

DEPARTMENTAL MANAGEMENT BOARD MINUTES
WEDNESDAY 25 February 2026

In Attendance: Emer Morelli	Acting Permanent Secretary (Chair)
John Smith	Deputy Secretary for Communities, Place & Local Government
Paul Price	Acting Deputy Secretary for Housing & Sustainability
Kathy Sands	Obo John Greer, Deputy Secretary for Corporate Services
Cherrie Arnold	Acting Deputy Secretary for Work and Health
Iain Greenway	Acting Deputy Secretary for Engaged Communities
Linsey Farrell	Deputy Secretary for Operational Delivery
Trevor Connolly	Director of Governance
Olga Beagon	Director of Finance
Tracy Johnston	Director of Machinery of Government
Sharon O'Connor	Non-Executive Board Member
Dale Ashford	Non-Executive Board Member
Philip Spence	Item 7
Karen Mills	Observer CPLG
Ryan Anderson	Observer CPLG
Susan McNickle	Secretariat
Heather Duff	Secretariat

Welcome

Apologies were received from John Greer.



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Paul advised that he would need to exit the meeting to attend a separate engagement with Minister and return when it had concluded.

Emer welcomed all attendees, including the observers from Communities and Local Government Group, Karen Mills and Ryan Anderson.

Conflicts of Interest

There were no conflicts of interest declared.

Minutes of Previous Meeting and Actions

The minutes of January's meeting were reviewed and agreed. Action points were reviewed and updated.

Extended Stewardship Report

Olga spoke to this paper and the Board noted the update on the Department's financial position for 2025–26. As at 31 January 2026, the forecast outturn indicated a £1m Resource DEL easement, with the Capital DEL budget expected to be fully spent. Members were advised that following the completion of the January Technical Exercise, the Department was allocated £6.5m Capital DEL for Disabled Adaptions and £2.4m Ring Fenced Resource DEL (non-cash) for Depreciation/Impairment.

The Board noted that the Draft Budget proposals were published by DoF, on 6 January 2026, for an 8 week public consultation, set to close on 3 March. The Draft Budget remains subject to Ministerial and Executive agreement.

Olga advised that scenario-planning work was ongoing to identify potential options for operating within budget in 2026-27, these will be brought forward for Minister's consideration.



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Members discussed the Department's current financial position, the projected overspend at NI block level and the limited scope for improvement before year end. It was noted that the 1% tolerance limit for underspends will not be applied by the Department of Finance this year. It was also noted that it is not likely that the current 2025-26 underspend position in DfC will increase significantly.

Members were informed that the HMT open-book assessment will be extended to all departments, with particular emphasis and scrutiny on Health, Education and Justice. This review is intended to develop a shared understanding between HMT and the NI DoF of the Northern Ireland Executive's overall budget position and to inform the Executive decisions on funding allocations. The Board noted the position and the forthcoming scrutiny.

Emer acknowledged the exceptionally busy period the Department has been navigating and expressed her sincere thanks and appreciation to everyone and their teams for their hard work and commitment throughout this time in managing the Department's financial position.

The Board approved the Extended Stewardship Report.

Departmental Business Plan Q3 Update

Trevor spoke to this paper to update the Board on the Quarter 3 performance for the 2025–26 Departmental Business Plan, noting the overall RAG status as at 31 December 2025. Of the activities reported, 68% are on track, 22% are progressing with some risk, and 10% are assessed as being at serious risk of non-delivery. The main causes of delay relate to external dependencies, extensions to consultation timelines, resource and capacity pressures, funding constraints, and delays linked to Judicial Review processes.

The Board discussed paragraph 9 of the paper, which highlights an emerging issue for the development of the 2026–27 Business Plan, noting that the 2025–26 Plan



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was designed strictly within the available budget allocation, meaning that activity reflects only what was affordable rather than the broader policy ambition of the Department. As a result, outturn reporting could present predominantly Green ratings without adequate contextual narrative. Members were therefore invited to consider whether the 2026–27 Plan should explicitly set out those areas where policy ambition has been reduced, work paused or ceased, due to funding limitations.

