



Northern Ireland
Assembly

Committee for Finance and Personnel

Working for You

Public
Spending

Rates Policy
and Revenue

Corporate
Services and
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Civil Service
Personnel

Procurement

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End of Session Report 2013-14

Committee Remit, Powers and Membership

Powers

The Committee for Finance and Personnel is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of the Belfast Agreement, Section 29 of the Northern Ireland Act 1998 and under Assembly Standing Order 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department of Finance and Personnel (DFP) and has a role in the initiation of legislation.

The Committee has the power to;

- consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation;
- approve relevant secondary legislation and take the Committee Stage of primary legislation;
- call for persons and papers;
- initiate inquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Finance and Personnel.

Membership

The Committee has eleven members, including a Chairperson and Deputy Chairperson, with a quorum of five members. The membership of the Committee during the current mandate has been as follows:

Mr Daithí McKay (Chairperson)¹
Mr Dominic Bradley (Deputy Chairperson)
Mrs Judith Cochrane
Mr Leslie Cree MBE
Ms Michaela Boyle^{2 3}
Mr Paul Girvan
Mr John McCallister^{4 5}
Mr Ian McCrea^{6 7}
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Peter Weir⁸

¹ Mr Daithí McKay replaced Mr Conor Murphy MP with effect from 2 July 2012

² Ms Megan Fearon was appointed to the Committee with effect from 10 September 2012

³ Ms Michaela Boyle replaced Ms Megan Fearon with effect from 2 December 2013

⁴ Mr Roy Beggs replaced Mr Ross Hussey with effect from 23 April 2012

⁵ Mr John McCallister replaced Mr Roy Beggs with effect from 15 October 2012

⁶ Mr Ian McCrea replaced Mr David McIlveen with effect from 16 September 2013

⁷ Mr David McIlveen replaced Mr David Hilditch with effect from 1 October 2012

⁸ Mr Peter Weir replaced Mr William Humphrey with effect from 1 October 2012

Primary Legislation

Public Service Pensions Bill

1. Following its introduction to the Assembly in June 2013 the Public Service Pensions Bill progressed to Committee Stage on 26 June 2013. The Bill would put in place the legislative framework for major pension reform across the public sector in Northern Ireland, following changes in Great Britain. This would have an impact on upwards of 216,000 employees in the public services and representing over 30% of the total workforce in Northern Ireland. Those affected included civil servants, local government workers, teachers, health service workers, prison officers, police officers and firefighters.
2. The Committee therefore undertook scrutiny of the Bill on three levels: the policy intention of the reforms; the structural and operational aspects of the provisions in the Bill; and in terms of the technical drafting of the Bill. This detailed work, which was informed by stakeholder evidence collected in advance of the Bill being introduced to the Assembly and during Committee Stage, resulted in a wide range of issues being raised with DFP. These included concerns regarding: the cost and benefit of the reforms; governance provisions; aligning normal pension age with state pension age and the inflexibility of fixing the normal pension age in primary legislation; safeguards for consultation and for sufficient Assembly control; and aspects of the provisions for revaluation and for reviewing actuarial valuations and employer contributions.
3. In addition to receiving helpful clarification and assurances from DFP on a number of issues, including reassurance that the Department will observe the '21 day rule' in relation to any proposals which fall under the negative resolution procedure, the Committee had an influence on several amendments made at Consideration and Further Consideration stages. This included Ministerial amendments to provide additional safeguards in relation to consultation provisions and the evidence collated by the Committee also informed amendments providing flexibility in relation to the normal pension age of firefighters in particular. Moreover, the Committee successfully tabled an amendment to ensure the independence of persons appointed to review actuarial valuations of pension funds associated with defined benefits schemes.
4. A copy of the Committee's report can be found [here](#).

Financial Provisions Bill

5. The Committee co-ordinated the scrutiny of the Financial Provisions Bill, which commenced Committee Stage on 2 July 2013 and included provisions relating to various departments, including: Agriculture & Rural Development, Justice, Regional Development, Social Development as well as DFP and the Northern Ireland Audit Office. The applicable Assembly committees took evidence from their respective departments where necessary and indicated that they were content with the related provisions of the Bill, having received the necessary information and explanation and assurances. In addition, the Committee of Finance and Personnel referred the Delegated Powers Memorandum to the Examiner of Statutory Rules who subsequently highlighted technical drafting issues with two clauses of the Bill which were addressed by amendments at Consideration Stage of the Bill.
6. The Committee also made a general recommendation that DFP should take steps in the future to ensure that financial provisions bills are as fully developed as possible before introduction to the Assembly given the large number of amendments to this Bill which were brought forward by the Department following introduction.
7. A copy of the Committee's report can be found [here](#).

