



Northern Ireland
Assembly

Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Budget 2024-25:
Department for Infrastructure

29 May 2024

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mrs Deborah Erskine (Chairperson)
Mr John Stewart (Deputy Chairperson)
Mr Danny Baker
Mr Cathal Boylan
Mr Keith Buchanan
Mr Stephen Dunne
Mr Andrew McMurray
Mr Peter McReynolds

Witnesses:

Ms Susan Anderson	Department for Infrastructure
Mr Declan McGeown	Department for Infrastructure
Ms Julie Thompson	Department for Infrastructure
Mr Colin Woods	Department for Infrastructure

The Chairperson (Mrs Erskine): I welcome, from DFI, Declan McGeown, deputy secretary of the water and departmental delivery group; Julie Thompson, deputy secretary of the climate, planning and public transport group; Colin Woods, deputy secretary of the transport and road asset management (TRAM) group; and Susan Anderson, director of finance. We appreciate your coming down to the transport hub. You have given us a bit of a briefing, which we received yesterday. Would you mind going through some of that briefly? I know that that is difficult to do, but we are keen to come to members' questions on the budget. I will let you speak to the presentation.

Mr Declan McGeown (Department for Infrastructure): Chair, I will say only a few words by way of introduction. Susan has brought a presentation. It will take only a few minutes, and then we will be more than happy to take questions to save your time.

Ms Susan Anderson (Department for Infrastructure): I will run through the presentation. I will start with last year and close it off. We briefed the Committee on 20 March. At that point, we indicated that we expected to live within the budget allocation that we had received. We have set out resource in the first slide, so you will see that our closing budget was £632 million and that we out-turned at £631 million with a small underspend of about £300,000, which is 0.04%. You will recall that our opening budget was £523 million and that we received in-year allocations of just under £90 million, with £14 million coming up after year end and additional in-year funding for a flooding event that occurred at the end of October or start of November, as well as funding for concessionary fares for asylum seekers. That is how we landed with the resource budget.

The position with capital was similar. Our final budget closed at £825 million, and the provisional out-turn was £824.9 million. That is a small variance of £200,000, which is 0.02%, so, again, it is close. As regards budget movement throughout the year, we started with an opening capital budget of £792 million and received £16 million in year and a further £8.6 million in relation to the flooding event that I mentioned.

To close off the summary of last year, we also have our resource ring-fenced allocation. It is ring-fenced because it applies only to depreciation and impairment of our assets. There is a similar position there, with a small underspend of £400,000. I caveat that by saying that that is provisional and based on our draft accounts, which are in the process of being audited. As I sit here today, I do not expect there to be any changes to that, but we will be able to confirm that position as part of the final out-turn, which we normally report on around August each year.

I will move on to this year's budget. Committee members will be aware from the previous briefing that we identified total requirements of £676.6 million. The breakdown of that is that there is £178 million for Translink; £169 million for NI Water; £124 million for salaries in the Department; and £172 million for the TRAM group. There are also smaller amounts for Waterways Ireland and the Driver and Vehicle Agency (DVA). That is the breakdown of our total requirements. You will recall that we submitted bids of £156.5 million against our rolled-forward baseline of £520 million. The Committee will have received copies of those bid forms.

The resource budget outcome for the Department was £559.5 million, which equates to the baseline of £520 million plus an allocation of £39.5 million. We have looked at options for how to live within that budget. If members look at the pie chart on the slide, they will see that the Minister has provided indicative allocations. Those remain indicative at this stage because they will be subject to the equality screening process that we will work our way through. You will see from the pie chart of the breakdown of the indicative allocations that NI Water receives 24% of the budget; Translink receives 26%; the TRAM group receives 27%; and departmental staffing receives 18%. The smaller amounts are also set out in the pie chart. The DVA figure is a minus figure: it is a dividend due to the Department, which is income for the Department, and that is why it shows as a negative figure on the slide. Members will see that, according to the indicative allocations, about 50% of the resource budget will go to our two largest arm's-length bodies (ALBs).

What does that look like across the piece? There is an allocation of £137.7 million to NI Water that includes funding for flood risk management and Waterways Ireland. The transport and road asset management group covers essential maintenance on our roads, street lighting, an element of winter service, contractual amounts for our public-private partnerships (PPPs) and a further amount of around £30 million to NI Water for the drainage charge. For the climate, planning and public transport group, there are amounts for Translink and Community Transport, as well as small amounts for the Strangford and Rathlin ferries.

I will move on to our capital budget position for this year. From the information that has previously been provided to the Committee, you will be aware that we submitted bids totalling £1.12 billion. That comprised £470 million for NI Water, £321 million for Translink, £242 million for the TRAM group and small amounts of around £2 million each for DVA and Waterways Ireland. We received an overall capital budget outcome of £820 million, which is made up of just under £190 million earmarked budget and a general allocation of £631 million. The earmarked amounts are for specific areas, including the A5, the A6, the transport hub, where we are today, and city deals. The £631 million general allocation is to be allocated at the Minister's discretion. That is the breakdown across those two areas.

As in previous years, we have factored in an element of over-planning. We have factored in about £26 million, and that is largely on the general allocation. We have gone with a total of 4% this year, as we did in previous years, so that is an extra £26.2 million that we have allocated.

