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To: [Barrett, Stephen](#); [McBurney, Joanne](#); [Morelli, Emer](#)
Cc: [McNaught, Jonathan](#)
Subject: FW: October Monitoring Round: Department of Finance
Date: 01 November 2016 10:22:53
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Morning

Please see below for your information

Regards

Marie

From: Moore, Adam [mailto:Adam.Moore@niassembly.gov.uk]
Sent: 01 November 2016 10:21
To: McNaught, Jonathan; Collin, Marie
Subject: October Monitoring Round: Department of Finance

F.A.O. Mr Stephen Barrett, Ms Joanne McBurney and Ms Emer Morelli,

Please find attached the Hansard transcript, October Monitoring Round: Department of Finance, of the Committee for Finance meeting on 26 October 2016. The transcript has also been published on the Assembly website: <http://www.niassembly.gov.uk/Assembly-Business/Official-Report/>

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Thank you for your assistance,

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Northern Ireland
Assembly

Committee for Finance

OFFICIAL REPORT (Hansard)

October Monitoring Round:
Department of Finance

26 October 2016

NORTHERN IRELAND ASSEMBLY

Committee for Finance

October Monitoring Round: Department of Finance

26 October 2016

Members present for all or part of the proceedings:

Mrs Emma Little Pengelly (Chairperson)
Ms Claire Hanna (Deputy Chairperson)
Mr Gerry Mullan
Mr John O'Dowd
Ms Caitríona Ruane
Mr Philip Smith
Mr Jim Wells

Witnesses:

Mr Stephen Barrett	Department of Finance
Ms Joanne McBurney	Department of Finance
Ms Emer Morelli	Department of Finance

The Chairperson (Mrs Little Pengelly): I welcome Ms Joanne McBurney, who is head of central expenditure division; Ms Emer Morelli, who is head of supply in the public spending directorate; and Mr Stephen Barrett, who is from the central expenditure division. We have just had a rather lengthy discussion about some of the processes and new systems in place, and members will have questions on all of that. I invite you to make a short opening statement, if you so wish.

Ms Joanne McBurney (Department of Finance): Thank you, Chair. Thank you for the opportunity to update the Committee on the outcome of the 2016-17 October monitoring round.

The Executive entered the round with an overcommitment of £13.5 million in resource departmental expenditure limit (DEL) and £11.4 million in capital DEL. As set out in the Minister's statement, there were centrally held items that impacted on the resources available. When taken along with the £20 million set aside for the renewable heat incentive (RHI) scheme, that left the Executive overcommitted by £30.1 million in resource DEL and £4.3 million in capital DEL. Departments declared reduced requirements of £11.6 million in resource DEL and £16.2 million in capital DEL in this round, which brought the overcommitment in resource DEL to £18.5 million and left £11.9 million of capital DEL available for allocation.

As detailed in the Minister's statement, the Executive have made allocations of £8.9 million in resource DEL that related to prior commitments and £22.7 million in capital DEL. The Minister also set out details of his First Step Stimulus package, which totals £30 million this year. As a result of that, the Executive have concluded the October monitoring round with an overcommitment of £27.4 million in resource DEL and £10.8 million in capital DEL.

Following the October monitoring round, £4.1 million of ring-fenced resource DEL remains unallocated. It can be used only for non-cash depreciation and impairments. As detailed in the Minister's statement, it is now unlikely that the planned investment fund will be established prior to 31 March 2017. As a consequence, the £55.8 million ring-fenced financial transactions capital (FTC) set aside in the Budget for that purpose will not be required in this year. Along with the amount unallocated following June monitoring and our reduced requirements surrendered in this round, this means that the Executive will leave the October monitoring round with £77.5 million of ring-fenced financial transactions capital unallocated.

It is anticipated that the Executive will undertake one further monitoring round in this financial year, and that should take place in January. I am happy to take any questions that members might have.

The Chairperson (Mrs Little Pengelly): Thank you very much for that. Members will have questions about the process, but I want to ask you specific questions about the issues raised yesterday. In relation to the financial transactions capital, is the Department confident at this stage that it will find an investment fund model that will meet the requirement of sufficient independence? Has that been done elsewhere in the UK for financial transactions capital?

Ms McBurney: I am not aware of it having been done elsewhere specifically for financial transactions capital, but we are confident that we will find a suitable model. We have two options on the table at the minute, one of which has been sent to the Office for National Statistics to get its view on the likely classification of that. We are hopeful that there will be a successful outcome. It is just taking a bit longer than expected because of the withdrawal of the European Investment Bank (EIB).

The Chairperson (Mrs Little Pengelly): We mentioned the idea of a Scottish Futures-type model, which the Executive looked at previously. Can that draw down from the Scottish Government financial transactions capital? Are you aware of the details?

Ms McBurney: I am not aware of the details of that. As far as I can recall, Scottish Futures is classified as public sector, which means that it would not be eligible for financial transactions capital, although it could possibly make use of it if it then transferred the funding on to private sector bodies.

The Chairperson (Mrs Little Pengelly): OK. I asked the Minister about the public sector transformation fund. His statement referred to officials taking actions to identify within Departments ideas for initiatives similar to the invest-to-save initiative on public-sector transformation, but there had been some difficulties in identifying good projects or initiatives to take forward. About £100 million for that is unallocated. Yesterday, I asked the Minister whether he had taken any specific actions to encourage or animate ideas, as opposed to the Finance Department simply asking Departments to animate or generate them. I do not know that I got an answer to that.

