



House of Commons  
Northern Ireland Affairs  
Committee

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**The Committee's work  
in 2003**

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**First Report of Session 2003–04**

*Report and appendices*

*Ordered by The House of Commons  
to be printed 17 December 2003*

**HC 146**

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## The Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

### Current membership

Mr Michael Mates, MP (*Conservative, East Hampshire*) (Chairman)  
Mr Adrian Bailey, MP (*Labour / Co-operative, West Bromwich West*)  
Mr Harry Barnes, MP (*Labour, North East Derbyshire*)  
Mr Roy Beggs, MP (*Ulster Unionist Party, East Antrim*)  
Mr Tony Clarke, MP (*Labour, Northampton South*)  
Mr Iain Luke, MP (*Labour, Dundee East*) (Added 20 October 2003)  
Mr Stephen McCabe, MP (*Labour, Birmingham Hall Green*) (Discharged 20 October 2003)  
Mr Eddie McGrady, MP (*Socialist Democratic Labour Party, South Down*)  
Mr Stephen Pound, MP (*Labour, Ealing North*)  
Mr Peter Robinson, MP (*Democratic Unionist Party, East Belfast*)  
Rev Martin Smyth, MP (*Ulster Unionist Party, Belfast South*)  
Mr Hugo Swire, MP (*Conservative, East Devon*)  
Mr Mark Tami, MP (*Labour, Alyn & Deeside*)  
Mr Bill Tynan, MP (*Labour, Hamilton South*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/parliamentary\\_committees/northern\\_ireland\\_affairs.cfm](http://www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Elizabeth Hunt (Clerk), Tony Catinella (Committee Assistant), Camilla Brace (Secretary).

### Contacts

All correspondence should be addressed to the Clerk of the Northern Ireland Affairs Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 2172/3; the Committee's email address is [northircom@parliament.uk](mailto:northircom@parliament.uk)

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# 1 Introduction

1. This report reviews our work since our last Annual Report in 2002. Our progress is discussed under headings which reflect the 'core tasks' for select committees issued by the Liaison Committee in 2002. Inevitably, a significant influence on our work in the past year has been the continuing suspension of devolved government in Northern Ireland: this is reflected in many of the comments below.

## Inquiries

2. In the past twelve months we have worked on eight inquiries, of which we have completed four. The classification of these inquiries (in accordance with the core tasks) is set out in the table below:

	Implementation of legislation/major policy initiatives	Follow-up to previous inquiries	Pre-legislative scrutiny	Scrutiny of associated public bodies
The control of firearms in Northern Ireland and the draft Firearms (Northern Ireland) Order 2002			✓ (Report published January 2003)	
Forensic Science Northern Ireland				✓ (Report published January 2003)
The illegal drugs trade and drug culture in Northern Ireland	✓ (Interim Report published May 2003; final Report November 2003)			
PEACE II	✓ (Report published June 2003)			
Electoral registration in Northern Ireland	✓	✓		
Introduction of the Aggregates Levy in Northern Ireland: one year on		✓		
The separation of paramilitary prisoners at HMP Maghaberry	✓			
The Compensation Agency				✓

### Policy inquiries

3. Scrutiny of Government policy and its implementation remains the primary focus of our work as a Committee. The main policy inquiries of the year were those into *the illegal drugs trade and drug culture in Northern Ireland*, and the European structural funding programme, *PEACE II*. Following the suspension of devolved government, we decided we should expand the remit of our drugs inquiry to cover government policy in relation to the devolved issues of drug treatment and rehabilitation services, as well as the reserved areas of enforcement, and the treatment of drug users within the criminal justice system. In our report we were able, consequently, to provide a much clearer and more substantial overview of the drug culture in Northern Ireland than would otherwise have been the case. We made significant recommendations about the urgent need to improve needle exchange and substitute prescribing services for drug users, as well as highlighting the growing threat to Northern Ireland from cocaine and crack cocaine: the Government's response is due in January 2004.

4. Our attention was drawn to the PEACE II programme during a private meeting with community representatives in late 2002. They told us that the funding provided by the programme was vital to the success of many important community and voluntary sector initiatives, but that gaining access to the money was also very difficult. Our inquiry exposed a number of problems with the administration of the programme. Most significant was the discovery that, under European spending rules, up to £56 million intended for the support of peace and reconciliation projects could be forfeited as a consequence of the delays in rolling out the programme. We obtained a firm commitment from the Government that the money would be saved for Northern Ireland. We intend to revisit this inquiry during the coming year to ensure the money has been spent and is fully accounted for.

5. During the suspension we have been fortunate to be able to call upon the resources of the Northern Ireland Assembly as additional support for our work. A Clerk from the Assembly has worked on two of our inquiries (*the illegal drugs trade and drug culture in Northern Ireland* and *the Compensation Agency*) and we also received considerable technical support from the Assembly's Research and Library Services section in relation to our inquiry into *PEACE II*. We are very grateful for this assistance, and in particular for the considerable insights which these staff were able to provide into the work of the Executive.

### Suspended inquiries

6. Two of our inquiries have been suspended. During the previous Parliament, the Committee looked into electoral malpractice in Northern Ireland:<sup>1</sup> the report was followed by the Electoral Fraud (Northern Ireland) Act 2002 which implemented various measures to deter fraud, such as the creation of electoral identity cards. In view of these developments, we began a new inquiry into *electoral registration in Northern Ireland*, intending to conduct evidence sessions—looking at the registration process and, in particular, reviewing the practicality and effectiveness of the new anti-fraud measures—both before and after the Assembly elections scheduled for May 2003. Since the elections were postponed, it has not yet proved possible to finish our intended programme of work.

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1 Northern Ireland Affairs Committee 1997-1998, Second Report, *Electoral Malpractice in Northern Ireland*

We have published the minutes of evidence from our initial hearing on our website, at [www.parliament.uk/parliamentary\\_committees/northern\\_ireland\\_affairs.cfm](http://www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm) and hope to conduct a further evidence session or sessions during the coming year.<sup>2</sup>

7. We also sought to follow up our first inquiry of the current Parliament, which focused on the *introduction of the aggregates levy in Northern Ireland*. The aggregates levy was introduced by Government across the UK in April 2002 as an environmental tax, intended to discourage quarrying and encourage aggregate recycling. The success of the levy hinged on the fact that aggregates are heavy, and bulky, and tend to be sourced close to the point of use: consumers would therefore have a restricted choice between paying the levy (set at a level intended to reflect the environmental cost of quarrying), or recycling, which would remain tax-free.

8. In our original report we pointed out that the Government had failed to take account of the unique third choice aggregates users have in Northern Ireland, which is to source aggregates levy-free from the Republic of Ireland. We forecast that this would severely undermine the levy's effectiveness as a recycling instrument, while the local disparity in tax regimes would upset the balance of competition within the island's aggregates industry. The Government conceded that Northern Ireland might experience particular problems and, following our intervention, made arrangements for the levy to be phased in over a longer period in Northern Ireland than in the rest of the UK.<sup>3</sup>

9. One year on it was apparent that, in spite of the Government's concession, the effects we had predicted in our 2001 report were indeed taking place. We re-opened our inquiry in the summer of 2003 and, at the very outset of our meeting with the Economic Secretary to the Treasury on 5 November 2003, were told by him that he now accepted the levy was unlikely to meet its environmental objectives in "the specific circumstances in Northern Ireland": we were delighted to hear that he was therefore looking at options "for further reform and relief" of the levy there.<sup>4</sup> We shall continue our inquiry when we have the detail of the preferred options.

### **Pre-legislative scrutiny**

10. In 2002 we conducted a major exercise of pre-legislative scrutiny which resulted in the publication, in January this year, of our report on the proposed draft Firearms (Northern Ireland) Order. Given our previous comments on the difficulty we have experienced in obtaining sufficient notice of draft legislation from the Northern Ireland Office,<sup>5</sup> we should record our gratitude for their co-operation in this case. Having taken several months to re-draft the proposed Order in the light of our report, the Minister agreed to provide us with an advance copy of the new draft before it is formally laid before the House. Significant changes in the proposed legislation which have arisen from our scrutiny include:

2 HC 619-i

3 First Report 2001-02, *Introduction of the aggregates levy in Northern Ireland*, HC 333

4 *Introduction of the Aggregates Levy in Northern Ireland: one year on*, Evidence presented by John Healey MP on 5 November 2003. The transcript of the uncorrected minutes of evidence is available on the Committee's website at [http://www.parliament.uk/parliamentary\\_committees/northern\\_ireland\\_affairs.cfm](http://www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm)

5 Second Report 2002-03, *Annual Report 2002*, HC 271 Paragraphs 12-13

- Applicants for a firearms licence in Northern Ireland will now be able to present character references from individuals resident anywhere in the UK, rather than from Northern Ireland only.
- The ‘competency’ provision has been dropped. The Government had proposed that individuals wishing to possess a firearm should have their competency with it certified before a licence would be granted. Our examination of this proposal demonstrated that it was insufficiently developed—for example, there was uncertainty within the NIO itself as to whether to test competency in the use, or simply the handling, of the firearm in question. The test of competency would have to vary depending upon the nature of the firearm. There was also a real concern that the proposal would create conflicts of interest for the firearms dealers whom the Government expected to carry out the certification process. The proposal has now been replaced with a much simpler provision, allowing the Chief Constable to attach a condition to a firearm certificate requiring that, for a specified period, the holder be supervised whenever he has the firearm in his possession.
- The provisions in the draft Order relating to supervision have been strengthened. Where currently any individual over 18 years of age can supervise a young person with a firearm, in the new draft not only has the minimum age been raised to 21, but it is also specified that the individual must have held a certificate for the type of firearm concerned for a minimum of three years.

With advance sight of the new draft we have also been able to pursue a number of minor and technical corrections which the Government had previously accepted in principle, but which had been omitted from the text. The correspondence arising from our review of the second draft has been placed in the Commons library and published on our internet site (see paragraph 6 above). **We have no doubt that the Government, and others who were consulted on the proposed legislation, would agree that the draft Firearms (Northern Ireland) Order is considerably more coherent, and accurate, a piece of legislation as a result of our involvement in the scrutiny process.**

### ***Operation of the Northern Ireland Acts 1998 and 2000***

11. Pre-legislative scrutiny of Northern Ireland Orders in Council remains tremendously important as their substance is equivalent to English or Scottish primary legislation. However, they are treated procedurally as secondary legislation with the consequence that they may not be amended—only accepted or rejected in their entirety—by the House. As we noted in our last annual report, we have been concerned that bills prepared by the Northern Ireland Executive, which ordinarily would have been subject to a full scrutiny process by the Northern Ireland Assembly, have been put through at Westminster as Orders during the suspension, often in as little as two or three weeks.

12. A further concern for us over the past year has been the treatment of reserved matters during a suspension. ‘Reserved matters’ under the Northern Ireland Act 1998 (‘the 1998 Act’) are policy areas which are currently retained by the Government for handling at Westminster but which it expects to devolve to the Assembly at a future date: they include criminal justice and policing.

13. During a suspension, the Government uses the provisions of the Northern Ireland Act 2000 ('the 2000 Act') to put legislation on devolved matters, which would ordinarily have been handled by the Northern Ireland Assembly, through Parliament as Orders in Council. We were concerned to discover in the early months of this year that the Northern Ireland Office had also decided to use powers under this Act to process Orders in Council on reserved matters (for example, the draft Criminal Justice (Northern Ireland) Order 2003), rather than using the procedure under s85 of the 1998 Act which would otherwise have been used.

14. The difference between the procedures under the 1998 and 2000 Acts rests on pre-legislative scrutiny. Under s85 of the 1998 Act proposals for draft legislation on reserved matters—such as the proposal for a draft Firearms Order<sup>6</sup>—must, except in cases of emergency, be presented both to Parliament and to the Northern Ireland Assembly for a statutory two-month consultation period prior to being formally laid. Under the 2000 Act procedure there is no such requirement. The 2000 Act procedure therefore allows Government, if it so chooses, to put Northern Ireland legislation through the UK Parliament without either consultation in draft or any opportunity to amend a draft Order once it has been formally laid.

15. We sought an explanation from the Northern Ireland Office as to why it had taken this route for matters reserved to Westminster as well as for those provisions which had previously been under consideration by the Assembly. We learned that officials had concerns about the operation of the 1998 Act procedure, with its provision for consultation on reserved matters, during a suspension. While the 2000 Act made provision to disapply references in the 1998 Act to the Northern Ireland Assembly during a suspension, it failed to make explicit provision cancelling the Assembly's right of reply on consultations on reserved matters. Officials therefore believed the 1998 Act procedure to be technically flawed and thus unavailable for use during a suspension.

16. We remain unsatisfied both by this explanation and by the solution the NIO has adopted. The 2000 Act also, in our view, appears to be flawed as a mechanism for dealing with reserved matters because it is only available for handling matters which are within the Assembly's legislative competence. Reserved matters—which, as we have noted above, are matters which it is anticipated will be transferred to the Assembly at a future date—are only within the Assembly's legislative competence if the Secretary of State has agreed to them being so handled. Therefore, for the 2000 Act procedure to work for draft Orders on reserved matters, the Secretary of State has in each case to consent to the Assembly assuming powers to determine the provisions in question.

17. We recognise that the Northern Ireland Office perceives the argument to be a technical one in the current situation. But the apparently casual redesignation of reserved matters as items it is appropriate for the Assembly to handle, for administrative convenience, potentially has considerable political implications. The question of when, and if, certain areas of policy should be devolved continues to be a cause for argument both in Northern Ireland and at Westminster. The Government has demonstrated its awareness of the issue's sensitivity: during debate on the draft Criminal Justice (Northern Ireland) Order 2003

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6 See paragraph 10 above. The proposal for a draft Firearms Order was laid before Parliament and the Northern Ireland Assembly under the 1998 Act in July 2002

(which, although exclusively concerned with reserved matters, was put through Parliament under the 2000 Act procedure in April 2003), the then Parliamentary Under-Secretary of State went so far as to emphasise that the provisions within the instrument were *not* currently within the competence of the Assembly and Executive, although they “could be transferred in future”.<sup>7</sup>

18. From a Parliamentary point of view the 1998 Act procedure, with its guaranteed period of pre-legislative scrutiny, is clearly preferable. We acknowledge that during the current suspension the Government has been careful to provide periods of consultation on its proposals wherever possible, although it need not have done so. Under the 1998 Act Parliament has—except in cases of emergency—statutory rights of consultation on these matters, while under the 2000 Act Parliament is wholly reliant on the Government’s good will for its opportunity to comment and suggest alterations to the same proposals.

19. As we agree our Report the immediate future of devolved government in Northern Ireland remains subject to review. This is no mere academic question. We are already aware of the Government’s intention to introduce early in 2004 a further draft Order in Council under the 2000 Act procedure, to deal with racial and other crimes of hatred. If the political situation in Northern Ireland does not change, there will be others.

**20. It remains wrong in principle that Parliament should lose its statutory rights of consultation over matters it has for the time being reserved to itself, simply because of a minor technical flaw in the Northern Ireland Act 2000. As a result of the suspension of the Assembly, and the Government’s decision to use one marginally flawed procedure rather than another, legislation is being pushed through Westminster which, if it related to England or Scotland, would be subject to the full process of Parliamentary scrutiny; and on which, if the Assembly were not suspended, there would be no question about the Government’s duty to consult. While the substitution of the 2000 Act procedure has provided the NIO with an administratively convenient solution in the short term, we are concerned that this action sets an unfortunate precedent both for Parliament and, potentially, for the Government itself. If the flaw in the 2000 Act indeed makes the procedure under s85 of the 1998 Act inoperable during a suspension of devolved government, the error must be corrected without delay.**

## Scrutiny of the work of the Northern Ireland Executive

21. Since the suspension of the Assembly in October 2002, we have had additional responsibilities to scrutinise the work of the departments of the Northern Ireland Executive. Aside from the routine work which led us to focus on policy in the Department of Health, Social Services and Public Safety (through our drugs inquiry) and in the Department of Finance and Personnel (PEACE II), we have pursued a range of questions through written correspondence. Some, relating to devolved matters scrutinised during earlier suspensions, are dealt with in our annual review of recommendations (see paragraph 24 below). Others have resulted in the production of memoranda by the Executive, which we have published on our website.<sup>8</sup> These have focused on:

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<sup>7</sup> *Official Report*, Second Standing Committee on Delegated Legislation, 1 April 2003 c16

<sup>8</sup> [http://www.parliament.uk/parliamentary\\_committees/northern\\_ireland\\_affairs.cfm](http://www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm)

- The Resource Accounts of each Department;
- Progress on implementing the Executive's Programme for Government, including progress on Public Service Agreement targets;
- The accounts of the Child Support Agency, the Roads Service and the Sports Council of Northern Ireland; and
- The Executive's draft priorities and budget 2004-07.

22. Inevitably it has been impossible within our limited resources to scrutinise the Executive to a degree comparable with that of the Assembly: its restoration is urgently needed to secure full Government accountability. Nonetheless we hope that the scrutiny we have undertaken on these fundamental aspects of the administration will prove a useful source of reference for the Assembly when it is restored. We acknowledge the support given by the Committee Office Scrutiny Unit in carrying out this additional work.

### Departmental administration and expenditure

23. As last year, we have this year also carried out our examination of the Departmental Annual Report (2003) by correspondence. **We were pleased to see some helpful innovations in this year's Departmental report, such as an introductory chapter clearly describing the structure and functions of the department and a glossary of financial and accounting terms. However, the presentation of the report was again marred by a lack of careful proof-reading, particularly in respect of financial tables.** We noted the following problems:

- As last year, we found errors in the financial tables which on occasion made them extremely difficult for a lay person to understand. For example, in one table the year indicators (2001-02, 2002-03) and the associated figures were misaligned; in another, a line was omitted in error; while in a third figures were recorded as millions of pounds when they were in fact thousands.
- Changes in the department's targets under its Public Service Agreements (PSAs) from 2000 to 2002 were poorly explained, and presented in such a way that it was difficult either to identify the changes, or to determine the department's progress in pursuit of its targets. The situation was again confused by poor proof-reading, which left targets attributed to the wrong PSA.
- While some entries—particularly that by Forensic Science Northern Ireland—were clear and informative, **there was considerable variation in the quality and quantity of the information provided by the NIO's offices, agencies and executive NDPBs for insertion in the Departmental Report.** The NIO told us that it was difficult to ensure consistency in these entries because “the Agencies and the other executive NDPBs ... may have their own Boards of Management and often provide extensive Annual Reports in their own right.”<sup>9</sup> Nonetheless we believe that **it should be possible to agree a basic template requiring these organisations to report a brief summary of their**

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9 See Appendix 1, Question 13

**role, their objectives, their actual performance against key targets and the financial outturns.** Some of the agencies set out clearly where readers might obtain further information about their work; it would be helpful if this practice could also be adopted across the board.