What does that look like in terms of indicative allocations, which remain subject to equality screening? The pie chart shows the breakdown of the total budget, which includes the earmarked allocations as well as the general allocation. The "Flagship" portion accounts for 21%; NI Water for 38% at £323 million; Translink for 19% at £159 million; and the Department for 20% at £171 million. There is a small amount for Waterways Ireland as well.

Breaking that down further, the next pie chart shows the general allocation. That is at the Minister's discretion: he can choose where to allocate this budget. The general allocation is made up of the £631 million plus the £25 million of over-planning. NI Water is receiving just under 50% of the total capital budget at the Minister's discretion, with Translink receiving 24% at £159 million, the Department

receiving 26% and Waterways Ireland receiving that smaller amount. Those are the indicative allocations, which remain subject to the equality screening process. That will be our next step. At the appropriate time, we will launch an equality impact assessment (EQIA) consultation. It is likely that we will adopt a process similar to previous years. Given the timing, we will invite the Minister to take decisions after four weeks. Those will be final decisions at that stage, following which we will let the consultation run for the full 12 weeks and use any additional responses to inform in-year monitoring rounds and any changes that may need to be made to indicative allocations and for future budget planning purposes.

That concludes a quick run-through of the slides, Chair.

The Chairperson (Mrs Erskine): Thank you. It will be no surprise to you to hear that the Committee is disappointed that we are scrutinising your allocation a day after we voted on the Budget. The Committee has had the high-level briefing before, but it is just disappointing that we are scrutinising it only now, with the indicative allocations and the bids that were submitted to the Department of Finance. That is on the record in the Committee. I know that we are in a difficult space on budgetary positions and getting the Budget across the line. However, I hope that, in the future, we will be able to scrutinise it properly before we come to vote on it. Obviously, that is helpful for the Committee's scrutiny role. That said, we thank you for coming to the Committee today— quickly, I suppose — and we want to look in detail at what you have just outlined.

The last time that you were at the Committee, we had a table that basically outlined where savings may or may not be made by the Minister. The Budget is not what any Department would have hoped for or wanted, and we did not get everything that we wanted. Decisions were outlined in that table such as those on ceasing waste water treatment; reducing road maintenance to emergency only; stopping the winter service; ceasing funding to community transport; switching off street lights; ceasing flood prevention programmes; ceasing public transport services; and reducing travel concessions. There was a list of things that affect people, and we talked about that last time. Looking at the budget that you have received, where will the savings be made?

Mr McGeown: Chair, perhaps I will kick off on that. It is important to highlight that a lot of the savings that you have rightly listed referred more to last year's budget, but, as we look into this year, we have scrutinised —. I apologise that we are only coming to you today, but it has taken us a lot of time, over the past few weeks, to work with our budget and to try to divide it up as equitably as possible to make sure that we deliver the important services that we do. As Susan outlined in her presentation, we have highlighted what, we feel, are our priority spend areas. We have given an allocation to both our ALBs and asked them to see what they can deliver with that allocation. We await responses on that, and we will take it forward from there. That is really the process that we will work through over the coming weeks.

The Chairperson (Mrs Erskine): OK. How long will that process take?

Mr McGeown: We have suggested to the ALBs that they come back to us with their thinking around the middle of June. Susan outlined the equality impact assessment and the process that has to be gone through. That will be over the first four weeks. After that, we will take stock of where we are and try to firm up the indicative allocations. In about four weeks' time, we will have a clearer sense of where we need to be. That is assuming we are allowed to consult on the equality impact assessment: it does not appear that that is the case during purdah.

The Chairperson (Mrs Erskine): How will that fit in with our June monitoring round?

Mr McGeown: There is a gap between what we have and what we need. We are already starting to look at where we might make bids. We are starting to do that work, but it is at a very early stage. As recently as yesterday, we started that process. We still have to engage with the Minister etc, so, over the coming weeks, we will hopefully have a clearer position on that and be ready to submit bids. I think that we have a deadline from DOF to do so, so that should be within the next few weeks. We will try, as much as we can, to bridge the gap between what we have and what we need.

The Chairperson (Mrs Erskine): That will be too late for the equality screening and what you get back in relation to that.

Mr McGeown: Yes.

Ms Anderson: We are taking it on the indicative position at the moment, because that is what we have to go on. We will use that indicative position to inform what bids we propose to the Minister. He will then decide what bids we submit as part of June monitoring. We are using the indicative position as the starting point.

The Chairperson (Mrs Erskine): Will it be a full public consultation, or will it be a targeted consultation? I take it that you are consulting everybody, including the likes of Community Transport and all those people.

Mr McGeown: It will be put out as a full consultation for anyone to come back on, yes. We will appreciate any feedback that we get.

The Chairperson (Mrs Erskine): I notice that the Minister stated in his letter to the Committee that he is:

"carefully considering actions that may be required to plan to live within a balanced budget."

We talked there about what may or may not have to be considered. That was last year's budget, but I am guessing and assuming that some of those measures will still need to be looked at.

Mr McGeown: We are not ruling anything out, Chair. We will certainly explore whatever needs to be looked at, but, at this stage, we have made indicative allocations and are trying to see how that sits with the respective parts of the Department and the ALBs. After that, we will look at what else we need to do alongside making bids to DOF. All that will be in the mix.

The Chairperson (Mrs Erskine): OK. I note that there is a resource allocation of -£2.9 million to DVA. Can you detail that a bit more and outline why that is the case?

