



**Northern Ireland
Assembly**

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

Revised Departmental Expenditure Plans

11 March 2010

NORTHERN IRELAND ASSEMBLY

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SOCIAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Simon Hamilton (Chairperson)
Mr David Hilditch (Deputy Chairperson)
Mr Billy Armstrong
Mr Mickey Brady
Mr Thomas Burns
Mr Alex Easton
Ms Anna Lo
Mr Fra McCann

Witnesses:

Mr Will Haire) Department for Social Development
Mr Barney McGahan)

The Chairperson (Mr Hamilton):

I welcome Will Haire and Barney McGahan to the meeting; this is Will's first appearance at the Committee. I congratulate him on his recent appointment as permanent secretary to the Department for Social Development. You are very welcome, Will.

Members' packs include a cover note from the Committee Clerk, a departmental briefing paper and departmental correspondence dated 21 January and 1 March. The figures provided have not been finalised; therefore, the Department has, understandably, requested that the Committee refrains from commenting on them publicly.

I warn everyone to switch off mobile phones and any other electronic devices, and I remind Will, Barney and the Committee that today's briefing will be recorded by Hansard. I invite Will to begin by providing an outline of the briefing, after which I will open the floor to members' questions.

Mr Will Haire (Department for Social Development):

Thank you very much for your kind welcome, Chairman. I look forward to working with the Committee in the coming years. I am delighted to have been posted to the Department for Social Development. I have been in my new post for six weeks, and I have got to know the team. We all face a really exciting set of challenges.

I am very conscious that one of the first challenges that we face is next year's finances. On 28 January, Barney and Stephen McMurray gave the Committee a preliminary briefing to explain that we were at an early stage of developing specific proposals to address the impact of the additional revenue and capital savings that were agreed by the Executive and, indeed, the significant impact on our Department of the estimated cost of settling the equal pay claim.

The additional revenue efficiency will be split as follows: £7.3 million will be taken from departmental services, and £6.1 million will go to the Housing Executive. The Department will have to cover £8.6 million of the equal pay costs, and we will seek to cover the remaining £3.7 million in our contracts with the Department for Work and Pensions (DWP). We are looking at the available capital for next year's jobs and benefit projects to see whether some of that could be converted to revenue to ease the pressure of absorbing the equal pay costs. Some £1.9 million will also be returned to us in the June monitoring round. That was part of our contribution to the swine flu costs, which as you know turned out to be less than expected, and will be given back to us next year. That will be very helpful to the Department and will ease some of the pressures that we face.

Our proposals target overtime working, conferences and courses, consultancy spending and other non-staff costs that are not contractually committed. We are also considering how to deal with benefit security in programme protection and in the amount of checking that is carried out. That is a very delicate and important area in which we have made good progress in recent years. The question is how, with the knowledge that we have gained and our targeting ability, we can

keep on top of security yet make efficiencies. It is a key piece of work, which is likely to lead to the redeployment of some staff to ensure, as far as possible, the protection of front line services. We do not forecast any redundancies, but we may have to let some casual staff go.

On the capital front, we can find £15 million in the newbuild programmes by increasing the number of schemes using land that is currently owned by the Housing Executive. The remaining £1.9 million will be absorbed by the remaining programmes. I assure you that the proposed budget of £160 million for newbuild is considered to be sufficient for next year's 2,000 starts. The other proposed housing budgets are set out in our submission.

I hope that that has given you a brief outline. Barney and I are open to your questions and will be happy to explain further. Thank you very much.

The Chairperson:

Thank you, Will. My initial question is on the housing maintenance and capital works budgets, which the Committee has taken a keen interest in, particularly in light of the Savills report. The Savills report suggested that the budget for capital works programmes could be reduced by £40 million per annum. Can you advise us whether the figures that you have provided include that proposed reduction?

Mr Barney McGahan (Department for Social Development):

The figures that we provided only include a reduction of £6.1 million in the Housing Executive's revenue budget. The Housing Executive has yet to indicate exactly how that reduction will be applied, but I would not be surprised if some of it falls on the maintenance budget.