Our questions to the NIO on the Departmental Report, and their response, are reproduced at Appendix 1.

## Review of recommendations

24. In our review of the Government's performance on our past recommendations, we this year decided to focus on matters arising from our past inquiries on devolved policy. We received a helpful memorandum from the Northern Ireland Office covering a number of areas including policy on special educational needs; electricity prices; and inward investment. Since the original reports on these subjects did not all include specific recommendations it is not possible in every case to make a direct comparison between performance at the time, and subsequent progress. Nonetheless we are pleased to note the evidence provided of policy development in these areas, particularly with regard to special educational needs (where new draft legislation is being prepared) and recent work on a new energy strategy. The Government's memorandum is printed as Appendix 2.

## Other

### *Debates*

25. Our 2002 report on *The financing of terrorism in Northern Ireland* was debated in Westminster Hall on 10 July 2003. In view of the Government's announcement on the reclassification of cannabis, in May we published an interim report in connection with our drugs inquiry which focused on the specific impact of the cannabis trade in Northern Ireland, and its links with organised crime. This report, and the Government's response, were cited on the Order Paper in connection with the reclassification proposal when it was finally debated in the House on 29 October 2003.<sup>10</sup>

### *Informal meetings*

26. This year we have conducted a number of private and informal meetings in addition to our formal evidence sessions. Some of these meetings were conducted in the course of our visits, both within the UK and to the Netherlands and Dublin. Others were conducted at Westminster. They have been particularly helpful in relation to our inquiry into the drugs trade, in which we received some information which was too sensitive to place on the public record. We have also found value in adopting a more relaxed approach for some meetings—for example, conducting introductory briefings with officials in a seminar format has allowed for a more challenging and wide-ranging exchange of views than the normal structured process of question-and-answer.

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<sup>10</sup> Sixth Report and Sixth Special Report 2002-03 on *The illegal drugs trade and drug culture in Northern Ireland: interim report on cannabis*, HC353 and 935

### *Appointments*

27. One of the tasks set by the Liaison Committee is to carry out 'appointment' hearings for major public appointments. We have not yet considered it appropriate to carry out such a hearing formally in public but we have nonetheless made it our practice, wherever possible, to meet individuals appointed to key positions privately at an early stage. This year we had a very valuable meeting with staff of the new Assets Recovery Agency. We are very grateful to them and to others we have met informally for their willingness to discuss their plans and priorities fully and frankly.

## Conclusions and recommendations

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1. We have no doubt that the Government, and others who were consulted on the proposed legislation, would agree that the draft Firearms (Northern Ireland) Order is considerably more coherent, and accurate, a piece of legislation as a result of our involvement in the scrutiny process. (Paragraph 10)
2. It remains wrong in principle that Parliament should lose its statutory rights of consultation over matters it has for the time being reserved to itself, simply because of a minor technical flaw in the Northern Ireland Act 2000. As a result of the suspension of the Assembly, and the Government's decision to use one marginally flawed procedure rather than another, legislation is being pushed through Westminster which, if it related to England or Scotland, would be subject to the full process of Parliamentary scrutiny; and on which, if the Assembly were not suspended, there would be no question about the Government's duty to consult. While the substitution of the 2000 Act procedure has provided the NIO with an administratively convenient solution in the short term, we are concerned that this action sets an unfortunate precedent both for Parliament and, potentially, for the Government itself. If the flaw in the 2000 Act indeed makes the procedure under s85 of the 1998 Act inoperable during a suspension of devolved government, the error must be corrected without delay. (Paragraph 20)
3. We were pleased to see some helpful innovations in this year's Departmental report, such as an introductory chapter clearly describing the structure and functions of the department and a glossary of financial and accounting terms. However, the presentation of the report was again marred by a lack of careful proof-reading, particularly in respect of financial tables. There was considerable variation in the quality and quantity of the information provided by the NIO's offices, agencies and executive NDPBs for insertion in the Departmental Report. It should be possible to agree a basic template requiring these organisations to report a brief summary of their role, their objectives, their actual performance against key targets and the financial outturns. (Paragraph 23)

# Formal minutes

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**Wednesday 17 December 2004**

Members present:

Mr Michael Mates, in the Chair

Mr Adrian Bailey

Mr Iain Luke

Mr Harry Barnes

Rev Martin Smyth

Mr Roy Beggs

Mr Hugo Swire

Mr Tony Clarke

Mr Bill Tynan

The Committee deliberated.

Draft Report (The Committee's work in 2003), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

*Resolved*, That the Report be the First Report of the Committee to the House

*Ordered*, That the Chairman do make the Report to the House

*Ordered*, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.—(*The Chairman.*)

Memoranda were ordered to be appended to the Report.

*Ordered*, That the Appendices to the Report be reported to the House.—(*The Chairman.*)

[Adjourned till Wednesday 7 January at 3.30pm]

## Reports from the Northern Ireland Affairs Committee since 2002

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The following reports have been produced by the Committee since the start of the 2002 Parliament.

### Session 2003–04

First Report	The Committee's work in 2003	HC 146
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### Session 2002–03

First Report	The Impact in Northern Ireland of Cross-Border Road Fuel Price Differentials: Three years on	HC 105–I
Second Report	Annual Report 2002	HC 271
Third Report	The Police (Northern Ireland) Bill	HC 233
Fourth Report	The Control of Firearms in Northern Ireland and the draft Firearms (Northern Ireland) Order 2002	HC 67–I
Fifth Report	Forensic Science Northern Ireland	HC 204
Sixth Report	The Illegal Drugs Trade and Drug Culture in Northern Ireland: Interim Report on Cannabis	HC 353–I
Seventh Report	Peace II	HC 653–I
Eighth Report	The Illegal Drugs Trade and Drug Culture in Northern Ireland	HC 1217–I
First Special Report	Government Response to the Committee's First Report: The Impact in Northern Ireland of Cross-Border Road Fuel Price Differentials: Three Years On	HC 412
Second Special Report	Government Response to the Committee's Third Report: The Police (Northern Ireland) Bill	HC 555
Third Special Report	Government Response to the Committee's Second Report: Annual Report 2002	HC 583
Fourth Special Report	Government Response to the Committee's Fourth Report on the Control of Firearms in Northern Ireland and the Proposed Draft Firearms (Northern Ireland) Order 2002, HC 67–I, Session 2002–03	HC 677
Fifth Special Report	Government Response to the Committee's Fifth Report on Forensic Science Northern Ireland	HC 722
Sixth Special Report	Government Response to the Committee's Sixth Report on the Illegal Drugs Trade and Drug Culture in Northern Ireland: Interim Report on Cannabis	HC 935
Seventh Special Report	Government Response to the Committee's Seventh Report on Peace II	HC 1077

**Session 2001–02**

First Report	Introduction of the Aggregates Levy in Northern Ireland	HC 333
Second Report	The Financing of Terrorism in Northern Ireland: Interim Report on the Proceeds of Crime Bill	HC 628
Third Report	Introduction of the Aggregates Levy in Northern Ireland: The Government's Response	HC 713
Fourth Report	The Financing of Terrorism in Northern Ireland. Volume II of this Report (HC 987–II) includes the Government Response to the Second Report, Session 2001–02, The Financing of Terrorism in Northern Ireland: Interim Report on the Proceeds of Crime Bill, HC 628	HC 978–I
First Special Report	Government Response to the Committee's Fifth Report, Miscellaneous Financial Matters, Session 2000–01, and the Government Response to the Committee's Third Report, The Northern Ireland Office 2000 Departmental Report, Session 1999–2000	HC 332
Second Special Report	Government Response to the Committee's Fourth Report, Legal Aid In Northern Ireland, Session 2000–01	HC 400
Third Special Report	Government Response to the Committee's Second Report, The Parades Commission, Session 2000–01	HC 401
Fourth Special Report	Government Response to the Committee's Third Report, Relocation Following Paramilitary Intimidation, Session 2000–01	HC 461
Fifth Special Report	Government Response to the Committee's Third Report, Introduction of the Aggregates Levy in Northern Ireland, Session 2001–02	HC 1118



# Written evidence

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## APPENDIX 1

### Memorandum submitted by the Northern Ireland Office

THE NORTHERN IRELAND OFFICE 2003 ANNUAL REPORT

Your letter of 23 July raised a number of questions on the 2003 Report. The answers to each are attached below.

*11 September 2003*

#### *Breakdown of NIO Expenditure*

1. With regard to table 2.1(Pg 9) please confirm the following:

- (i) *That the year indicators in the top row of the table are misaligned (2001–02 should appear over “Outturn” in the far right column, 2002–03 over “Estimated outturn” in the next column and 2003–04 should appear immediately to the left of the extended vertical white line).*

The Table was misaligned in the final print, the 2001–02 should appear over “Outturn” in the far right column, 2002–03 over “Estimated outturn” in the next column and 2003–04 should appear immediately to the left of the extended vertical white line. A replacement table is provided overleaf.

- (ii) *Does the staff column refer to actual numbers of staff employed, or to expenditure on staff as suggested by note 3? Please provide a replacement table showing necessary amendments.*

The staff numbers column in Table 2.1 refers to actual numbers of staff employed. A replacement table is provided overleaf, with an additional note to clarify this.

**Table 2.1**  
**BREAKDOWN OF NORTHERN IRELAND OFFICE EXPENDITURE BY DIRECTORATE AND AGENCY**

	Chapter	2003-04			Total	Staff Numbers	2002-03	2001-02
		Admin Costs	Prog** costs	Capital			Estimated Outturn	Outturn
<i>Expenditure classed as DEL</i>								
Political Directorate	4	3,450	8,515	37	12,002	100.0	41,039	30,235
Policing and Security Directorate	5	4,872	15,728	25,157	45,757	118.5	24,972	16,038
Police Service/Board of Northern Ireland	5	0	714,426	19,900	734,326	*	746,448	711,160
Criminal Justice Directorate	6	4,911	19,374	316	24,601	104.5	37,396	21,069
Information Services Directorate	7	1,752	502	23	2,277	38.0	2,247	2,119
Central Services Directorate	8	26,753	3,416	5,074	35,423	332.5	37,236	23,248
Northern Ireland Prison Service	9	104,946	8,412	12,195	125,553	373.0	166,722	105,217
Compensation Agency	10	3,797	95,252	22	99,071	137.0	93,009	33
Forensic Science Northern Ireland	11	1,514	0	0	1,514	130.5	563	1,128
Crown Solicitors Office	12	849	24	366	1,239	67.5	890	861
Department of the Director of Public Prosecutions	13	14,417	5,882	691	20,990	182.0	16,074	13,239
Criminal Injuries Compensation Appeals Panel for Northern Ireland	14	426	208	5	639	9.0	586	0
Probation Board for Northern Ireland	15	0	13,272	0	13,272	*	13,772	12,634
Youth Justice Agency	16	0	7,175	0	7,175	270.0	0	0
Civil Service Commissioners for Northern Ireland	17	200	0	0	200	3.0	197	240
The Police Ombudsman for Northern Ireland	18	0	6,634	66	6,700	*	6,869	5,815
TOTAL <sup>(1)</sup>		167,887	898,820	63,852	1,130,559	1,865.5	1,188,020	943,036
<i>Expenditure Classified as AME</i>								
Police Pensions	5	0	50,300	0	50,300	*	41,000	41,832

*Notes*

Totals exclude Departmental Unallocated Provision (DUP) or non-vote provision

All figures net of receipts

Staff Numbers figures refer to individual units of staff

All other figures expressed as £'000

\*NDPB staff not treated as Civil Servants

\*\*Programme

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*Public Service Agreement and Service Delivery Agreement*

2. With regard to the Public Service Agreement and Service Delivery Agreement, please respond to the following:

(i) *It is noted that a new Public Service Agreement for 2003 to 2006 has been agreed following the Spending Review 2002. Under the new PSA the NIO only appears to have four targets as opposed to the nine targets set under the PSA associated with the Spending Review 2002. The “abandoned” targets include “Progress towards a normal peaceful society” (2000 target 4, p17), “continued protection for the community by ensuring that no high-risk prisoner escapes” (2000 target 6, p20) and “Secure ongoing efficiency savings of 3% (2000 target 8, p20). Please confirm whether these targets have been continued in any form and (if not) explain why they have been abandoned.*

The main focus of the 2002–03 Departmental Report was to report progress against the 2000 PSA. Hence paragraph 3.3 and table 3.1 reports on the seven objectives and nine targets in the 2000 PSA. The main policy aims of the NIO as set out in the PSA associated with SR2000 were retained through the seven objectives set in the PSA associated with SR2002. However in line with the Governments desire for all Departments to focus more on key targets during SR2002 the NIO concentrated on those fewer targets seen as the key indicators of success. In consultation with HMT the NIO reduced the targets from nine down to four and as a forward look paragraphs 3.4 to 3.25 indicate the main action points being taken to deliver these four targets.

(ii) *Please provide a table setting out the NIO Objectives, PSA targets in support of Departmental Objectives and SDA Mechanisms for both SR2000 and SR2002, so that they may be readily compared.*

Table A overleaf details the NIO Objectives, PSA targets in support of these objectives and SDA mechanisms in relation to SR2000. Table B details this information in relation to SR2002.

Table A

## NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2000

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

<i>Objectives</i>	<i>Public Service Agreement targets in support of objectives</i>	<i>Service Delivery Agreement mechanisms</i>
I. To sustain the implementation of the Good Friday Agreement, and be ready to respond imaginatively to any difficulties that arise; maintain positive and constructive relations with the devolved Assembly and Executive and the Irish Government; and to contribute effectively to the work of the British-Irish Council and the British-Irish Intergovernmental Conference.	No specific PSA target was set against this objective.	
II. To build and sustain confidence in the police service and police oversight and accountability arrangements in Northern Ireland, taking account of the recommendations of the Independent Commission on Policing for Northern Ireland established under the Good Friday Agreement.	1. A progressive narrowing of the gap in confidence in policing and policing arrangements between the two main communities in Northern Ireland, measured annually, while maintaining the high overall level of public service.	1.1 The NIO will: (a) put into action the Implementation Plan setting out how the recommendations in the Report of the Independent Commission on Policing will be taken forward; (b) provide appropriate financial resources and support to the Oversight Commissioner to enable him to carry out his responsibilities to oversee the implementation of agreed changes in policing arrangements and structures; (c) set up by 1 April 2001, a new Policing Board, which will monitor policing performance, announce annual performance targets and publish an annual report covering achievement against targets; (d) maintain fair and independent arrangements for the investigation of police complaints through the Police Ombudsman who will publish an annual report by June 2001 and annually thereafter; (e) arrange to have an annual public survey conducted independently of the NIO and the police, through the Northern Ireland Statistics Research Agency, of the levels of confidence overall in policing and policing arrangements and in the two main communities, and publish the findings by 30 September each year.
II. To build and sustain confidence in the police service and police oversight and accountability arrangements in Northern Ireland, taking account of the recommendations of the Independent Commission on Policing for Northern Ireland established under the Good Friday Agreement.	2. A progressive increase in the Catholic representation in the police service towards a target of 30% Catholic representation by 2011 as proposed by Patten, with an interim target of 13.5% by March 2004.	2.1 The NIO will establish an effective and adequately funded police recruitment agency which will adopt modern professional recruitment practices to secure highly motivated and talented recruits from both communities in Northern Ireland so as to achieve year on year improvement in Catholic representation in the police services. The agency's first target will be to ensure that the new intake is recruited on a 50:50 basis.

**Table A**

**NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2000—continued**

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

*Objectives*

*Public Service Agreement targets in support of objectives*

*Service Delivery Agreement mechanisms*

III. Taking account of the review of the criminal justice system established under the Good Friday Agreement, to promote and build confidence in and to foster the continued development of a criminal justice system in Northern Ireland which is efficient, effective and responsive.

3. Increase overall confidence in the criminal justice system in Northern Ireland throughout all parts of the community, to be measured annually and separately for both main parts of the community by public survey.

3.1 In April 2001, the Government will publish legislation to implement the accepted recommendations of the Criminal Justice Review, together with a detailed implementation plan setting out clearly how and when the criminal justice reforms will be implemented.

3.2 The Department will arrange to have an annual public survey conducted independently of the NIO and the other agencies in the criminal justice system, through the Northern Ireland Statistics Research Agency, of the levels of confidence in the criminal justice system throughout all parts of the community and separately in the two main communities, and publish the findings by 30 September each year.

IV. To uphold and maintain the rule of law by developing and adjusting policing, security and public order policies in light of the changing circumstances in Northern Ireland, supported by sufficient counter-terrorist capability and an appropriate legislative framework which takes account both of the need to secure justice and the rights of individuals.

4. Progress towards a normal peaceful society, increased respect for law and order and an improvement in public order with significant reductions between 2001 and 2004 in the number of major security incidents, breaches of public order, occasions of serious violence against the person and instances of major criminal damage, to be measured over three year rolling periods.

4.1 The NIO's strategy for dealing with public order problems, which is regularly reviewed, is based on regular consultation and assessment of the security situation with the security forces, which takes account of prevailing political and operational conditions, and whose broad aim is to reduce the number of major incidents and lessen the consequences of those incidents through effective and sensitive handling of potential flash-points as well as responding pro-actively where appropriate.

4.2 The Department will put in place arrangements for monitoring major security incidents, breaches of public order, serious violence against the person and instances of major criminal damage so as to provide accurate information by which we can evaluate our policy.

4.3 The Department will maintain arrangements to reduce tension on parades. It will ensure that the Parades Commission is adequately funded and supported.

V. To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.

5. Reductions in the rates of particular types of crime, and in the rate of increase of overall crime. Relevant areas of crime and quantified targets covering them will be set out in a strategy for tackling crime to be published by March 2001.

