



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Budget 2011-12 and 2012-15:
Departmental Briefing**

22 September 2011

NORTHERN IRELAND ASSEMBLY

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SOCIAL DEVELOPMENT**

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark H Durkan
Mr Alex Easton
Mrs Pam Lewis
Mr Fra McCann
Mr David McClarty

Witnesses:

Ms Heather Cousins) Department for Social Development
Mr Stephen McMurray)

The Chairperson:

We have a number of officials here from the Department for Social Development (DSD) to brief the Committee on the budget 2011-12 to 2012-15 and the October monitoring round. We have Heather Cousins, deputy secretary of the social housing and social security group, and Stephen McMurray, director of finance. You are both very welcome. This session will be recorded by Hansard. I invite Heather and Stephen to brief members. Members might also want you to provide information on the social investment fund and the social protection fund, if you are able

to, as they have routinely raised issues regarding those funds. They might also want information on any possible reduction to the budget in relation to the tuition fees issue.

Ms Heather Cousins (Department for Social Development):

Thank you very much, Chair. Good morning everyone. We are here to talk about a range of subjects, and I know that you have some time pressure this morning, so I will briefly cover each of the areas on which you requested information and then leave time for questions.

First, you asked about the impact of the savings delivery plans. We touched on that in the June briefing, and the various impacts across the various business areas were set out in the response that we provided. Since then, the issue of tuition fees and its impact on our budgets has arisen. Suffice to say that achieving the level of savings required while maintaining services across all fronts will be challenging. The Social Security Agency's main focus will be on the welfare reform changes; the focus of the Child Maintenance and Enforcement Division will be on introducing another new system; and housing and urban regeneration staff will strive to make best use of the limited funds available in furthering various schemes and programmes.

On the tuition fees front, we have flagged up that, in years 3 and 4 in particular, it will be difficult for the Department to cope with the additional levels of savings at a time when, with welfare reform, we will be required to run two systems at the same time — the current system and the new system — under a universal credit. There is no doubt that it will be challenging. We have flagged up the issues and we will have to bid in monitoring rounds as time progresses.

On the social protection and social investment fund proposals we have, as indicated in our formal response, submitted a tentative proposal based on helping households in fuel poverty and child poverty with energy costs. Those discussions are ongoing with the Office of the First Minister and deputy First Minister (OFMDFM). The difficulty is over targeting and availability of information about specific households.

The Department is also currently developing potential neighbourhood renewal proposals in relation to the social investment fund. We await definitive guidance from OFMDFM on the arrangements and key criteria for those funds. As a Department, we are doing our best to

contribute to discussions and to submit proposals, but those are initiatives that cannot be delivered just by ourselves. We need to make sure that everyone understands the challenges and impacts of some of the proposals.

Funding for neighbourhood renewal has been safeguarded and maintained at levels similar to those in previous years. It is £20 million in resource and £6 million to £8 million in capital funding over the next four years. That reflects an increase on last year's expenditure of approximately £17.8 million in resource and £3.5 million in capital.

In relation to community development reductions, the Department has previously sought to prioritise front line delivery services and to restrict cuts in advice service budgets. There have been detailed discussions in the Department on future arrangements for the regional infrastructure programme and for the support of other policy areas, such as volunteering and advice services. Work is ongoing in those areas.

In relation to the DSD resource account for 2010-11, the Committee has asked for information on the qualifications on the departmental resource accounts for the year ended 31 March 2011. There were four qualifications on those accounts. Fraud and error in social security benefit is a long-standing qualification in relation to the materiality of the level of fraud and error. This time there was an Excess Vote on housing spend because we were asked to facilitate additional spending after the Estimates had all been determined. The other qualifications were expenditure incurred without approval on an urban regeneration project and the regularity of Helm Housing expenditure. The latter was over the uncertainty about whether the issues found during the inspection were significant and impacted on government funding. A separate detailed response on all those issues has been issued to you.

