



**Northern Ireland  
Assembly**

---

**COMMITTEE FOR JUSTICE**

---

**OFFICIAL REPORT  
(Hansard)**

---

**Department of Justice Budget and Savings  
Plan**

2 June 2011

**NORTHERN IRELAND ASSEMBLY**

---

**COMMITTEE FOR JUSTICE**

---

Department of Justice Budget and Savings Plan

---

2 June 2011

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

Mr Paul Givan (Chairperson)  
Mr Raymond McCartney (Deputy Chairperson)  
Mr Sydney Anderson  
Mr Stewart Dickson  
Mr Colum Eastwood  
Mr Seán Lynch  
Mr Alban Maginness  
Mr Peter Weir  
Mr Jim Wells

**Witnesses:**

Mr Glyn Capper )  
Mr Anthony Harbinson ) Department of Justice  
Mr Sean Laverty )

**The Chairperson:**

Joining Anthony Harbinson, we have Glyn Capper, the deputy director of finance, and Sean Laverty, head of financial planning and control. You are very welcome. The evidence session will be reported by Hansard. I will hand over to you, Anthony, and members will have an opportunity to ask questions when you have made your presentation. We will look at the June monitoring round as a separate issue after this.

**Mr Anthony Harbinson (Department of Justice):**

Yes. We had planned to do it as one session, but we will give you a background to the history of where we stand, and then we will get into the current financial position.

Thank you for the opportunity to provide the briefing. You received a briefing in advance, and, hopefully, that will form the basis of today's discussion. The briefing provides details of our Budget allocations over the next four years, as well as information on some of the main financial issues facing the Department of Justice (DOJ). I think that it will be helpful to provide some detail on the background to DOJ finances.

As you know, the Department's budget is significant. When justice was devolved, a baseline budget of £1.3 billion was transferred to the Executive. To be exact, £1.29 billion was transferred to the Department of Justice and £38 million to the Public Prosecution Service (PPS). There was intense focus on the justice budget in the run-up to devolution, and the then Prime Minister provided a financial package for the Executive that addressed the main financial issues facing DOJ. Those included access to Her Majesty's Treasury's reserve to meet exceptional security pressures; access to the reserve to meet legacy PSNI hearing loss claims costing more than £12 million in any one year; and changes to the police pension scheme so that it is insulated as far as possible from potential pressures as a result of actuarial valuations. Four military sites were gifted — Lisanelly, St Lucia, Ballykelly and Ballymena — so that disposal proceeds could be used to address potential equal pay claims and other pressures in the Department of Justice.

There was an increase to the legal aid budget of £20 million from that point until the end of 2012-13, at which point, from 2013-14 onwards, the increase will be £14 million, as opposed to £20 million. That is to take account of the impact of proposed efficiency reforms.

Access to the reserve also allowed us up to £39 million to meet any other Courts and Tribunals Service pressures and legal aid pressures that came along. An assurance was given that the capital budgets would be sufficient to enable the Desertcreat public service training college to be completed. Finally, and exceptionally, there was no requirement, as is usually the case for reserve claims, that the money had to be repaid in future years. That is the package that we got on devolution.

Over the past year, our focus has been on securing an appropriate financial settlement for the four years of the Budget 2010 period, and that covers the years 2011-12 — the current year — to 2014-15. All of you who sat on the previous Committee for Justice received regular briefings on the Department's spending and saving plan as we worked through to develop those budgets.

I am pleased to be able to say that the Department of Justice was one of the first Departments to publish details of its budget 2010 plans, on 23 December 2010. That was followed by more comprehensive information on 21 January, including details of how we plan to deliver our required savings. As a result of the Executive's Budget, the Department of Justice will remain ring-fenced. That does not mean that our budget is protected, and that is one of the key messages that we have to get across about ring-fencing, because people think that that means it is protected. Instead, it means that the Department will receive the direct Barnett consequential arising from changes in the funding levels of the Home Office and the Ministry of Justice as a result of the UK spending settlements for Whitehall Departments. That resulted in our getting a reduction of 6.2%, or £82 million, in our resource departmental expenditure baseline. Taking into account the effect of inflation, the real-terms impact is significantly greater, perhaps double that amount, depending on how inflation goes over the next four years. However, as I will outline later, the Executive also provided some additional funding to top up the base allocation.