5.1 The NIO will work with the police, the Northern Ireland Prison Service, the Probation Board for Northern Ireland, the Director of Public Prosecutions, the Northern Ireland Court Service and the Northern Ireland Executive to ensure that measures are implemented which lead to crime reductions in line with the targets in the strategy for tackling crime. The Department will establish and maintain robust arrangements for monitoring progress towards these targets and report progress to Ministers.

5.2 The Department will arrange to have a public survey on victimisation and fear of crime carried out independently of the NIO and will report results in 2002 and 2004.

Table A

NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2000—*continue*

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

<i>Objectives</i>	<i>Public Service Agreement targets in support of objectives</i>	<i>Service Delivery Agreement mechanisms</i>
VI. To execute the supervisory and custodial sentences of the courts so as to punish offenders appropriately, protect the people of Northern Ireland and help reduce the risk of re-offending.	<p>6. Continued protection for the community by ensuring that no high-risk prisoner escapes and that the number of prison escapes does not exceed 3 per 1,000 prisoners.</p> <p>7. Reductions in the rate of re-offending in the longer term to be achieved through a strategy based on a robust measurement system and quantified targets, to be developed by March 2002.</p>	<p>6.1 The Northern Ireland Prison Service will maintain secure arrangements to ensure these targets are met. The Prison Service publishes an annual plan including key performance measures and targets and a separate annual report showing performance against these targets.</p> <p>7.1 The Department will work in partnership with the Northern Ireland Prison Service, the Probation Board of Northern Ireland and with a range of voluntary bodies to provide services aimed at reducing re-offending through targeted programmes for offenders in custody and in the community which addresses causes of offending behaviour.</p>
VII. Value for Money.	<p>8. Secure ongoing efficiency savings of 3% in core departmental administration costs for each year of the planning period whilst maintaining levels and quality of service.</p> <p>9. Reduce the difference in cost per prisoner place between Northern Ireland and England and Wales by 17% by March 2004.</p>	<p>8.1 The Department will develop efficiency plans to find and measure efficiency saving in core departmental administration costs within each business area by March 2001.</p> <p>9.1 The Northern Ireland Prison Service will achieve a reduction in the differential in the cost per prisoner place between Northern Ireland and England and Wales while maintaining a high level of service by:</p> <ul style="list-style-type: none"> <li>— Benchmarking against national standards</li> <li>— Extending the use of new technology</li> <li>— Implementing programme of efficiency measures reflecting the Service's commitment to Better Quality Services</li> <li>— Addressing differences in pay and conditions of employment for prison grades</li> <li>— Further reductions in staffing levels/extension of civilianisation within constraints imposed by low levels of natural wastage.</li> </ul> <p>The Service will deliver reductions of 5.7% and 11.3% by March 2002 and March 2003 respectively.</p>

**Table B**

**NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2002**

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

<i>Objectives</i>	<i>Public Service Agreement targets in support of objectives</i>	<i>Service Delivery Agreement mechanisms</i>
I. To support the devolved institutions in Northern Ireland and encourage further political development through positive and constructive relations with the Assembly and Executive and the Irish Government and effective contributions to the British-Irish Council and British-Irish Intergovernmental Conference.	No specific PSA target was set against this objective.	
II. To build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland.	1. Increase confidence in the police throughout all parts of the community in Northern Ireland, based on a suite of measures on public views on contact with the police and the fairness and effectiveness of policing and policing arrangements. Results will be published annually.	1.1 The NIO will: (a) continue to implement the recommendations of the Report of the Independent Commission on Policing; (b) provide appropriate financial resources and support to the Oversight Commissioner to enable him to carry out his responsibilities to oversee the implementation of agreed changes in policing arrangements and structures; (c) provide appropriate financial resources and support to the Policing Board to enable it to carry out its primary functions in support of the police service; (d) provide appropriate financial resources and support to the Police Ombudsman to enable her to carry out the investigation of police complaints in a fair and independent manner; (e) arrange to have an annual public survey conducted independently of the NIO and the police, through the Northern Ireland Statistics Research Agency, of the levels of confidence overall in policing and policing arrangements and in the two main communities, and publish the findings by 30 September each year.
II. To build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland.	2. A progressive increase in the Catholic representation in the police service towards a target of 30% Catholic representation by 2011 as proposed by Patten with an interim target of 13.5% by March 2004 and a challenging new target for March 2006 to be published in autumn 2002.	2.1 The NIO will continue to support the provision of an effective and adequately funded police recruitment agency which will adopt modern professional recruitment practices to secure highly motivated and talented recruits from both communities in Northern Ireland so as to achieve year on year improvement in Catholic representation in the police services in line with the published targets. The interim target for Catholic representation in the police service by March 2006 is 18.5%.

Table B

NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2002—*continued*

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

*Objectives*

*Public Service Agreement targets in support of objectives*      *Service Delivery Agreement mechanisms*

III. To promote and build confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement.

No specific PSA target was set against this objective.

IV. To uphold and maintain the rule of law by developing and maintaining a policy, legislative and strategic framework, that takes account of the need to secure justice and the rights of the individual, that provides for a sufficient counter-terrorist capability and seeks to minimise the potential for and causes and effects of public order disturbances and community strife.

No specific PSA target was set against this objective.

V. To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.

3. Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on the fairness, effectiveness and accessibility of the criminal justice system. Results will be published annually. In support of this target, the Northern Ireland Office, working in conjunction with other agencies, will, by April 2007:

- Reduce domestic burglary by 15%;
- Vehicle theft by 10%;
- Theft from vehicles by 10%

with an interim target for April 2005 to be published in autumn 2002. In addition, the Northern Ireland Office, working in conjunction with other agencies, will reduce the rate of re-conviction, to be measured annually by a system and against baselines and challenging targets to be published by December 2002.

The results of the Community Attitudes Survey (CAS) for 2001 were published in May 2002. These will be used to provide ongoing measures of confidence in the criminal justice system separately for both main parts of the community. Following the publication of the Community Safety Strategy in late 2002, and informed by the findings of the first public survey of victimisation and fear of crime published in 2002, the NIO will work with the police, the Northern Ireland Prison Service, the Probation Board for Northern Ireland the Director of Public Prosecutions, the Northern Ireland Court Service, and other organisations to ensure that measures are implemented which lead to crime reductions in line with the targets in the strategy for tackling crime. Most council areas in Northern Ireland either have or intend to have community safety partnerships in place and several have appointed co-ordinators to facilitate the detailed work being taken forward. In the next phase audits will be undertaken and plans drawn up to tackle the problems identified in these audits. Projects that tackle domestic burglary and car crime will be initiated in those areas where this is a significant problem.

**Table B**

NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2002—*continued*

*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

<i>Objectives</i>	<i>Public Service Agreement targets in support of objectives</i>	<i>Service Delivery Agreement mechanisms</i>
V. To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.	3. Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on the fairness, effectiveness and accessibility of the criminal justice system. Results will be published annually. In support of this target, the Northern Ireland Office, working in conjunction with other agencies, will, by April 2007: <ul style="list-style-type: none"> <li>— Reduce domestic burglary by 15%;</li> <li>— Vehicle theft by 10%;</li> <li>— Theft from vehicles by 10%</li> </ul> with an interim target for April 2005 to be published in autumn 2002. In addition, the Northern Ireland Office, working in conjunction with other agencies, will reduce the rate of reconviction, to be measured annually by a system and against baselines and challenging targets to be published by December 2002.	In addition, many agencies are taking forward plans, projects and initiatives which tackle car crime and burglary at a regional level. In order to create a framework for these activities, to give a broader strategic direction for the work and to enable Government to measure their contribution towards the crime reduction targets, we propose (subject to ministerial agreement) to establish a Domestic Burglary and Vehicle Crime Taskforce. This Taskforce, supported by working groups (one for each type of crime), would engage all the appropriate agencies, map current and proposed activities to tackle domestic burglary and car crime and take steps to ensure that Government remains on course to achieve the targets. The Department will arrange to commission a repeat independent public survey on victimisation and fear of crime to be carried out and will report results in 2004. Careful consideration is being given to the development of interim PSA targets for crime reduction against which progress can be measured in April 2005. This will take account of the need to introduce programmes which will address effectively the causes of these types of crime and to allow a period of time for them to become effective. These interim targets will be published in 2003.
VI. To execute the supervisory and custodial sentences of the courts so as to punish offenders appropriately, protect the people of Northern Ireland and help reduce the risk of re-offending.	3. Increase confidence in the criminal justice system throughout all parts of the community in Northern Ireland, based on a suite of measures of public views on the fairness, effectiveness and accessibility of the criminal justice system. Results will be published annually. In support of this target, the Northern Ireland Office, working in conjunction with other agencies, will, by April 2007: <ul style="list-style-type: none"> <li>— Reduce domestic burglary by 15%;</li> <li>— Vehicle theft by 10%;</li> <li>— Theft from vehicles by 10%</li> </ul> with an interim target for April 2005 to be published in autumn 2002. In addition, the Northern Ireland Office, working in conjunction with other agencies, will reduce the rate of re-conviction, to be measured annually by a system and against baselines and challenging targets to be published by December 2002.	The Northern Ireland Prison Service (NIPS) will work in partnership with the Probation Board for Northern Ireland (PBNI) and with a range of other bodies to provide services aimed at reducing reconviction through targeted programmes for offenders in custody and in the community which address causes of offending behaviour. In the longer term, the aim will be to achieve reductions in the rate of reconviction by <ul style="list-style-type: none"> <li>— establishing a stable reconviction baseline against which future outturns can be assessed;</li> <li>— providing both sentenced and remand prisoners with constructive activities;</li> <li>— developing offender programme approval and accreditation arrangements to ensure programmes are likely to be effective;</li> <li>— developing a resettlement strategy that connects prisoners on release to other public services and wider society; and</li> <li>— supervising offenders in line with court requirements in a manner which facilitates community reintegration and the protection of the public.</li> </ul> Reconviction targets cannot be set until three years' reconviction figures are available. It will not be possible therefore to publish the reconviction baselines and targets until autumn 2003. The final SDA will be published in autumn 2003.

**Table B**


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 NIO AIM AND OBJECTIVES, PUBLIC SERVICE AGREEMENT AND SERVICE DELIVERY AGREEMENT UNDER SR2002—*continued*


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*Aim: To secure a lasting peace in Northern Ireland, based on the Good Friday Agreement, in which the rights and identities of all traditions in Northern Ireland are fully respected and safeguarded and in which a safe, stable, just, open and tolerant society can thrive and prosper.*

<i>Objectives</i>	<i>Public Service Agreement targets in support of objectives</i>	<i>Service Delivery Agreement mechanisms</i>
VII. Value for Money.	4. Ensure that the annual cost per prisoner place in Northern Ireland does not exceed annual limits for each of the three financial years of the 2002 Spending Review period, namely, 2003–04, 2004–05 and 2005–06. The annual limits will be published in autumn 2002.	The Northern Ireland Prison Service will deliver the published targets for annual limits on cost per prisoner place while maintaining a high level of service by: internal and external benchmarking; extending the use of new technology; developing a staff deployment strategy to achieve cost per prisoner place targets recognising natural wastage constraints both now and in future years; and increased professionalism of support functions, including procurement-related activity. Work is currently proceeding to finalise the calculation of the annual limits on cost per prisoner place for the years 2003–04, 2004–05 and 2005–06. These will be published in 2003.

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(iii) *Please confirm that the text boxes at paragraphs 3.8, 3.18 and 3.24 of the report all refer to targets under SR2002, not SR2000 as printed.*

The text boxes at paragraphs 3.8, 3.18 and 3.24 of the report all refer to targets under SR2002, and not SR2000 as printed. This was an error at the printing stage.

(iv) *Targets 2, 3 and 4 at paragraphs 3.8, 3.18 and 3.24 all refer to targets/limits due to be published in 2002. Please confirm what these target/limits are or, if they have not yet been set, explain the reason for the continuing delay.*

#### *SR2002 Target 2*

The target 2 set out at paragraph 3.8 relates to the composition of the PSNI. The target is to achieve 30% Catholic representation in PSNI by 2011, with interim targets of 13.5% by March 2004 and 18.5% by March 2006.

#### *SR2002 Target 3*

Target 3 has 2 parts. The first refers to measures on confidence in the criminal justice system and the Department is still considering the issue of interim targets for the overall crime reduction targets. It is currently in discussion with a number of organisations that have a direct interest in this, including the police and Northern Ireland Policing Board. The issue has been complicated by changes to the way in which vehicle crime (and in particular theft of vehicles) has been recorded by the PSNI (in line with Home Office counting rules) with consequential effects on recorded crime figures. Until this matter is resolved and agreed, it will be difficult to set meaningful interim targets, though work continues to achieve this.

The second refers to final reconviction rate. Targets have not been set and agreed with HMT because the three years figures (1998, 1999 and 2000) needed to inform the work on setting targets have not all been generated as yet. When they are available, collective decisions, including discussion with HMT, on setting targets will need to take place.

#### *SR2002 Target 4*

The cost per Prisoner Place for 2003–04 of £83,275 has been agreed by Treasury. The targets for 2004–05 and 2005–06 have not been approved, and will be revisited by Treasury at a later date.

(v) *It is noted that there has been an increase in violence against the person, contrary to the SR 2000 PSA target 4. What plans does the NIO, together with relevant agencies, have to tackle this problem? Has thought been given to setting a specific target to reduce this crime, as for domestic burglary and vehicle theft?*

The Committee is correct in noting there has been an increase in recorded crime in the category of offences against the person. Some of this increase is however, due to changes in counting rules which have affected the figures in relation to certain offences, for example common assault.

The Community Safety strategy, published in March 2003 identifies “Offences Against Individuals, particularly Domestic Violence and Sexual Assault” as one of nine key priority areas for action. One of the specific action points in this priority area is to “Establish baselines for the extent of male street violence by March 2004 and set a target for reduction”. Work will be taken forward to address this action point during the course of this year.

(vi) *Target 7 in the SR2000 PSA refers to “reductions in the rate of re-offending.”, but in target 3 in the SR2002 PSA this appears to have been changed to reductions in the rate of reconviction. Why?*

The change reflects a shift to something that can currently be measured, that is reconviction away from something that can't, that is re-offending. It also brings the NIO approach into line with that taken by England and Wales.

(vii) *Paragraph 3.4 directs readers to the NIO website to view the PSA 2003-06 Service Delivery Plan and Technical Note. On three separate occasions in the last two weeks I have attempted to access these documents through the website and have found that the advertised link to the Service Delivery Plan takes one to the Technical Notes, while the advertised link to the Technical Notes takes one to an error. Similarly, errors arise when one tries to access the SR2000 data via the advertised links. Please confirm that this problem has been rectified.*

This was a technical error and has now been rectified.

#### *Police Recruitment*

3. *Please confirm the timetable for the review of 50:50 recruiting arrangements for the PSNI referred to at paragraph 3.10.*

The timetable for the review of the 50:50 recruiting arrangements for PSNI is as follows:

- (a) Launch of a consultation process by the autumn 2003;

(b) Respond to the consultation, and preparation of the renewal order if judged appropriate by the Secretary of State.

(c) If so, laying the order early in 2004, to complete the Parliamentary process ahead of the end of March 2004.

#### *Access to information*

4. Please provide an explanation of the grounds on which seven of the 13 requests for information under the Code of Practice on Access to Government Information were refused in whole or in part (paragraph 3.34).

The seven requests refused were under a variety of exemptions in the Open Government Code of Conduct. The main reasons were:

2 Internal discussion and advice.

7b. Effective management and operations of the public service.

Information whose disclosure would harm the proper and efficient conduct of the operations of a department or other public body or authority, including NHS organisations, or of any regulatory body.

12 Privacy of an individual.

13 Third party's commercial confidences.

14 Information given in confidence.

#### *Complaints procedure*

5. Please confirm the whereabouts on the NIO website of the complaints procedure (p28). I and another member of staff have been unable to locate it, either through the A-Z list or through the site search engine.

The NIO website was restructured recently and the complaints procedure was removed. It is now reinstated.

#### *Ministerial Correspondence with MPs*

6. It is noted that the NIO core performance in respect of Ministerial Correspondence with MPs (paragraph 3.36) has risen from 49% within target in 2002, but at 59% is still less than satisfactory. What future steps are being taken to improve performance in this area?

An in-house review of the performance has been conducted and recommendations made which include:

- Improvement of the internal monitoring systems within Private Office.
- More training for the staff involved.
- Internal planning meetings to improve co-ordination.
- Creation of a better follow up system to monitor progress.

It is anticipated that the implementation of these recommendations will improve performance in this area.

7. Please also explain the reasons why the performance of the Compensation Agency in respect of the same target has fallen in a year from 93% to 80%.

Although the Compensation Agency's performance against the Ministerial Correspondence target has fallen by 13%, the actual figure is distorted because it is a smaller sample. In each year only two letters were not answered within the target but in 2001 this represented 25 out of 27 (93%) whereas in 2002 it was eight out of 10 (80%).

8. Please confirm what steps have been taken to improve the role and functioning of the Departmental Board, and what costs (if any) have been involved (paragraph 3.43).

An internal review was carried out on the role and functions of the Departmental Board. As a result of that review:

- The existing terms of reference were clarified and restated to staff.
- A more structured agenda was put in place with meetings planned up to a year in advance.
- Structured opportunities to deliberate on the delivery of key business objectives were put in place, this was taken forward linked to the Business Planning/risk project.
- Strategic Planning recommendations were incorporated into the Board's forward planning.
- A consistent format was put in place for papers presented to the Board, including timescale, importance and risk so the Board knows exactly what is required of it.

- A deadline was set for the submission of papers for the Board meeting has been established to enable members adequate time to prepare to discuss the issues, therefore improving the quality those discussions.
- A short summary of each Board meeting is issued to all staff at an early stage.

There were no costs incurred in either conducting or implementing the review to improve the role and functioning of the Departmental Board other than those associated with the time of the staff involved.

#### *Bloody Sunday*

9. Please explain why a “major new IT system” was deemed necessary for the Bloody Sunday Inquiry in London; what the cost of the system has been; and whether it will be possible to put the system to other uses when the Inquiry reports (currently due in 2004) (paragraphs 3.46, 4.15).

It was essential to the fair conduct of the Bloody Sunday Inquiry that the facilities available in the Guildhall in Londonderry should be replicated as far as possible at the London site—Central Hall, Westminster.