We are due to issue our plans for the October monitoring round to the Department of Finance and Personnel on 4 October. We have sent you details of the main proposals, which will be subject to change because we have until 4 October to submit them. We are simply giving you an early indication of our thinking but will be firming that up over the next week.

The main proposals are to submit a £10 million capital bid for additional co-ownership

housing funding to meet the continuing demand for co-ownership housing. We have identified a reduced requirement of £4.1 million and a reduced non-cash requirement of £1.8 million. The reduced requirements are due to the fact that there was a moratorium on recruitment and promotions for the first half of the year. Therefore, organisations such as the Social Security Agency and the Child Maintenance and Enforcement Division had vacancies that, until now, they were not able to fill. That moratorium has now been lifted, so we expect that those vacancies will be filled over the coming months. We are very pleased that that situation has been resolved. Nevertheless, it has given us a reduced requirement.

The delays to the welfare reform proposals from the Department for Work and Pensions are, for us, fairly unpredictable, but we will continue to try to keep on top of all of that. The reduced non-cash requirements are about depreciation and are technical, accounting-type reductions, so it is not money that can be used elsewhere. As I said, the figures will be subject to change, but that is where we are at the moment. I am happy to elaborate on any of those issues or to answer any questions you might have.

The Chairperson:

Thank you, Heather. Before I bring in other members, I would like a bit of clarity on two issues. We see that there will be a reduction of up to 500 staff in the Housing Executive; out of a total of how many staff will that be? Where do you see those staff coming from? You referred to a 25% reduction in funding to infrastructure support organisations, in regard to a community development reduction. What does that mean precisely? The document talks about the front line services being maintained, yet the support organisations infrastructure is being reduced.

Ms Cousins:

The reduction in staff numbers in the Housing Executive by up to 500 will take place over the next four-year period. It will happen as a result of some areas of work being scaled down. For example, we do not have a lot of capital grant moneys; therefore, the activity on grants in the Housing Executive is much reduced. The staff are still there at the moment, so there is scope for them to be redeployed or, indeed, to seek voluntary redundancies. That is where those staff will come from.

Another issue is the fact that housing benefit will become part of universal credit under welfare reform and will be paid through that mechanism. At the moment, quite a number of staff in the Housing Executive are working on housing benefit-related activity, so there will be some reduction in those activities. Those are the types of areas where the reductions will come from over the four-year period.

I will ask Steven to elaborate on the 25% reduction in funding for support organisations.

Mr Stephen McMurray (Department for Social Development):

I do not have the details of that with me; they are being worked up at the minute on the urban regeneration side. I can come back with details on that.

The Chairperson:

Can we get that information from you in time for the next meeting?

Mr McMurray:

Yes.

Mr Easton:

You mentioned protection of neighbourhood renewal, which is welcome, but you did not mention the small pockets of deprivation and areas at risk programmes. Will you give a reassurance about those?

Mr McMurray:

I am not aware of the details of that. We will come back to you on that as well.

Mr Easton:

OK. I hope that you do very soon.

Do you have any information on the childcare fund? We have written to you about that. Will it continue? Is it being protected?

Ms Cousins:

Again, on the finance side, we are not aware of the detail of these things, so we will ensure that we get back to you on that issue.

Mr Easton:

Looking at revenue raising, I have noticed over the past couple of years that the Housing Executive has not really been selling its housing stock to people who want to buy. Have you any plans to start that arrangement up again so that people who are fortunate enough to be in a position to buy are allowed to do so?

Ms Cousins:

There has not been any cessation in that arrangement. The right to buy remains in place, and there has been no change. The difficulty is that people have not been able to get mortgage finance to enable them to buy. The Housing Executive remains keen on right to buy as it is a very important source of capital income. There has been no change, apart from people not coming forward to purchase their houses.

Mr Easton:

The rate seems to be at zero.