Jumping ahead, the forecast level of spend on Egan contracts started off this year at £16 million and, throughout the year, extra money was added to that. At current assessments, the Housing Executive believes that it will start the year with spend in the region of £25 million, with the opportunity for further increases throughout the year. We expect the Housing Executive to take account of the Savills report findings but also recognise the other issues that were flagged up earlier this week.

The Chairperson:

Am I right in thinking that, in so far as you can predict anything, you envisage an incoming year

not dissimilar to this year? For example, Egan contracts will start off with a set budget that has the potential to grow over the course of the year.

Mr McGahan:

Yes.

The Chairperson:

The figure is not set in stone.

Mr McGahan:

It is absolutely not set in stone.

Mr Hilditch:

I have a few comments on the envisaged reductions for the Social Security Agency. We are all mature enough to know that cuts have to be made and we cannot oppose everything that is put on the table. We have to be realistic and accept that to allow governance to continue there have to be cuts somewhere along the line. However, I still have a few concerns. Looking at the figures and the extent of the proposed cuts, the Social Security Agency is taking the biggest hit. A lot of that is parity-related, and you have highlighted the areas in which great progress has been made. One wonders whether those areas could be self-sustaining, so that the money that those sections are saving the agency could be used to pay for those sections. What effect would that have on front line services? *[Inaudible due to mobile phone interference.]* That is an area of criticism that we have had to deal with.

The Chairperson:

Sorry to interrupt, David. Somebody's mobile phone is going off. I ask members to please make sure that their phones are switched off as they interfere with the recording system.

Mr Hilditch:

Given the economic downturn, front line services face more pressures and reduced turnaround times. How confident are you that savings can be made with no major effects to front line services?

Mr Haire:

We spoke to Bryan Davis and his team about that and the other issues that they are working on. They are working through the proposed efficiency savings in detail. The sense that I get from Bryan is that although it will be a challenge, they are on top of the process.

We are learning a lot about the new processes. I have visited most of the teams that are implementing it and I was taken with what they have achieved and how quickly it has been done. As the process is rolled forward, the teams still see opportunities to make greater efficiencies while maintaining the quality of service. Detailed work will be done with the Social Security Agency to see exactly where savings can be made.

The focus has always been on the indicators of outcomes for the speed and effectiveness of the service to people. That will remain a major focus. We are seeing major pressures on DWP's services, and it is looking for massive savings from the process. We will see what we can learn from it to help us to make efficiency savings here. However, that will always be done with the aim of ensuring that the quality of service to the public is maintained, if not enhanced.

Mr Hilditch:

I emphasise again that cuts are cuts. We need to deal with cuts; we cannot get by them. Therefore, we have to recognise and appreciate that cuts must be made. However, we also have to deliver.

Ms Lo:

I agree that we have to make savings, but, looking at the table in your submission entitled "Housing Capital Budgets – proposed", I see that, out of the programmes listed in that table, the cut in private sector grants is, proportionately, the Department's biggest cut. Will the Department continue processing grant applications from previous years, or is the whole programme going to be stopped? I have received a number of inquiries from my constituents about that issue. They are out of pocket from having paid for architects, plans and so on. If their applications are refused, will they be reimbursed the money that they have already paid out?

Mr McGahan:

I will start off by addressing the comment that the £30 million budget is a lot less than the £45 million that we have spent this year. I should explain that we started the year with only a £20

million budget for renovation grants. Throughout the year, through in-year monitoring and assistance from the Executive, we were able to increase that. We are actually starting next year £10 million better off than was the case this year. Our current forecast is that that will meet all the carry-forward commitments from this year's applications, allow all statutory requests to be met, as well as some of the high-priority requests.

We will be looking for other opportunities to add to that money in-year, and as those opportunities present themselves, we will be clearing what we call the pipeline of applications. Unfortunately, we are not in a position to offer people reimbursement of any expenses that they incur in making applications. Members will be aware that the application form makes it clear that people incur those costs at their own risk.