In respect of the IT equipment needed, the independent Inquiry gave careful consideration to three options:

- moving the existing equipment from the Guildhall to Central Hall;
- purchasing new equipment; and
- leasing new equipment.

It was concluded that buying the additional hardware outright was the most favourable in terms of (i) value for money, (ii) maintaining continuity of service to the public, press and Inquiry team staff remaining in Londonderry, (iii) minimising risk of damage to the existing IT installation in Londonderry and (iv) facilitating rapid moves (within one week) of the Inquiry hearings back and forth between Londonderry and London.

The capital cost of the new equipment was £2,410,000 with additional operational expenditure of £1,017,000 to end June 2003.

The Northern Ireland Office considers that most, if not all, of the equipment will be re-usable either within the NIO, the wider UK Government or by sale.

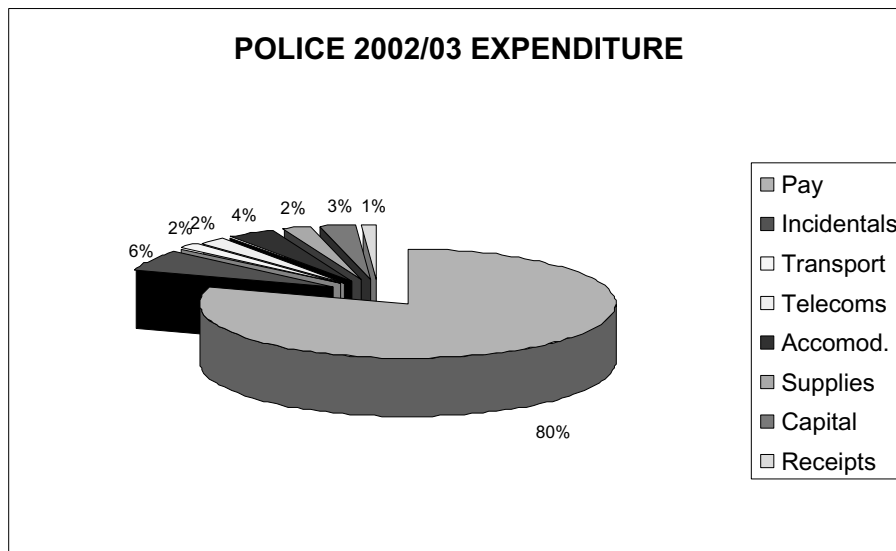
#### *Meetings of the British-Irish IGC*

10. Paragraph 4.25 refers to meetings of the British-Irish IGC up to 18 December 2002. Did any further meetings take place between 18 December 2002 and 31 March 2003, and if so why were they not included?

No other meetings took place between 18 December and 31 March.

#### *Police Expenditure 2002–03*

11. Please provide a new copy of Chart 5.3, indicating more clearly which parts of the “pie” refer to the different elements of expenditure. For example, why does the slice for accommodation (4%) appear to be bigger than the slice for severance (6%)? Please also explain what is meant by the term “non severance” in this chart and in Appendix D.



Expenditure on Patton-related reforms was ringfenced by the Treasury. It falls into two categories. The first is expenditure on the police Early Retirement Voluntary Severance Programme. This is shown separately under the heading “severance”. The second relates to expenditure on all other specific projects which are being undertaken wholly or mainly as a result of Government commitments contained in the Patten Report and we therefore term these “Patten non-severance expenditure”.

#### *Sick Absence*

12. Please update table 8.1 (p67) to include sickness absence figures for 2002–03, and indicate why these were originally omitted.

Sick absence figures for 2002–03 for both HCS and NICS are not yet available. HCS statistics are provided by the Cabinet Office in the autumn and NICS statistics, provided by NISRA, will not be available until the end of the calendar year. The figure for Prisons for 2002–03 is 11.5 days.

#### *Offices, Agencies and Executive NDPB*

13. The information provided by the NIO’s offices, agencies and executive NDPBs in this report is very variable both in quantity and quality. To what extent does the NIO exercise editorial control over such submissions? Has any thought been given to setting a basic template for entries by external bodies (for example requiring that each includes a description of role, description of management structures, objectives, actual performance against key targets, expenditure)?

Of necessity the completion of a report of this nature covering the activities of a Department with the diversity of tasks undertaken by the NIO is a complex exercise. The information on the detail of operational activity sits within the operational Directorates and Divisions. The DR for the first time this year put a corporate style on the various contributions from the core of the NIO to provide consistency of reply. This will be further refined for the 2003–04 Report. However this is not possible to the same extent with the Agencies and the other executive NDPBs who may have their own Boards of Management and often provide extensive Annual Reports in their own right. In consultation with HM Treasury it was agreed that it would not be necessary to repeat in great detail all the information given separately in these Annual Reports.

14. Why are no reports included in the Departmental Report from the Policing Board, the Northern Ireland Human Rights Commission and the Equality Commission, when each is listed as an Executive NDPB on page 4, and all were included in last year’s Departmental Report?

It was agreed, in consultation with HM Treasury, that it would more clearly signal their independence if they were not included with the Northern Ireland Office especially since they provide extensive public reporting through their own Annual Reports.

15. It is noted that the workload of the Compensation Agency in respect of criminal injuries compensation has increased substantially in the last year. Please indicate what the implications of this increase have been for the Agency in terms of staffing and resources (paragraph 10.7).

The implications to Staffing and Resources of the increase in workload of the Compensation Agency are set out below:

	<i>Staffing</i>	<i>Resources</i>
2001–02	132	£2,596k
2002–03	145	£2,939k

16. Please indicate what targets the Crown Solicitors Office has set to measure its performance against its objectives (paragraph 12.3).

The targets set by CSO to measure its objectives are:

- To demonstrate for the 2002–03 financial year that the quality of the legal service provided by CSO met the CSO legal quality standards.
- To demonstrate for the 2002–03 financial year that clients are entirely satisfied with the level of service provided by CSO.
- By 31 March 2003, to invoice clients to the value of the full running cost of the CSO.
- By 31 March 2003, to invoice clients for all recoverable outlay expended on their behalf during the financial year.
- By 31 March 2003, to make efficiency savings of 1% in CSO’s running costs.
- By 31 March 2003 to be reaccredited as an Investor in People.

17. It is noted that the data given for 2001–02 in Table 13.1 (*Files received and prosecution directions issued by the Department of the DPP*) is provisional, although the report was not published until May 2003. Please confirm whether or not the data for 2001–02 represents the final outcome and if not, explain the delay in producing final figures.

Following the introduction of a new case management system in June 2001, the Department of the DPP is undertaking a data quality review of all records held on the system. Pending completion of this exercise, all statistical releases by the Department have been regarded as provisional in nature.

18. *Table 15.2 (page 101) sets out the Probation Board's key targets for 2002–03, but does not set out the Board's performance against them. Please provide a new table setting out both the targets and the actual performance. Please also explain what is meant by "breaches of proceedings".*

**Table 15.2**

THE PROBATION BOARD—KEY TARGETS FOR 2002–03

<i>Key Performance Indicator</i>	<i>March 2003 Target</i>	<i>March 2003 Achievement</i>
The proportion of induction interviews arranged within five working days of sentence	98%	98%
The achievement of the agreed Standards regarding minimum levels of contact		
—offered	92%	94%
—kept	60%	73%
The proportion of supervision plans written to the agreed Standards	83%	95%
*Where breaches of proceedings are appropriate, the proportion commenced within 10 working days of the incident occurring	87%	94%
The proportion of offenders subject to an active community service order that work an average of five hours or more per week	87%	91%
The proportion of Community Service Orders that complete their sentence within 12 months	97%	98%
The proportion of offenders whose risk management is reviewed at least every four months	90%	93%
The proportion of Pre-Sentence Reports or explanatory letters delivered to the courts by the date specified by the court	99%	99%

The term "breaches of proceedings" refers to a failure to comply with any supervised order or licence.

19. *In spite of helpful financial data, the Juvenile Justice Board (p104–5) has not provided any information about its performance against formal objectives and targets in the past year, (or any reference to a separate Annual Report containing such information). Please therefore provide a table setting out its performance against formal objectives and targets, together with a short note on the plan for capital investment following the Estates Review, referred to in note 2 to Table 16.1.*

The Juvenile Justice Board was a temporary arrangement and acted in a caretaking capacity pending its replacement by the Youth Justice Agency. Because the Agency was due to be in place by 1 August 2002 it was considered unnecessary to have formal objectives and targets for a part year. However the Youth Justice Agency was not created until 1 April 2003 and it has published corporate and business plans setting out its objectives and targets for the year ahead. The Agency's performance against these objectives and targets will be subject to ministerial scrutiny and will be reported on in the next Departmental Report.

The Estate Review concluded with the Minister announcing to Parliament on 29 November 2000 that none of the existing Juvenile Justice Centres were suitable and the best way forward was to construct a new purpose-designed facility on land available at Rathgael. While the new Centre was being built, children already in the system would be transferred to the existing Rathgael campus.

As a result of the Review, a phased development programme has commenced. The number of Juvenile Justice Centres has reduced from four to two. However, the total rationalisation process will take a number of years—estimated at four to five, to reach completion. The process has been advanced in two phases.

Phase 1 involved upgrading security and refurbishing the accommodation on the existing Rathgael site and transferring the boys currently in Lisnevin. This will be finalised in September 2003 and the refurbished Centre will then function as a new single Juvenile Justice Centre for Northern Ireland, operating until such times as Phase 2, a new purpose designed Centre is constructed and satisfactorily commissioned. In this respect, Phase 1 is an interim solution with a limited life expectancy. The estimated cost of Phase 1 is £5.7 million. The final account is expected to be furnished by the end of the year.

*Financial and other*

20. Please explain why, in Table 2, page 125 the NBV of the capital base and assets is given for 1999–2000. If this is the most recent date of valuation, when will the value next be reviewed? Please also explain why NIO housing stock is not included in the capital base.

Although more up-to-date valuation information is available, it would not have been appropriate to include these the 2002–03 Departmental Report, as these would have related to the later SR2002 spending review. The valuation figures quoted in the DR were part of the Departmental Investment Strategy (DIS) for the 2000 spending review. References from the 2000 spending review documents (such as the DIS) included in the DR were provided to ensure consistency with the DR's reporting of other aspects of the department's performance in relation to the 2000 spending review (for example the DR's reporting on the progress of achievement of SR2000 PSA targets).

The footnote referred to is an error and the capital base does include the NIO Housing Stock.

21. Please confirm that page 132 is meant to be a blank page.

The information on Page 133 should have been on Page 132, and 2 further pages should have followed on from Request for Resources, RfRs. These pages were left out in the final printing. The short timescale prevented final proof reading before binding. An amended Glossary of Terms and concepts is attached at Annex A.

22. With regard to Appendix D please confirm that all figures are shown in £000, not £million, as marked in table 1-5.

In respect of Appendix D the tables should have been marked as follows:

- Table 1 to Table 3 should have been marked as £000.
- Table 4 and Table 5 are correctly marked as £million.

23. Please provide a detailed explanation as to the division of expenditure between the resource budget and the capital budget. For example, why are Patten severance costs reported as divided between the two budgets?

The move from Cash Budgeting to Resource Budgeting has emphasised the difference between the consumption of financial resources and capital investment. The Resource Budget reflects the full consumption of all the Department's resources, and the Capital Budget is there to record the purchase of all new capital assets. The Department's Capital budget therefore sits totally outside the Resource Budget to reflect this change. Once assets are purchased from the Capital Budget, they are then depreciated over their expected life, and this depreciation charge is included in the Resource Budget, in order to give a full resource consumption.

24. Please confirm:

(i) Whether the line "other" in Table 2—NIO Resource Budget and in Table 5 (three reference) refers to expenditure on Central Administration, Ministers and the Political Directorate, as set out in the Central Government Supply Estimates 2003–04.

In table 2 the term "other" is meant to refer to other NIO Divisions; this is the same for Table 5 except the first reference, which simply breaks down administration costs into pay bill and other, that is other types of administration costs.

The expenditure is included in the 2003–04 Supply estimates (but is not referred to as "other" in that document).

(ii) Please explain the significant drop in outturn for Forensic Science in 2002–03 and for the Compensation Agency in 2001–02, from the years immediately preceding and following.

The information on the Compensation Agency omitted its grant payments line of £78 million which is an error.

FSNI's expenditure figures across each year show the Agency's net expenditure, that is the difference between its gross expenditure and its income. In previous years some of its receipts have taken it over its voted limit for receipts and so it could not retain them thus creating a larger variance in its net expenditure. From 2003–04 onwards the Agency will have expenditure relating to its restructuring which will not be recovered from its customers, again increasing its net expenditure.

(iii) Please explain the significantly higher estimated outturn for Criminal Justice in 2002–03, compared to the preceding and following years.

Criminal Justice expenditure in 2002–03 allowed for a number of projects being taken forward under the Criminal Justice Review, which were not included in previous years. From 2003–04 onwards Criminal Justice expenditure is lower because just over £7 million has been transferred to a new spending line for the new Youth Justice Agency.

(iv) Please explain the significantly increased expenditure on "Other" in 2002–03 under Gross administration in Table 5, and similarly for Prisons under Total Net Administration Costs in the same table (p141).

The increase in “other” and Prisons administration costs in 2002–03 is directly related, and is explained by the inclusion of two large non-cash administrative costs which were included under Prisons (and therefore included in the “other” total). One of the items was for a large “provision” which prisons had to take in their 2002–03 accounts, and the other was for a loss relating to the transfer of the Maze prison from the NIO to the NI Executive. These are both one off items in 2002–03.

25. *In Table 6 (NIO staffing figures, p142) please explain why a significant expansion of permanent staff in the NICS is planned for 2003–04.*

The increase in NICS staff in 2003–04 is explained largely by the creation of a new Youth Justice Agency within the Department, which brought staff who had worked in the Juvenile Justice Board, an NDPB, into the Department’s official manpower figures for the first time. The other main factor is the recruitment of staff to facilitate the creation of a new prosecution service, which is covered briefly in chapter 13, page 95 of the DR.

26. *Please explain what steps have been taken, including resource implication if appropriate, as a consequence of the Security Service Review. How will these improvements be monitored?*

We have accepted all the recommendations in principle. Some of them raise deeper issues and will take longer than others to implement. They have been grouped into three separate but related projects that are being taken forward under the supervision of a programme board chaired by the NIO’s Resources Director.

## Annex A

### PLANNING AND MANAGEMENT OF RESOURCES: A GLOSSARY OF TERMS AND CONCEPTS

*Accruals accounting:* Financial statements may be compiled on one of two bases: cash or accruals. In cash accounting, only monies paid and received in the period are brought to account. No attempt is made to match expenditure incurred in the period with revenue earned (or output achieved). Under accruals accounting, costs and revenue are recognised as they are respectively incurred and earned and dealt with in the period to which they relate. In addition, the accruals system recognises assets held and liabilities outstanding at the end of the financial period. These are disclosed in a balance sheet. (see also *Assets, Balance sheet, Liabilities, Resource accounting and budgeting*).

*Administration costs:* these lie within Departmental Expenditure Limits (DELs). They cover departments’ current expenditure on staff, accommodation and equipment used in the administration of central government and the direct delivery of services by departments and their agencies. In practice, the main items of administration costs are:

- (a) *civil service staff costs*—wages and salaries, social security costs and superannuation costs;
- (b) *other employee-related costs*, including those for training, travel and subsistence;
- (c) *current expenditure on accommodation*, including rent, rates and maintenance, etc;
- (d) *current expenditure on office services* including stationery, postage, telecommunications, computer maintenance, etc;
- (e) *comparable contracted-out services*, and consultants’ fees where these relate to activities otherwise covered by administration costs controls or ordinarily performed by civil servants;
- (f) *depreciation and cost of capital charges* on fixed assets held for the purpose of managing the delivery of services;
- (g) *cost of capital charges on working capital* related to managing the delivery of services; and
- (h) *other non-cash items* such as auditors’ remuneration and expenses, loss or gain on disposal of fixed assets held for administration purposes, and provisions for early departure costs. (see also *programme costs*.)

*Annually Managed Expenditure (AME):* this is spending included in Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is generally less predictable and controllable than expenditure in DEL. (see also *Departmental Expenditure Limits, Total Managed Expenditure*.)

*Assets:* anything of value owned or controlled by an organisation as a result of past transactions or events. Assets may be current or fixed. (see also *Liabilities*.)

Examples of current assets

- Stocks—Raw materials
- Work-in-progress
- Debtors and prepayments
- Cash in bank or in hand

Examples of fixed assets

- Tangible—Land
  - Buildings
  - Plant and machinery
  - Vehicles
  - Furniture
  - Computers
- Intangible—Computer software

*Balance sheet*: a statement of organisational wealth (assets less liabilities) at a point in time. (see also *Assets, Liabilities*.)

*Control Total*: the measure used by the government to plan public expenditure for the medium term, and monitor and control it within each financial year.

*Creditors*: suppliers or others to whom the organisation owes money. (see also *Debtors*.)

*Debtors*: customers or others who owe money to the organisation. (see also *Creditors*.)

*Departmental Expenditure Limits, DEL*: expenditure which departments can control overall, though some elements may be demand-led. (see also *Administration costs, Annually Managed Expenditure, Total Managed Expenditure*.)

*Depreciation*: the fall in value of a fixed asset as a result of use, physical deterioration, obsolescence or the passage of time.

*End-Year Flexibility, EYF*: a mechanism to allow unspent provision in the Departmental Expenditure Limit in one year to be carried forward to the next to encourage good financial management.

*Estimate*: a statement of how much money the government needs in the coming financial year, and for what purpose(s), through which Parliamentary authority is sought for the planned level of expenditure and receipts.

*Grant*: payments made by departments to outside bodies to reimburse expenditure on agreed items or functions.

*Grant-in-aid*: regular payments made by departments to outside bodies (usually non-departmental public bodies) to finance expenditure on agreed items or functions.

*Liabilities*: the obligation to confer future economic benefit as a result of past transactions or events. May be long-term (eg, provisions for the costs of early retirement) or current (eg, creditors and accruals). (see also *Assets*.)

*Notional items of expenditure*: expenditure which does not involve an actual cash transaction but which must be reflected in the accounts to show the full costs of a body's activities. Sometimes referred to as non-cash costs. They include:

*Cost of capital (interest)*: Services received but not charged, eg, Northern Ireland Audit Office fees.

