



Northern Ireland  
Assembly

Committee for The Executive Office

# OFFICIAL REPORT (Hansard)

October Monitoring Round 2021: The  
Executive Office

13 October 2021

# NORTHERN IRELAND ASSEMBLY

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

Mr Colin McGrath (Chairperson)  
Mr John Stewart (Deputy Chairperson)  
Mr Pádraig Delargy  
Mr Alex Easton  
Mr Trevor Lunn  
Ms Emma Sheerin

**Witnesses:**

Mr Gareth Johnston	The Executive Office
Ms Tara Kennedy	The Executive Office
Ms Neelia Lloyd	The Executive Office
Dr Denis McMahon	The Executive Office

**The Chairperson (Mr McGrath):** The information that we received from the Department is in the tabled pack because, once again, it was not received in time to be included in the meeting pack. That is a regular occurrence. Members got that information on Monday evening, so there was an opportunity for them to look at it.

I welcome Denis McMahon, the new permanent secretary; Gareth Johnston, director of strategic policy, equality and good relations; Neelia Lloyd, director of finance and corporate services; and Tara Kennedy, head of finance branch.

I will begin by welcoming Denis to the Committee for the first time in his role as permanent secretary in the Executive Office. You are very welcome, as are all your colleagues. We will pass to you for a quick run-through of the October monitoring round document. We will go to questions and comments after that. Apologies for the delay: it is after 4.00 pm, and this session will probably take us beyond 5.00 pm.

**Dr Denis McMahon (The Executive Office):** First, Chair, may I check that you can hear me OK?

**The Chairperson (Mr McGrath):** Yes, we can.

**Dr McMahon:** OK. Thank you very much for the invitation. I am sorry to have to start this way, but I want to apologise that the paper was late. We were glad to get it to you yesterday, but I am really sorry that that has to be the first thing that I say. That said, I pay tribute to my colleagues. Members get to see the end of the process, but my colleagues have done a huge amount of work. Any delay has certainly not been due to any lack of effort on their part.

I look forward to working with the Committee. I found in previous roles that the challenge and input that we get from Committees are crucial. In fact, the harder the issue is, the more challenging the scrutiny, the better, as it helps to keep us out of trouble in the longer term. I look forward very much to working with the Committee on that basis.

We are talking about the October monitoring round. You have received the paper, and I want to draw your attention to some of the detail in it. Before I do, I will say that the opening position for our budget was £120 million this year, over half of which was ring-fenced. That is an important point, because TEO delivers a lot and does so very quickly. That may help to give context for some of the things that are going on and some of the learning that we are gaining as we develop through the year. It provides a context for what I will talk about.

We will be coming back to the Committee, and I look forward to doing so. As a Department, we want to be at the centre of partnership working, innovative working and agile delivery. That will always be a challenge, but that is where we want to get to as a Department. That, I think, was the idea behind creating my post.

The October monitoring round provides a further opportunity to review our spending plans and budgetary requirements. On the ring-fenced budgets that I talked about earlier, you will be aware that TEO has an opening budget of £46.2 million for historical institutional abuse (HIA). That is a big part of the budget. Revised estimates at the time of October monitoring indicate a further reduced requirement of some £3.2 million, which has been declared as a ring-fenced easement to the Department of Finance, as required by the guidance. As officials have said previously, and it is important to re-emphasise it, that change in the anticipated budgetary requirements will not have an impact on payments to victims and survivors. I want to make that very clear. It will not have an impact on payments or on the budgets for the commission *[Inaudible owing to poor sound quality]* or survivors' services. It does, however, reflect the more refined assumptions that are now available. Part of that is about learning, because we are doing things quite differently.

We continue to recognise that, given a number of uncertainties, cost estimates for the victims' payments scheme for permanent disablement are extremely difficult to predict. At this stage, we forecast pressure of some £4.8 million in expected implementation costs. That figure comprises an increase in medical assessment costs of £3.8 million, Department of Justice staff costs of £0.5 million and extra resources required in diagnosis costs that are projected to increase by £0.5 million. Those costs depend on the number of applications and may therefore change when the number becomes clear. We are very aware that that is a demand-led scheme, but we are using the best information that we can from the Government Actuary's Department to help with that. We will, no doubt, talk about that during questions. Some cost elements are still unknown, and forecast spend will continue to be monitored as the scheme progresses. There remains huge uncertainty about all the estimates that we have talked about, not unlike the historical institutional abuse estimates, and the various assumptions on which they have been built. The budget for payments will be kept under close review, and a further assessment will be made as part of the final monitoring round of the year.