Ms Anderson: That is in relation to a dividend that DVA pays back to the Department. DVA is a trading fund by its status, and it pays the Department a dividend based on its operating position at year end.

The Chairperson (Mrs Erskine): Do DVA fees not just fully cover cost recovery? If so, how is there a dividend?

Ms Julie Thompson (Department for Infrastructure): The fees are in relation to the trading fund element. That is for the running of the test centres, driving tests and whatever. The set-up of the trading fund brings a dividend back to the Department, and that is the £2.9 million. Everything else in the trading fund is stand-alone within DVA and the fees remain within DVA.

The Chairperson (Mrs Erskine): OK. To save my voice for a bit, I will go to the Deputy Chair.

Mr Stewart: Apologies for being Chair — apologies for being late, Chair. I can nearly speak this morning. *[Laughter.]* I got almost a full guided tour of the building site, so I have seen most of it. Thanks very much for coming along today.

I appreciate the difficulties and pressures that you are under. I echo the Chair's point — I think all Committee members do — that it would have been nice to be able to scrutinise this prior to the Budget vote, but we are where we are and there is not much that we can do about that.

I have just one point, at this stage. Obviously, the Department has relied heavily on in-year monitoring rounds for many years, particularly around winter service, for example. Are there key areas in your budget that you are concerned about being unable to deliver if that money is not there? You said that you were looking at what bids you will potentially put in. Where are the biggest pinch points? What would we face if we were not able to fulfil the in-year monitoring round funding that you have had in previous years?

Mr McGeown: I will pass to Susan, but I guess it is more that there is volatility in some of the costings, for energy and such like, and about whether we need to look at those in-year. Those are the types of things that we are thinking about.

Ms Anderson: That is exactly what we are doing. We are trying to take an overall picture. We are looking at *[Inaudible]* allocations to see exactly where those areas are and what we need to bid for *[Inaudible]* resource and on the capital side as well because, historically, as you say, we have been able to take additional funding in-year *[Inaudible.]* That is why we are trying to look across the piece *[Inaudible.]*

Mr Stewart: Thank you.

Mr Boylan: You are welcome. I have taken on board what you have said about the consultation over the next four weeks and where we are with regard to indicative numbers and bids. One of the Committee's priorities is road safety. Can you comment on bids for the A5 and the A1? Obviously, there is a commitment to the A4 Enniskillen project. I am mindful that you may or may not be able to answer that question. I may as well ask my three questions at once, Chair. My final one is on the ring-fencing for the Coleraine to Derry track renewal. Can you comment on that?

Mr Colin Woods (Department for Infrastructure): The A5 is a ring-fenced allocation, so that is fully funded for this year, and the Minister intends to try to take a decision on that over the summer through the statutory processes. The A1 is not ring-fenced, but the Minister is keen to bring it forward. We expect to be able to do what is needed for that project this year, within this allocation, with the slight caveat that, until the budget is finalised, these are indicative allocations. However, I do not expect there to be any movement on those two elements.

Mr Boylan: What about the Derry stuff?

Ms Thompson: The Coleraine to Derry line has a ring fence that the Minister was keen to put in place to help address regional imbalance. That ring fence has been applied, as directed by the Minister rather than by the Executive, in order to boost the planned investment on that line.

Mr Boylan: Can you comment on the A4 Enniskillen project?

Mr Woods: The Executive took a decision to fully fund that. We have moved through to procurement on the scheme, and we intend to move to construction after that. It is in a slightly different position in that the Executive made the decision to fully fund the project to allow us to procure within the right environmental time constraints.

Mr Boylan: Thank you.

Mr Dunne: Thank you for your presentation. We are becoming very familiar with you; it is always good to see you.

I have a couple of points. Everybody here is familiar with the huge challenges that NI Water faces; we are all too well aware of them. What is your assessment? How do you feel this budget will impact upon NI Water? Will it allow NI Water to start to make the longer-term improvements that it desires? Or, is it too early to say?

Mr McGeown: It is probably too early to say, insofar as we have written out to NI Water and await its response. We know — you have heard me say it at previous Committee meetings, Stephen — that somewhere in and around £470 million is the magic figure for Northern Ireland Water, for this year. Fortuitously, we had contacted it at the turn of the calendar year to say, "Look, the reasonable worst-case figure is in and around £321 million, so start planning on that. If we can do better, that will be great". As it turned out, the figure that we are going with, as Susan outlined, is £323.7 million. It is therefore closer to the reasonable worst-case figure and a fair bit away from the £470 million figure.

From talking to colleagues in Northern Ireland Water, I am optimistic that they can plan to roll out that budget and deliver services. It will mean things being slowed down — there is no doubt about that — but the conversations that we have had, as recently as in the past seven days or so, have been about prioritising essential services and making sure that they are delivered. It is already looking at things that it is contractually committed to, such as essential maintenance and nominated outputs, as defined by the Utility Regulator, so it has a good focus on what needs to be done. It is not a perfect budget for Northern Ireland Water, but I am confident that it can deliver a service that will provide essential services for the next 12 months.

Mr Dunne: Yes. Similarly, there is the TRAM side of it and the impact on roads maintenance and so on. I speak regularly with your engineer colleagues in DFI Roads — I did so en route this morning — and they highlight the challenges that they face. How do you feel this budget will help or otherwise?

