

## **FINANCIAL PROVISIONS BILL (NORTHERN IRELAND) 2013**

**From:** JUDITH FINLAY

**Date:** 29 MAY 2013

### **SUMMARY**

**Business Area:** Accountability and Financial Management Division, Central Finance Group

**Issue:** Policy briefing on the Financial Provisions Bill (Northern Ireland) 2013.

**Restrictions:** None

### **INTRODUCTION**

The purpose of this briefing is to outline the background to the Financial Provisions Bill ahead of the evidence session with officials on 5 June. The Bill is provisionally scheduled for introduction in the Assembly on Monday, 17 June 2013.

### **BACKGROUND**

#### **NEED FOR LEGISLATION**

A Bill is normally required at intervals of every two to three years to deal with routine financial matters including any minor and/or non-controversial amendments to governing legislation. The last such measure – The Financial Provisions (Northern Ireland) Order 2009 came into effect on 15 December 2009.

During June 2011, DFP indicated its intention to compile a draft Financial Provisions Bill during 2012. However due to reprioritising the department's legislative programme, this Bill was delayed. The main purpose of the Bill is to adjust statutory limits and handle other routine financial matters. The Department commissioned non-controversial items for inclusion in the Bill. A total of six items were considered suitable for inclusion in the Bill and instructions were forward to Counsel on 8 February 2013 to enable the drafting of the Bill. DFP are the lead Department.

## THE BILL

The BILL makes provisions for the following six items:-

- **Grant in aid in respect of expenses incurred:** which empowers the Department of Agriculture to provide grant-in-aid in respect of operational costs incurred by the Northern Ireland Fishery Harbour Authority in executing its statutory functions. Prior to the proposed amendment, the Department could only provide financial assistance by way of loan or grant.
- **Founding legislation:** will allow the Northern Ireland Police Fund (NIPF) and the Police Rehabilitation and Retraining Trust (PRRT) to have a statutory footing and allow the Department of Justice (DOJ) to make regulations of these bodies. With the statutory foundation, DOJ will have the statutory power to fund both organisations.
- **Expenditure impacting the Consolidated Fund:** which empowers the Department of Justice (with the concurrence of DFP) to make provision as to the payment of interest on funds in court by way of Ministerial Direction. The Court Funds office (CFO) is responsible for the management of funds held in court on behalf of minors and patients who are deemed incapable of managing their own affairs. CFO applies interest to funds held which are set out in the Court Funds Rules (NI) 1979 and can only be adjusted by way of a new Statutory Rule which can take from 8 to 12 weeks. Funds are placed in deposit accounts or short term and long term investment accounts which earn interest in accordance with Bank of England base rates. CFO applies interest in accordance to the 1979 rules. Differences between base rates and CFO rates will lead to either a surplus or deficit where the deficit is recovered from the Consolidated Fund. CFO interest rates in England and Wales can be amended by way of a Ministerial direction which allows the CFOs there to react more efficiently to changes in Bank of England base rates.
- **Repeal of legislation:** due to a lessening demand for loans and the need to reduce Government expenditure, the Department of Agriculture, after

consultation with the Ulster farmers' Union, ceased accepting loan applications after 30 November 1979. Since its inception a total of £20M has been issued from the Agricultural Loan Fund. There is no principal outstanding and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full. The legislation is no longer required and needs to be repealed.

- **Recoupment of costs**: which empowers the Housing Executive (HE) to charge the purchaser of undeveloped land for its administrative and transaction costs relating to the sale. Under Article 88 of the Housing (NI) Order 1981, the Northern Ireland Housing Executive has statutory authority to dispose any land held by it which is not required for social housing. For each piece of land sold, the HE bears administration and transaction cost but does not have the specific statutory authority to charge the purchaser for its costs. It is its intention therefore to seek authority along the lines of section 93 of the Local Government Act 2003 where it enables local authorities to charge for discretionary services provided that the person receiving the service has agreed to its provision, there is no statutory provision expressly forbidding it, there is no other provision enabling the charge and the income received does not exceed the cost over a financial year.
- **Maintaining consistency**: between the Audit and Accountability (NI) Order 2003 and the Health and Social Care (Reform) Act (NI) 2009 is required to allow the Comptroller and Auditor General (C&AG) to carry out data matching exercises for the purposes of assisting in the prevention and detection of fraud. Since the Audit and Accountability Order has not been updated to refer to the restructured health and social care bodies, an amendment to Article 4D (6)(b)(i) of the Audit and Accountability (NI) Act 2003 is required to correspond to the references in the Health and Social Care (Reform) Act (NI) 2009, which will maintain consistency with the definition of a 'relevant NHS body' (for the purposes of data matching) in the other jurisdictions of the United Kingdom.

## **Draft Timetable for the Bill**

The provisional dates for the First and Second stage of the Bill are:-

Financial Provisions Bill (Northern Ireland) 2013	17 June
Second Stage	1 July
Committee Stage commencing	1 July

## **FINANCIAL EFFECTS OF THE BILL**

The Bill only provides enabling powers to incur expenditure and therefore in itself does not have any financial implications. Departments have already secured (where necessary) any funding and approval in respect of the provisions highlighted. The Department does not consider that the provisions will lead to any new area of government expenditure and will therefore have no impact on the overall quantum of government expenditure.

## **OTHER COMMITTEES**

The Provisions within the Bill will be a matter of interest for the Committees for Social Development, Justice, Agriculture, the Audit committee and the Public Accounts Committee. The Clerk of the DFP Committee has written to the other Committees seeking their views.

## **EXECUTIVE CLEARANCE**

The Executive is due to consider the Financial Provisions Bill at its meeting on 6<sup>th</sup> June 2013 following which copies of the Policy Memorandum, Bill and Explanatory and Financial Memorandum will be forwarded for your consideration.