*Prepayments*: expenditure on goods and services for future benefit, which is to be charged to the cost of future operations.

*Programme costs*: all of the non-administration costs of the department, including grants and direct programme expenditure. Elements of cost will include depreciation on assets and the cost of capital charge for assets and liabilities in respect of programme expenditure. (see also *Administration costs*.)

*Public Service Agreement, PSA*: a plan setting out what the department will deliver, in the form of measurable targets, over the public expenditure review period, in return for its agreed spending. PSAs set for each department explicit aims, objectives and targets to be achieved in return for funding provided in the respective spending reviews. (see also *Service Delivery Agreement*.)

*Request for Resources, RfR*: the functional level into which departmental Estimates may be split. RfRs contain a number of functions being carried out by the department in pursuit of one or more of that department's objectives.

*Resource accounts*: these are accruals-based accounts for government departments. They comprise:

- Schedule 1 Summary of resource outturn—compares actual costs and cash to Estimate
- Schedule 2 Operating cost statement—administrative and programme costs, less income
- Schedule 3 Balance sheet—with assets and liabilities
- Schedule 4 Cash flow statement—net cash spent to run the department and to buy capital items
- Schedule 5 Statement of resources by departmental aim and objectives—analysis of costs by each of the department's objectives
- Notes—analysis and more detail, including accounting assumptions

*Resource accounting*: a method of recording expenditure as it is incurred, and income as it is earned, during an accounting period.

*Resource accounting and budgeting, RAB:* introduces generally accepted accounting practice (GAAP) into government accounting. The main changes are the adoption of accruals accounting for all departmental expenditure and the inclusion of depreciation and cost-of-capital charges in departmental budgets. (see also *Accruals accounting*.)

*Resource Budget:* the means by which the government plans and controls the expenditure of resources to meet its objectives.

*Resource Estimates:* these are the government's formal request to Parliament for finance for most central government expenditure. Each department normally has one Estimate, broken down by "Requests for Resources" (RfRs).

*Service Delivery Agreement, SDA:* sets out the more detailed outputs that departments need to focus on to achieve their objectives, and the modernisation processes they will go through to improve the productivity of their operations. (see also *Public Service Agreement*.)

*Spending Review:* this sets DEL and plans AME for the following three years.

*Subhead:* individual elements of departmental expenditure identifiable in Estimates as single items.

*Total Managed Expenditure, TME:* a Treasury budgeting term which covers all current and capital spending carried out by the public sector. (see also *Annually Managed Expenditure, Departmental Expenditure Limits*.)

*Vote:* refers to the process by which Parliament approves funds in response to Resource Estimates.

## APPENDIX 2

### Memorandum submitted by the Northern Ireland Office

#### REVIEW OF PAST RECOMMENDATIONS

Thank you for your letter of 15 July. I now attach a composite response covering all of the Reports and recommendations on which the Committee sought an indication of recent developments.

However, in respect of the Committee's *First Report 2002–03: Impact in Northern Ireland of Cross Border Road Fuel Price Differentials: three years on HC105*, the answers to all of the questions posed are a matter for HM Customs & Excise (Customs). Customs has supplied a memorandum covering these matters approved by their Treasury Ministers. This is set out below at Annex A.

#### Northern Ireland Affairs Committee's First Report 1998–1999:

#### PUBLIC EXPENDITURE IN NORTHERN IRELAND: SPECIAL NEEDS EDUCATION HC 33 AND 317

The Northern Ireland administration has provided a Memorandum in respect of the above report, which includes progress updates and the Government's response in relation to specific areas, as requested by the Committee:

#### GENERAL

1. Since 1999 there has been a marked increase in the number of children identified with Special Educational Needs (SEN), most markedly in the areas of Autism Spectrum Disorder (ASD), Dyslexia, and Emotional and Behavioural Difficulties (EBD). In the period the number of children with Statements of SEN has increased by 1,355, some 15%.

**Table 1**

NUMBER OF PUPILS WITH STATEMENTS, ALL ELBs—  
SOURCE: ANNUAL SCHOOL CENSUS

	<i>Special Schools</i>	<i>Special Units</i>	<i>Mainstream Classes</i>	<i>Total</i>
1999	4,686	1,709	2,844	9,239
2000	4,674	1,745	3,188	9,607
2001	4,710	1,760	3,614	10,084
2002	4,879	1,775	3,991	10,645

2. In general terms, the Department of Education (DE) can report that since the report of the Northern Ireland Affairs Committee (NIAC) was prepared in 1999 a significant number of steps have been taken to improve service provision for children with SEN and their parents. Collaborative working has become the norm with Special Educational Needs being seen as an issue which must be addressed co-operatively.

3. The Department of Education is working in partnership with:

- The Regional Strategy Group of the Education and Library Boards (ELBs) on issues and projects such as: developing consistency of approach across Northern Ireland; provision for children with autism and dyslexia; pre-school provision; reviewing the Annual Review process; provision for children with hearing impairments; Post-16 provision; Speech and Language Therapy provision;
- The Inter-Departmental Group (IDG) on SEN with membership from administrative and professional interests from DE and the Department of Health, Social Services and Public Safety (DHSS&PS);
- A specific Inter-Departmental Group on Transition to adult and working life with membership from DE, the Department of Employment and Learning (DEL) and DHSS&PS;
- The Voluntary Sector—several collaborative projects have been undertaken;
- The Education and Training Inspectorate (ETI);
- The Department of Education and Science (DES) in Dublin, including collaborative working to produce four Task Group Reports on Autism and Dyslexia and also co-operation on specific projects;
- The Four Nations—liaison with other parts of the UK to consider common issues and solutions.

4. Two other developments are of note. Firstly, a Fundamental Service Review of Special Education was undertaken by the ELBs' Central Management Support Unit. Its report was published in March 2003 and through RSG, the Department of Education is considering actions to address the recommendations.

5. Secondly, Legislation in England and Wales was amended by the Special Educational Needs and Disability Act 2001. This strengthens the right of parents to seek placement of a child with SEN in a mainstream school and has significant financial implications. The Department of Education hopes to enact corresponding provisions in Northern Ireland during 2004.

6. Specific responses to the NIAC recommendations, (in bold and grouped if there is a specific focus), are as follows:

*NIAC RECOMMENDATION/PARAGRAPH 35: We urge ELBs to make every effort to secure the completion of the statementing process within the limits prescribed in the Code of Practice. We recommend that they review their practices and procedures as a matter of urgency with a view to ensuring that as many cases as possible are so completed. This will include ensuring that adequate administrative and professional resources are available to be devoted to this important function. The review should include an examination of ELBs' own administrative procedures with a view to ensuring that there are no unnecessary administrative delays. We also recommend that the ELBs consider jointly how best to complete the statementing process as rapidly and efficiently as possible.*

(38) We agree with the NIAO that a lack of involvement of ELBs in the annual review process weakens their ability to manage special educational resources effectively . . . We therefore recommend that ELBs consider carefully the case for devoting additional staff resources to this important function.

(52) The Comptroller and Auditor General also expressed concern about the variations in the levels of statementing. We recommend that the C&AG's recommendations designed to improve consistency be carefully studied.

## GOVERNMENT RESPONSE

### *Statementing*

7. It is in the best interests of all concerned, and particularly the children, that statements are completed within the statutory time limits. The Department of Education's initial response to the NIAC report, in July 1999, accepted the principle in the Code of Practice (COP) that the target for ELBs to prepare a draft statement is 18 weeks either from the request to the board for a statutory assessment or from the board proposing to carry out a statutory assessment. Since then DE has been working with the ELBs to assist them in improving performance and encouraging them to monitor their performance closely. It is accepted that the ELBs are reliant on the receipt of advice from others involved. All ELBs still experience difficulties in this area although delays are most often as a result of problems in the timely receipt of advice and also the timely co-operation of parents themselves.

8. The ELBs have put in place a number of measures designed to ensure optimum response time:

- Use of procedures to issue reminders and follow up advice that has not been submitted; ELBs regularly reinforce the importance of adhering to timescales with personnel from other agencies;

- Procedures have been refined to ensure that there are no delays due to turn-around time when all advice has been received;
- where delays in submission of advice is due to parents not keeping appointments, contact is made with the school and with the Education Welfare Officers (EWOs) to seek their assistance. In some cases EWOs will transport parents to appointments;
- increased staffing levels of statementing officers;
- relevant forms, letters and information literature connected with the statutory assessment process have been reviewed to make their system more user friendly and to provide better support to parents during the process.

9. Recent figures received from the ELBs for the period April 2002 to March 2003, see table 2 below, show in four board areas a marked improvement in statements completed from the position reported in the update to the NIAO in April 2002. If we allow for the statements not completed due to the exceptions identified in the Code of Practice, the percentage of statements completed in the 18-week period in 2002–03 ranges from 81% to 96% (two ELBs), resulting in a 90% average for all ELBs.

**Table 2**

	<i>BELB</i>	<i>WELB</i>	<i>NEELB</i>	<i>SEELB</i>	<i>SELB</i>
Number of proposed statements completed April 2002 to March 2003	72	120	123	293	169
Number completed within the 18-week statutory time frame	28 (39%)	32 (27%)	63 (51%)	123 (42%)	98 (57%)
Number not completed within the statutory time framework—COP Exceptions	30	72	55	158	40
Sub-total 2 + 3	58	104	118	281	138
4 as a percentage of 1	81%	87%	96%	96%	82%
Number not completed within the statutory time framework—not COP Exceptions	14	16	5	12	31

These figures will be used as a reliable baseline against which future targets will be measured.

#### *Educational Psychologists*

10. The ELB Best Value Review suggested that the return of advice from educational psychologists within the six-week period is hampered by the shortage of these professionals in ELBs. In addition, the effects of this shortfall are exacerbated if any staff are on extended leave as it is even more difficult to recruit psychologists on a short-term basis. Educational Psychologists also highlighted that an increased amount of their time was being devoted to support schools with behaviour cases.

11. Since the introduction of the Special Educational Needs Code of Practice in 1998, the Department of Education has made available additional funding each year to enable more Educational Psychologists to be employed in each Education and Library Board (ELB) area. As a result, total numbers have risen from 118 in the year 2000 to 143 in 2003. In addition, in August 2003 the Department of Education made resources available to enable each ELB to appoint an Advisory Teacher and a Senior Education Psychologist to support children with ASD.

12.

**Table 3**

NUMBERS OF EDUCATIONAL PSYCHOLOGISTS IN POST. (April 2003)

<i>Board</i>	<i>Full-time EP</i>	<i>Part-time EP</i>	<i>Total</i>
BELB	20	14	34
WELB	22	5	27
NEELB	20	6	26
SEELB	18	9	27
SELB	20	9	29
<b>Total</b>	<b>100</b>	<b>43</b>	<b>143</b>

13. In addition, the number of teachers supported by the ELBs on the MSc in Educational Psychology at Queens University Belfast has risen from five in 1998 to the present complement of 12 per annum, through funding made available for the introduction of the Department of Education's Code of Practice. Their training programme has also been reorganised in conjunction with Queen's University.

14. The Education and Training Inspectorate reported in 2000 on the Educational Psychology Service in Northern Ireland and recommended that: "*ELBs should review the present working practices of psychologists to identify those tasks which could be done by others in the Education Service, thus freeing up the psychologists' time so that they have greater opportunities to enhance equality of support they can offer to schools, parents and children*". Schools and the Standing Conference on Special Education have also expressed the view that valuable psychologist time is taken up administering and writing up the results of diagnostic tests that confirm the teacher's existing knowledge of the child's abilities. The Principal Educational Psychologists also reaffirmed this view during consultation, believing that their role should be developing expertise in particular fields, eg autistic spectrum disorder and disseminating best practice to schools to manage such needs.

15. Following a strategic review of the Educational Psychology service in the South Eastern ELB, a pilot project will be supported by the Department in that area, subject to RSG agreement. Two Assistant Educational Psychologists will be appointed firstly to provide additional manpower and reduce response time to Stage 3 referrals and, secondly, to make Educational Psychologists more available to provide support for schools in planning and monitoring individual and learning programmes; giving advice on support arrangements and helping provide in-service training in area such as managing ASD, ADHD and EBD.

16. Other steps taken include clarification of the role played by Educational Psychologists in determining a pupil's need for additional examination time. Psychologists no longer routinely perform this function and protocols in respect of "Independent Reports" from Educational Psychologists are being devised by the Principal Educational Psychologists, acting as a sub-group of RSG.

#### *Action to Support Child before Statement Issues*

17. ELBs have advised that they make considerable effort to provide support for children pending the completion of the statement. This support may have already been provided at Stage 3 of the Code of Practice, and therefore would not be withdrawn pending the outcome of the statutory assessment process. In other cases support is provided under ELBs' emergency provision where initial reports make the need clear and unambiguous.

18. Where it is felt that a final statement is likely to indicate that a child will require a special school placement, the Board will put in place outreach, peripatetic teaching or classroom assistant support in the child's current special unit or mainstream class placement, until the statutory assessment process has been completed.

#### *Management Information*

19. As acknowledged in the NIAO report, Management Information Systems are not fully developed in the ELBs and the special education sections of the five ELBs operate with a variety of manual and IT-based information systems. For some years the ELBs have acknowledged that these various systems are not capable of meeting today's growing demands for comprehensive statistical data. The Department of Education's key strategic concern is for all ELBs to have a consistent system in place which can respond quickly to *ad hoc* requests for SEN statistics and can supply management information on Board performance, for example in relation to meeting the statutory and non-statutory time limits etc for statementing etc. While DE bids for funding to implement a comprehensive IT database across the special education sections of the ELBs were unsuccessful, the ELBs are working with the Board Information Systems Programme Directorate (BISPD) to take forward their SEN ICT requirements alongside the new Education Welfare Service ICT system. An Operational Requirement (OR) for an ICT system across the five ELBs has now been agreed and the decision made to appoint a project manager to take forward this initiative. Amongst other things, the OR stipulates that the system must be able to define targets for each stage of the assessment and statementing process; measure progress against those targets, with an "Alerts" facility to allow staff to prioritise and manage cases which are running late. Once this common system is in place, management of the process will become more efficient and effective.

#### *Annual Reviews*

20. The Fundamental Service review of SEN within the five ELBs has also identified the Annual Review process as an area that consumed significant time, effort and resources. However, although the process appears straightforward and consultation with schools has shown that the process is valuable, the many associated practicalities have been proving difficult, costly to implement and school staff have questioned the value of the exercise. Figures for 2001-02 show that only 13% of the 8,625 annual reviews carried out required an amendment to the statement. Whilst recognising that the annual review provides reassurance

for some parents, the response to the Best Value review consultation emphasised the amount of effort that is required for Annual Reviews when the process results in so few changes in either special or mainstream schools. The value of the Annual Review in special schools, in particular, was questioned. The absence of standardised forms was also highlighted as a major concern.

21. As a consequence a Working Group of Principals, Designated Special Education Officers and a representative of DE has been established to examine the issues and problems in this area, including the implications for legislative change, the possibility of standardising paperwork and the general dissemination of best practice.

#### *Commonality Across ELBs*

22. To address the issue of commonality in the issuing of statements, the RSG has worked up common criteria for use across all ELBs at stage 4 of the Code of Practice ie statutory assessment criteria. Criteria for the following areas (which are in line with the Code of Practice) have been considered:

- learning difficulties—moderate and severe;
- specific learning difficulties;
- emotional and behavioural difficulties;
- physical disability/medical difficulties;
- sensory impairment—hearing/visual difficulties;
- speech and language difficulties; and
- pre-school children with developmental difficulties.

23. A set of criteria has been agreed by ELBs for the areas listed above with the exception of speech and language. The ELBs and the Department of Education are working together to consider the equality implications of the agreed criteria and their wider implications. In particular, the RSG sub-group established to investigate this issue has recommended that the common criteria be piloted for a one-year period prior to implementation.

#### PARENTAL PERCEPTIONS AND EXPECTATIONS

*NIAC RECOMMENDATION/PARAGRAPH 78: We recommend that DENI, the ELBs and the HSSBs review the scope for improving parental perceptions of their involvement. A greater attention to this aspect in the training of the professionals involved might be appropriate.*

*(73) . . . both HSSBs and ELBs may need collectively to work together more closely in meeting parental expectations for services. We hope that they will pay full regard to parental concerns in this respect, and seek to draw on the expertise of organisations with particular interest in, and experience of, assisting children with special educational needs.*

#### GOVERNMENT RESPONSE

24. The introduction of the Code of Practice on the Identification and Assessment of Special Educational Needs in 1998 served to increase awareness of special educational needs in schools and among parents. In order to ascertain whether they consider the system achieves its aims, ie how user friendly it is and whether it results in children's special educational needs being met in the best way possible, the Department of Education has commissioned the University of Ulster to undertake a research project to carry out a survey of parental opinion. Early indications show that parents generally have high levels of satisfaction with the process. The final report is due shortly.

25. DE is very aware of the need to inform and involve parents in the various aspects of their child's SEN. It has therefore produced complementary parent and teacher videos and CD-ROMs, along with guidance material on Autism. These have been distributed to parents' groups and schools. Parents will also be the focus of work by Parents and Professionals Autism (PAPA), which worked in partnership with DE in the production of these materials. They intend to use them as part of the training package linked to the Keyhole Project which aims to provides an holistic approach to interventions with families who have pre-school children with Autism, aged between two and four years. Similar resources for parents and professionals related to Dyslexia will be available in the Autumn.

26. Plans are in hand to establish a Centre of Excellence in the education of children with Autism at Middletown in Co Armagh. This is a North/South initiative between the Department of Education and the Department of Education and Science (DES) and the aim of the Centre is to promote excellence in the education of children and young people with ASD throughout Ireland. Education and health professionals will work with children of all ages and their families to achieve effective management of the condition. DHSSPS are involved also in the steering group and have been meeting with Health and Social Services Boards and the local Trust to look at support levels etc. DHSSPS is also assessing what additional training for staff is required, particularly in respect of early diagnosis.