We made a resource bid for £3.2 million to address a technical issue that has arisen in relation to financial transactions capital interest receivable. That is money that we have built into our budget during the year. It helps us to cope with the demands being placed on us. We are hopeful that that request will be met.

We have also taken the opportunity to bid to DOF for £0.5 million of funding to support good relations from the centrally held Delivering Social Change (DSC) funding programme. It is no longer feasible for TEO to take forward a further tranche of DSC in the current year. I am delighted to come back to this area of work. I was involved in starting up Delivering Social Change, and it is great to see the work that colleagues have done in the intervening time.

On the capital budget, we have made a bid of £1 million to DOF in the monitoring round to address the pressure due to the rephasing of social investment fund projects into 2021-22.

I do not want to say much more than that. I just wanted to give you a few pointers to some of the key questions that you are likely to ask. I am happy to cover any issues that will be of help to the Committee.

**The Chairperson (Mr McGrath):** Thank you very much, Denis. I appreciate that. It was a very quick run-through of what can be a complex issue. I hope that the questions will not be a repeat of what you have said.

There is an easement of £8.7 million for HIA. That is quite far off the mark compared with what had been thought. It is about how good we are at hitting the target of what we need so that there are not large easements. The Committee has heard of concern that the awards are not as high as the victims going through the process had expected. Is that one reason why the budget has been hit in this way? If so, is there a breakdown of what the Department thought that the budget would be? Perhaps the Department expected people to be awarded certain amounts, and, now that it has been farmed out to a redress board to make those awards, they are not as high. Is there something in that that we need to address with the redress board? Could that feature as part of that review?

**Dr McMahon:** I will bring Gareth in to talk in a bit more detail about the average amounts that people are getting. In general terms, it is worth saying a little about the background. The Hart inquiry identified and investigated 22 homes. There were six targeted investigations, and a further 76 organisations are of interest. We have had 2,006 applications. A huge amount of work has been done by the board. We have a demand-led scheme, and there is a lot of uncertainty built into that. The uncertainty about who will come forward has an impact on how we assess the numbers. We have had to change the numbers and will continue having to do so. That issue applies to historical institutional abuse and the permanent disablement payment scheme for victims. They are both demand-led schemes. We want to make them as person-centred as possible. One of the lessons that we learned from setting up the Victims and Survivors Service was that it was about not just getting money out of the door but making sure that people were heard and that we took on board their concerns.

Gareth will talk in a bit more detail about the amounts and how those are calculated.

**Mr Gareth Johnston (The Executive Office):** We have been experiencing what I described on a previous occasion as a triple whammy when trying to estimate the requirements that there will be for historical institutional abuse. We do not know exactly how many people went through institutions, how many of those, alas, experienced abuse, or how serious the abuse was in those cases. The redress board is there to make an independent assessment of the severity, duration and impact of the abuse.

We have faced real difficulties in making estimates, and the adjustments that you see are very much part of those difficulties rather than anything to do with downward pressure on the board and its awards. Mark Browne, when in front of this Committee a couple of years ago, will have made clear to the Committee that, whatever awards were put forward by the board, those would be paid, and that has been the case. The kinds of adjustments that you see just reflect the difficulties that we have had in estimating. That having been said, it is important to bear in mind that, as Denis said, 2,006 applications have come to the board, 1,548 of which have been before a panel. As of the end of September, the panel had made awards totalling £28 million. Much-needed money has been getting out to victims and survivors.

That having been said, we have recognised, and the First Minister recognised this in the Assembly on 5 July, that there remain concerns for victims and survivors about the operation of the redress scheme. We are committed to addressing those. I have been having meetings with colleagues and with victims' groups over the past month. I will be in Derry on Friday to meet another of the groups. We are pulling all that input together into draft terms of reference, and we will share those with the groups next week, the aim being to bring terms of reference for a very short, sharp review to Ministers by the end of the month. I recognise the points that are being made by victims and survivors, and I also recognise the progress that the board has made. There is a need to bring all this together into a way of working in the future that meets the needs of victims and survivors.

**The Chairperson (Mr McGrath):** Thanks for that, Gareth and Denis. I will leave this point with a comment. The Department felt that, because there might be higher awards, more money was required; this Committee felt that there may have been a need for higher awards; and the victims who are going through the process felt that they should have got higher awards. Only the redress board did not. I leave the seed of doubt that the redress board may be wrong. Maybe the review could consider that. It seems that the majority feel that the award should be higher and that the only one that does not think that is the redress board. There may be a theme that could be developed to help everybody to get the outcome that we are all, with the exception of the redress board, looking for.