Mr Woods: One of the options that we had to consider last year, to which the Chair referred, was whether we could afford to deliver our limited service or whether we would have to move down a level again to an emergency-only service. These indicative allocations do not mean that we have to do that: we can afford to deliver a limited service. Now, the cost of a limited service goes up every year with inflation and other cost increases, so it is tight, and we are having to keep a really tight focus on exactly how we are spending the essential maintenance budget. The allocation will, however, allow us to sustain a limited service for this year.

Mr Dunne: Finally, then, you mentioned the June monitoring round. What will be the priority bids? Will NI Water be included? Maybe you cannot say.

Mr McGeown: As a civil servant, I will say that that will be for the Minister, as you can imagine. *[Laughter.]* We are doing the preliminary work on that now, and we will put advice to the Minister. Ultimately, however, it will be his decision as to what to submit.

Mr Dunne: OK, thank you.

Mr Baker: Thank you for the presentation. Considering where we are today, where do public transport, climate planning and active travel and everything that goes with that sit in this difficult budget?

Ms Thompson: On the public transport side, there is an allocation of £144 million resource to Translink and £245 million capital. Obviously, those allocations have just been given to Translink, so it is working through what it can do with those allocations, what they will mean and what it can invest in. Translink will be keen to ensure that there is as much modal shift as possible as part of that. That is absolutely one of the key things that we need to do for climate change purposes. It is early days as to exactly what the impacts will be and where Translink will invest moving forward. That is the current plan, and, as Susan or Declan mentioned, we expect to get information back in the middle of June about what that looks like.

Mr K Buchanan: Thanks for coming along. I want to make a couple of specific points. I think that Susan mentioned £30 million for the roads drainage charge. Can you explain how that works? What is the principle of that, and how did that figure come about? Does it go up or down year-on-year?

Mr Woods: In around 2009, the Executive took a decision that the cost of draining surface water from the roads should be borne by the Department's predecessor Department. We have an agreed formula with Northern Ireland Water as to how that is calculated. It is roughly rainfall times the surface area, which gives us a volume of water. Then, there is the application of the approved rates for waste water.

Mr K Buchanan: So NI Water charges you for that.

Mr Woods: Yes. It is about £30 million this year. It goes up a wee bit each year as the rates that Northern Ireland Water charges its non-domestic customers go up. We pay the same rate, as far as I know. That is how it is calculated each year. There is a memorandum of understanding between us —

Mr K Buchanan: Is that based on the assumption that rainfall ends up in sewage, as in combined systems?

Mr Woods: Yes, which it largely does. The Department owns the manhole cover on the drain on the road, which you can see, and the gully that takes it down to the sewer. Northern Ireland Water is responsible for the infrastructure that sits beneath the road. That water goes into the combined sewer and is put through the Northern Ireland Water system, so it has pumping costs —

Mr K Buchanan: I know that it gets a bit technical as to how that cost is analysed, but it would be good to get a copy of that.

Mr Woods: We can do that.

Mr K Buchanan: I do not want to get into the bones of it now.

My second and final point is about the TRAM figure — that is your group, Colin — of 27% or £155 million. Based on previous years, what is that figure doing?

Mr Woods: It is up about 12% on last year's opening allocation, but we were in a different position last year. Without Ministers, we did not have the budget and we could not take decisions to live within that allocation. Our opening allocation for essential maintenance was at the emergency level, but we did not take a decision to hold to that: we overspent against it. This year simply tidies that up and funds the limited service from the start of the year. That accounts for almost all the difference —

Mr K Buchanan: You talked to Stephen about a limited service. Define "limited".

Mr Woods: OK. Back in the good old days when we had more money, we had a set of standards for road maintenance, which was, essentially, about the intervention threshold. When a pothole got so deep, we would repair it; we would do so many grass cuts a year; we would do so many sign cleanings, marking reinstatements, surface-dressing treatments and all of that. Limited service was introduced about 10 years ago simply to cope with the fact that we could not afford to do all that. We had to figure out a safe way of delivering essential maintenance with a lower budget: that is the limited service standards that we apply now. For example, on a high-traffic road, once a pothole hits 20 millimetres deep, we consider that to be an actionable defect, and, anything less than that, we do not consider as such. It is really about the standard that we can deliver.

Mr K Buchanan: If I may, I have one final question. I want to touch on grass cutting. I do not want to get into the specifics, but I have had serious complaints about grass cutting and sight lines. It is OK, to a degree, if you are going down a straight road, and "No mow May" has a point — there are arguments for it — but I can think of a number of junctions. For example, this morning, when I came to the Stangmore roundabout at the edge of the motorway, I could not see the traffic to my right. That could happen on a C road, possibly, but that is a main roundabout on a motorway. Numerous people have said to me that they have had near misses. Yes, they are starting to mow, but the grass affecting sight lines on B or C roads will not be cut for another month. Does that risk to life worry you? The number of near misses that people are contacting me about is higher than ever. Who came up with "No mow May"? Is it to save money or to save the bees? I have no issue with the bees.

Mr Woods: No, "No mow May" is an environmental measure; it is not intended to be a cost-saving measure. Under the limited service, we fund two grass cuts of the network a year.

Mr K Buchanan: On every road?

