

Assembly Section

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Mr Shane McAteer
Clerk
Committee for Finance and Personnel
Room 419
Parliament Buildings
Stormont

17 October 2013

Dear Shane,

In advance of the evidence session scheduled for the 13 November, the attached paper has been provided by officials.

The paper outlines the Departmental responses to the queries from the Committee which were raised at the meeting on 5 June and to queries raised by the Examiner of Statutory Rules.

Details of the amendments in relation to rates will follow in due course.

Yours sincerely,

A handwritten signature in blue ink that reads "Judith Finlay".

JUDITH FINLAY
Departmental Assembly Liaison Officer

Responses to queries raised by the Examiner of Statutory Rules and DFP committee.

Comments from the Examiner of Statutory Rules.

1. Clause 3 of the Bill is intended to give the Department of Justice power to make provision for the payment of interest in respect of funds in court by way of administrative (ministerial/departmental) direction, as is done in England and Wales. The examiner has suggested that this is expressly spelt out in Clause 3.

DOJ's legal team have been consulted and have agreed to amend the draft clause.

2. Clause 6 of the Bill is intended to give the Department of Justice the power to make regulations providing for the constitution, functions, procedures and financing of the Northern Ireland Police Fund and the Police Rehabilitation and Training Trust. The examiner felt that the current draft bill did not show that the regulations are subject to Assembly procedures. Therefore he suggested that clause 6(2) needed to be amended to make the regulations subject to negative resolution.

DOJ's legal team have been consulted and agreed the Examiner's suggestion. The amendment has been drafted and cleared with DOJ officials.

Queries from Committee at meeting on 5th June

1. Members of the Committee agreed to write to the Department to ask for clarification on whether powers to access Harbour Commissioners reserves will be provided for in the Financial Provisions Bill and if not, why not.

The query was redirected to the responsible department and the officials from the Department of Regional Development have responded as follows:-

When Budget 2011-15 was agreed by the Executive there was agreement that Belfast Harbour Commissioners should make a contribution towards improving the infrastructure network. The detail on delivering this was delegated to the Budget Review Group. The Budget Review Group agreed that the Department for Regional Development should focus on working collaboratively with the Belfast Harbour Commissioners on release of value projects. Following a meeting of the Budget Review Group on 27 September and between representatives of that Group and the Harbour Commissioners on 11 October it was agreed that the Commissioners would take forward, from within their resources, proposals for investment in Foreign Direct Investment accommodation in 2013/14 and consider other suitable projects in future years.

2. Committee member Mr. Cree asked the following questions:-

‘Bearing in mind how irrelevant the base rate is these days, why is much more use not made of short-term high interest rates as is the case for money debts and things of that nature?’

Rather than following slavishly the base rate and the movements that pertain afterwards, short-term high interest rates are available for people who have the ability to move money about. Why is more use not made of that to maximise profit? It should not be a significant risk if it is a short-term investment with guaranteed interest. Money debt is a very simple example’.

DOJ’s officials have responded as follows:-

Under legislation [Part VII of the Judicature (Northern Ireland) Act 1978] funds held in court as cash must be transferred to the National Debt Commissioners, whose functions are carried out by the UK Debt Management Office (DMO), an agency of HM Treasury. The rate of interest applied to those funds by DMO is broadly equivalent to the Bank of England base rate. Therefore, as a result

of the legislative position the Court Funds Office (CFO) does not have the ability to move money about and avail of interest rates that are available to members of the general public. In the past, CFO have invested funds held by DMO in government gilts and fixed term deposits to enhance returns, but the returns on these options are not competitive at present.

- 3. Members of the Committee agreed to write to the Social Development Committee to obtain a breakdown of the administration costs which the department seeks to recover from the purchaser of the land.**

Response from the Social Development Committee has shown a more up to date costs breakdown, in the region of £2000 compared to the £2400 provided in the last briefing.

Of the land sales administration costs, approximately £900 relate to the completion of economic appraisals. The cost of valuation services is approximately £375, legal cost is estimated at £136 and marketing costs are estimated at £550. For a significant number of small land sales, HE officials state that marketing costs will not be applicable as the Housing Executive will not be required to market the sites on the open market but will be permitted to sell the land by private treaty to the adjacent land owner due to its size and marketing potential.

Economic appraisal is necessary irrespective of the disposal method employed and the receipt of the application to purchase the land triggers the completion of the appraisal for the specific site. This cost is an internal/indirect cost which is a required governance tool to determine if the land is surplus. The officials in the Housing Executive have concluded that it may be legitimate to exclude this cost from the overall cost of the administration of any land disposal.

4. Committee member Mr. Cree asked if both the Northern Ireland Police Fund and the Police Rehabilitation and Retraining Trust are registered charities.

DOJ officials responded that neither organisation is a registered charity.

The PRRT is a company limited by guarantee and prior to current changing of the status was treated as a body analogous to an executive non departmental public body. For national accounts purposes it was classified as a Not for Profit institution serving households (NPISH);

The NIPF for policy/administrative purposes was classed as an executive non departmental public body. The legislative change for these bodies is purely a technical amendment necessary to provide a proper legal authority for DOJ to fund the NIPF and the PRRT. The Financial Provisions Bill has been identified as the most appropriate legislative vehicle for securing our requirements and removing any uncertainty around funding of these organisations.