Ms McBurney: It is not, strictly speaking, my area. The public sector reform division (PRSD) is looking at that. It is engaging with Departments and coming up with ideas for taking that forward. Work on that is ongoing, but, as I said, it is being done by the public sector reform division.

Ms Emer Morelli (Department of Finance): The Minister has raised the issue directly with other Ministers as part of his bilateral engagement. Departments and the NICS have taken the largest share of the voluntary exit scheme (VES) to date, and he is keen for arm's-length bodies and other bodies to be considered now. There is an active engagement through that process to encourage uptake of the scheme.

The Chairperson (Mrs Little Pengelly): Is there sufficient flexibility? The first phase of this was the VES scheme, and additional money was ring-fenced for that. Will there be sufficient flexibility to look at other alternatives, such as running projects alongside the likes of the second phase of the VES?

Ms McBurney: The flexibility for using the capital to fund this is specifically for voluntary exit schemes; it is not for other projects. That is not to say that other projects could not be funded through other means, but they cannot be funded from the flexibility around the borrowing.

Mr Smith: Hello. I will ask a couple of questions about requests. I will not go into the whys and wherefores, because I know that that is not your decision. Figures from the Assembly's Research and Information Service (RaISe) show, for example, a 4.4% increase in the Department of Health's baseline budget but no change from June monitoring. We no longer have bids, so we no longer know

what requests were made, but I am sure that there are conversations with supply on where the pressures are. I know that the Health Department has dispensation to transfer budgets internally within DEL should it need to, as do other Departments, but do discussions take place between supply officers and the Departments? Are those conversations between the Department of Finance and other Departments minuted?

Ms Morelli: The supply role is long established. Each Department has a dedicated supply officer, and they meet monthly through a regular stocktake process that is minuted. That process looks at key strategic issues facing the Department, business case approvals and other emerging and technical issues. We also touch on the pressures, steps being taken to mitigate those pressures and other actions. That is an ongoing process; we have an iterative engagement. We are now in a position in which supply officers engage collectively to review the pressures across Departments to give an overall position at an Executive block level.

Mr Smith: I will maybe take that a little further. I will use the Department of Health as an example because it gets half the Budget — maybe soon to be 90%. It gets 50% or the guts of 50% at the moment. The strategy was published yesterday. It seems a bit odd to me that the Health Department was one of those that did not get any visible benefit to its resource DEL from the monitoring round. Bids are no longer disclosed or discussed, and it is an internal process, which leads me to assume that the Department of Health disclosed no significant pressures and made no requests in conversations with its supply officer. Had it done so, I assume that, given the media coverage in recent days, moneys would have been provided, particularly for waiting lists, which are undoubtedly an ongoing pressure. Is that a fair assumption?

Ms McBurney: This monitoring round was slightly different. We did not ask Departments to identify resource DEL pressures in this round because there simply was not the funding available to meet those at a block level. A small number of allocations were handed out for commitments given between the June and October rounds. All that we did was honour those commitments; no additional resource DEL allocations were made nor did we ask Departments to identify pressures. The available funding would simply not permit us to make allocations.

Mr Smith: Was the monitoring round not discussed at Executive level either? I assume that the Finance Minister had to bring it to the Executive for discussion. Was there no opportunity there for Departments to come forward with their thoughts?

Ms McBurney: There would always be the opportunity for other Ministers to raise their concerns, and, if they felt that there were compelling pressures, no doubt they would have done so at the Executive. The Executive are also aware of the overall block position and the approach that was to be taken of not formally registering any resource DEL pressures.

Mr Smith: OK. In your opening remarks, you mentioned overcommitments of £27 million on resource DEL and roughly £11 million on capital DEL, which, looking at the big picture, are, I suppose, relatively small sums. Are you content that there are no major issues with out-turn going forward to the end of March?

Ms McBurney: Given the level of departmental underspends in previous years, we are content that that level of overcommitment is more than manageable at this stage in the year.

Mr Smith: Thank you. One of the main points in this monitoring round was the idea of a First Step Stimulus package. The two main elements of that were £15 million for roads and £10 million for buses. Has there been any analysis or assessment of what that £30 million will stimulate from an economic perspective?

Ms McBurney: All Departments were asked to put forward proposals for projects that could be funded from capital DEL specifically from borrowing. Those were the proposals that came forward. The benefits are twofold: to our road and public transport infrastructure and in creating jobs.

Mr Smith: Roads always benefited in the old monitoring round process because it was a relatively easy means of getting rid of money quickly. No doubt that is why it got the lion's share again. I am conscious of the timeline for spending that amount of capital on buses. Will that fall within the next five months?

Ms McBurney: The Department for Infrastructure assures us that it can spend the money before the end of the financial year.

Mr Smith: It has a contract in place, presumably. I take from the name First Step Stimulus that it is a first step and that the Minister plans a second or third step. Are there any plans for that at this stage, or are we awaiting the outcome of the Chancellor's statement in November?

Ms McBurney: There are plans to take that forward as part of the Budget process. The Chancellor's autumn statement will feed into that by setting the level of resources available.

Mr Smith: The Chair mentioned financial transactions capital. I have some questions about that. The Minister said that the Treasury appears willing to give a special dispensation for the £77.5 million because of the inability to spend before year end. Has any thought been given to the type of project that it will be used for? Are there any plans? It is a lot of money to sit there without allocation.