Mr Woods: Yes. Along 26,000 kilometres of road, we try to cut the grass twice. In order to get the best value from cutting it twice, we have to try to time it carefully. Typically, we will start the first cut in the middle of May in order to finish it by the end of June. We will start the second cut around the end of August in order to finish it by the end of September. That gives us the best chance of keeping the grass at a manageable level.

Mr K Buchanan: Have you moved the cut in the middle of May to the end of May?

Mr Woods: No, we still start it. We start with junctions and sight lines.

Mr K Buchanan: I got an email from DfI the other day to say that it will not start until Monday past. We have lost two weeks, effectively. The white weeds get wet, and they do this, and you can see nothing.

Mr Woods: We have so many squads that can do junctions, and they start on those in the middle of May. They move around their Roads division throughout those six weeks. It means that the grass at some junctions is cut later than at others. Certainly, this year, we have had a particularly wet April, so the grass has grown faster. It illustrates how it is difficult to deliver adequate road maintenance with the levels of funding that we have. Those squads are targeted at junctions, but, certainly, if there are dangerous junctions, we want those to be treated, and we have the ability to do that and be responsive.

Mr K Buchanan: I am concerned that, with the weather this year, the junctions are really bad. I will leave it at that.

The Chairperson (Mrs Erskine): I want to come in on that point about grass cutting. Most of that work is subcontracted, is it not?

Mr Woods: A lot of it is. I agree that, yes, most of it — as in more than 50% — is, but I will have to check the exact amount. We typically contract out the work on long stretches of the road but use our in-house resource for junctions and sight lines. That is not exclusively the case; there will be some times when we switch those two around, depending on the most efficient way to do it.

The Chairperson (Mrs Erskine): Surely, subcontracting that work out represents a higher cost to the Department?

Mr Woods: It can. It depends on the rates that contractors charge. For us, it is an issue of staff availability. I simply do not have enough industrial workers to deliver more. If I did, I would. The notional structure for our workforce is based on having 400 industrial workers. We are below 270, I think, at the minute. We do not have the ability to recruit those workers as things stand with the budget. We also face some recruitment challenges. The way that we manage that is to use external contractors to pick up the things that we are not able to deliver.

The Chairperson (Mrs Erskine): Is it possible to get a breakdown of the use and cost of subcontracting for grass cutting in order to compare that with what the in-house service looks like?

Mr Woods: Yes.

The Chairperson (Mrs Erskine): I am aware that you have a memorandum of understanding with councils as well. Does any money go to councils to help them to provide grass cutting?

Mr Woods: From memory, there might be. I need to check that. I will write to you on that. We have relationships with councils, and we share the responsibility for cutting some grass. For example, councils often cut the grass on roundabouts and things that are for amenity purposes but are not related to sight lines. I know that other people occasionally cut grass on the roadside as well.

The Chairperson (Mrs Erskine): Yes. Like Keith, I am finding that, when it comes to grass cutting at roundabouts and things like that, there is a real tension between councils and DFI. Some councils are starting to say that it should be DFI, and DFI is coming back to say it should be the councils. There is a real tension going on. In the middle of all that, the grass is not getting cut.

Mr Woods: Yes. As I said, if it is for amenity purposes to make the place look nicer, we do not cut for those purposes, so that is likely to be where some of the tension arises. We understand that people can have a view where they want to see the grass cut and so on, but, with our resource levels and our staffing levels, we implement a safety-based policy, so cutting is for sight lines and then one strip of a metre up the side of the road as well. That is partly a maintenance thing because, as the grass overgrows, it erodes the roadside as well. It is to protect the surface.

The Chairperson (Mrs Erskine): I think that the Deputy Chair wants to come in on that point.

Mr Stewart: Yes, I do, Chair. I did not want to get into the grass debacle, because everyone in the room knows how vexed the public can get about long grass. I take the point on biodiversity, but I understand the priority for safety at sight lines. Has any consideration been given to what other jurisdictions or countries are doing? They are getting rid of grass at junctions to save the problem altogether, replacing it with stones, concrete or artificial grass. I am all for serving the bees in the area. There are lots and lots of long grass areas out there along the ways, but, at sight lines, where safety is paramount, why do we have grass at all? Surely it would be better to get rid of it.

Mr Woods: From a maintenance perspective, yes, but you could extend that well past the point of —.

A Member: What about the bees, John?

Mr Stewart: Never mind the bees.

Mr Boylan: We are not in New York or the jungle.

Ms Thompson: Climate change and biodiversity is the answer. We need that.

Mr Stewart: Outside Carrick, for example, the top road is massively long, and there is plenty of long grass for the bees and everybody else to hover about in. I am just talking about the key junctions where safety is paramount. We are not talking about ending bee life here; I am talking about preserving safety.

Mr Woods: Our policy at junctions is that cuts are done more frequently when needed for safety reasons. There is no policy reason. Sometimes, there can be an issue of timing where we have not got to that junction yet. It is on our plan, but we have not got there. I appreciate that sometimes that means that the grass is longer than we would like.

Mr Stewart: The busiest junction in Carrickfergus is the North Road junction with the top road, and the grass is over waist height at the minute. We have been reporting this for weeks. You cannot see past it, and there is nearly an accident every morning. I do not understand how we have got to that point when it is the busiest junction in the town. That is my point.