In allocating budgets to individual spending areas within the DOJ family, the Justice Minister considered the range of pressures and new projects across all spending areas, in line with his priorities and the available funding. Recognising that areas will need to deliver efficiencies, the specific level of savings required from each area's baseline has been set, again in line with the Justice Minister's priorities, in order to protect front line services as far as possible. As part of that process, the Minister and eight policy officials met key stakeholders in the justice family to identify the main issues and areas of concern and to assist the Minister in reaching a judgement on priorities for allocating resources. That series of meetings allowed the Minister to challenge the pressures and savings plans that had been presented and to begin a process of prioritising the spending pressures in each area for savings. The Minister's priorities were: first, to secure additional security funding for the PSNI; secondly, to protect front line policing; thirdly, to protect other front line areas across the Department; and, fourthly, in recognition of the important

work performed by the voluntary and community sectors, to protect, as far as possible, the funding for third-sector organisations.

With regard to spending plans, you will, no doubt, be interested to know how we will deliver our required savings over the next four years. By 2014-15, we plan to deliver savings totalling £162 million. The PSNI will be expected to deliver £86 million, or 53% of that total. In addition, £38 million of policing pressures will also be funded in that final year, meaning that its budget will fall by a net £48 million by the end of the 2014-15 financial year. The combination of funding pressures and savings targets resulted in the PSNI having the lowest percentage baseline reduction of all areas in the Department. That is in line with the Minister's intention to fund as many as possible of the PSNI pressures and to reduce its savings target to enable it to allocate as much resource as possible to the front line.

By contrast, my directorate will be expected to deliver savings totalling 44% of its opening baseline by the end of 2014-15. That target includes the delivery of efficiencies through projects on which the justice delivery directorate leads, but which will impact across the Department. For example, it will cover the delivery of shared services. As I have said, initial details of how each area plans to deliver its savings target were presented to the Committee and published on 21 January 2011. More detailed savings delivery plans covering all areas of the Department are being finalised and will be published and shared with the Committee as soon as possible. In line with DFP guidance, those will be monitored every six months throughout the Budget 2010 period.

One of the major issues facing the Department during the Budget 2010 process was the need to secure additional security funding for the PSNI. That has been addressed, as the coalition Government have agreed to guarantee an additional £200 million required by the PSNI to help protect the community and to tackle the threat from terrorism over the next four years. We will use that, together with the additional £45 million provided by the Executive over the same period, to meet police and security funding pressures. The Department now has the resources that the PSNI stated that it needed to deliver its services over the four-year period. However, it is important to stress that we are not simply asking the police to make savings on one hand and providing additional funding on the other to replace those. As with all areas, the police have been

asked to make savings through more efficient and cost-effective delivery of support services and routine policing, albeit that we are protecting their levels of saving. The additional security funding will not be used in the same areas. Instead, it is a particular package of funding for specific and different purposes.

No doubt, the Committee will be interested in the proposed budget for the Prison Service. Its opening cash baseline will reduce by £18 million by the end of the 2014-15 financial year. However, we have injected an additional £13 million into the prisons budget this year to fund an invest-to-save programme, with the aim of generating substantial savings in future years.

As with its resource allocation, the Department will receive the direct Barnett consequential for capital expenditure that arose from changes that were made to the capital investment levels of the Home Office and the Ministry of Justice. However, the Executive have also provided an extra £30 million for the Desertcreat training college, and an extra £27 million, which the Department proposes to use for the development of the prisons estate. That funding, together with the carry-forward of slippage in Desertcreat expenditure and anticipated funding from the sale of the former military sites, will allow the Department to take forward a number of projects, in line with the Minister's priorities. First, there will be a redevelopment of the forensic science accommodation at a cost of up to £12 million. There will also be a progression of the Desertcreat integrated training college at a cost of up to £138 million and a redevelopment of the prison estate, with £54 million earmarked for that purpose.