Ms Lo:

However, the Minister has told the Committee that she would look into that.

Mr McGahan:

Yes, and that did happen. Unfortunately, it did not prove to be possible at this point in time.

Ms Lo:

So, unless you have a successful bid in the monitoring round, the scheme is not going to be opened up again.

Mr McGahan:

It has not closed. We are taking applications and meeting all statutory and mandatory applications. There is no closure there. There are low-priority applications that are not being processed, and people have been told that there is no point in applying. That is absolutely right. We are looking to see what can be done about that during the year. I stress that starting off with £30 million, compared with £20 million last April, means that we are in a much better position.

Ms Lo:

Are you going to have in-year bids?

Mr McGahan:

Yes, we will have in-year bids.

Mr F McCann:

I want to come back to something that Anna said, because it is an important issue. I have raised in the Committee the issue of people who have paid for architects and planners. That is of growing concern. I appreciate what Barney said about the Department having looked into it and finding that it cannot pay, but why go on to say that the books are still open? People are being asked to bring in architects and planners to develop plans, which can run into costs of thousands of pounds, to then be told that the budget for the scheme is not there anyway. There needs to be a better way to deal with that, because putting those plans together is a waste of people's time. There should be a brief going out to the people making those applications to tell them that their application will not be processed because of budget restraints, and that they should consider applying in six or 12 month's time instead. The cost for those who were initially advised to go through that process probably runs to millions of pounds.

Mr McGahan:

That is a good point. The Housing Executive issued advice to that effect last year and we will speak to them about doing so again this year.

Ms Lo:

It is raising false expectations.

Mr F McCann:

The other issue is around maintenance and the Egan contracts. Your submission shows that the budget for that has been cut from £18.7 million to £11.5 million. That will have an impact not only on employment but on the replacement of essential items for homes. During the Assembly debate on the Savills report the other day, several Members spoke about the maintenance element. That hides a section of maintenance. There are hundreds of small builders who totally rely on maintenance contracts coming through. Has an impact assessment been done on the potential effect of that budget cut on the decent homes standard and local employment, particularly for those who deliver the services to the contractors, who rely heavily on that income? That is especially important in view of the recession.

Mr McGahan:

I should explain that most of the Egan contract expenditure falls into the revenue budget. The

decent homes budget to which the member refers is a capital budget and involves much bigger works. As you say, the revenue budget is asked to absorb cuts of only £6.1 million this year. We are considering options as to how we can do that.

Last year, the Minister commissioned work from Professor Mike Smyth at the University of Ulster. That demonstrated the significant assistance brought to the economy and general employment by investment in housing, whether it be capital housing or maintenance. That is the nearest thing to a piece of work on that matter. As other members have said, we are constrained by the budget that we have and we must make the best use of it.

Mr F McCann:

I do not wish to prolong this, but I read Mike Smyth's work and much of it was about newbuilds. This Committee has been to the fore in asking that new houses be built, and it has argued that an increase be given the Minister to allow her to carry that on.

As I said, Mike Smyth's report concentrated heavily on newbuild. However, until a couple of years ago, between 93% and 97% of new houses were built in the private sector, rather than the public sector. Those figures comes from the DSD's quarterly reports. There are more people employed in the maintenance sector than in newbuild. We are trying to reach a medium that allows us to deal effectively with the maintenance of houses but that provides for newbuild at the same time.

Mr McGahan:

We note that point. However, I return to the point in the Savills report: we have the best-maintained housing stock in the UK.

Mr F McCann:

That does not mean that we should cut back on that, as that will just mean that we will have to pick up the pieces five, 10 or 15 years down the line.

Mr McGahan:

I appreciate that.

Mr F McCann:

My third question relates to the point about the Social Security Agency that the Deputy Chairperson raised. I recently received a letter from the Minister stating that over 300 people are casually employed by the Social Security Agency. One of the difficulties is that at a time when budgets are tight, benefits are changing across the board, and people face a more difficult situation when they go to social security offices. If those 300 workers are dismissed, the reduction in staff will have an impact on the Department's ability to deliver front line services; that is, at the desk in social security offices.