Ms McBurney: The hope is that, if it is carried forward to next year, it will go into the investment fund once that is established. We are still working towards establishing an investment fund, and it is hoped that it will be up and running before the end of the next financial year, depending on the Office for National Statistics coming back to us. The hope is that it will go towards the purpose intended.

Mr Smith: You mentioned the renewable heat incentive, and £20 million has to be included to cover that, shall we say, little difficulty in the Budget. What the Minister did not say — I could not see it in the monitoring package — was which budget line the £20 million was coming out of.

Ms McBurney: At the moment, that is held centrally; it is not sitting in a Department. It will be allocated in January monitoring, pending the work that the Economy Minister is taking forward on that. However, it is important that we include it in the overall level of overcommitment to ensure that we portray the correct position.

Mr Smith: I read somewhere that the overall impact of the renewable heat incentive would be £30 million. The Minister mentioned on Tuesday that the Department for the Economy would absorb a portion of that. Presumably, that £10 million is being absorbed through easements in that Department.

Ms McBurney: The Department for the Economy reallocated internally £5.6 million in the October monitoring round. Basically, the proposed reductions and reallocations will reduce non-priority areas in order to fund pressures in other areas.

Mr Smith: OK. Finally, you will be glad to hear, Chair, the action plan to address paramilitary activity is relatively small budget-wise, but it made a bit of an impact from a media perspective. The Minister said that a portion of that budget could not be spent because a detailed action plan was not yet in place. Do we know when that detailed plan will be in place? If not, what happens if the money has not been used by year end?

Ms McBurney: The detailed action plan is a matter for the Department of Justice, and I am afraid that I cannot say much more than that at this stage. However, the agreement for the additional £25 million to tackle paramilitary activity under the Fresh Start Agreement was not for £5 million a year; it was for £25 million over five years. Once the detailed action plan is in place and the agreements are there, we will look at the profiles of that spend. There is no risk of it being lost simply because it is not spent this year.

Mr Smith: Thank you very much.

Ms Hanna: Philip has covered almost everything in the statement. We could have got through yesterday a lot more quickly.

I kind of understand the process a little better. It makes sense that Departments were not invited to bid because there was no money — no one was getting anything. However, I still do not have my head around whether the bids process is gone or the cessation is temporary because there is no money to be had. As I mentioned in the previous session — you were not here — the statement says that bids do not exist, but, on the next page, refers to best practice before making bids. Is it your understanding that when more money is available in January — hopefully — bids will exist again?

Ms McBurney: Bids no longer exist. We identify the pressures through engagement with supply. I will hold my hands up: that reference was sloppy drafting on our part. The reference was to internal reallocations, which happen at every round. We simply had not updated that.

Ms Hanna: What is the difference between a bid and a pressure?

Ms McBurney: A bid is the formal registering of a pressure. What we tended to find when we had the bidding process was that Departments put forward a huge wish list of everything that they could ask for. They understood that there was little or no chance of that being met, but they felt that they had to register everything that they had been asked to register. What happens now — Emer can say more about this — is that they discuss with their supply officer what the strategic pressures are.

Ms Hanna: A strategic pressure is a kind of reformed and refined bid.

Ms McBurney: In a way. It is a Department identifying where it has a real pressure.

Ms Hanna: That is what will happen in January. It will not be, "Bring forward your bids"; it will be, "Bring forward your strategic pressures".

Ms McBurney: We will not so much ask for those to be brought forward; it will be through the engagement.

Ms Morelli: Our ongoing engagement with all Departments allows for scrutiny and challenge. When pressures emerge at an earlier stage, we ask, "What actions are you taking? Is it a real pressure? Is it for the Executive, collectively, to examine? Is it for a Minister?". We are working through that iterative process to build up the picture throughout the year. At the formal points at which the Executive take decisions, we present that position. It is an up-to-date scrutinised position at that point.

Ms Hanna: Is that available anywhere?

Ms McBurney: It is provided in our advice to the Minister and in the Executive paper. There will not be a list prepared; it will be in our advice.

Ms Hanna: It is scrutinised in the Executive.

Ms McBurney: Yes.

Ms Hanna: Nowhere else? I do not know enough about it. Does it come out of the system at any other point?

Ms McBurney: No. It will not be available; it will be scrutinised by the Executive.

Ms Hanna: It will be available to the Executive but not to the rest of the —

Ms McBurney: They will not get a list; it will be in the overall advice provided to the Executive. Of course, each Minister will be aware of the pressures in their area, so there can be discussion around the table.

Ms Hanna: Is the £5 million community regeneration fund under the Executive Office? Who will manage that?

Ms McBurney: The allocations will come in the January monitoring round. Our Minister will have a series of engagements with other Ministers and seek suitable projects.

Ms Hanna: Is there any guidance available on what projects will be eligible, who can access that money, the maximum available or any of that?

Ms McBurney: There is no specific guidance on that. Each project will be considered on a case-by-case basis. Our Minister will engage with other Ministers, and they can put forward what they see as worthwhile projects. It is capital funding that has been set aside. At the moment, we intend to fund it

from the borrowing not utilised by the voluntary exit scheme. We will look for projects that are suitable for borrowing, but I would not say at this stage that it rules out other projects. We will consider every project that is identified.

Ms Hanna: That is accessible only to projects identified by Ministers.

Ms McBurney: Yes. Doubtless there will be engagement and other people will make representations to their Ministers on projects that they think are worthwhile, but it is not an open bidding process.

