressures across the Departments?

Dr Browne: For a more detailed answer, we would need to get someone from the Brexit team to speak to you. I know that they were speaking to you last week. In general terms, the role of that central group is to follow the negotiations and proposals, to coordinate across Departments what the impact of those proposals might be, and to work with those Departments to ensure that the sort of awareness-raising and consideration of issues that you are talking about is picked up by Departments and then relayed back to individual Ministers, the First Minister and deputy First Minister and the Executive.

The Chairperson (Mr McGrath): I will just do a final check in case Trevor Clarke is there. He might have exited.

OK, I do not think that he is there.

Mr Sheehan: Chair, can I ask one last question about capital spend?

The Chairperson (Mr McGrath): Yes, of course.

Mr Sheehan: I think that there was an easement, Mark, of £1.8 million or £1.9 million in capital funding due to projects that had to stop because of COVID. What projects were those? Do you have any idea?

Dr Browne: A number of projects on the Urban Villages side have been delayed. We hoped that some would have spent towards the end of last year, but they were not able to. There will also be a general delay across virtually all the capital projects next year because of social distancing and the extra time that things are going to take. I think that it is the full swathe of Urban Villages projects. Last year, we had just started work on the town park in Colin, but it had to be delayed. It would have spent something like £200,000 or £300,000 a month, so the delay there has [*Inaudible.*] That is now starting up again, but there has been a delay on that.

COVID has impacted across the full range of projects, including Urban Villages, which is non-ring-fenced, and the social investment fund, which is ring-fenced. There is a delay in being able to move those projects forward.

The Chairperson (Mr McGrath): That concludes members' questions. Mark, can we get a written briefing once the Ministers have finalised the proposals? I think that you suggested that they need to be submitted by Friday. If they go in on Friday, can we get that? We will then be able to discuss it at next week's meeting.

Dr Browne: Yes, Chair. I am happy to do that.

The Chairperson (Mr McGrath): OK. Thank you very much indeed to you and Tara.

Dr Browne: Thank you, everyone.