Mr Haire:

That is an issue that senior management is looking at. It depends on which posts are affected. A lot of our staff work in central processing units. If we can achieve efficiencies in those, it will have a different impact on front line services. We have to look right across the services. We are trying to get the right people in the right place, even if we use casual contracts to try to achieve that, and that is a complex matter. That is why it will take us some time to work this through.

The key point for us is keeping up the quality of service, and the front line is the key element in that. With a major service, such as the Social Security Agency or the child maintenance and enforcement division, there are lots of different aspects of processes that we can look at to try to make efficiencies and reorganise the staff. However, to achieve that, we must move staff around. It is a challenge, and we are trying to balance the issues. We have been given a budget to live within, and we must do that while ensuring that there is effective service delivery. It takes time to work through.

Mr Burns:

We already have the warm homes and fuel poverty schemes. If the Minister decided to introduce a boiler scrappage scheme, would the money required for that be taken out of the budgets for those schemes? Where else could the money come from?

Mr McGahan:

There is no money in the budget for a boiler scrappage scheme because no such scheme has been identified, costed or agreed. The proposed budgets are designed to meet existing and known commitments. Money for a boiler scrappage scheme would have to be identified either in existing resources, which would mean that we would have to stop doing something else, or

through an in-year monitoring bid.

Mr Burns:

Would it come under the warm homes/fuel poverty bracket?

Mr McGahan:

The warm homes/fuel poverty figure is the estimated cost of meeting our existing commitment for 9,000 items of assistance to address fuel poverty, and the cost of a boiler scrappage scheme would be over and above that. However, if savings arise in those or other programmes, they could fund a boiler scrappage scheme.

Mr Burns:

I agree with what was said; there is little money available for the homeowners who are trying to get grants. We cannot put the private householder grant scheme off for ever and a day, and it was always felt that any spare money should be put into that.

Mr Haire:

As Barney indicated, an additional £10 million will go into that fund this year. We must balance priorities carefully, and the challenge is to decide which will have the best impact. Nevertheless, the budget is finite, and we have to work within it. We would have to consider the nature and size of a boiler scrappage scheme and prioritise it accordingly.

The Chairperson:

With respect to Thomas's point about the warm homes/fuel poverty budget, it is encouraging that, by and large, it is the same quantum of money. Barney spoke about 9,000 interventions in respect of warm homes. Will those interventions be made exclusively under the warm homes scheme, or does that figure include Housing Executive properties?

Mr McGahan:

The figure of 9,000 interventions embraces both.

The Chairperson:

You said that if efficiencies and savings are achieved in that budget, they could represent an opportunity to do something along the lines of what Thomas suggested.

Mr McGahan:

That is right; they could.

Ms Lo:

The boiler scrappage scheme is supposed to be additional. Scotland got £2.5 million and Wales got £2 million from Westminster, so should we not get around £2 million over and above our normal budget allocation?

Mr McGahan:

I do not know whether there was anything extra in the Northern Ireland block grant, but I know that the Department was not given any extra money.

The Chairperson:

There was a consequential of just short of £1 million.

Mr Haire:

Money for those sorts of schemes goes into the overall budget; there is no automatic transfer to the Department. The Executive have the right to make decisions on the overall budget.

Ms Lo:

So, that money does not necessarily go to DSD.

Mr McGahan:

Unfortunately not.

Mr Brady:

Thank you for your presentation. I have a couple of questions. Obviously, regardless of what has been said, front line services will be cut. I am quite cynical about what will happen.

Given the integrated nature of social security offices, which function according to the model that was established 30 years ago, have you had discussions with the Department for Employment and Learning about spreading the cost of running those offices? In the Newry office, for example, as income support is phased out and the responsibility for jobseeker's allowance goes to

Dungannon, front line staff will inevitably be cut. Initially, they were talking about leaving only five or six members of staff in the public office, which is a totally inadequate number.