As part of the agreed security deal for the PSNI, the DOJ was also guaranteed access to its planned underspends going into and within the Budget 2010 period, which will provide some of the flexibility needed to manage a ring-fenced settlement. In any given year within the Budget 2010 period, underspends in excess of those already planned will be used by HM Treasury to offset security funding requirements in the following year.

I hope that I have provided an overview of our financial position. No doubt, there will be challenges ahead, but that applies to all areas of the Executive. We believe that the budget from the Executive, allocated to spending areas in the way that I have outlined, will allow the Minister's priorities to be taken forward. I am happy to take any questions.

**The Chairperson:**

Thank you very much, Anthony. You touched on the 44% savings that your own unit must make, and the efficiency savings that must be made across the Department and by its various arm's-length bodies. When should we expect to receive firm proposals about how those efficiency savings will be driven out?

**Mr Harbinson:**

We hope to have those in the next couple of weeks. We had to set them very early so that they could be monitored. The first six months will not take that long to run round, so the answer is: very soon.

**The Chairperson:**

In your review, are you looking at doing away entirely with any arm's-length bodies? What functions do you see coming to your own unit or to the Department?

**Mr Harbinson:**

Currently, we are not planning to eliminate any particular arm's-length bodies, although individual reviews are considering whether some elements could merge, disappear or be handled in a different way. Specifically, we are looking at corporate services such as finance, human resources and IT in each of those areas and considering whether we can bring those together and create a shared service in the DOJ. Our real aim is to back-end that into the Department of Finance and Personnel systems. I do not want to build an empire for myself; we want to do this as cheaply as we can and use any savings that we generate to fund front line services.

**Mr Wells:**

I want to ask a quick question on an issue that is faced by the other Committee that I sit on, the Committee for Health, Social Services and Public Safety. That issue is the dowry of sites or surplus lands, which we were told could be sold off to build fabulous new hospitals and clinics. Unfortunately, the experience in health has been the exact opposite, with some sites crashing in value and others that could not be sold at any price. I presume that the four military bases were built into the system at a certain price, which is now completely unrealistic.

**Mr Harbinson:**

Yes.

**Mr Wells:**

What is the loss? What stress on the budget do we face because of that?

**Mr Harbinson:**

We realised that we were in a recession and that Northern Ireland's housing market was getting hit probably harder than in any other area. The original book value that the Ministry of Defence (MOD) had on the four sites was around £120 million. However, we only ever estimated that we would generate around £20 million from the disposal of those sites. We have built that £20 million into our baselines.

**Mr Wells:**

That is a big difference.

**Mr Harbinson:**

It is. The MOD was unfortunate in that it had just revalued all of its properties right at height of the property market. I do not think that it could have picked a worse time. That is the reason for those very high, artificially inflated prices.

**Mr Wells:**

Therefore, you built £20 million into your budget. That is a very conservative estimate, given the gap between those two figures. Has your budget not been badly hit because of that?

**Mr Harbinson:**

No. As I said, the four military sites were not actually transferred to the DOJ; they were transferred to the Office of the First Minister and deputy First Minister (OFMDFM). It is for that Department to dispose of the sites and transfer the money to us.



**Mr Wells:**

Therefore, the loss is to OFMDFM, rather than to your Department?

**Mr Harbinson:**

Yes. We are expecting £20 million to come our way from OFMDFM to help fill that gap. However, I am sure that colleagues in OFMDFM have a slightly different understanding of that.

**Mr A Maginness:**

I want to ask about two matters. One relates to the Compensation Agency. I presume that those figures do not differ from the previous figures. Do they?

**Mr Harbinson:**

They should be the same.

**Mr A Maginness:**

The Compensation Agency has a reduction in its resource departmental expenditure limit from £29.5 million to £22.1 million in 2014-15. Can you explain how that will be achieved, given current levels of compensation to victims of crime? I presume that, in the current year, you are allocating £29 million. Given that compensation is demand driven, how can you reasonably predict that that will be the allocation?

**Mr Glyn Capper (Department of Justice):**

The fact that the figures decline towards the end of the four-year period does not actually reflect a reduction in amounts that will be paid in compensation to victims. The figures are higher in the first two years partly because there is a legacy of cases from old compensation schemes that will be cleared in the first two years. Therefore, when those cases, which are reflected in the higher budget for the first two years, are cleared, the compensation scheme will be in a much more steady state. Those figures reflect the planned level of compensation payments based on current levels.

