



Northern Ireland  
Assembly

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**COMMITTEE  
FOR THE OFFICE OF THE  
FIRST MINISTER AND DEPUTY  
FIRST MINISTER**

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**OFFICIAL REPORT  
(Hansard)**

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**Budget 2011-15**

23 February 2011

**NORTHERN IRELAND ASSEMBLY**

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

Mr Tom Elliott (Chairperson)  
Mr Allan Bresland  
Mr William Humphrey  
Mrs Dolores Kelly  
Mr Danny Kinahan  
Mr George Robinson  
Mr Jimmy Spratt

**Witnesses:**

Mrs Jackie Kerr            )  
Mr Noel Lavery            )       Office of the First Minister and deputy First Minister

**The Chairperson (Mr Elliott):**

You are very welcome, Jackie and Noel. When you are ready, please give us a short presentation and then make yourselves available for questions from members. The session will be reported by Hansard.

**Mr Noel Lavery (Office of the First Minister and deputy First Minister):**

The Office of the First Minister and deputy First Minister published its spending plans on 13 January. As you are aware, the consultation period was extended until 16 February. We had 69 responses to the consultation and also held two public events. The Committee has before it a

summary of the key issues raised during the consultation.

There were comments on the social investment fund and social protection fund, comments on arm's-length bodies, and comments questioning the 3% efficiencies approach. There were concerns about protecting the most vulnerable in society, childcare issues, the City of Culture funding, and the timing of the capital allocations to Ilex in particular. There were concerns about capital funding across the block, and the impact of that. There were also concerns about the fact that there is no reference to sustainable development.

There was also an issue raised about what would replace the Economic Research Institute of Northern Ireland (ERINI) in commissioning research. A number of respondents raised the issue of there being no Programme for Government to go along with the Budget. There were also a number of issues about the consultation process itself. Those were the key issues raised. I am happy to take questions on any issues that the Committee wants to raise.

**The Chairperson:**

It is not often that we get a presentation that lasts just a couple of minutes. I am not criticising you, Noel, by any means — not at all.

**Mr Lavery:**

I could talk for longer, but I am conscious that you have the words in front of you; you do not need me to repeat them.

**The Chairperson:**

I want to ask about the arm's-length bodies and the 3% cuts. I am slightly concerned that the big picture was not being looked at in respect of the reduction of arm's-length bodies overall, as opposed to just having a look at the 3%. Has any thought gone into the process about an overall reduction in arm's-length bodies and, therefore, making significant overall savings?

**Mr Lavery:**

As you are aware, the Budget review group is looking at arm's-length bodies, as will the Executive, across the piece, as a separate exercise. When looking at our reductions, we are looking at cost savings that may or may not involve a reduction in the number of arm's-length bodies. It is a bigger exercise being undertaken across the NICS, rather than just in OFMDFM.

Obviously, delivering 3% savings will be a challenge, and we need to look at corporate services issues as well.

**Mrs Jackie Kerr (Office of the First Minister and deputy First Minister):**

There is also a savings measure in the Budget proposals, which looks at the rationalisation of structures and functions of the arm's-length bodies. That is considering the whole range of issues beyond the administration and staffing type issues, such as accommodation, back-office functions, how they could work better together, and greater economies of scale. As Noel said, while the Budget review group Executive-wide exercise is under way, within the Department we are also looking at the structures and costs of our own bodies as part of the overall Budget exercise. There are no quantifications of savings for that measure at this point, because we need to go through the process of looking at it in more detail. As that develops, we can bring it back to the Committee to discuss.

**The Chairperson:**

But at this stage, there is nothing more significant? The question posed was how the social investment fund and social protection fund would work in practice. My initial question relates to criteria. Is there any work in progress on developing criteria for those two funds?

**Mr Lavery:**

Yes, there is work in progress on looking at the criteria and how the funds will be administered in practice, but I do not have any output of that work as of today.

**The Chairperson:**

OK. Do you have any idea when we may be likely to see that?

**Mrs Kerr:**

Obviously, the funds are part of the Budget proposals for the next four financial years, so there is an imperative to pull together a framework and set of criteria for how it will operate in practice in the current financial year. We do not have any time frame at this stage, but it is something that is being taken forward as a priority.

**Mr Lavery:**

Yes; given that money will be available in the financial year beginning 1 April.

**The Chairperson:**

I ask that because, if you are going to create the funds, you need to know how and where they will be spent. I would not like to be putting money into an investment if I did not know what it was going towards. What are the criteria for agreement for that fund to be established?

The third area is the City of Culture. I noticed that, yesterday, at Question Time to the Minister of Culture, Arts and Leisure, a question arose on that. OFMDFM should be driving that. Is there any broad Executive or cross-departmental focus on the City of Culture to establish how the Executive, as opposed to individual Departments, feed into it?