27. Provisions corresponding to the Special Educational Needs and Disability Act 2001 are to be enacted in Northern Ireland. These are likely to:

- strengthen the rights of children with SEN to be educated in mainstream schools where parents want this and the interests of other children can be protected;
- require ELBs to make arrangements for services to provide parents of children with SEN with advice and information and the means of resolving disputes with schools and Boards;
- require Boards to comply within prescribed periods, with orders of the Special Educational Needs Tribunal (SENT) and make other changes in support of the SENT appeals process and the statutory assessment process;
- require schools to inform parents where they are making special educational provision for their child and ensure parents have a right of appeal where schools request a statutory assessment of a pupil's SEN.

28. Finally, the ELBs' Fundamental Service Review acknowledged the importance of the views of children and parents being heard and a number of focus groups were held to gather views.

#### *Inter-Departmental/ELB/Voluntary Sector Co-operation*

29. Since the NIAC report was published the Department of Education and DHSS&PS have acknowledged the need for improvement in a number of areas, for example, in the area of therapy provision. One particular pilot initiative operating across the Education and Library Boards is working to jointly address the speech and language needs of Key Stage 1 pupils. In addition DHSS&PS have made additional funding available in the last year to develop therapy provision.

30. A joint DHSS&PS/DE SEN steering group, with administrative and professional representation, was established in April 2001 (the IDG on SEN). Its aim is to ensure that children with Special Educational Needs are provided with appropriate services in line with the Northern Ireland Programme for Government target of promoting the health and social development of children. Six key areas have been identified for action including Autistic Spectrum Disorder (ASD), collaborative working, nursing provision in special schools, the preparation of guidance for schools on dealing with medical needs, and a review of the health service workforce, including nurses and therapists, which DHSS&PS has undertaken.

31. A joint planning group has been set up, with representatives from DE, DHSS&PS and the Department for Employment and Learning (DEL), to focus on the transition of pupils with SEN from school and the opportunities available thereafter. The group is identifying the main issues that are relevant to each department's sphere of responsibility. Co-operation between agencies which will play a major role during the post school years, eg parents; careers service; health and social services authority; is vital. Projects involving partnerships formed between statutory agencies and voluntary organisations have proved very useful in the past in assisting the transition planning process as has the direct consultation with parents, carers and the young people themselves, which has been an ongoing process involving all of the Departments within the working group. Further, as a working group, the three Departments agreed to hold a seminar to which DE invited a number of groups, mainly from the Voluntary Sector, to share experiences of their existing programmes. DHSS&PS hosted the seminar which was held in Castle Buildings in September 2003 to facilitate the presentation of this work and was a very useful event for both officials and presenters alike. This will enable departments better to evaluate developing provision in this area with a view to devising a Northern Ireland-wide model of best practice.

32. In relation to mental health, Riverside Special School and Muckamore Abbey Hospital have established a joint approach to a care and education programme for children receiving treatment in Muckamore. A joint care and education plan for the children has been drawn up which provides for a multi-disciplinary team with a teacher and classroom assistance, funded by DE at £60,000. It has been agreed that the joint DE/DHSS&PS approach involving the exchange of information and co-operative working has greatly improved the situation regarding management of the children.

33. At a local level, there is a high level of partnership working between Trusts, Special Schools and ELBs to ensure that the optimum provision is made for these children.

34. DE and DHSS&PS are developing protocols for collaborative working for professional staff in both organisations. A joint seminar was held in April 2003. Close links have been established with the voluntary sector, particularly in the areas of production of resource materials and training, and we are very aware of the mutual benefit that can accrue from such contacts.

## SPEECH AND LANGUAGE THERAPY

*NIAC RECOMMENDATION/PARAGRAPH 65: We recommend that steps be taken to seek to improve the recruitment and retention of speech and language therapists in Northern Ireland.*

## GOVERNMENT RESPONSE

35. Responsibility for providing speech and language therapy rests with the DHSS&PS and the Health and Social Services Boards and Trusts. There have been acknowledged difficulties in this area. There is also at present a shortage of qualified speech and language therapists and the complexity of communication disorders, with which children are presenting, is greater than, for example, five years ago. The associated problems can therefore take longer to resolve. DE and DHSS&PS therefore agreed to work more closely in this area and it has been a major agenda item for the Inter-Departmental Group on Special Educational Needs.

36. DHSS&PS has undertaken a review of the speech and language workforce. The review identified a number of recruitment and retention issues. It is recognised that there is no single simple solution to increasing the number of Speech and Language Therapists in the HPSS workforce. Several recruitment and retention strategies, including family friendly work life balance policies will need to be established in order to make a significant improvement on the overall numbers of staff. In the meantime, DHSS&PS approved an increase of 10 in the intake of Speech and Language Therapy students in September 2001; naturally it will be some time before this makes its impact.

37. In 2001 the Department of Education accessed £700,000 from the Executive Programme Funds for a project, “Early Intervention for Children with Learning Difficulties”, which will concentrate on the delivery of a more efficient and effective service for children at Key Stage 1 with speech and language impairment. The project focuses on training for teachers and classroom assistants to enable them to identify children at an early stage with speech and language difficulties. The project targets schools in New Targeting Social Need (NTSN) areas of Northern Ireland and is being implemented by collaboration between the ELBs and DHSS&PS. Early indications are that the project is working well. Teachers report feeling more confident; the children are showing measurable improvement; and the Speech and Language Therapists consider it will have a positive impact in the long run on their caseloads and waiting lists. This is a positive example of a multi-agency approach to a cross-departmental problem.

## FUNDING

*NIAC RECOMMENDATION/PARAGRAPH 46: . . . more should be done to monitor how targeted resources are used and to evaluate their impact on pupils with social and educational needs . . .*

*(47) . . . [schools] should also be required to publish details of how they have used that part of their delegated budget intended to be spent in this area [SEN]*

## GOVERNMENT RESPONSE

*Assessment of Relative Needs Exercise (ARNE)*

38. Within the Assessment of Relative Needs Exercise (ARNE) methodology, which was used in recent years to distribute recurrent resources between the ELBs, historical expenditure was used as a proxy for relative needs for special education. A review by consultants of this distribution methodology, to complement the introduction of the common formula funding for schools, recommended, in light of the Warnock Report findings, that total school age children figures should replace the historical cost indicator for special education. The consultants’ report also recommended the 5.5% top slicing of available special education funding and its distribution across boards using the Noble Multiple Deprivation measure of the top 25% most deprived wards. Both these recommendations have failed to achieve 5 Board agreement and are still under consideration by the Department of Education.

*Local Management of Schools (LMS)—Common Funding Scheme*

39. Additionally, legislation introduced in 2003 requires DE to draw up a common funding scheme to apply to all schools funded under Local Management of Schools (LMS) arrangements by April 2005. These arrangements will apply to special units attached to primary and post primary schools, but not to special schools for which costs are met centrally.

40. The Department of Education has devised a common LMS funding formula made up of a range of factors, including a Targeting Social Need (TSN) factor. This will comprise two elements: a social deprivation element related to the additional costs faced by schools in educating pupils from a disadvantaged background, and a special educational need element, which seeks to recognise the extra support required by pupils performing below the expected level for their age regardless of social background.

41. A proposal set out in the consultation document on the common formula, (published in April 2001), that schools should be required to account for funding received under the TSN factor, received widespread support. It is important to bear in mind that accounting for TSN expenditure must recognise that a school's budget allocation under Local Management of Schools (LMS) is unhypothecated. It should also avoid any significant additional administration. If schools were required to provide a detailed account, this would require the establishment of complex recording and costing systems and would be very expensive and time-consuming to administer. It has therefore been proposed that the annual LMS Out-turn statement is expanded to include a section on accounting for TSN funds. Towards the end of the financial year the funding authority will issue a form to each school, setting out details of the allocation made under the two elements of TSN factor and asking the school to show its estimated expenditure under the various headings. There will be no requirement to match expenditure precisely to income—schools may continue to make their own decisions on relative priorities, taking account of their particular circumstances. However, schools will be expected to provide an explanation where expenditure is substantially below the TSN allocation.

#### *Management Information*

42. A recent ELB Best Value Fundamental Service Review undertook an in-depth analysis of expenditure in this area also highlighted the need for improved and consistent management information to improve ELBs' ability to derive accurate detailed costings. In this context it is welcome that the Operational Requirement for a Board SEN system (see para 19) makes provision for the retention of information in relation to the costs of provision, from which reports can be produced and targets monitored.

43. In addition, the Annual School Census is now producing statistics on all children with SEN in mainstream and special schools at stages 1 to 5 of the Code of Practice. Previously only children with statements were included. This will enable more meaningful comparisons to be made between ELBs.

#### *Quality Assurance and Evaluation*

44. The ETI provides quality assurance and evaluation with expertise across phases, subjects and specific minority areas which encompass the education system; their task is to identify and report publicly on practice and exemplars of good practice, which includes reporting on the effective use of whatever teaching strategies and methodologies are observed. In respect of special needs, ETI publishes reports in relation to specific inspections and also Northern Ireland-wide surveys on a range of issues.

#### INCLUSION

*NIAC RECOMMENDATION/PARAGRAPH 75: . . . it is likely that an increased number of [stated] children will be educated in mainstream schools. The challenge for such schools will be enhanced by the fact that many of these children are likely to have more profound needs than such schools have normally faced hitherto. This will need to be reflected in the funding such schools receive.*

#### GOVERNMENT RESPONSE

45. In further developing its policy on special education and inclusion the Department of Education will want to: reflect best practice, policy and principles; recognise the broader role of the special school sector; develop a culture to promote inclusive practices; and place educational developments in Northern Ireland at the fore of progressive development. In addressing the challenge of inclusion, DE is actively considering and developing the contributions which can be made to strategic thinking and planning in this area through close working relationships between DE and other relevant bodies and individuals.

46. The Department of Education is fully aware that the proportion of pupils with statements in Northern Ireland, as a percentage of the total school population, has shown a steady increase in recent years, from 1.6% in 1990–91, through 2.5% in 1996–97, to 2.9% in 2001–02. Some 35% of stated pupils are placed in mainstream schools: this proportion has been increasing steadily in recent years and now is more than double that of 10 years ago. If the number of children in Special Units attached to Mainstream Schools is added the proportion rises to 53% of the total. The most recent figures available show that approximately 10,645 children have statements of special educational need.

47. Inclusion is of key interest to DE and the ETI who are undertaking extensive work relating to inclusion of pupils with SEN across all sectors. The Department of Education is also aware that, not only have the numbers of children with SEN risen, but the range and complexity of disabilities have increased, both in mainstream and special schools. DHSSPS is also very much aware of the change in client profile and its potential impact on required support services.

48. The Department of Education will continue to press for additional resources to meet increasing demand.

49. The level of funding for special education is determined by the ELBs as part of their annual decisions about the allocation of their Block Grant. Each ELB can determine how best to distribute these funds in accordance with its own priorities. Mainstream school budgets allocated under the LMS system contain an additional element to cater for the needs of any non-statemented pupils with special educational needs. The costs associated with statemented children in mainstream schools are not separately identified.

50. Substantial additional resources, specifically targeted at strengthening mainstream provision, have been provided to support the introduction of the Code of Practice in Northern Ireland. Eight million pound is available each year to provide support for the schools and ELBs in the ongoing implementation of the Code. To date, some £39 million has been allocated to help meet the additional cost of funds for schools to help support SEN provision; expanding outreach and peripatetic provision; increased numbers of classroom assistants; clerical and administrative support for ELBs and schools; the installation of a computerised SEN record system in schools; additional Educational Psychologists and training for teachers and governors.

*NIAC RECOMMENDATION/PARAGRAPH 59: . . . the success or otherwise of a mainstream school's SEN policy will stand or fall on the competence and commitment of the SENCO. It is therefore vital that schools select their SENCO with particular care and ensure that they receive appropriate training . . . we hope that DENI will take steps to ensure that appropriate funding arrangements are in place to ensure that lack of funding does not discourage potential trainees . . . the introduction of the Code of Practice means that teachers generally, and not just SENCOs, will need greater training in special educational needs . . . we recommend the continued provision of ring-fenced training resources in this area.*

#### GOVERNMENT RESPONSE

##### *Training of Special Educational Needs Co-ordinators (SENCOS)*

51. Since the introduction of the Code of Practice there has been significant training in this area. Out of ear-marked money the Department of Education has made £1.7 million available to the ELBs to support training opportunities for SENCOs, other school staff and governors.

52. The Regional Training Unit offers a two-year diploma on the role of the SENCO which has had significant uptake. The Diploma focuses on the management of SEN in mainstream schools, including the development of multi-agency work. This course has resulted in a well-trained cohort of teachers, with expertise in the area of special needs, who have been instrumental in enhancing the quality of education for those children with special needs and have been a decided influence in enhancing teacher expertise in schools.

##### *Support for teachers in aspects of special education: General*

53. Developments are taking place to address concerns which have been expressed with regard to the education and training of teachers working with children with SEN. It is the Department of Education's policy that initial teacher education (ITE) should produce generally qualified teachers and that training for those wishing to focus on other areas such as special education should be made available through in-service training.

54. ETI has carried out two surveys of ITE in the last five years, since the introduction of the new BED degree, which prepares teachers to teach in mainstream primary and secondary schools, and is currently carrying out an inspection into the arrangements for induction for Beginning Teachers and for teachers in Early Professional Development. The inspection findings to date indicate that, while the Beginning Teachers in special schools are coping well, the three-day induction course designed to meet their specific needs is insufficient for the purpose and it is expected that changes in the format of the induction programme will be implemented in the coming academic year. These should result in more focused support for Beginning Teachers in special schools.

55. Other developments of note are:

- the universities are developing modules specifically for teachers related to aspects of special education for inclusion in the Masters programme; and
- the Department of Education has recently accessed £0.5 million to provide training related to special educational needs provision in pre-school settings specifically in relation to Autism.

#### GLOSSARY

ADHD	Attention Deficit Hyperactivity Disorder
ARNE	Assessment of Relative Needs Exercise
ASD	Autism Spectrum Disorder
BISPD	Board Information Systems Programme Directorate
C&AG	The Comptroller and Auditor General
COP	Code of practice

DE	Department of Education
DEL	Department of Employment and Learning
DES	Department of Education and Science in Dublin
DHSS&PS	Department of Health, Social Services and Public Safety
EBD	Emotional and Behavioural Difficulties
ELB	Education and Library Board
ETI	Education and Training Inspectorate
EWS	Education Welfare Service
HSST	Health and Social Services Trust
ICT	Information and Communications Technology
IDG	Inter-Departmental Group on SEN
ITE	Initial Teacher Education
LMS	Local Management of Schools
NIAC	Northern Ireland Affairs Committee
NIAO	Northern Ireland Audit Office
OFMDFM	Office of the First & Deputy First Ministers
RSG	Regional Strategy Group of the ELBS
SEN	Special Educational Needs
SENCO	Special Educational Needs Co-ordinator
SENT	Special Educational Needs Tribunal
STANDING CONFERENCE ON SPECIAL EDUCATION	—a forum for discussion of SEN issues between the Department of Education, CCMS, the Teacher Unions and ELBs

#### Northern Ireland Affairs Committee's Second Report 1998–99:

#### ELECTRICITY SUPPLIES IN NORTHERN IRELAND: IMPACT OF THE 26 DECEMBER 1998 STORM HC 227

The Northern Ireland Affairs Committee requested a short Memorandum in respect of the above report. The areas for which NIAC sought progress updates and the Government's response in relation to the three areas in question is set out below:

(i) *Steps taken to enhance the resilience of the overhead supply network since the Committee reported?*

In 1999 NIE increased its refurbishment programme to address the risks associated with pole decay and tree interference on its distribution network. This provided enhanced resilience to storms as well as overall improved performance. Analysis carried out by NIE indicates that there has been a 27% improvement in overall performance since the Boxing Day storm.

(ii) *Steps taken by Northern Ireland Electricity to improve its media communications strategy, in the event of a major service failure?*

In addition to a Communications Manager, who has responsibility for communications during major interruptions to supply situations, NIE has recruited and trained two communications officers whose job descriptions include specific reference to major storms and events. Senior managers and operational staff have received media training so as to be able to contribute to communications during major events. IT systems at the Craigavon incident centre have been developed to provide information in a format that can be easily passed to the media. NIE has experienced several major storm events since 1998 and has been acknowledged as having handled the media information process well. In 2000 NIE won an "Awards For Excellence In Public Relations" from the Institute of Public Relations for improvements in media handling made after the Boxing Day 1998 storm.

(iii) *Steps taken (or planned) to reduce the cost of electricity to users in Northern Ireland?*

A working party of economists drawn from the Department of Finance and Personnel, the Department of Enterprise, Trade and Investment and the Northern Ireland Authority for Energy Regulation has over recent months been examining options for the refinancing of energy assets and contracts, with a view to energy cost reductions for the consumer. On 24 September Minister Pearson announced a major new initiative to tackle the problem of high electricity prices. He revealed that the draft budget, to be published shortly, would include proposals for reducing electricity bills for Northern Ireland businesses by some £30 million per year. The intended result would mean an average decrease in electricity prices across the business sector of at least 10% below the levels they would otherwise have been, commencing in 2004–05. Further work remains to be done and it is intended that the details will be included in the new energy strategy document due to be published before Christmas.

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**Northern Ireland Affairs Committee's Fourth Report 1998–99:**

**OPERATION OF THE FAIR EMPLOYMENT (NI) ACT 1989: TEN YEARS ON**

*Recommendation 117*

. . . the new Order implements an appropriate approach to affirmative action for the time being and . . . the new provisions should be given time to prove whether or not they have been adequate to the task . . . a formal assessment should be made after the new Order has been in effect for five years, just as the 1989 Act was reviewed after five years operation.

*Recommendation 130*

We note that the next review of employment equality, which the Government has said will be launched by 2005 at the latest . . . should occur five years after the coming into effect of the Fair Employment and Treatment Order 1999.

*Government Response to recommendations 117 and 130*

Significant developments and progress have been made since 1999. A review has been carried out of New Targeting Social Need and results of the evaluation are due to be published later this year. An Employability Task Force set up by the devolved administration has resulted in work being taken forward on Labour Market Dynamics and a monitoring and evaluation sub-group has been set up to ensure that actions are taken and their impact evaluated. In addition work on developing a single Equality Bill continues and this work includes an examination of existing legislation. All of these are matters transferred to the NI administration and it will be for that administration when restored to consider the way forward in the light of the work which has already been completed and which is continuing.