In discussion, Board members reflected on the long-term budget constraints affecting the Department and noted that the policy intent for this period had originally envisaged a wider range of strategies and programmes than could ultimately be taken forward. Members emphasised the need for a balanced approach that recognises Departmental, Ministerial and Executive priorities, while ensuring the Business Plan is transparent that greater progress could have been achieved with increased resources and that delivery has been significantly limited by the constrained budget environment. The Board supported the inclusion of a separate narrative within the 2026–27 Plan to record where work has been scaled back, ensuring clarity on deliverability and avoiding any misinterpretation of performance.

Members also stressed the importance of being realistic in articulating policy ambition, confirming that the Business Plan should set out only what is deliverable within confirmed resources. The Board further noted that although the Business Plan may be a public-facing document, clarity is required on its intended audience and messaging. As an agreed action, Linsey, as Chair of PSSC, will lead work on the wider Departmental strategic planning and bring forward key actions to a future DMB, incorporating considerations of Delivery, Innovation and Difference (DID).

The Board noted the Q3 update and agreed on the Next Steps for DBP 26/27 as per paragraphs 7-9.

Risk Management Quarterly Review



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Trevor spoke to this paper providing an update on the Quarter 3 review of the Department's Principal Risks.

Members confirmed they were content to close the outstanding action from June 2025, as set out in paragraph 2 of the paper, noting that the revised Risk Appetite positions had now been embedded across the Department.

The Board discussed the Principal Risks as outlined in paragraphs 5–13, noting those above the tolerable threshold and the further mitigation work planned. Trevor emphasised the importance of clearly defining risks and ensuring the risk based decision making process is viewed as an enabling and empowering tool.

There was some detailed discussion of the People Risk, including:

- the recent AO competition and the early evaluation findings;
- agreement that the competition is positive but does not fully address the broader systemic challenges relating to recruitment and retention across the NICS.

The Board noted the ALB-related risks identified through Q3 reviews, including pressures arising from Budget 2026–30 scenarios and the potential impacts on financial sustainability and service delivery.

Members noted the updates in relation to the emerging Transformation and Asset Management Principal Risks. The importance of considering both short term and longer term risks was highlighted, with members reminded to consider risks in strategic terms beyond the current financial year, as referenced in paragraph 22.

The Board noted the transfer of ownership of the Cyber Threat and Information & Data Management Principal Risks to John Greer, following the transfer of DSIS to the Corporate Services Group (paragraph 23).

It was agreed that paragraph 19 of the paper will be amended to:



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- clarify the position agreed at the RRG;
- reflect the subsequent change following discussions with the Deputy Secretary; and
- reason why the associated 4-blocker slide was not included in the paper.

The need for well-constructed and precise risk definitions was reiterated as well as a reminder that the Principal Risk Register is a live document and the importance of continuing to build a consistent and mature risk management culture across all Groups.

An update will be brought to the May 2026 DMB meeting.

Subject to the amendment to paragraph 19, the Board was content to agree the recommendations set out in paragraph 25 of the paper.

Update on Digital Transformation

Philip spoke to this paper and highlighted its four key areas, providing a comprehensive overview of current digital progress and future direction across the Department.

He provided feedback on recent Microsoft Copilot training and enablement, noting a clear upsurge in usage across the Department. Early insights show that staff confidence is increasing, with growing awareness of how AI-enabled tools can support productivity. Philip advised that the Department is considering how best to utilise the 60 licensed Copilot users, focusing deployment where the greatest impact can be achieved. Potential priority areas include Disability, Anti-Poverty, and support for Assembly Questions.

Philip set out the importance of maintaining an Invest to Save commitment, particularly given the current financial constraints. Early analysis has identified 4 potential programmes with opportunities for collaboration, improvement, or



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automation. A central command structure will maintain oversight to support coordination, consistency, and shared learning across business areas.

On Cyber Security, Philip confirmed that the Department remains on track, with 41 of 52 accreditations completed. Continued focus on risk management, resilience, and compliance with GovAssure standards remains essential as digital services expand.