**Mr Lavery:**

I know that Aideen McGinley and Sir Roy McNulty have attended the Committee. They have also spoken at the permanent secretary's group. We have co-ordinated responses on how Departments would feed into the City of Culture. You will be aware that the Department for Social Development will get an allocation of £10 million covering years 1 and 2, so it is not just funding from OFMDFM.

**The Chairperson:**

I am not suggesting that it should be OFMDFM only. My question is on the existence of a co-ordinated approach in the Executive and on cross-departmental issues. You said that money is set aside for DSD. Assuming that there is something set aside in OFMDFM, one would have thought that something would be set aside in DCAL. I am not saying that there should be, but there needs to be some sort of co-ordinated approach.

**Mr Lavery:**

That is a fair point. Co-ordination has taken place at official level, and that is working quite well. Aideen will be quite content with where that has got to. I take your point.

**Mrs D Kelly:**

I want to ask about a couple of procedures to do with transparency on the draft Budget responses. Will the Committee be provided with a copy of all the responses? We have some responses that organisations have forwarded to us. Other Committees have oversight of all of the responses, so why was that not the case with OFMDFM? Will the consultation responses be put on the

OFMDFM website? I note that there were 25 attendees at your two public consultation events, which is a poor return, although the level of detail suggests quality among the attendees and that they put much consideration into it.

Specifically, can you outline the next steps in the Budget process other than the vote in the Assembly? People like to think that, if they go to trouble of responding to a consultation, their voice will be heard in some way, so how will the responses impact on the final outcome of the draft Budget?

Picking up on the Chairperson's points about the social investment fund and the social protection fund, it is five weeks from that being launched. Who exactly is working on the access and criteria for that? Is it officials, or is it being done with advisers? What groups have been consulted on the work of those two funds?

**Mrs Kerr:**

We can send a copy of all of the responses to Committee members. It is our intention to publish them on the website so that they are freely available. The respective policy areas in the Department that take the lead on the issues raised are considering the responses for action that we need to make, either on the Budget or on the development of policy.

In the past week, we have also approached DFP in response to the points that were raised by Ilex on the phasing of capital and the fact that there is a significant capital allocation in the final year. That is something that we have registered with DFP, and it will be looked at as part of the final process.

As regards the next steps of the Budget process, we fed into DFP in response to the Ilex issue, and I presume that the next step will be a draft of a final Budget, based on what is coming back from all the Departments.

**Mrs D Kelly:**

What about an equality impact assessment (EQIA) on the Budget proposals?

**Mrs Kerr:**

Noel, do you have the details of what DFP has taken forward on that?

**Mr Lavery:**

I do not; I may have to write to the Committee with those details.

**Mrs D Kelly:**

It is difficult when the Budget is not set against a Programme for Government.

**The Chairperson:**

Dolores, are you talking about an equality impact assessment on the allocations to individual Departments?

**Mrs D Kelly:**

The individual Departments have made savings plans, but a lot of them were screened out. We just heard from the Children's Commissioner, who said that children were invisible in the draft Budget. So, obviously there is comment that the draft Budget, as it sits, will have a negative or adverse impact on children. I am just wondering where the issue of an EQIA sits. Has a comprehensive one been done, does each Department do one or will there be a super EQIA?

**Mrs Kerr:**

We will need to come back to the Committee on the matter of an EQIA for the overall Budget at Executive level. However, within the Department, all the spending and savings proposals have been subjected to consideration of equality and the impact that they will have on good relations, poverty and social inclusion. That was part of the standard process of looking at our budget. Our assessment was that there would be no adverse impact from any of the measures.

Obviously, that is not the end of the process and, as it progresses and policies are put in place and as savings measures are taken forward, we need to continually look at those factors to see if any adverse impacts start to emerge. Those factors will be taken into account in how we take forward a proposal and policy measure.

**Mrs D Kelly:**

I dispute the contention that an EQIA has been done comprehensively. So much has been screened out as having no negative impact. I do not accept that.

As I said, we heard from the Children's Commissioner that children are invisible in the draft

Budget. Will you to look at the response from the Children's Commissioner on the impact of the draft Budget? I am sure that others have made similar comments. The difficulty — and this is a criticism of a number of Departments, if not all of them — is the lack of detail. It is hard to do an EQIA when you just have a headline and some general comments instead of specific details. So, in a sense, that lets the EQIA off the hook a little bit.

**Mr Lavery:**

One thing that I would say about the numbers attending is that the items raised in the 69 responses were virtually matched. That was quite good, because there was a commonality among the points that were raised.

**Mrs D Kelly:**

I did acknowledge that; I said that the numbers are small but that there was obvious quality to the consultation.

**The Chairperson:**

Jackie, you will come back to us on whether equality impacts assessments are done for each Department or whether one is done collectively for the Executive Budget.

**Mrs Kerr:**

There will be a collective EQIA on the Budget for the Executive. I just want to check the status of that.