**Northern Ireland Affairs Committee's Second Report 1999–2000:**

**CURRENT PROBLEMS RELATING TO THE LIVESTOCK INDUSTRY IN  
NORTHERN IRELAND**

This Memorandum covers developments in the following areas raised by the Committee in its Report (HC 62):

**1. AGRY-MONETARY COMPENSATION**

In its report, the Committee recommended that the Government should pay the optional element of the transitional agri-monetary compensation measures in 2000 in view of the situation in the livestock sectors in Northern Ireland. The Government noted the Committee's recommendation and pointed out that paying agri-monetary compensation (which had to be applied on a UK-wide basis) had considerable public expenditure implications. Nevertheless, in the Action Plan for Farming published on 30 March 2000, the Prime Minister announced the payment of a further £66 million of optional agri-monetary compensation across the UK, which delivered an additional £8 million to Northern Ireland dairy, beef and sheep farmers in respect of 2000, on top of the £5.6 million of compulsory compensation which accrued to beef, sheep and arable producers that year.

Further payments of optional agri-monetary compensation were subsequently made, notably in the context of the Foot and Mouth Disease outbreak, providing substantial additional assistance to farmers. However, the EU regulations governing the agri-monetary regime lapsed on 31 December 2001 and the system no longer exists.

**2. LABELLING (COUNTRY OF ORIGIN AND WELFARE STANDARDS OF PRODUCTION)**

The Committee made recommendations on country of origin and animal welfare standards labelling. The Government noted that it was pressing for EU and international action to enable tighter controls on country of origin labelling. It also pointed out that voluntary labelling schemes covering animal welfare already existed, but that trying to impose mandatory welfare labelling on imported food would be highly questionable under current WTO rules.

Under EU Beef Labelling rules introduced in September 2000 and January 2002, labels on fresh or frozen beef (or veal) must now indicate the Member State or third country in which the animals from which the beef was derived were born, reared and slaughtered. The Food Standards Agency has also produced

guidelines on country of origin labelling of food products, which identifies the legislation that applies to such labelling and provides non-statutory advice on interpretation of the legislation, together with advice on best practice. The Agency is in discussions with the European Commission on this issue with a view to enhancing labelling rules so that consumers will be provided with clear, helpful, transparent information, including traceability, about the products they are buying.

### 3. RESTRUCTURING OF THE PIG INDUSTRY

The Committee recommended that assistance be given to the pig sector to assist with offal disposal costs. It also recommended the introduction of a restructuring scheme for the pig sector. The Government noted that the EU Commission had indicated decisively that any assistance with offal disposal would constitute a clear breach of EU State Aid rules and that this issue would not be pursued further.

The Action Plan for Farming announced by the Prime Minister on 30 March 2000 included a proposal to introduce a scheme to encourage the restructuring of the UK pig industry in order to improve its long-term viability. EU State Aid approval was duly obtained, and the first element of the Pig Industry Restructuring Scheme—“Outgoers”—which was aimed at those wishing to end their involvement in pig production, opened to applications on 4 December 2000. The second element—“Ongoers”—for those who wished to remain in pig production and wanted to restructure their business to ensure viability in the longer term, opened on 22 January 2001. The Scheme was open to all producers, including those who had been in production in June 1998 but who had ceased trading in the interim.

Some £2.7 million was paid to 396 Northern Ireland producers under the Outgoers element of the Scheme, while 116 producers have benefited by £1.5 million under Ongoers. All Northern Ireland applicants under the latter were successful in their bids for assistance.

### 4. THE SHEEPMEAT REGIME

The Committee hoped that the Government would take account of the criticisms of the EU Sheepmeat Regime during its participation in the (then) forthcoming review of the regime. The Government expressed its awareness of these concerns and indicated that they would be considered in arriving at the UK's negotiating stance for the review of the regime.

Following negotiations on the basis of proposals from the EU Commission, the Sheep Annual Premium (SAP) was changed in 2002 to a uniform rate of €21 per ewe across the EU, plus a supplement of €7 per ewe in the Less Favoured Areas. This was broadly welcomed by the farming organisations.

Under the recent CAP reform agreement, the SAP and other direct subsidy payments in the livestock and arable sectors will, from 2005, be converted into a single decoupled payment per farm, unrelated to the number of sheep kept.

### 5. BSE LOW INCIDENCE STATUS

The Committee recommended that beef export restrictions were eased at the earliest opportunity. The Government indicated its agreement with this objective.

Achieving low incidence status for Northern Ireland was a political objective of the Devolved Administration in 2000. This was close to being achieved until increased EU testing requirements revealed a higher incidence of BSE than that uncovered by passive surveillance. An extensive surveillance programme has since been undertaken which indicates falling numbers of animals testing positive for BSE.

In May 2003, the World Animal Health Organisation (OIE) accepted a proposal to increase the international threshold for BSE categorisation of Moderate Risk Status (formerly known as Low Incidence Status) to 200 cases per million adult cattle. Northern Ireland currently meets this threshold and the UK as a whole will achieve it by September 2003.

A formal UK case for recognition of Moderate Risk Status was submitted for consideration to the European Commission in June 2003. A separate Northern Ireland case would still be subject to the same lengthy process of consideration and unlikely to achieve Moderate Risk Status before the rest of the UK.

### 6. THE ENVIRONMENTALLY SENSITIVE AREAS SCHEME (ESA)

The Committee supported that Environmentally Sensitive Areas (ESA) Scheme and recommended that high priority be given to the reopening of the enhancement (E-Plan) element.

The Government recognised the high value placed by society on the provision of environmental goods and noted that its agri-environment programme would be expanded under the Northern Ireland Rural Development Regulation Plan 2000–06, primarily through the roll out of the Countryside Management Scheme (CMS).

The discretionary capital enhancement (E-Plan) element of the ESA and CMS Schemes reopened for applications on 7 April 2003. A total of £5.51 million is available over the three financial years 2003–04, 2004–05 and 2005–06. E-plan is designed to provide grant assistance for participants in the ESA and CMS schemes, helping with the extra costs of certain capital activities such as the reinstatement/erection of stone walls and the planting/reinstatement of hedges designed to protect or enhance habitats. E-plan funding is available to all ESA and CMS participants, currently 4,500 and 1,900 farmers respectively, up to a maximum of £1,500 per applicant.

#### 7. MARKETING HOME-PRODUCED PRODUCTS

The Committee indicated its support of home-produced products but was concerned that local consumers were not aware of their perceived quality benefits.

The Government noted the importance to Northern Ireland of external markets. It also pointed out that marketing was the responsibility of industry but that it provided substantial support in respect of this through marketing grants and support for exhibitions and trade fairs.

The Government has allocated £1.5 million in support of the Northern Ireland livestock industry through the Red Meat Strategy, promoting Northern Ireland beef and lamb. It has also provided almost £300,000 to support the promotion of pigmeat.

#### 8. PRODUCT QUALITY ASSURANCE

The Committee recorded its desire that producers and processors work together to exploit high value added and quality marketing opportunities. The Government supports this view and noted efforts in this respect.

The Government continues to encourage product quality improvements through various initiatives, such as the Beef Eating Quality Research Programme, and the Beef Quality Initiative (aimed at improving carcass quality).

##### *Beef Quality Initiative*

The aim of this initiative is to assist beef producers to improve their breeding stock and adopt modern production management practices to secure higher returns by meeting the market demands for high quality finished cattle.

##### *Meat Eating Quality Initiative*

A joint Science Industry Management Group has been set up in co-operation with DARD Science Service, DARD Service Delivery Group, Livestock Meat Commission (LMC) and representatives of the Northern Ireland beef industry. The objective of the project is to evaluate, adapt and develop an appropriate effective Beef Eating Quality Management system for the Northern Ireland Beef industry.

#### 9. FARM SUCCESSION

Although it did not advocate an early retirement scheme and saw no evidence that farm succession difficulties were having any harmful effects, the Committee identified farm succession as a problem and invited the Government to bring forward ways of addressing the issue. The Government noted that it had no immediate plans to intervene directly in this matter, though it did not rule out that possibility.

In 2001, the Government commissioned research into the options of introducing schemes for either subsidised early retirement or a new entrants scheme in Northern Ireland. With a high level of deadweight and no evidence of lasting benefits, it was concluded that the former offered poor value for money. However, potential benefits were identified from a new entrants scheme based on a loan interest subsidy and proposals for such a scheme were drafted and issued for consultation during the summer of 2003. The responses from this consultation process are currently under consideration.

The Government has also commissioned UK-wide research into the issue of farm succession, the prime objectives of which are:

- (a) To compare the age structure of those engaged in farming with that of other populations;
- (b) To measure the number of new entrants in farming;
- (c) To determine if the rate of new entrants to farming is being retarded by an increased reluctance or difficulty for existing practitioners to leave;
- (d) To determine the numbers of potential new entrants who have decided against entry, and the reasons for the decision;

- (e) To identify the factors that speed up and slow down the level of new entry;
- (f) To determine if new entrants are leaving the industry within a relatively short time and, if so, the reasons why;
- (g) To determine the numbers actually retiring or leaving the industry;
- (h) To determine the number of farmers who wish to retire but who are unable to do so and the reasons for this; and
- (i) To consider the measures currently and potentially available to government, to secure a change in the rate of entry to farming.

#### 10. THE GOVERNMENT'S RURAL DEVELOPMENT PROGRAMME

The Committee welcomed the contribution made by diversification but recognised that this of itself did not represent a solution to the problems of rural areas. The Government concurred that diversification was only one aspect of the broader development of the rural economy and noted the role of the Rural Development Programme in pursuing a broader agenda for disadvantaged rural areas.

Following a review of the 1994–99 Rural Development Programme a new phase of the Rural Development Programme (2001–06) was launched in November 2001. Funded through a number of EU Structural funds, including the Peace II Programme and Leader+ and Interreg III initiatives, the Rural Development Programme aims to promote comprehensive and integrated action towards the sustainable and equitable development of rural areas.

#### **Northern Ireland Affairs Committee's Fourth Report 1999–2000 Northern Ireland Railways:**

##### **FINANCIAL PROVISION FOR NEW ROLLING STOCK IN 2000–01 (HC 512)**

This Memorandum covers the following areas raised by the Committee.

#### *(i) Progress in financing and acquiring new rolling stock*

Following the issuing of the Railways Task Force Report in September 2000, the Northern Ireland Assembly allocated the resources required to proceed with the Consolidation Option in the Report. This included the resources needed to enable Northern Ireland Railways to purchase 23 new trains, to replace its 18 Class 80 trains, which are nearing the end of their useful life. After a competitive tendering process a Spanish company, CAF, was selected to supply the new trains. Contracts were signed between Northern Ireland Railways and CAF on 28 February 2002. The first new train is scheduled to be delivered in December 2003 and introduced into passenger service in mid 2004. The remainder of the trains will be delivered over a 12-month period throughout 2004, with all 23 expected to be in passenger service by mid-2005.

#### *(ii) Progress in upgrading track and other infrastructure*

The Consolidation Option in the Railways Task Force Report provided for the upgrading of Northern Ireland Railways core network ie the lines between Belfast and Bangor, the border, Ballymena and Whitehead. The Regional Transportation Strategy for Northern Ireland 2002–12, the strategic direction and underlying principles of which were agreed by the Northern Ireland Assembly on 3 July 2002, provided for the upgrading of the non-core network ie the lines between Whitehead and Larne and between Ballymena and Portrush and Londonderry, if the investment on the core network proved successful. All projects are, of course, subject to normal appraisal processes.

The main infrastructure projects, which have been completed since the publication of the fourth NIAC Report include:

- The reopening of the Antrim to Bleach Green junction line in June 2001.
- The relay of the Belfast to Bangor line in the first half of 2002.
- The upgrading of Belfast Central Station, which was completed in March 2003.

Forthcoming projects include the relay of the line between Bleach Green junction and Whitehead, the last section of the core network that requires to be upgraded and a cleaning and stabling facility planned at Fortwilliam for the new trains.

#### *(iii) Punctuality*

Performance indicators have shown an improvement in punctuality in the railway network and currently meet Charter Standards.

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PUNCTUALITY PERFORMANCE AGAINST CHARTER STANDARDS

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<i>Period</i>	<i>Charter Standard for Dublin and Londonderry Lines</i>	<i>Performance standard obtained</i>	<i>Charter Standard for rest of Rail network</i>	<i>Performance standard obtained</i>
	%	%	%	%
Autumn 2001	90	85	95	91
Spring 2002	90	95	95	94
Autumn 2002	90	95	95	96
Spring 2003	90	97	95	96

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(iv) *Expenditure on improving safety*

It is difficult to distinguish between expenditure on improving safety and other types of expenditure. For example, the expenditure on purchasing new trains can be regarded as improving safety as well as improving performance and standards of service for passengers. The Northern Ireland Assembly allocated an additional £102 million for railways in its Budget of December 2000 and NIO Ministers allocated a further £40 million in the Northern Ireland Budget of December 2002. As well as funding the purchase of new trains and major infrastructure work these resources have enabled Northern Ireland Railways to carry out work on accommodation crossings, level crossings, sea defences, bridges and signalling, all of which are safety related.

(v) *Plans to enhance existing services*

Currently NIR do not have any specific plans to enhance existing services. However, the replacement of 18 Class 80 trains with 23 new trains will provide NIR with the flexibility to increase the frequency of services where necessary, particularly at peak periods.

**Northern Ireland Affairs Committee's Fifth Report 1999–2000:**

PUBLIC EXPENDITURE IN NORTHERN IRELAND: INWARD INVESTMENT

The Northern Ireland Affairs Committee has requested a progress update on the following in respect of the above report:

(i) *The role and performance of IDB/Invest NI*

*Background*

The IDB, part of the Northern Ireland Department of Enterprise, Trade and Investment (DETI), was established in 1982 to attract inward investment and to encourage growth in established companies. IDB also included Trade International, Northern Ireland's trade promotion organisation, and a Property Unit which offered sites and buildings for investors. IDB's remit, however, covered only part of the economic development support services within Northern Ireland. Other parts of DETI and its agencies had responsibility for innovation, management and skills development in companies, work with small businesses (including business start-up) and support to businesses in the tourism sector. Following widespread consultation, Sir Reg Empey, the then Minister, announced in December 2000 his intention to establish a single new agency to deliver these services and Invest NI was subsequently established in April 2002 as a Non Departmental Public Body (NDPB). Its aim is to accelerate economic development in Northern Ireland in a more integrated way with a particular focus on innovation, entrepreneurship, capability building and the attraction to Northern Ireland of high-quality, knowledge-based Foreign Direct Investment (FDI).

*IDB's Performance on Inward Investment (FDI & Existing Externally Owned Companies) during 2000–02*

IDB's performance in attracting new contestable FDI during 2000–01 was encouraging. In that year IDB was successful in securing 16 projects that promised 3,085 new jobs. This was a record performance and equated to a 9.5% share of the new contestable FDI projects locating into the British Isles from within the manufacturing and traded services industry sectors.<sup>1</sup> In addition, 10 development projects from existing, externally owned IDB client companies were also secured and these promised 2,421 new jobs and safeguarded 1,083 others.

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<sup>1</sup> The market share calculation is based on an analysis of annual data produced by Ernst & Young supplemented by research work undertaken by Invest NI on project announcements within the British Isles.

The reporting year 2001–02 proved a more difficult challenge due to downward economic pressures globally and the outworking of business confidence post 11 September. Nevertheless, 10 projects promising 760 new jobs were secured. Encouragingly this represented an estimated market share of 10%. In addition, and against the same global economic backdrop, 12 projects from existing externally owned IDB client companies were also secured and these promised 1,766 new jobs and safeguarded 971 others. Potential investors, either in FDI or through expansions by existing externally owned companies, became more cautious and less inclined to embark on new costly investment projects. Many projects were postponed or abandoned.

Also, further changes in the nature and pattern of investments locating in the British Isles began to become more apparent, and mirrored similar patterns in other advanced western European economies. Trends included the general movement of manufacturing investment toward low cost locations, particularly in Asia Pacific and the European Eastern Bloc, an increase in service industry investment despite considerable outsourcing of services to low cost locations like India, and a marked reduction in the average size of investments in terms of jobs promoted.

#### *Invest NI's Performance during 2002–03*

The difficult economic conditions throughout the world continued; and the image of Northern Ireland as an attractive investment location was affected by the uncertainties in the political process. Nevertheless, in that year Invest NI was successful in securing 10 projects that promised 800 new jobs. This represented a 11% share of the new contestable FDI projects locating into the British Isles from within the manufacturing and traded services industry sectors. In addition, nine projects from existing externally owned Invest NI client companies were also secured and these promised 216 new jobs and safeguarded 3,015 others.

Invest NI is actively building for the future to secure increasing levels of FDI and investment in expansions when global economic conditions improve. It has built on the work of its predecessor body and has developed a sound marketing strategy based on a close matching of the “Northern Ireland product” to prevailing market opportunities. A detailed International Sales & Marketing Plan is being implemented that includes a direct calling campaign, PR, advertising and event management work. Invest NI also continues to work closely with the overseas marketing wing of the DTI, Invest UK, to lever benefits for Northern Ireland. In addition, Invest NI is reorganising and relocating its overseas representation to be more closely aligned to existing and prevailing market opportunities.

#### *(ii) Relations between local authorities and the IDB/Invest NI*

Invest NI has continued to develop the positive relationships that IDB maintained with District Councils. The new agency is particularly committed to working closely with the Councils and other key partners, while strengthening the services that are delivered to areas outside the Belfast and Londonderry conurbations.

In the context of attracting inward investment Invest NI recognises that there is much to be gained by energising efforts at local level and is collaborating with District Councils and other key interests to identify and market the opportunities available to potential inward investors. All Invest NI's local offices are operating in partnership with local stakeholders, and District Councils in particular, in drawing up sub-regional propositions for attracting FDI, and handling inward visits from prospective investors.

#### *(iii) The impact of Republic of Ireland tax differentials on its foreign direct investment record*

The Republic of Ireland (RoI) is the market leader among regions of the British Isles in attracting FDI. The across the board 12.5% Corporation Tax rate<sup>2</sup> that exists in the RoI is generally regarded to be a key determinant in the location of contestable projects by the large multinationals in that region. As a result its share of new manufacturing and traded service projects locating in the British Isles has consistently been around the 25% per annum over the last decade.