Mr Wells: Philip has the uncanny knack of seeing into my head and asking my questions, so I have learnt a lesson: I need to get in ahead of him.

In the middle of all this, there is one little nugget: the £4.8 million resource DEL for Translarna. That is absolutely marvellous news for the young boys who have that awful condition. It will save lives. It shows that the Assembly can be fleet of foot and can get money for a very deserving cause.
[*Interruption.*] Are you recording me?

Ms Hanna: No. I think that you activated the Siri on my phone. [*Laughter.*]

Mr Wells: I want to go back to one small point in the Chair's questions about the £77.7 million. Are you absolutely confident that you have an agreement tied down to carry that forward to next year, or do you think that you have?

Ms McBurney: It was raised with the Chief Secretary to the Treasury on Monday at our meeting with the Scottish and Welsh Finance Ministers and our Minister. He agreed to increased levels of carry forward under the Budget exchange scheme. We have to take up the details of the carry forward for the Northern Ireland investment fund with Treasury officials, but we are hopeful.

Mr Wells: Is there no chance that a Budget will be set and amounts will be carried forward that do not include that £77 million?

Ms McBurney: We need to hammer out the detail with Treasury officials, but we got positive indications and are confident at this point.

Mr Wells: It would be very embarrassing for the Department if we were to lose £77 million or found that we could not spend it before the end of the financial year.

Ms McBurney: I agree entirely. The European Investment Bank was to take a key role, but, because of the EU referendum, it said that it would not. It is linked to the EU referendum, and I think that, for that reason alone, the Treasury will agree.

Mr Wells: I presume that it will be mentioned in future and that the next monitoring round will keep an eye on that.

Ms McBurney: Yes, we will definitely keep an eye on it.

The Chairperson (Mrs Little Pengelly): I know that the European Investment Bank was suggested as the preferred option, but it had not agreed to do anything at that point; is that not the case? It was an option that you were keen to pursue.

Ms Morelli: Yes, it was still at the option stage.

Ms McBurney: It was the preferred option, and it was the route that we were going down.

The Chairperson (Mrs Little Pengelly): Was it the preferred option of the Minister or the Department?

Ms Morelli: From the options available to allow the fund to be managed in the way that the Executive agreed that it should be managed, it was the preferred one.

Mr O'Dowd: I want to ask about financial transactions capital: that is a Westminster-driven initiative, is it not?

Ms McBurney: It is, yes.

Mr O'Dowd: The Chancellor could stand up on 23 November and change the whole dynamic of that profile.

Ms McBurney: If he were minded to do so, he could.

Mr O'Dowd: OK. I am just thinking out loud, as much as anything.

In relation to the public sector transformation fund and following on from the Chair's question about how it could be used to alleviate pressures in the health service, it was used imaginatively before in education to re-profile the workforce. Could a similar project be proposed — I am not suggesting that it will be — for health?

Ms McBurney: Yes, certainly. Proposals will be considered on their merit. There is no reason why not.

Mr O'Dowd: We had a brief conversation last week at the Committee about trying to use that fund in a more imaginative or targeted way, rather than simply allowing civil servants or public-sector workers to come forward and bid. Are there other ways of using it within that framework?

Ms McBurney: Yes.

Mr O'Dowd: Thank you.

Mr Mullan: First, let me say to Jim that Philip cannot see into his head, but he can see into his computer. *[Laughter.]* May I ask about the new budgetary process? To me, there appear to be two trains of thought. One, on the Government side, is that it is a more effective use of officials' time; the other, perhaps the Opposition parties' view, is that the Government are trying to make the budgetary process a closed shop. What do you consider it to be? Is it a good use of officials' time? Considering the fact that we do not have any sight of a draft Budget and very little time to see the full Budget, do you think that it is effective government? Do you think that it impacts on the credibility of the Committee in any way?

Ms McBurney: I do not think that that is for me to comment on. Decisions are taken by Ministers, not by officials. However, supply engagement with Departments gives a good representation of where the pressures are and reflects the strategic pressures across the block as opposed to wish lists from Departments.

Mr Mullan: Jim or Philip asked about the process, and you gave some indication of the formalities involved. May I delve slightly more deeply into that? Will you give us a better outline of how the process works? Is it done regularly? Are there regular meetings at regular times and in a certain place? You said that minutes are taken. To whom are they available? Who has sight of those minutes? I am looking for general information.

Ms Morelli: The supply process has not changed. It has always involved regular stocktake engagement with Departments, usually through the finance director of each Department. That process has always been there to look at issues that affect Departments, what needs to be considered by the centre, what other steps are being taken and what are the big capital business cases coming forward etc. There is a routine minute kept of that for the record, and that informs a supply view. The minutes are not shared any more widely than with supply. The supply view allows us to reach a collective view of the pressures affecting all Departments in their totality. That is just one element that we look at when considering recommendations to the Minister.

Mr Mullan: OK. I move on to the voluntary exit scheme. Will you give us some idea of the number of staff who took up that opportunity? What savings has it made, and how will it impact on the monetary situation?

Mr Stephen Barrett (Department of Finance): I have some numbers on the impact of the voluntary exit scheme in 2015-16. The cost of the Civil Service scheme last year was £90.4 million, and that will deliver annual savings of £86.9 million. Wider schemes outside the core Civil Service cost £80.3 million last year and will deliver annual savings of £67.6 million. Some 4,300 staff left last year.