If there is an underspend in the warm homes scheme budget, will it be rolled over into the following year? Criteria for that scheme have changed and, consequently, many people who qualified previously do not qualify now, which may result in underspend.

There are capital works other than Egan contracts, which tend to attract the bigger contractors.

The Savills report noted the high standard of housing, and I appreciate what you say about the high standard of housing. However, it is a simple fact of life that if that housing is not properly maintained it is not going to last. What happens with capital projects that are not part of the Egan process? There are areas of housing listed in the Savills report that are not up to the decent homes standard or the decent homes plus standard.

Mr Haire:

I will start with the issue of the Social Security Agency. Clearly, all offices work very closely with the Department for Employment and Learning (DEL) on all aspects of that, and resources are worked out very carefully together. One of the advantages of Alan Shannon going to DEL is that there is a very close linkage between the two Departments. We all face pressures and, therefore, working closely together to ensure quality of service by both Departments is crucial.

Mr McGahan:

I will take the other two points. At this stage, we are advised that there will be little or no underspend in the warm homes schemes for us to pick up. In the past, when there was capital underspend, Departments automatically got what was called end-year flexibility in the June monitoring round. That stopped last year because of the tight financial position and now Departments have to bid for end-year flexibility. If there is any underspend, we would seek to bid for that in the June monitoring round. However, there is no guarantee that we would get that as it is dependent on what other pressures there are. Any money available would be used for other contract work and, as you said, that work would be tendered and the contractor would get an opportunity to secure it.

Mr Brady:

During a briefing that we received on the previous monitoring round, one point that struck me was that the Housing Executive did not bother to take up the opportunity to go for £3 million because it did not think that it could spend the money before the end of the financial year. I find that astonishing. People in my constituency and, I am sure, in others have been waiting for a number of years for fairly basic maintenance to be carried out. Even if only a portion of that money could be spent before the end of the financial year, it would have been sensible to have gone for it rather than to just not bother. I do not see the rationale or logic behind not going for it.

Mr McGahan:

It was not the case that the Housing Executive did not bother. It looked very closely at what it could tender, at what tender documents it could get in and have evaluated, and at what work could be allocated and completed before the end of the financial year. Unfortunately, if a contract is awarded but the work is not done, the money counts as underspend. If money gets lost in the following year, it becomes a pressure that has to be picked up.

Mr Brady:

I understand that. However, that seems to have more to do with logistics and bureaucracy than with putting in place a scheme that is efficient. Perhaps that needs to be looked at. Sometimes, there is an inordinately long time between a person applying for maintenance and it going into operation. I reiterate the point that has already been made that a lot of people go to a lot of expense that they cannot really afford in areas such as planning and are then told that the work cannot be done. There is no guarantee that, having spent the money, the work will be done eventually, because rules around building control may change and it has to be done all over again.

Mr Easton:

In my first question, I am just being nosey. How much are you going to try to draw down from capital to revenue? I notice that in your capital budgets only the newbuild programme is not being reduced. What is your analysis on why the allocation for newbuilds is not going down in line with everything else?

That brings me to my concern about maintenance budgets. The Bloomfield estate in Bangor has been waiting for years to get its pensioners' bungalows done up. I am worried that nobody seems to care about that. You said that an extra £10 million will be available from the start of the

year for that type of work. However, do you envisage that that £10 million will disappear?

My final question — you will be glad to hear — is on the special purchase of evacuated dwellings (SPED) receipts. You predict £1.5 million in SPED receipts. Why is that a lot lower than it was previously?

Mr McGahan:

I will start with the SPED receipts of £1.5 million. The way SPED works is that we have to recover what we spend and it has to be self-financing. For technical reasons, we put in the same amount of expenditure as planned receipts. We anticipate getting more than £1.5 million, because some receipts are going to carry forward from this year. All of that has to be surrendered to the Department of Finance and Personnel (DFP), and we will bid against that to recover it. Again, it depends on what other pressures there are in other monitoring rounds. We could have put in £5 million worth of receipts, but we would have had to put in £5 million of expenditure to have it balance as a zero-sum game, so it does not make any difference.