Mr Woods: It illustrates the challenges of trying to deliver on a network of this scale with a resource level that is limited. It is limited by definition, and, unfortunately, it does mean that, sometimes, sites can get out of control with grass height. If there is a specific site, I am happy to look at that.

Mr Stewart: The argument, to put this on record, is that biodiversity is more paramount at that junction than, potentially, safety.

Mr Woods: No.

Mr Stewart: No? That is what I have just heard completely.

Mr Woods: There is a balance to be struck. The grass at a junction serves a number of purposes. It is nicer to look at, and that does not have zero value. It also drains more effectively, with it being a natural surface as opposed to a hard surface. So, there are issues around that. You can equally imagine that, if the Department decided to adopt a policy of having hard surfaces at all junctions, plenty of people would find that unacceptable. So, we are trying to strike a balance, but safety is the priority. Where there is a safety issue, we want to be able to act on that. If there are junctions where the grass is unsafe, we want to be able to target that. We have squads of people moving around the countryside as we speak, targeting junctions. There just are not as many of them as we would like, and it takes longer to get round a network of that scale.

The Chairperson (Mrs Erskine): I will bring in Cathal on this point and then move on from this point because two members have indicated that they want to come in.

Mr Boylan: We understand all the arguments. Keith started it, so we are asking him to buzz off. The main problem that I find is with whose responsibility it is. It does not matter whether it is a subcontractor or anyone else. When you phone the council or environmental health, they try to move it across to the Department. Maybe there need to be clearer lines. I know that there is stuff there, but it arises from what we have talked about here. There need to be clear lines of identification for who is responsible and who is not, and that is the only way to move on. I have seen some areas myself, but I have seen the cutting of metres back and everything else recently. If there are clear lines about whose responsibility it is, we can go from there. If it is an argument over budgets, that is a different argument. That is what I find as an issue that comes into the office.

Mr Woods: We are always happy to talk to councils and others about that. It takes about six weeks to do the full cut, so most of what, I think, we are experiencing now is that some of those areas are now done and others are not yet because we are in the middle of that six-week cut. That is why that is.

The Chairperson (Mrs Erskine): Andrew, thank you for your patience.

Mr McMurray: I did not want to speak about the grass, but I do now. Thank you, Mr Woods, for highlighting the point on natural drainage versus concrete drainage, which means that you will not do

that as much. I get complaints on the other side of things, asking why a verge has been cut when there are biodiverse wildflowers and so on. Maybe if we got rid of more dockens and got more wildflowers in, that would be great. Anyway, sorry, I did not want to come in on the grass, but there we go. Obviously, safety is paramount as well.

Mr Dunne's point about NI Water is such an important point. In my area, we have seen a lot of development curtailed because of a lack of resources to NI Water. It is important that that is mentioned.

Coming slightly further down the bid priorities is rural community transport. South Down is a rural area, and a lot of people rely on community transport. I wonder how its bid matches up and how it can be factored in to provide that service. Again, thank you very much for coming today.

Ms Thompson: The community transport element is an area of the budget that was of great concern last year and caused a great deal of anxiousness. The Minister has been very aware of that. We gave out allocations for April and May to give them clarity and certainty, and then, based on the indicative allocations, the Minister wrote to them at the tail end of last week, just as he wrote to the Committee, saying that he would sustain it at the current level. As with everything else, it is pending the EQIA, but they were written to last week to be told that their funding will be sustained through 2024-25, based on the indicative allocation.

Mr McReynolds: Thank you, everyone, for coming in. I have a quick point on one of the bids. There was a bid for around £5 million for city deal, Belfast Rapid Transit phase 2 (BRT2). It came up at the Committee last week, and I asked officials about it, because it is something that I am really supportive of, as an East Belfast MLA. I would like to see BRT2 delivered.

First, I would like to know what that £5 million is for. Secondly, in the meeting last week, we were told that £35 million was allocated. There was general confusion about where the other money, potentially, will come from to deliver the scheme. I asked whether financial transactions capital (FTC) could be an option. I did not really get an answer, so can I get the Department's view on FTC as well?

Mr Woods: FTC is not an option, unfortunately, for that type of project. It is something that we have looked at, in general, to see how we can make better use of FTC, but, unfortunately, it is not an option for BRT2.

The £5 million was for detailed design work along the route corridor, subject to the Minister taking a decision to proceed. He has taken his decision on the preferred route, and we are preparing some advice for him on a number of different design features within the scheme. He hopes to take a decision on that, and then the £5 million is what, we think, the detailed design work for the rest of this year will cost.

The Chairperson (Mrs Erskine): I want to come back to NI Water. The Department, as we know, sets the policies, and then there is the required capital budget, which is determined by the Utility Regulator. We have price control (PC) 21 and an indicative budget for NI Water. What is the Department's assessment, at this moment, of NI Water's ability to deliver against PC21?

Mr McGeown: In the first three years of PC21, we have fully funded and, indeed, exceeded the funding requirements as laid down by the Utility Regulator. It was always going to be the case that, towards the end of the PC21 period, the cost would start to rise, particularly on the capital side. That is going to present a challenge in the last few years for us, and we are seeing that played out, as I mentioned to Keith or Stephen earlier, with the gap between where the Utility Regulator sees the figure needing to be and where we are. We are very much in the space of prioritising essential services. That is where Northern Ireland Water will be. It is where we will expect it to be and where the public will expect it to be. It will probably be more of a challenge for it to roll out more of the economic side of things, such as economic development, social housing and all the rest. That will be a challenge for it. However, with regard to its key services, such as waste water treatment and water treatment, we would expect that programme to roll out. Certainly, things will slow down, given the programme of works that need to be done in the last few years, because there will be that gap. We are hoping that, by prioritising, the key services will continue to be delivered throughout the lifetime of the price control period.