It is considered that this low tax rate combined with the fact that the RoI is the only English-speaking country within the Euro Zone is enabling it to retain market leadership for FDI opportunities. This is a strong and relatively simple marketing message that has appealed to larger multinationals with good risk profiles.

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<sup>2</sup> A 12.5% Corporation tax rate came into force on 1 January 2003 and applies to all industry sectors and companies regardless of whether an entity is locally or overseas owned.

*(iv) The impact of other economic factors on inward investment*

As indicated earlier, Northern Ireland's record in securing new contestable FDI in the recent past has been relatively good. In addition, a significant number of expansion investments by externally owned companies has also occurred.

The success has largely been secured from the software development and network services sectors. It has been achieved through the application of a sound sales proposition based on people, in particular the quality of service that they offer, the quality of the education system, good quality infrastructure and competitive operating costs. Selective financial assistance although an important element in the product offering is no longer as instrumental in investment decisions as once was.

Northern Ireland is currently competitive for service industry investment, particularly intra-UK relocation and outsourcing opportunities, largely because of the following attributes:

- A talented labour pool drawn from a young population, more than 60% of whom go on to third level education.
- A large hidden reserve of people waiting for opportunities to enter the job market.
- An excellent record in labour loyalty and commitment with labour turnover rates and associated recruitment and training costs among the lowest in the UK.
- Highly qualified people, with a higher percentage of students in IT than anywhere else in the UK. [Northern Ireland will shortly be the first region within Europe to be fully serviced by broadband at a fixed and competitive tariff.]
- A highly developed telecommunications infrastructure with a fully digital fully fibre-optic network with bandwidth to communicate easily with all parts of the UK.
- Competitive operating costs, with a moderate labour and property cost advantage (although this is gradually reducing).
- Good public transportation infrastructure and accessibility.

Despite some notable successes manufacturing inward investment has been limited. Low labour costs has been the major determinant factor in the shift in investment from West to East. It is reasonable to conclude that Northern Ireland's limited success in this sector is due to this factor, though high energy costs; transportation costs and, until recently, the strength of sterling, have also not helped.

Regular monitoring of the reasons why investments leads known to Invest NI have chosen not to locate in Northern Ireland has highlighted factors such as an unfavourable tax regime; a small critical mass in comparison to other regions (in terms of the number of people available), and distance from the customer. Anecdotal information also suggests that despite positive developments in the political and security fronts the negative image of Northern Ireland in overseas markets is an additional hindrance.

*(v) Relations with the Republic of Ireland in respect of inward investment*

The RoI is and will remain Northern Ireland's primary competitor for contestable FDI. There is no question that if an attractive contestable opportunity arose, competition would be fierce and the product available in the RoI is a compelling one and is difficult to ignore.

That said, the respective development agencies North and South, Invest NI and the IDA, have worked together on a number of joint marketing initiatives. Specific examples include the US/Ireland Business Summit in Washington DC (September 2002) designed to promote the technological prowess of the whole island of Ireland, and a joint sub-regional marketing campaign designed to attract investment to the Northern West of Ireland. There are plans to breathe fresh impetus into this initiative.

Co-operation also takes place on infrastructural issues such as energy; telecommunications and university research, and in joint trade missions/exhibitions and benchmarking of company performance.

**Northern Ireland Affairs Committee's Fourth Report 1997–98 and First Report 2000–01:  
Prison Service in Northern Ireland**

THE NORTHERN IRELAND PRISON SERVICE

*NIAC Recommendation First Report Paragraph 14*

*We welcome the admittedly modest progress that has been made in improving both the religious and gender balances of the Prison Service. We would nonetheless encourage the Service to continue to give a high priority to seeking to reduce the current imbalances significantly further.*

*Government Response*

The opportunity to significantly change staff composition continues to be affected by the small number of staff being recruited. Only seven appointments were made in 2002 and 10 in 2003 (to date).

Additionally, continuing violence and threats against staff, their homes and property together with the current campaign for segregation and associated protests by dissident republican prisoners may deter Roman Catholics from applying for the limited recruitment opportunities available.

There has been little change in the number of \*Roman Catholic and female staff in the Service since last year's report:

	<i>Roman Catholic</i>	<i>Female</i>
	%	%
1999	8	9
2000	9	12
2001	10	16
2002	10	16
2003	9	16

\* of those for whom a determination was known.

Contacts with the community have continued through various events and initiatives which contribute to a greater understanding and interest in the Service.

Job vacancies are on the Service's website and advertised in local newspapers traditionally read by both Roman Catholic and protestant sections of the community. Lawful positive action advertising is used in job advertisements which specifically welcome applications from the Roman Catholic section of the community and from women. All applications for employment are considered strictly on the basis of merit.

*NIAC Recommendation First Report Paragraph 18*

*We . . . look forward to learning how the Prison Service proposes to meet its target of a 17% reduction [in costs per prisoner] by March 2004.*

*Government Response*

NIPS has been tasked with reducing the difference in the cost per prisoner place (CPPP) between Northern Ireland and England & Wales by 17% by the year 2003–04. Interim targets of 5.7% and 11.3% were set for years 2001–02 and 2002–03 respectively. Both targets have been met.

With the introduction of resource accounting, the 2003–04 target has been set at £83,275 in resource terms.

Whilst the Service is currently set to meet this target the full implications of implementing the Steele Report both in terms of staff and financial resources have yet to be determined.

*NIAC Recommendation First Report Paragraph 40*

*We hope that the Government will make an early announcement on its preferred option for the structure of prison inspection arrangements for Northern Ireland.*

*Government Response*

A Criminal Justice inspector has been appointed. Prisons will be inspected by HMCIP on contract to that inspector.

*NIAC Recommendation First Report Paragraph 42*

*We welcome both the review of prisons legislation applicable in Northern Ireland and the acceptance of the proposal to create a Prison Ombudsman.*

*Government Response*

NIPS is committed to introduce a Prisons Ombudsman. Plans to appoint an ombudsman will be issued for consultation before the end of September 2003.

**Northern Ireland Affairs Committee's Second Report 2000–01:**

## THE PARADES COMMISSION (HC 120)

*NIAC Recommendation at Paragraph 83*

*We view with some concern the Chairman's view that the Commission's procedures in relation to decisions on parades may be open to challenge on the grounds of natural justice. We recommend that the Government and the Commission consider urgently whether the procedures need to be improved by greater transparency and, if so, put the necessary steps in hand.*

*Government Response*

The application for legal aid referred to at the time of the Committee's last review was dismissed on 5 September 2003. The applicant now has leave to appeal.

The position of the Chairman on this issue remains unchanged from that given to the Committee in 2000 in that he still considers that, whilst the Commission's process may be open to challenge in terms of natural justice, with four seasons' experience in Northern Ireland, he is increasingly of the view that it is almost impossible to imagine a process that is more compatible with natural justice and also workable in the particular context of parading issues in Northern Ireland.

This does not mean that there is not scope to increase transparency, although a solution which respects the concerns of many on both sides of the community that the evidence should be kept strictly confidential does not readily present itself. Government continues to consider with the Commission any opportunities to address this point.

*NIAC Recommendation at Paragraph 98*

*The Commission saw a number of practical difficulties with the concept of linkage of parades, rather than always considering them separately as the current legislation requires, not least because it appeared to mean different things to different people. It has, however, considered the matter further and concluded that it would be helpful if it had a power enabling it to make general policy statements in relation to individual contentious areas only. We recommend that the Government examine this proposal carefully.*

*Government response*

We put the Quigley report out to consultation and some important responses are still outstanding. No decisions on how best to respond to Sir George's recommendations will be taken until all responses have been received and considered. This particular issue will be considered in that context.

**Northern Ireland Affairs Committee's Third Report 2001–02:**

## RELOCATION FOLLOWING PARAMILITARY INTIMIDATION (HC 59)

*NIAC Recommendation at Paragraph 22*

*There needs to be a significantly more accurate definition of the extent of the problem, and the pattern of relocation . . . there is at present no reliable overall information on this, although organisations providing assistance may have a good insight into these matters within their own sphere of activity. What needs to be done, though, is to bring these together and consolidate them. There is also a need to seek to fill the gaps in the information pattern, given the general agreement that there is under-reporting in the official statistics.*

*NIAC Recommendation at Paragraph 39*

*There is a case for a more formal system of co-ordination in Great Britain of assistance to those forced to move there from Northern Ireland.*

*NIAC Recommendation at Paragraph 40*

*We recommend that the Government . . . take steps to ensure that information on the support services available to those forced from their homes is made widely available to bodies likely to come into contact with such people, and that these bodies are encouraged to be pro-active in passing it on.*

*Government Response*

In 2001 the Government announced the allocation of £250,000 to the Legacy Project, an initiative of the Tim Parry Johnathan Ball Trust. The Project aims to identify and meet the needs of victims of the Troubles living in GB and has commissioned an independent needs analysis which includes those exiled to GB following paramilitary intimidation within its remit. The terms of reference for the analysis are to make an assessment of needs, identify gaps in provision and make recommendations for responding to those needs, through consultation with exiles, Maranatha, the Legacy Project and other coping agencies. The Report of that analysis will be published in November.

Last year the Victims Liaison Unit in the NIO worked on a special project with Maranatha which gave us a better feel for the size and nature of the exiles problem. Following this, the Government allocated £56,480 funding for one year to the Haven Project. This Project, run by the Maranatha Community, provides ongoing support to exiles, is a major contributor to the Needs Analysis and will provide advice and assistance to the Government on the implementation of the Report's recommendations.

A further £250,000 has been set aside for GB victims' initiatives. Allocation of this will be informed by the Report's recommendations.

**Annex A**

**Memorandum submitted by HM Customs and Excise**

**NORTHERN IRELAND AFFAIRS COMMITTEE'S FIRST REPORT 2002–03**

**IMPACT IN NORTHERN IRELAND OF CROSS-BORDER FUEL PRICE DIFFERENTIALS  
THREE YEARS ON**

*Is the Government any closer to being able to identify separately the loss of revenue to the exchequer from legitimate cross-border fuel purchase and illegitimate fuel consumption in Northern Ireland?*

The difficulties in trying to refine the estimates of the revenue loss to allow the identification of the amount lost through all kinds of frauds and that lost from legitimate cross-border shopping set out in the Government's response remain.

At present, therefore, Customs are still unable to identify separately the revenue loss from fraudulent activity.

*What progress has been made by the OCTF Expert Group—focusing on non-compliance in the road fuel sector—in developing and implementing plans to maximise a joint operational response?*

*What additional tools and operational responses have been put into place to assist with this and are you able to measure their successes?*

*Is the new sanctions policy designed to apply maximum pressure on those engaged in oils fraud in place yet and, if so, what effect has it had?*

*Please update the Committee on the media strategy mentioned in the Government response. How effective has it been to date?*

Good progress continues to be made in putting in place a multi-agency strategy on the ground reflecting the commitment of the agencies involved. Customs have now either agreed or are finalising the last details of operational protocols with four key agencies. They are also working with two other agencies to develop protocols. These protocols are very important tools to maximise impact and they ensure that all the agencies involved use every opportunity to share information, support each other on the ground and work together in planned operations. The operational protocols include or will include regular monitoring of successes and these allow the agencies to build on successes and change approaches that don't work. With this information the agencies involved can dynamically manage their work together.

Multi-agency activity is continuing every day in Northern Ireland and the successes it brings provides further evidence of the value of such a multi-agency approach. Some highlights from this extensive multi-agency effort over the last few months include:

- a 12-day operation involving Customs, the Police Service of Northern Ireland (PSNI) and the Driver Vehicle Licensing Agency (DVLNI) carried out across Northern Ireland resulted in 660 vehicles being stopped and tested for illegal fuel and vehicle condition. Customs seized 104 vehicles, 59 of which were commercial vehicles; 90 vehicles were restored for fines totalling £70,000, while 14 were not restored. Follow up searches uncovered a total of 20,000 litres of illegal fuel. During the same operation, PSNI also made numerous detections, including 66 cases of drivers with no insurance, eight drivers with no MOT, and eight drivers, driving whilst disqualified. DVLNI clamped 547 vehicles and uplifted £80,000 in fines;
- following information provided by an officer from one of the agencies allied to the Expert Group, while carrying out his routine duties, Customs officers tested fuel at a retail site and seized 45,000 litres of illegal fuel;
- over the last few months there have been ongoing joint operations between Customs, PSNI and the Driver Vehicle and Testing Agency (DVTA) to target illegal taxis. Recent operations have taken place in Belfast, Newtownabbey and Banbridge. As a result, in part, of these operations the DVTA now have a dedicated team to work on illegal taxis who work regularly with other agencies;
- in one of many joint operations with PSNI, Customs dismantled a laundering plant which had the capacity to produce 70,000 litres of illegal fuel. Customs also seized 9,000 litres of illegal fuel, equipment and 500 litres of sulphuric acid which was the key laundering product used;
- while carrying out their normal duties PSNI officers noticed what appeared to be a site selling fuel. Customs deployed officers and seized over 2,000 litres of illegal fuel and two dispensing pumps.

Customs have been working to a new sanctions policy since March 2003 and the key to it is that the most effective sanction is applied to each fraud to impact on it in the most effective way. Customs believe that it will provide not only the opportunity to recover the revenue which has been evaded but also provide, a visible and effective deterrent to those involved in fraudulent activity. Customs are constantly reviewing its implementation and if they believe it needs to be changed to ensure its effectiveness they will do so.

A key part of ensuring that Customs use of sanctions provide a real deterrent is not just to make them hard-hitting but also to ensure that there is widespread knowledge of them. Customs media strategy is geared towards this.

Customs, working with the Organised Crime Task Force, have sought to maximise every opportunity to publicise operational successes over the last nine months through press activity both in the written media and on television. Customs are building on this enhanced press activity in two specific ways:

- firstly, Customs will be running a high-profile paid advertising campaign in the Northern Ireland media from the Autumn onwards which will highlight the problem of oils fraud, Customs activity and the multi-agency approach, their powers and how the public can help tackle these problems;
- secondly, Customs have established a Northern Ireland Joint Customs-Industry Oils Intelligence and Security Forum which includes representatives from all the major industry sectors who produce, sell or use road fuels. An integral part of this forum is Customs providing the Industry with regular activity reports highlighting examples of Customs action and the sanctions they have used which can then be given to all the members of the Industry. This re-enforces knowledge of Customs actions encouraging not only the sharing of information as confidence increases in Customs activity but also provides further deterrent to those who may be, or may be tempted to be, involved.

Customs constantly review the effectiveness of their media activity to ensure that the key messages of action and sanctions get the publicity needed.

In particular, as part of the Organised Crime Task Force, Customs and the other agencies always look to publicise their joint activity whenever they can and highlight their close co-operation. All agencies involved in the OCTF Expert Group have agreed to maximise every opportunity in this sector and recent press activity reflects the commitment to highlight the multi-agency strategy.

*What progress has been made since the Committee's report in tackling fraud involving rebated fuels?*

*Have you been able to conduct a review of the Registered Dealers Of Controlled Oils Scheme (RDCO) yet?*

Rebated fuels fraud is a problem throughout the UK and the UK Oils Strategy, launched by the Economic Secretary in September 2002, aims to tackle this threat throughout the UK, including in Northern Ireland. The strategy is a comprehensive one combining a new control regime for the sale and distribution of rebated fuels and more effective law enforcement action, targeted by better intelligence.

Since the committee's report, Customs have put in place all the elements of the UK Oils Strategy, including in Northern Ireland. In particular, the new control regime—the Registered Dealers in Controlled Oils (RDCO) scheme—was introduced on 1 April 2003. The RDCO scheme allows us to work the reputable oils industry to make it harder for fraudsters to get hold of rebated fuel and to make the supply chain more transparent allowing us to target more effectively those fraudsters who do get hold of such fuel.

We have given a commitment to undertaking a post implementation review of the scheme, commencing between April and October 2004. This review will focus mainly on the scheme itself and will seek to identify areas where modifications are appropriate. In terms of the schemes' impact on fraud, this is being monitored on an ongoing basis.

At this stage, we can inform the Committee that we have approved 4,362 distributors across the entire UK who sought approval for RDCO status. These comprised approximately 1,100 main/bulk distributors, the remainder being secondary distributors such as garage forecourts, hardware stores, plant hirers and so on. In total, we refused 24 applications on the grounds that the applicant is not a "fit and proper" person, for example, because of previous convictions for oils fraud, significant non-compliance with other customs and excise regimes, and so on. Several of these refused applicants have sought either judicial review or are appealing to the VAT and Duties Tribunal against our decision. These are unlikely to be concluded for some months yet. For information, in Northern Ireland we approved 590 applicants and refused 17.

Although the scheme was introduced on 1 April 2003, because of the difficulties that some distributors were having in developing their IT systems in time, we agreed to defer the compulsory requirement for returns for the months of April, May and June. The requirement to make returns, therefore, became compulsory and took effect for the month of July, the due date for that month's return being 21 August. The returns require details of supplies made and in specified instances details of the customers/end-users.

*Clearly, it is too early to make any substantive assessment of the impact of the scheme in tackling fraud, particularly given that the first compulsory returns are only now due. However, we have received anecdotal evidence (from the legitimate trade) that its mere introduction has resulted in a number of "cowboy" operators exiting the rebated oils market on the ground that they would unlikely to have obtained approval.*

The first compulsory returns were due on 21 August 2003 and we anticipate that the benefits that the scheme has thus far delivered in its deterrent effect will now move to the next stage where we will use the return information to target fraudulent end-users.

*What further consideration has been given to the benefits of offsetting any rebates against VAT along the lines of the Danish scheme?*

No further consideration has been given at this stage. As stated in the Government's response to the Committee's First Report, Customs' initial evaluation of the Danish scheme is that it is complex to operate and the possible administrative costs of operating such a system are a matter of concern but that they would reconsider the position as part of their post-implementation review of the Registered Dealers in Controlled Oil scheme. That review is due to commence between April and October 2004.

*Has the more effective licensing regime being examined at the time of the Government's response to the Committee's Report been put into place yet and, if so, how effective has it been?*

Customs, the Northern Ireland Office and a number of agencies in Northern Ireland have been working hard to identify the potential for more effective licensing of retail sites. This work has made good progress but is not yet complete. The Government is keen to examine all options and it remains a priority for the OCTF Expert Group.