Ms Cousins:

It is not at zero; there are some house sales, but they are a trickle in comparison with how things used to be.

Mr Easton:

In north Down the rate is zero.

Ms Cousins:

As I said, that is not because there has been a stop to the scheme; it is because people have not come forward to purchase their houses.

Mr Easton:

Could you give us information on how many people have wanted to buy in the last financial year?

Ms Cousins:

Yes, we can get that information for you.

Mr F McCann:

I have a couple of points, one of which is about the 500 jobs going in the Housing Executive over the next four years. That is a serious reduction in the amount of people working for the Housing Executive.

You mentioned grants. I would have thought that at some time in the near future, if money became available, work for those dealing with grants would pick up again. In many ways, it is a bit short-sighted to reduce the finance available for grants, because it is storing trouble further down the line. I am interested in how the job losses will impact on the division that deals with grants and how many people will be lost from it, because 500 job losses across the Housing Executive is a sizeable amount. Can we get a breakdown of where the jobs will go?

Cutting housing benefit staff will also be a big loss and could end with the Housing Executive, regardless of the changes that are coming in, not being fit for purpose. I think that 500 is one fifth of the Housing Executive's total workforce. Can we be provided with that information?

Ms Cousins:

We will get the Housing Executive to give us its plans for those reductions and get those to you.

Mr F McCann:

In these dire economic times, the loss of 500 full-time jobs in the Housing Executive will have a seriously detrimental impact on the communities from which those employees come.

I welcome the fact that the funding for neighbourhood renewal has been maintained at past levels. However, you talk about a 25% reduction in funding for support organisations. Will that have a knock-on effect for neighbourhood renewal, given that it deals with regeneration and

deprivation?

Ms Cousins:

As we have said, we will get back to you with an explanation of what that means, because the term “infrastructure organisation” does not give us much detail.

Mr F McCann:

People around this table welcome the fact that there will be no reduction in neighbourhood renewal funding, but we are being told that there may be a 25% cut in regeneration funding. I would like the answers from the Department to outline where those cuts will be and whether they will impact on the present funding for neighbourhood renewal.

My other question is about the Royal Exchange development and private sector investment. The briefing documents talk in general terms about the project being put back because of the economic climate. However, there are other parts of Belfast city centre that are lying derelict, particularly in the northern and western quarters. I know that there has been a sequencing of developments that has been detrimental to the north and west areas of Belfast city centre. Is anything being done to encourage investment in those areas?

Ms Cousins:

Again, we will have to get our colleagues to provide detailed information on what is being done in urban regeneration.

Mr F McCann:

All the answers to these questions are crucial to many of the issues that we are dealing with. You know that the review of Helm Housing has affected the morale of the housing associations across the board. The sooner the review is completed the better, so that people know where they stand. The briefing paper lists the effects of that situation. The people who conducted the review concluded that no fraud was involved, that things had been done clumsily and that people had bent the rules rather than adhering strictly to the letter of the law. Was that the case?

Ms Cousins:

It would be more appropriate to say that they broke rules. The rules are set out in the housing association guide, and they did not follow the rules. I also stressed to the Audit Office that the outcomes are there, in that we have social housing units in place with tenants in them. However, the concern and uncertainty is centred on whether those could have been in place for less if the rules had been followed appropriately. That uncertainty was why the account was qualified. It would not be fair to say that they just bent the rules; they broke the rules on a number of occasions.

The Chairperson:

That issue has been ongoing for some time. Do you have any idea of an end date?

Ms Cousins:

We hope to produce a final report in the next number of weeks. We have been liaising with Helm Housing on the way forward, and we have a positive relationship with the board of that organisation. The director of housing attended Helm Housing's annual general meeting yesterday. There will be an action plan and a way forward. We are working our way through that in partnership with Helm Housing.