**Mr Harbinson:**

You will understand that none of those cases happen quickly. Sometimes, cases take two or three

years. Therefore, there is that hump, but we know how many cases have happened since. There will be a smoothing out as we go forward.

**Mr A Maginness:**

Thank you very much for that. The allocation for the Probation Board for Northern Ireland is £20.2 million in 2011-12. That is reduced to £19.3 million in 2014-15. I remember that, before the election, there was much discussion about the effect that that could have on the Probation Board. People were talking about a very high number of redundancies. I think that it was around 60 or 70; I am not quite sure.

**Mr Capper:**

It was around 60.

**Mr A Maginness:**

It does not seem to me that the position changes much over the four years. I wonder whether something has happened in the meantime to make that situation better for the Probation Board. As far as I can see, there is nothing much on the capital side: just £500,000 each year.

**Mr Harbinson:**

When we published our initial figures, the Probation Board came to discuss its concerns. It highlighted that 60-odd staff would have to take compulsory redundancy as a result of the savings target that it had been allocated. There was a debate between the Minister and the board's sponsoring unit, which is the justice policy directorate. They were able to find an additional £1 million through a number of moves that actually alleviated the need for the vast majority of those redundancies. I think that the figure came down to around five or six. In the end, it was down to single figures. We were still, then, going to see how we could remove those redundancies from the system by working with the Probation Board. An additional £1 million of resources was put into the system, and that, by and large, alleviated the Probation Board's concerns.

**Mr A Maginness:**

That is very good news. With your indulgence, Mr Chairman, I just want some clarity on that point. Are these figures unchanged since prior to the election?

**Mr Capper:**

An extra £1 million was put into the Probation Board budget, so, as Anthony said, the board is currently forecasting six potential redundancies, whereas previously it was forecasting 60. However, those redundancies would not kick in until year 3, so we are continuing to work on that.

**Mr Harbinson:**

We rejigged the numbers during negotiations just before the end of the previous mandate.

**The Chairperson:**

Have the cost implications of the changes on the retention of DNA been factored into the budget?

**Mr Harbinson:**

Yes. We have been building that in with David Hughes, who was here with Peter May and his team. David is involved in that area, and they have been looking at it. We are still waiting to see what the legislation is going to mean for the exact cost of doing that. However, we have certainly built in coverage for it.

**The Chairperson:**

If no one else has any questions, we will conclude this session. However, just before we leave it, I am sure that members have noted that the PSNI budget accounts for £775 million of the overall departmental budget of £1.2 billion. I think that we need to do more to scrutinise PSNI spending, given how much that accounts for. I therefore suggest that the Committee invite the Chief Constable and some of his senior team to come before us in September and that we play some role in looking at that budget.

**Mr Weir:**

Chair, I understand where you are coming from. However, there is a wee bit of sensitivity around this, and I think that we need to be careful. Given the fact that there is a new Policing Board chair, maybe it would be useful for you to speak to him first. As a former member of the Policing Board, I know that there are accountability issues on the Policing Board side. I am just conscious that, if we simply have the Chief Constable up here, the Committee may walk into a little bit of a

row with the Policing Board about demarcation issues. Therefore, it may be particularly useful if you, as Chair, meet the Policing Board chair just to get the lay of the land and to make sure that the two bodies are doing complementary work, rather than stepping on each other's toes.

**The Chairperson:**

I think that we can do that. I know that we had intended to invite the Chief Constable here during the previous term, but that never happened. I think that the Committee should look at that issue, given that the PSNI budget accounts for 60% of the total departmental budget. The Department of Justice is ultimately held to account for that money, and we are its official scrutiny body at Stormont. I think that the Committee can play a role in looking at that. If the Committee is content, we will make arrangements for discussions with the chairman of the Policing Board. Obviously, we will want to tread carefully, but I think that the Committee has a role to play in looking at that. Do members agree to pursue that course?

*Members indicated assent.*