On the victims' payments scheme, a pressure is being driven by an increase of £3.8 million in Capita's medical assessment costs. This is Capita getting things wrong, having to reassess, not getting the right amount of money and having to ask for more. A lot of us had problems when Capita was awarded this contract. Just several months in, has Capita missed its target figure by £3.8 million? Help me to have some confidence here.

**Mr Johnston:** It was not Capita that missed the target in this case; it was me. At least, it was because we were trying to come up with some figures at an early stage. We were looking at budgets for this year when we really did not have a handle on what the medical assessment system would involve or what the costs might be. We had put a nominal amount into the administration budget, and we are bringing that up to a more realistic amount that reflects the costs of developing and then running the service. I am glad to say that, as the deputy First Minister noted in the earlier session, the first cases have already gone through from the board for medical assessment. Again, that reflects the difficulties in projections. At the time when we were putting in bids for this year, we had not had any engagement with the president of the board on the board's requirements for a robust medical assessment process, and that process had not been designed.

Capita has been engaging very closely with the victims and survivors groups and with the president of the board, who met the Justice Committee informally in the last couple of weeks and was able to give his read-out of the efforts that Capita has made to, for example, have a specialist team working on victims' payments and to have flexibility built into where and how assessments might happen to try to fit in with the needs of victims and survivors. He also recognised that the personal independence payment was one scheme and that this entirely different scheme is governed by the principles laid down in the Victims' Payments Regulations 2020. The president acknowledged that all those issues had been taken on board.

**The Chairperson (Mr McGrath):** Gareth, thank you. Confidence is restored in Capita in this case, and a hat tip to you for an honest answer. That is appreciated. Thank you.

Denis, you said that an issue has emerged in financial transactions capital and that an additional bid of £3.2 million is required. Will you talk me through that again?

**Dr McMahon:** Yes. There has been a long-standing arrangement whereby the Department channels financial transactions capital to major projects and various work and investments on the ground through the Strategic Investment Board. The Department has done that for a number of years. As a result, interest payments are made on that capital. Using the guidance that was available to us over the years, we had kept that as part of our budget and used it for the public work that we do. More recently, that was looked at again with our colleagues in the Department of Finance, and, as a result, it seems that the approach that we had taken does not work. It certainly does not work now, and we will not be able to do that from here on in. That is the view that has been taken. We are still in discussions about that with our colleagues, but, in the meantime, as a prudent measure, we wanted to make sure that we got a bid into the system. As I said, we need to wait until that process ends. However, colleagues in the Department of Finance helped to resolve that, and we are hopeful that that resource will be in our budget in the future.

I do not know whether Neelia wants to add any more technical detail to that, but that is the general picture.

**Ms Neelia Lloyd (The Executive Office):** Thanks, Denis. I will add that that is exactly the issue. It arose fairly recently, and, as Denis said, we are working through the details with officials in the Department of Finance. As a prudent measure, it was felt necessary to make a bid in the October monitoring round. As Denis said in his opening comments, we built that budget cover into our 2021-22 financial plan to cope with the budgetary demands that are placed on us. As Denis also said, we hope that that bid will be met favourably. It relates to the budgeting treatment of the recording of interest receivable on loans that have an interest-bearing element. Not all the loans have that, but this specifically relates to those that do.

**The Chairperson (Mr McGrath):** OK. Thank you very much. That gives us an explanation.

I recommend that you always make your financial presentations to the Committee after a briefing from the First Minister and deputy First Minister, because everybody is exhausted. No members have indicated that they want to ask any questions. I will double-check with Pádraig as his raised hand function was not working earlier.

**Mr Delargy:** No, that is perfectly fine.

**The Chairperson (Mr McGrath):** You are happy enough. OK.

Denis, on that basis, thank you very much for the presentation on the monitoring round. I fear that you got off quite easily. Hopefully, we will get it scheduled at the top of a meeting next time. That might result in more probing from members. We will put down the lack of questions to the fact that the report presented was so straightforward that it answered all the questions that we might have had. Thank you very much to all of you for your attendance.

**Dr McMahon:** Thank you very much, Chair.

**The Chairperson (Mr McGrath):** OK. Thank you. That is appreciated.