Board members expressed their thanks to Philip for his leadership in bringing AI to the forefront of the Department's transformation agenda, acknowledging the extensive work already undertaken and his critical role in shaping future direction.

During the discussion, members raised concerns regarding:

- the governance of AI;
- the degree of trust staff currently place in AI enabled tools; and
- Microsoft's understanding of the public sector.

Philip reiterated that the human must always remain in the loop to verify and validate Copilot outputs, ensuring responsible and safe use. He highlighted that the Digital Leaders Forum is now established to encourage peer learning, share insights, and build linkages across Departments.

He also clarified that while Departmental Copilot use operates within NICS data boundaries, careful consideration is still required for particular workflows or sensitive areas. Some service areas may not yet be suitable for AI integration; however, as the technology evolves rapidly, these positions may change. The Department continues to learn from DAERA and DWP, which are progressing similar AI related ambitions.

The Board discussed the importance of FAQs and clear communications to set out the governance, guardrails, and security measures in place. This is essential for addressing staff concerns and promoting confidence in the use of AI.



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Philip agreed to share the Terms of Reference for the Digital Governance Forum with Trevor.

Emer expressed her thanks to Philip, John and Linsey for their considerable work in this area and their continued leadership in advancing digital transformation.

Shaping the Future of AI in NICS: AI progress and Strategic Vision

Professor Helen McCarthy, Chief Scientific and Technology Adviser, delivered a high level overview to the Board on the emerging work of the Office of Science, Technology, AI and Digital.

The presentation summarised cross-government collaboration activity and outlined key workstreams, including development of the NI Collaboration Portal, the draft R&I Strategy, AI Strategy, and the programme of Areas of Research Interest. The Department's Science and AI Champions were noted, along with DfC's submitted ARIs covering evidence needs across housing, poverty, labour markets, culture, sport, and community sectors.

The Board was briefed on progress toward the launch of the NI Collaboration Portal and on the emerging vision for the new Office of AI and Digital, including plans for AI principles, human oversight, training, and a registry of AI projects. Departments were asked to identify AI use cases, support project collation, embed AI considerations into DPIAs, plan oversight arrangements, and ensure staff training.

Members thanked Professor McCarthy for the presentation and noted the constructive engagement she has already had with trade unions. The Board recognised the significant economic opportunity presented by AI and the potential for Northern Ireland to build in this space. Members stressed the importance of continuing to bring in technical experts and practitioners and were reminded to make use of the existing dashboards for feedback and monitoring.



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Concerns were raised regarding the interface with DWP systems, the need for strong engagement with the trade union side and for consistent departmental messaging. The importance of maintaining human decision making within AI enabled processes was highlighted, along with the need to ensure AI becomes part of everyone's business, not only IT specialists. Professor McCarthy offered to engage directly with the relevant DWP contact.

Members reflected on the parallels between the introduction of AI and the early adoption of email, noting that AI is likely to become embedded across all functions. The Board found the presentation both positive and insightful and agreed that AI represents an area of opportunity the local economy should continue to build on. It was noted that while NI has a strong cyber and AI sector, much of its technology is currently adopted in the USA.

Emer asked that Professor McCarthy be provided with a broader overview of DfC and its wide ranging reach in terms of service provision, ALBs etc.

It was noted that more collaboration and knowledge sharing is needed across departments. Professor McCarthy advised that her team is still being established, but that cross-government learning and coordination will be a core part of its remit. The Digital Leaders Forum will also maintain a central register of AI projects. Work is under way on a broader data strategy, including secondary data-sharing. Once her team is fully in place, further communications and guidance will be issued to departments.

Emer thanked Professor McCarthy for her very interesting and informative presentation.

AOB

Emer thanked the Board and observers for attending the meeting.



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The observers noted that they found the meeting highly insightful and informative. They highlighted the breadth of activity underway across the department and the wide range of considerations that must be considered in decision making. Overall, they expressed their appreciation for the opportunity to observe the discussion and deepen their understanding of departmental priorities.

NI Debt Respite Paper – To note

SCS Gifts and Hospitality Paper – To note

Health and Safety Update Paper – To note