The Chairperson (Mrs Erskine): The key services are to provide clean water, clean drinking water and, obviously, the ability to flush your toilet.

Mr McGeown: Absolutely.

The Chairperson (Mrs Erskine): Those are the key services. Really, what I am hearing about is that there is no scope for delivering PC21 and about the capacity issues that we have in Northern Ireland. As we have often discussed in the Committee, that will impact on the construction industry. It will impact on the key infrastructure capital projects that need to be done across Northern Ireland.

Mr McGeown: It will be a challenge, but I am sure that, if Northern Ireland Water were here, it would say the same. For instance, in the past, the Committee will have heard about 19,000 houses, but, in the lifetime of PC21, even if we fully funded it, Northern Ireland Water is telling us that we would probably be able to deliver only around 4,000 of those houses. There are huge expectations and plans over the coming years, but deliverability would be a challenge. Even if we were fully funded, the ability to roll out that full programme would be a challenge.

You will also have seen in the public domain in the past that Northern Ireland Water wanted to do a lot by way of connectivity and waste water treatment, etc, over the next 12 years. It is now talking about 12 to 18 years. There is that kind of slippage for everyone, but that does not preclude us from prioritising where we need to target our resources. Even in the context of Living with Water, for example, a number of waste water treatment works where the preliminary work, outline business cases, etc, are still in train and being developed are looking towards 2025, 2026 and 2027. Plans are still happening.

If you gave Northern Ireland Water all the money tomorrow, I would be fairly certain that it would say that it could not deliver the full quantum of what is set out by the Utility Regulator in the first instance. It is about striking that balance. Certainly, I feel that the public will not see a diminution of the services that they receive at all. I think that they will see safe drinking water and waste water treatment works working effectively.

The Chairperson (Mrs Erskine): Yes, that is correct. From a public perspective, we wake up in the morning and turn on our taps, and, thankfully, we have clean drinking water. However, the public also expect that we will be able to deliver new and affordable homes in Northern Ireland. There is the public expectation that we will be able to deliver on key infrastructure projects, build new schools and do everything like that. If we do not have proper waste water treatment and we are setting policies here that, really, you are saying, are ambitious, why are we are setting those policies if we will not be able to deliver on them?

Mr McGeown: I use the word "ambitious" as a positive word. It is the Utility Regulator's assessment. It does a lot of detailed work to look at what is deliverable within a price control period. It is not as though those policies are ambitious as in outrageous; they are ambitious as in they would be great to do for Northern Ireland. These things take time.

To reassure you on the waste water treatment works: for example, in Belfast, where a lot of building goes on, and will hopefully continue, we work closely with Northern Ireland Water colleagues. They are already bringing forward their outline business cases, etc. They are no further back than if we had fully funded them this year or had given them what we are giving them now. They are still on the same trajectory. It will just be slower towards the end insofar as needing to meet the costs as they go up a lot towards the end of the programme. It is still all systems go.

As you heard Susan say at the outset, we have given almost 50% of our capital budget to Northern Ireland Water, allocated indicatively at this stage — I have to caveat that, of course — so we are seeing the importance of that. My sense is that a lot of the large-scale programmes, such as the waste water treatment works, particularly in Belfast, are progressing as they would have done had the budget been there fully. We are still at the same stage. It is just that, when we get to the deliverability stage and what funding there might be towards the end of the price control period, that is something that we will need to look at closer to then.

The Chairperson (Mrs Erskine): Yes. That is my concern: it will be slower as we get towards the end. It is slower as we get to that delivery. Meanwhile, the other bits of the system will slow down, too, if that makes sense. It will be a vicious circle.

Mr McGeown: It might be slower. It all depends on how the budget shapes up in the next few years. Based on the trajectory as we see it now, it probably will slow it down to a degree. To reassure you, there are a lot of conversations. In fact, in the last 10 days, I chaired the Living with Water board, and

we are staggering the projects to make sure that the big ones that will deliver the greatest impact are prioritised. That work is still going on.

The Chairperson (Mrs Erskine): Keith, do you want to come in on the NI Water point?

Mr K Buchanan: No, it is a new point.

Mr Boylan: In light of what you said, it is hard. The issue came up when the Utility Regulator was here. I do not mind the ambition. I am listening to what the Chair is saying, and I know that there is a review going on.

Mr McGeown: Yes, of the Living with Water programme; that is right.

Mr Boylan: This question has to be asked: why would you sign off in the first place, if you are saying that the target is 19,000, and they can build only 4,000? We all know that there are a hundred areas right across the North that are lacking capacity and cannot be developed and cannot connect, especially with PC21, which is the waste water one. I would hope that that will be a question and conversation for the Utility Regulator. I am not denying the ambition or the scope of what NIW is trying to do, but you have to question that level and what is achievable.

Mr McGeown: To reassure you, those conversations are happening. We met as recently as the last couple of weeks with the Utility Regulator to look towards PC27, which, believe it or not, we are on the cusp of, and to work to make sure that we manage expectations of deliverability set against a challenging budget for Northern Ireland not just for the Department.