In relation to the movement from capital to revenue, at this stage it is difficult to say whether we will get approval from DFP to do any of that. The opportunity might present itself with the £15 million repayment that is going to the Social Security Agency. How much it needs to do its essential work next year and how much could be slipped into the following year will be picked up as part of that.

I have forgotten the other two questions.

Mr Easton:

One was about the fact that you do not seem to be touching the newbuild capital budget.

Mr McGahan:

We are actually going to build 2,000 units for £160 million next year, as against 1,750 units for this year's £157 million. We are cutting back on the amount available for each unit. We are doing that by using land that the Housing Executive currently owns.

Mr Easton:

Do you think that you have any influence on Bloomfield estate? *[Laughter.]*

The Chairperson:

You avoided the Bangor question.

Mr F McCann:

It is fairly close to Bangor, though.

Mr Easton:

It is the same as your colleague on Strabane.

Mr Brady:

Bloomfield is the new Strabane, apparently. *[Laughter.]*

Mr F McCann:

Obviously, the proposed allocations are not completed yet — much like the houses, but we will not go into that.

The Chairperson:

I think that you just have. *[Laughter.]*

Mr F McCann:

I just had to get that in.

I have a question about the mortgage relief scheme. I have noticed that there is nothing included on that, at a time when it is estimated that a lot more people who are in difficulties with their mortgage are going to lose their home. Some £100,000 was made available for the advice sector — including the Housing Rights Service, which provides an excellent service — but that was short-term funding. I do not see anything built in to the proposals that would allow for that service to continue over the next year.

Mr McGahan:

That is a pilot scheme. We will evaluate it quite quickly when it ends and will decide the way ahead for it. If money is needed, we will do our best to find it.

Mr F McCann:

I do not see anything built in for the general mortgage relief scheme.

Mr McGahan:

There is nothing built in at this point in time.

The Chairperson:

I will ask the question on the point that Fra raised. What is the balance between newbuild and off-the-shelf housing for the 1,750 units?

Mr McGahan:

Clearly, the year is not over yet, so we cannot be totally precise about it. However, if it comes out as we are forecasting, just over 75% — about 1,335 units — will be newbuild; some 20% — approximately 350 units — will be off the shelf; and just under 5% — 65 units in total — will be what are called existing satisfactory purchases.

Ms Lo:

As Alex asked about his constituency, I would like to ask a question on an interest of mine. I have been approached by the women's sector, which has told me that next year's funding has not been confirmed for a large number of regional and local women's groups. Is there going to be a cut on community development for next year? I cannot see it mentioned in the expenditure plans. Has funding for women's groups been confirmed for next year? Is there going to be a cut?

Mr Haire:

I know that OFMDFM is carrying out work on the question of the funding of women's groups. I do not know where that stands in the process.

Ms Lo:

Those groups have been funded by DSD.

Mr Haire:

I think that a wider review is being undertaken by OFMDFM on those issues. The general funding will be part of the urban regeneration funding.

Mr McGahan:

There are £1.6 million in savings to be found from the urban regeneration and community development budget. David Ferguson and his team are looking to see where that will fall, as far as possible avoiding any significant impact on community groups, regeneration schemes, etc. In the past, there have been minor opportunities for underspending in-year, and that might be the mechanism by which that small level of savings may be found without impacting adversely on such groups.

Ms Lo:

Would that include neighbourhood renewal?

Mr McGahan:

Yes, that would include neighbourhood renewal.

Ms Lo:

So there may be cuts in that?

Mr Haire:

If we can keep tight budgetary control, we might be able to avoid any real cuts there. There is a history of underspend in those areas in any case, and better budgetary control may help us to avoid any real impact.