Mr Copeland:

It is likely that you will have to reply in writing to my questions as well, but I will proceed anyway. I welcome the further support for the co-ownership scheme, of which I have some knowledge. Have there been occasions when the amount of finance available has exceeded the number of applications? If more finance is going to be made available, will steps be taken to ensure that more people avail themselves of that?

Ms Cousins:

I do not think that we have ever had an occasion when the amount of finance has exceeded the number of applications. On one occasion, however, it may have been that we got a late increase in finance but the timing meant that it was difficult to spend it all. It is always a challenge when money is received late in the year. There continues to be an oversubscription of applications for the available finance and I see no reason why that would change. There is a limit to the amount

of private finance that co-ownership can bring in. Additional moneys are not being matched by private finance, which means that the public purse is paying more per unit than it would do when private finance is brought in. That is the only limitation on finance going in.

Mr Copeland:

Could you confirm whether, during the past 12 to 15 months, there have been months when there has been a shortfall in the number of people who apply; in other words, fewer people applied than the number for whom finance was available?

Forgive me for raising the issue of fuel poverty. Your document indicates that there may be some method of establishing a £150 energy credit. Indicative estimates suggest that that could affect 40,000 to 50,000 households. That is a curious number. There are 75,000 households, which is around 13%, in what is described as serious fuel poverty. Using the same measure as is used in the rest of the United Kingdom, which is 10% of income, means that a further 44% of households — 302,000 — are in fuel poverty. Where does the figure of 40,000 to 50,000 households come from? That is considerably below the 13% figure.

Ms Cousins:

You will get a full briefing on that later this morning. The figure of 40,000 relates to child poverty. We were trying to target households that are deemed to be in child poverty and to assist them with fuel costs. Through the winter fuel allowances, we assist pensioners with fuel costs. Another group of people who might be in fuel poverty are, for example, loan parents. Therefore, the idea was to identify 40,000 households and work with Power NI to give them credit towards their electricity bills. However, as I mentioned earlier, there is a difficulty in targeting those households. The figure of 40,000 to 50,000 came from conversations with officials in OFMDFM. When we pressed them on who those people are and to give us names, it became very challenging, because it is a statistic, rather than a database of households. It is a proposal, but it may not happen because of the difficulties in identifying individual households.

Mr Durkan:

Thanks for the presentation. I welcome the neighbourhood renewal money being ring-fenced. However, I wonder what overlap or, dare I say, duplication there is between it and the social

investment fund. I know that the social investment fund is not a DSD function. The social investment fund is allocated £20 million each year, whereas the social protection fund's initial allocation is just £20 million. I am concerned that the money for the social investment fund would probably be better off in the social protection fund; obviously, depending on whether there is actually an overlap.

Ms Cousins:

It is my understanding that officials are working hard to ensure that there is no overlap between neighbourhood renewal and the social investment fund, and that they complement, rather than duplicate, each other. It is quite early days for proposals for the social investment fund. Conversations on concrete proposals are just taking place now, and effort will be made to ensure that there is no duplication. We all take on board the point that, at present, the social protection fund is for one year only. However, with welfare reform changes coming along, perhaps there is a need to say that the social protection fund should continue. There might be other things that we will want to do to alleviate some of the benefit reductions.

Mr Durkan:

Looking at the criteria it is difficult to see how there will not be an overlap with neighbourhood renewal.

The Chairperson:

Heather, I want to make a wee point. I do not want to be too critical or harsh, and, obviously, this point is not directed at either you or Stephen. A couple of key questions were asked that could not be answered. For example, we asked about the 25% reduction, but nobody was here to give us an explanation of that. That was an issue that we had asked for information on. Therefore, I want to make the general point that, on an issue as important as that, officials from other sections of the Department should be present to provide information that you cannot be expected to have. I just want to put that on record. We asked for information for this morning's meeting and we did not get it. As I said, that is not directed at either of you, but, in future, the Department should consider whether it needs to send additional officials.

Ms Cousins:

We will take that on board.

The Chairperson:

Thank you.