The Chairperson (Mrs Little Pengelly): Talking generally and moving forward to the more substantive Budget process, I presume that you have started work on where you believe the projected pressures are likely to be. I know that this is a speculative question, but, at this point, are you getting murmurs out of Treasury about what is likely to be in the autumn statement around, in particular, the balance between capital and revenue?

Ms McBurney: We are not getting any firm feedback on that. Treasury has sort of indicated that we should not expect any additional resource DEL. It has not said anything about whether there will be any reductions in resource DEL. We are hopeful for additional capital allocations, but there is no certainty, and Treasury has not really said anything to lead us in that direction.

The Chairperson (Mrs Little Pengelly): On the capital side, are you anticipating that it will be a one-year capital allocation in the autumn statement or do you anticipate that there may be some opportunity for Treasury to make a longer-term comment about that.

Ms McBurney: It has not given us any indications about that. I imagine that it will be a longer-term comment, but I honestly cannot stand over that. That is just my own feelings on this.

The Chairperson (Mrs Little Pengelly): Before you came in, we were talking about pressures across the system and preparing for those. Clearly, there is a significant amount of money in the Northern Ireland Budget that is inescapable in that it is already contractually committed. At this stage, do you have an assessment of what percentage of the Budget that is and how that is impacted by potential inflationary increases, particularly in the areas of health and education?

Ms McBurney: That is part of the work that is ongoing at the moment between supply and Departments. We are hoping to conclude that in the next few weeks to give us an idea. At this time, no, we do not.

Ms Morelli: We do not have a final position.

The Chairperson (Mrs Little Pengelly): Do you have a figure on inflationary increase that you are working with, moving forward into the next Budget period?

Ms McBurney: We are basically leaving it to Departments to identify where their pressures are falling as opposed to us applying a percentage. We tend to look at whatever the Treasury publishes as its GDP deflators as an indication of what the inflationary increase is. Different things will increase at different rates, so we are leaving it to Departments to identify where their pressures are falling.

The Chairperson (Mrs Little Pengelly): There was some discussion around the format of this. I think that Claire raised some issues around the ministerial statement and the process that would be required between the autumn statement and that. We have got indications from you that there will be a written statement in and around 19 December.

Ms McBurney: I do not think that it has been settled yet that there will be a written statement. The process will be that, shortly after the Chancellor's autumn statement, the Secretary of State will write to the Minister setting out our control totals, which is our resource DEL and our capital DEL etc. Under the Fresh Start Agreement, legislation was passed that means that our Minister has to make a statement to the Assembly setting out what those control totals are, and that has to be done two weeks before we lay a Budget. That will happen shortly after the autumn statement.

The Chairperson (Mrs Little Pengelly): Is that at least two weeks before we lay it?

Ms McBurney: Yes, at least two weeks before, so it can be as soon as possible, but given the timescale —

Ms Hanna: Which one is that? He has to make a statement two weeks after the —

Ms McBurney: No, at least two weeks before he issues his Budget.

Ms Hanna: He has to make a statement to the Assembly.

Ms McBurney: Yes, setting out the control totals.

Ms Hanna: Is that the 19 December reference?

Ms McBurney: No. That statement will be made as a matter of course. It will quite factual and will be saying, "Here is what our control totals are".

The Chairperson (Mrs Little Pengelly): Presumably, it will be made within a number of days from the NIO —

Ms McBurney: We will be seeking to bring that forward as quickly as possible. Once the NIO has written to us, we will do that as soon as possible.

Ms Hanna: That is not in this. That will be approximately 7 December or thereabouts.

Ms McBurney: I am trying to find my timetable.

The Chairperson (Mrs Little Pengelly): I presume that it is a reaction to the autumn statement, setting out the implications are for Northern Ireland.

Ms Hanna: There will be a statement then.

Ms McBurney: That is the penultimate statement to the Assembly on the overall Budget envelope in early December. That statement will be made, and, working in tandem with that, following the autumn statement, we will be working up proposals for our Minister to take to the Executive. We are hopeful that he will be in a position to present an agreed Budget to the Assembly before Christmas.

The Chairperson (Mrs Little Pengelly): What the process entails is that the autumn statement happens, presumably you draft our response or try to liaise on what the implications and consequences are. You get the letter from the Secretary of State, which affirms the ministerial statement. Is it likely to be an oral statement?

Ms McBurney: It could be either a written or an oral. It just depends on the availability and getting time slots.

The Chairperson (Mrs Little Pengelly): On the back of that, presumably you look at your draft plans to see what the impacts are around the revenue and capital. Do you then speak to your supply officers in the other Departments? Do the Executive, at this stage, have proposals around when they are going to meet to discuss this or is it a series of negotiations between Ministers?

Ms McBurney: There will be both. There will be engagement with supply, discussions between Ministers and engagement, all of which will culminate in us presenting a draft paper for the Executive to consider.

The Chairperson (Mrs Little Pengelly): Are you aware of whether the Minister is minded to have a series of bilaterals etc with particular Ministers around pressures?

Ms Morelli: He has commenced that process already.

The Chairperson (Mrs Little Pengelly): So, he is currently having bilaterals on what their pressures are likely to be and that will inform then. OK.

There have been some issues raised on whether that written statement of the 19 December could be made at an earlier stage. We accept that there have to be discussions, plans finalised and plans agreed by the Executive. Is that an option that you could look at — even a week earlier — to facilitate increased scrutiny by Committees?