Mr K Buchanan: Just a quick point. We discussed priorities the last time. There is a table in our paper of 20 priority bids. It is not the one that you showed, Susan. It totals £156 million. Does that ring a bell? It includes NI Water baseline, winter service and limited service. That was a bid. I am trying to coordinate. What did you get of that £156 million that you asked for? I presume that you did not get all of that. How are you going to prioritise that? Are the priorities based from 1 to 20? Do you drop the bottom one or chop a percentage of some?

Mr McGeown: Susan can explain the mechanics of it, but we looked at the £520 million figure that we had for last year and looked towards our total needs, which were closer to £676 million, and then said, "How do we bridge that gap?". As it turned out, we got £559.5 million.

Ms Anderson: The funding allocation that we got was £559.5 million. That is our baseline that we bid against, plus an extra £39.5 million.

Mr K Buchanan: So, you will not be fit to fulfil the £156 million. How are you going to prioritise what you are doing then? Are you basing it on the priority ranking?

Ms Anderson: It is based on protecting front-line services and on health and safety. That is what we have engaged with the Minister on, and we are working our way through them to see how we protect those.

Mr K Buchanan: So, you are not necessarily going to drop off number 20. You could be paying part of 20 and part of 10. What does the priority number mean then? Does it mean anything from 1 to 20?

Ms Anderson: From a bidding perspective, we put those forward as priorities, but then we got a general allocation, so it was not that any of those were specifically met; it was that we just got a general allocation to live within.

Mr K Buchanan: Fair enough. Thank you.

The Chairperson (Mrs Erskine): In relation to Translink and some of the proposed indicative capital allocations, can you clarify, first, the capital bids totalling £1.12 billion? There are capital bids proposed of £154.7 million for Translink and £323.6 million for NI Water. Can you just point to Translink and some of the indicative proposals?

Ms Thompson: We have given out £154 million, which is non-ring-fenced, and a ring-fenced allocation of £4.7 million for the Coleraine to Derry line. The money for the hub goes on top as well, which is a flagship scheme of nearly £80 million. There is PEACE PLUS funding of £6.3 million for the start of the Enterprise rolling stock replacement.

If you set aside the ring-fenced elements, the £154 million will be examined by Translink to establish what it can do. The same can be described across the piece and what it can do with that money. It will be prioritising health and safety, essential services and looking at what is already contractually committed. The same process is effectively run across everybody. It will come back to us by the middle of the June with the outworkings of what that looks like.

The Chairperson (Mrs Erskine): The Committee has also seen that reserves were allocated to Translink and the DVA. Do you see giving reserves to Translink as a licence to take money from its overall budget?

Ms Thompson: The money that you describe is resource funding. I was talking about bids, and the numbers that you gave were for capital funding. You have just described resource funding that was given at the end of last year. You are right: £14 million was given to Translink towards the end of 2023-24, and that was revenue money. If you recall — I am conscious that Chris Conway is sitting behind me — Translink had a deficit of around £17 million at the time of the last Committee briefing. Effectively, that money dealt with the operational deficit in 2023-24. The money is on the revenue side — it is not a capital funding stream — and, effectively, it has pretty much eliminated the deficit from 2023-24.

The Chairperson (Mrs Erskine): The Committee travelled here today on a lovely electric Translink bus. Obviously, there is a real need and push for not just a modal shift to public transport but to decarbonise Translink's fleet. In the Chamber, we must ensure that we meet the Climate Change Act's targets. Will the money impact on Translink's ability to decarbonise its fleet? What are the potential consequences of not meeting the statutory responsibilities in the Climate Change Act?

Ms Thompson: Translink has some buses that we are contractually committed to, and those contractual commitments, because of the very nature of them, will proceed. There is still some investment going into buses in 2024-25. Translink needs to look at the allocation and establish how much more it wants to do. Like all the areas that we are describing, everyone wants to do more. The ambition is there. We all want to do more, as every Department does with its budget. Translink is no different: it would love to invest in more buses, but it will look at the allocation to establish how far it can go. We will need to look forward into the next few years to see what the roll-out programme will look like. We are all working through that process. Translink has £154 million of non-ring-fenced money, and it can propose the best schemes for that to go to. Understandably, it will prioritise health and safety before decarbonisation, as you would expect.

The Chairperson (Mrs Erskine): You will have seen Translink's recent fare increase. From a governmental point of view, we are encouraging people to use public transport. Do you accept that being able to give Translink more funding to incentivise more people to use public transport would be a good way to balance things out?

Ms Thompson: Translink's increasing cost base has to be funded. The funding has to come from one of two sources: customers of the service or the Government through the funding provided by the Department. Those are the funding choices. Obviously, Translink has a range of discounted fares and means by which people can avail themselves of discounts and reduced-price tickets, but, equally, a fare rise is part of how it can effectively manage its cost base. Yes, if more money were available, it would be able to do more. However, the Translink budget is what it is, and a fare rise is part of how it funds its costs, as it has always been.

The Chairperson (Mrs Erskine): Members, no one else wishes to ask any questions.

Thank you for coming to the Committee today. We appreciate it and look forward to seeing some more of the figures and details that we discussed. We look forward to seeing you again. Thank you very much.