The Chairperson:

I am glad that Anna asked that question. I was going to ask about it myself. The reference to urban regeneration in table 3 of the draft budget allocations is urban regeneration in the broadest possible definition of the phrase. It includes community development, so some of the groups that Anna has spoken about and in which we take a regular interest could well be affected by that.

Mr Armstrong:

The figures indicate that not as much money is needed for the SPED scheme and that you have had more sales. Can you use that additional money, if it is available, for the boiler scrappage scheme?

Mr McGahan:

The SPED scheme produces revenue receipts, whereas boiler scrappage is likely to be capital expenditure. However, we could seek to surrender that revenue as part of a monitoring round, and bid for the amount of the boiler scrappage as capital. If that sum is available in the round, the Executive may well agree.

Mr Armstrong:

Is that what you are thinking of doing?

Mr McGahan:

It is one of the options available to us.

Mr Armstrong:

Sometimes, DSD puts additional money into disadvantaged areas. Disadvantaged areas exist yet. Is that aspect referred to here?

Mr McGahan:

It is related to the whole urban regeneration budget.

Mr Haire:

We must make some savings in that area, where, like everywhere else, budgets are tightening. It is dealt with in the general urban regeneration budget.

The Chairperson:

On the Committee's behalf, I am trying to project forward into next year. Downward adjustments of any kind will meet resistance, and there will be problems and issues in accepting that such is the case. One of the areas that there will be most hue and cry about, which members will encounter through their constituency work and also through representations to the Committee, is community development. Instead of giving us a catch-all figure of £1.6 million, can you give us a better idea of where the savings may be directed? I do not anticipate that you can tell us that now, but, if you can get back to the Committee with that information, it would be most helpful. It would be helpful to know whether the funding that Billy mentioned, such as the Small Pockets of Deprivation (SPoD) Scheme, Areas at Risk and other similar programmes, will be affected, so that we have an idea of what to anticipate in our constituency work.

Mr Haire:

When we have done further work on that, we will be able to brief the Committee and share information more fully.

The Chairperson:

Usually, that is where any impact is most acutely and first felt. A ripple effect hits MLAs and Committee members.

Mr F McCann:

I have an additional point. Groups are waiting for their money to come through, and a lot of employment is dependent on it. We are coming towards the end of the financial year, and we need some idea of when that will be settled. At the moment, most groups do not know whether they can continue to employ the same numbers of staff. Can you provide us with some information on that?

Ms Lo:

Yes, please do that. Last year, the groups were told in February whether their funding was to be continued from April. However, last week the groups had still not been told what the position will be for the coming year.

The Chairperson:

I have two final points.

I ask this question at the risk that Barney will try to baffle me with a technical answer. The NIHE loan repayment principal element is reduced from £92 million to £86 million. That is interesting on one level. I do not want to say anything and exhibit my total ignorance, but I think I have an idea what that may be about. Can you explain why that is, because that reduction is interesting and encouraging if it is as positive as it seems?

Mr McGahan:

That is the money that the Housing Executive borrowed over the years since it was set up in the early 1970s, and some 50-year or 60-year loans that it took over from the previous corporations. Those have to be repaid to the Treasury through the central consolidation fund. That money is

given out to us to give back.

The Chairperson:

Is it down because, like in any loan, it goes down in stages?

Mr McGahan:

Yes, that is why it is going down.

The Chairperson:

It is not as a result of renegotiation?

Mr McGahan:

No. That is a line over which we have no control. The money comes in and goes out again.

The Chairperson:

That was not too bad. There is bound to be something in there. I will read the Hansard report.

Mr Burns:

They give it with one hand, and take it with the other.

The Chairperson:

I return to my first question about capital works reduction. I believe that Barney said that that could well be an area that is targeted. If that happens, will an equality impact assessment be carried out on its impact on certain communities?

Mr McGahan:

Yes. Like any specific proposal implemented, it will be equality screened as required by the rules. An impact assessment may be carried out dependant on the outcome of the screening,

The Chairperson:

The Committee would like to be kept updated and informed about that. Thank you very much.