Ms McBurney: We will be aiming to get it as soon as we possibly can. Obviously, the precise timescale is a matter for the Executive, not us. It will depend on when we get Executive agreement. We will be working, straight after the autumn statement, to get everything finalised as quickly as we can. Our intention is to leave as long as we possibly can between the date of the Budget being introduced in the Assembly and the Assembly debate and vote to allow for that scrutiny.

The Chairperson (Mrs Little Pengelly): Is it the case that the formal position of the Department is that there will be no formal consultation but that there will be a series of consultation meetings, or are you going to refer to that period as a consultation period?

Ms McBurney: We will not have a formal consultation period that we would normally have had when we had time for a draft Budget and a revised Budget. We will be going out soon to make offers to stakeholders that we will come out and talk to them about the Budget position and where we think things are. That engagement will go on probably in November. The Minister will then make a statement to the Assembly, hopefully before Christmas and as early possible, on the Budget. If anyone wants to engage with us between that time and the time of the Assembly debate and vote, we will make ourselves available to talk to them. We will not actually go out for a formal consultation on it.

The Chairperson (Mrs Little Pengelly): Are you minded that the process at this stage is that, for example, the supply officers in Health or Education, are liaising with their Committee and that that consultation with those sectoral stakeholders takes place in that context, as opposed to you, centrally? There is a list of stakeholders outlined in the papers but, clearly, there are huge gaps there on the particular sectoral interests. Are you not intending to talk to those but rather rely on the supply officers and those respective Committees?

Ms McBurney: We would not rely on the supply officers; we would rely on the Departments themselves. Obviously, we do not know who Department's key stakeholders are. So, it would be a matter for Departments to ensure that they engage fully with their stakeholders.

Ms Morelli: And their respective Committees.

Ms McBurney: And their respective Committees.

The Chairperson (Mrs Little Pengelly): They will feed that, through supply officers, to you but also to their Minister to inform the Executive consideration, or the paper that goes forward.

Ms Morelli: It is important to stress that the supply officers sit in DOF. We liaise outwards through the Departments.

The Chairperson (Mrs Little Pengelly): Oh right, yes. So, they are actually your people?

Ms McBurney: They are our people, but we would expect Departments, if they are getting a particular message coming through their discussions with their stakeholders, to feed that back.

The Chairperson (Mrs Little Pengelly): With regard to the process, you have not referred to this document at any point as a draft Budget. It caused some confusion in relation to the duties under section 64 of the Northern Ireland Act around the draft Budget being agreed and then there being consultation, or scrutiny by Committees, prior to the final Budget. Was that a decision that you made not to refer to that? We are concerned about the fact that there is a period for our scrutiny and consultation — it is a very limited period, unfortunately, and, of course, we would want more. We want to maximise that time. With the timescale set down, it looks like the only real opportunity will be to feed in prior to the Budget being set down. If there are then amendments that are accepted by the Executive, then that would be done by way of amendment to the Bill.

Ms McBurney: The terminology "draft Budget" possibly means a different thing to us than it means in the legislation. In the legislation, the view is that is a draft Budget until such times as the Assembly approves it. We tend to talk about a "draft Budget" as us producing one document, having a period of consultation and then producing a revised document which is then the subject of the vote.

So, when we refer to the "one-stage Budget" or just "a Budget", we will not be producing two documents. The Budget itself will be a draft Budget until such times as the Assembly approves it.

The Chairperson (Mrs Little Pengelly): Have you taken specific legal advice around section 64? There was some reference in your papers to you doing so and to that satisfying the "draft Budget" reference within that —

Ms McBurney: We have taken that advice, and we are satisfied that, as long as we allow a period of scrutiny between the Budget being introduced in the Assembly and before the Assembly votes on it, that that will allow for the appropriate scrutiny.

The Chairperson (Mrs Little Pengelly): If, for example, we scrutinise and put forward some recommendations, is the Minister minded that those amendments will take the form of Executive amendments to the Bill after it has been laid? Is he anticipating that there will be amendment between the first laying of this and the final?

Ms McBurney: We would not go into a process anticipating that there would be amendments, but the Assembly is free to make those amendments. If they are appropriate, I imagine that the Minister will be open to considering them.

The Chairperson (Mrs Little Pengelly): It would be useful for us to see the detail of that process to make sure that we are satisfied that there is opportunity for us. No Committee wants to do work that is, ultimately, futile, so we want to make sure that, if we are conducting that scrutiny, and there is a strong intention to do that, that there is a mechanism for that to be fed in and the time available to make amendments.

Looking at this week's events in relation to October monitoring, the Bengoa report and the Minister of Health's 10-year vision document, there was an Executive meeting prior to the Assembly sitting this week. We want to be assured, if the Executive are going to meet before the Budget is finally agreed by the Assembly, that our views can be taken into account.

Ms McBurney: I would need to come back on that, but I do not think that the intention is that the Executive will meet again to consider amendments. The intention would be for the Budget to be introduced in the Assembly by the Minister and then have the Assembly debate and vote after that. We will allow as long a period as we can between the two to allow for scrutiny and for any amendments to be proposed formally, as opposed to the Executive meeting again and producing a revised Budget.

The Chairperson (Mrs Little Pengelly): So, amendments would be proposed by individual Members or Committees and would not go to the Executive for them to consider our recommendations and decide whether to integrate them in the Budget.