**Mrs D Kelly:**

Which is the lead Department in that?

**Mrs Kerr:**

DFP.

**The Chairperson:**

Are you are confident that there is no need to do an EQIA on each Department's allocation?

**Mrs Kerr:**

We have looked at the equality, good relations, poverty and social inclusion implications on each

measure, be it a spending proposal or a savings measure. That was done both at the bidding stage during the summer months and after the draft Budget was published.

**Mr Spratt:**

Thanks for the presentation, Noel. It provided just the right mix and was first class.

**The Chairperson:**

The questions must reflect that.

**Mr Spratt:**

I assume that those two fairly large folders that you have with you reflect the depth of the responses. If I am right, I am quite happy to look at them on the website. Do not photocopy them and send them to me. Anybody who is sad enough to want them could ask for them. We can look at all those things on the website.

We are talking about arm's-length bodies. I assume that quangos are included in that category and that we are also going to have a look at the funding that quangos may be getting.

**Mr Lavery:**

Do you mean generically across the Civil Service?

**Mr Spratt:**

Yes, generically, but I assume that we have a few in OFMDFM.

**Mr Lavery:**

Our generic term is "arm's-length bodies".

**Mr Spratt:**

So you call them arm's-length bodies? OK. As long as I am assured that they are all in the mix.

**Mr Lavery:**

Yes.

**Mr Spratt:**

That is first-class news. That is all the answer I need in relation to that. The only other thing is that I see that the Economic Research Institute of Northern Ireland (ERINI) has been mentioned as the body that would undertake research. How is that going to be done, as a matter of interest? Are we going to get someone in from some of the bodies when there is work to be done, or is there enough expertise in-house to do a lot of that stuff?

**Mr Lavery:**

I am not an expert on that, but I think that if there is in-house resource, it will be used, and if anything extra is needed, there will be a competitive tender or a framework.

**Mr Spratt:**

The reason I ask is that when the Assembly and Executive Review Committee was looking for the expertise it needed in relation to policing and justice, there was a very small pool of available expertise, and that was a tender process. I just wonder how that will be done. Somebody else might set up a firm, and all the rest of it.

**Mr Lavery:**

I am conscious that we are on the record, so I do not want to name names, but there are a number of organisations that carry out research. Of course, it is not just economic research; it can be social as well. The Northern Ireland Statistics and Research Agency (NISRA) also does some of that. You can look at a business case that states that government having a fixed cost is not the best value for money and that another approach is best. The question is whether government can do it itself; if not, it goes to a competitive tender. That is a value-for-money process.

**Mr Kinahan:**

Thank you. Under the “Sustainable Development” heading, the last comment in your report is that the plan must be compensated for locally. What do you mean by that? Is that down to local councils?

**Mrs Kerr:**

That is a response from a consultee rather than a departmental position.

**Mr Kinahan:**

I was concerned that councils give enough. I was not sure whether “locally” meant us generally or whether it meant that it would be down to councils.

**Mr Lavery:**

I think that it means the councils, but we will confirm that to you.

**Mr Kinahan:**

I ask that because I had a meeting with councils this morning on something else, and they feel that an awful lot is being thrown at them and is costly for them, and they do not have resources.

**Mrs Kerr:**

We can find out which body raised that point and point you to that particular consultation response.

**Mr G Robinson:**

My question is on the consultation respondents. I notice that only three district councils have responded. Do you reckon that is a good sign or a bad sign? Throughout Northern Ireland only three of 26 councils have responded.

**Mr Lavery:**

I am not sure that I want to comment on that.

**The Chairperson:**

Although, to be fair, George, some of them may have responded to other Department’s budgets.

**Mr Spratt:**

I thought that he was about to tell us that Limavady was one of them.

**The Chairperson:**

This is only the response to OFMDFM. Some of the other councils may have responded to other Departments, particularly to DOE, I would think. Is that it, George?

**Mr G Robinson:**

Yes.

**The Chairperson:**

OK. We will not force you to comment on that.

Jackie and Noel, thank you very much for your presentation. Members, I need a decision to be made clear. In light of what Jimmy said, we asked for a copy of the responses. How long will it be before they go on the website?

**Mrs Kerr:**

We should be able to get them onto the website fairly quickly. It should be within a week. They can be sent electronically.

**The Chairperson:**

I prefer to receive them that way, rather than receiving large folders.

**Mrs Kerr:**

Only one response came in late and arrived this week, but that response had already been e-mailed to us.

**The Chairperson:**

Do members agree to receive the responses electronically?

**Mr Spratt:**

Yes, but paper editions should be made available for any member who wants one.

**The Committee Clerk:**

If the Department does not provide paper copies, the Committee staff will.

**Mr Spratt:**

A member who is not here at the moment might require paper copies.

**The Chairperson:**

Thank you.