Ms McBurney: That is certainly not the intention at this point in time. We can raise and discuss that with our Minister, but that is not the intention. Although we are saying that we allow as long as possible to do that, we are still constrained by the need to provide Departments with certainty over their Budget allocations. Departments have indicated to us that they need that certainty by the end of January; so, the time available will still be constrained.

The Chairperson (Mrs Little Pengelly): I want to talk about the upcoming multi-year Budget process, but Gerry and Claire have indicated that they want to ask questions on the back of what has just been said.

Mr Mullan: The Minister said in his statement that he was going to allocate £15 million for roads maintenance and £10 million for new buses. Can you give us a flavour of how you think that is going to stimulate the economy? How would that be measured? People who are going to work, whether they drive or go by bus, are going to go to work anyway. Maybe, that money could have been better spent on the A6 or some of the bigger projects.

Mr Mullan: There are two issues there. That investment will improve our infrastructure, our roads and public transport. It will also create jobs in the construction or bus building industries. On the question of whether it could be better spent in other areas, there is no doubt that there are major capital projects. However, they would not be able to spend the money in this financial year, and it needs to be spent before the end of March. That restricts other possibilities for spending the money at this point in time.

Ms Hanna: I want to pick up on the conversation we have just had about the timetable. In Scotland, where they will also have the autumn statement and Brexit to deal with, they are laying their draft Budget on 15 December and still the Opposition there are saying that they are not get enough information, particularly high-level scenario information. The Minister there has agreed to publish that information in the three intervening weeks. I am not saying that they have exactly the same processes, resources and contexts —

The Chairperson (Mrs Little Pengelly): Do they have an end date for that?

Ms Hanna: I am not sure exactly what the context is; they might. Although, you would imagine they would not, because if they are laying it on 15 December then the end date is not going to be very much later than 30 January, as it is here, given that they still have to come back to debate and scrutinise it. I am not saying, "If Scotland can do it, we can", but I am, sort of. It appears that there is still some capacity.

We were having a discussion earlier, and we were saying that 23 November is not day one; it is not the day you start your work. We know that you —

Ms McBurney: It has already started, yes.

Ms Hanna: Exactly. Can we make it a formal proposal that you explore the possibility? That is very ambitious. I would love the Budget document to be laid before Christmas, like in Scotland.

The Chairperson (Mrs Little Pengelly): That is the way Claire wants to spend her Christmas break.

Ms Hanna: Actually, that is kind of the point. Once we get back, you are back on the merry-go-round. That is nearly a month in which people have time to do their detailed work. As you rightly said, we cannot process a 200-page research pack in the middle of the working week when you are here until 7.00 pm the night before and all that kind of stuff. I would not spend Christmas Day doing it, but it would be helpful to have that information in the weeks before. Obviously, there is Christmas Eve and Boxing Day.

The Chairperson (Mrs Little Pengelly): Having been involved in talks processes for the last few Christmases, I can sympathise.

Ms Hanna: Can we propose that you at least explore that and come back to us?

The Chairperson (Mrs Little Pengelly): We want to maximise the amount of time that the Committee has to scrutinise. The Scottish system is, potentially, a little different because the departmental structure is different there. They, effectively, have one big Department with particular limbs as opposed to separate structures.

Ms Hanna: We have a unified Executive now though.

The Chairperson (Mrs Little Pengelly): That has been a barrier before to things such as interdepartmental working. I know that they are looking at that in the Programme for Government. Can you take a look at the process? We want to maximise the time available.

Ms McBurney: I would certainly like it done before Christmas, too, but it will be up to the Executive to decide on the timescales for the agreement. We will progress the work at pace.

Ms Hanna: If you would like it done before Christmas, you must think that it is possible to do it before Christmas or that it is not beyond the realms of possibility.

Ms McBurney: It depends what comes out in the autumn statement. It depends on the outworking of Emer's work with Departments.

Ms Hanna: And it depends on the political will to do it.

Ms McBurney: It depends on what decisions need to be taken, to be honest.

The Chairperson (Mrs Little Pengelly): With these processes, demand will always outstrip supply and you will have to have that process, even internally with those three parties, about where the pressures are and what the split should be. If you are a Minister, it can be difficult to say, "I will sacrifice my priorities because I believe that another Department has a more legitimate pressure". I know that that is certainly where they want to get to with it. I suppose that it is about how long that process of brokerage takes.

Mr Smith: I just want to carry on with what Claire said. In essence, given what you said earlier, the only unknown variable is the content of the autumn statement from the Chancellor on 23 November. Everything else is within the control of the Department and the Executive and it should be easier than the forecast because it is now only a one-year Budget. It should be a shorter process.

Ms McBurney: It is one year for resource DEL and we are doing the full four years for capital.

Mr Smith: You said that the feedback that you are getting so far from across the water is that resource changes may well be —

Ms McBurney: No, they said to not expect anything additional, which is different from saying there is no change.

Mr Smith: A report today said that the Chancellor has an £80 billion black hole going forward, so, yes, there may be challenges with that but, whatever the Barnett consequential of changes around that is, surely you have a baseline Budget and, whatever his outcome is, that has to then be factored in. If it is negative, it opens up the conversation about who loses what. If it is positive, surely there are a number of projects that are earmarked for further investment. It is a complex process, I know, but not much more complex than it normally is.

Ms McBurney: I would not say that it is more complex than it normally is. The autumn statement is an added variable in that, it is not as simple as being a case of, "If we get extra money, we can nicely hand that out". Even on the figures at the minute, there is something like a 4% — I cannot remember the actual figure — real-terms decrease. There are pressures across Departments and it will be about how Departments can cope with those pressures and how they prioritise. It is by no means straightforward. The work is ongoing. We do not have a position yet. Work is ongoing to identify those pressures in Departments and there will be discussions and negotiations.

Mr Smith: This is maybe straying into the next section that you might want to talk about, which is the multi-year element in that, once we get this put to bed, we need to know what comes next. I said to our RalSe colleagues earlier that I had a conversation with a school head today. Their big issue going forward is the third year of their three-year budget. Obviously, this year's is halfway through and next year's is now open for debate, but in year 3, when I believe the vast majority of schools will move significantly into the red; that is an unknown for them. How do they manage that with respect to the operational outworkings of their individual budget? That is just a school, but it is writ large across the whole public sector, I am sure. How do they manage that and what is the plan for communicating with them to give them some comfort or process to buy into in the weeks and months ahead?

Ms McBurney: The one-year resource budget is by no means ideal. Unfortunately, the autumn statement does pose a problem because we do not know what is in it. Although I am saying they said there was no additional resource DEL, we are talking about one year. We do not know what future years are going to bring.

In terms of the follow-up to the Budget process, we would like to start work immediately on the future years' Budgets. The autumn statement will give some indication of the likely pressures facing the Executive, and that can be communicated so that schools or other bodies have a feeling for what is coming down the line towards them. We would then like to progress the following year, and we will do our Budget at pace following that.

Mr Smith: Have you any indicative timescales at this stage?

Ms McBurney: Not at this stage.

The Chairperson (Mrs Little Pengelly): That brings us neatly to our last issue, which I want to raise now because that you are going to be extraordinarily busy over the next number of months with the autumn statement its implications.

The Committee is keen to get some best practice set down. Certainly, from my point of view, we want to be helpful and useful in consultation, with ideas coming forward, and being able to assist the Department by working with the other Statutory Committees to have a well-informed and well-consulted outcome, particularly in relation to the multi-year Budget. We are keen that we are sitting down and planning for that at an early stage.

I know that there had been a draft memorandum of understanding. There seemed to be some willingness by the Committee and the Department to look at trying to establish a process. There is no doubt that transparency around that process could give us confidence with our forward work programme and planning and would help the other Statutory Committees. So, we would be keen to work with you at this early stage about looking at what the indicative timescales potentially look like. Is this something that you would consider, perhaps a memorandum of understanding or an agreed document or timetable that we can work on for the next couple of years?

Ms McBurney: As you said, we have been engaging with Committee officials on that, and we are keen to continue that work. The difficulty we have in tying down specific timescales is because we are at the behest of the Treasury and its timescales, and things happen. So, we are also keen to make sure that whatever we come up with actually works as opposed to having an agreement that is then immediately cast out the door as unworkable because something else happens, and the spending review or the autumn statement is late.

The challenge is in working together to come up with something that allows the proper engagement and sets out the ideals but is still manageable when things change —

The Chairperson (Mrs Little Pengelly): That is absolutely possible. The Committee is not unreasonable in that regard. We do understand that sometimes these things do happen. It is getting what, ideally, it would look like and then, if something does happen, we can take a look again at that set-down procedure, and say, "Well, look, where's our flexibility?" It is about building flexibility into that as well to take into account that sometimes these things happen.

I do think that the Committee, and the Committee system here, can be an invaluable resource for the Department around capturing ideas, particularly in the context of the Programme for Government and about where our priorities lie in all of this.

Presumably at this stage you do not really have any detail about what a potential process for the multi-year Budget would look like.

Ms McBurney: Not at this moment.

The Chairperson (Mrs Little Pengelly): When are you likely to have that or is there somebody who has given some consideration to that? I know everybody will be busy with the current process.

Ms McBurney: I would say that it would be when this process concludes before we turn our minds to the next process. At this moment, to give an indication, you would imagine we would go back to previous years' processes, which would have a draft Budget in September and a revised Budget in November/December but I could not say that is set in stone because we not considered or discussed with our Minister what he would say.

The Chairperson (Mrs Little Pengelly): I understand that the Minister has the policy, the decision-making, role in this. However, is he minded, because of the change in process around in-year monitoring, presumably there are going to be some changes around what had previously been discussed in the memorandum on what the new process looks like, to produce something about this new process? Is it something he is going to produce as a paper or guidance, something that we could have access to see what the new process looks like?

I do thank you. It has been useful to hear your insight into that new process but with that new system in place, is the Department going to be issuing that guidance to other Departments and is it going to be a public document?

Ms McBurney: The monitoring round guidelines on the DOF Internet site have been updated to reflect the new process. The process tends to be slightly different for every Budget because it depends on circumstances. Guidance goes out to Departments in advance usually of the Budget process. We would be more than happy to share any of that guidance with the Committee, but, as I said, we have not got to that stage yet or considered when it would be.

The Chairperson (Mrs Little Pengelly): But you are content at this stage that we put together some of our ideas of what an ideal process would look like, taking into account that, absolutely, some things may happen, and that we try to work with you and the Department to see if we can get an agreed process, preferably before the Easter break, to allow for —

Ms McBurney: As I say, we have been engaging and are more than happy to continue that. We do welcome your input. For this Budget process, we would be grateful to take on any views of the Committees before we start formulating the Budget.

Ms Morelli: Yes.

The Chairperson (Mrs Little Pengelly): OK, thank you very much.