Budget Bills

8. The Committee considered two budget bills during this session. In January 2014 members considered the Budget (No. 1) Bill 2014, including the Spring Supplementary Estimates for 2013-14 and the Vote on Account for 2014-15. Subsequently, in May 2014, the Committee considered the Budget (No. 2) Bill 2014, which included the Main Estimates for 2014-15. The Committee held evidence sessions with DFP officials on both bills and also scrutinised each of the monitoring rounds during the financial year. Having considered the evidence, the Committee agreed to grant accelerated passage to both bills on the basis that there had been appropriate consultation with it on the provisions of the bills as required under Standing Order 42(2).

Legal Complaints and Regulation Bill

9. This Bill will, amongst other things, provide for the introduction of a Legal Services Oversight Commissioner to regulate the complaints handling processes of both the Law Society of Northern Ireland and the Bar Council of Northern Ireland. In advance of the planned introduction of the Bill in autumn 2014, the Committee commenced gathering preliminary evidence from stakeholders, including the Bar Council, the Law Society, the Lay Observer for Northern Ireland and DFP. This initial evidence will help to inform the Committee's detailed scrutiny of the Bill at Committee Stage.

Legislative Consent Motions

UK Finance (No. 2) Bill – Provisions dealing with Air Passenger Duty

10. The agreement of the Assembly, by way of a legislative consent motion (LCM), was required to provisions in this Westminster legislation reforming aspects of Air Passenger Duty (APD). In particular, the Bill would abolish bands C and D from 1 April 2015; however, as APD on direct long-haul flights from Northern Ireland for destinations in bands B, C and D had been devolved previously, a situation arose whereby the legislative competence of the Assembly was changed.
11. As part of its scrutiny of the proposals for the LCM, during evidence from DFP officials on 9 April 2014, the Committee queried whether the provisions could potentially restrict the Executive's ability to increase APD on some long-haul flights. Members received an assurance that, as the Assembly already had the power to set its own separate rate for private jets, there would be no limiting effect on this aspect. It was noted that, as bands C and D would no longer exist, the Assembly would only have power to set one long-haul rate of APD. However, the Committee was mindful that the original objective for establishing a zero rate of APD was to safeguard existing and assist with establishing new long-haul routes from Northern Ireland. Members also received assurances that there were no financial implications from the LCM.
12. Therefore, having scrutinised the issues involved, the Committee agreed to support DFP in seeking the Assembly's endorsement that the provisions of the Finance (No. 2) Bill dealing with APD should be considered by the UK Parliament.
13. More generally, during the session, the Committee continued to examine the issue of APD on short-haul flights and the need to improve Northern Ireland's air connectivity, especially in terms of the apparent competitive disadvantage that the local airports have in comparison to Dublin airport in particular.
14. A copy of the Committee's report on the LCM can be found [here](#).

Subordinate Legislation

15. During the session the Committee scrutinised 9 statutory rules. Three statutory rules were subject to affirmative resolution and the Committee recommended that they be affirmed by the Assembly. Six statutory rules were subject to the negative resolution procedure and, following scrutiny, the Committee agreed that it had no objection to the rules.
16. As part of its routine scrutiny of subordinate legislation, the Committee obtained clarification and assurances on issues identified by members. For example, in terms of the General Register Office (Fees) Order (Northern Ireland) 2014, DFP clarified the proposed General Register Office fees and the turnaround times in

Northern Ireland as compared to England and Wales. Similarly, during hearings on The Energy Performance of Buildings (Certificates and Inspection) (Amendments) Regulation (Northern Ireland) 2014 and The Building (Amendment) Regulations (Northern Ireland) 2014, members pressed DFP officials as to why the ‘21 day Rule’ for these pieces of subordinate legislation had been set aside. Also, in considering whether to ‘pray against’ the Civil Service Compensation Scheme (Amendment) Scheme (Northern Ireland) 2014, the Committee held a joint evidence session with DFP officials and trade union representatives. While a majority of members voted in favour of allowing the proposed scheme amendments to proceed, the Committee found this an efficient and effective approach to examining opposing stakeholder views.

Inquiries

Flexible Working in the Public Sector in Northern Ireland

17. During the session the Committee continued to gather evidence for its Inquiry into Flexible Working and the report will be made to the Assembly early in the next session. This work has enabled the Committee to identify existing flexible working practices across Northern Ireland departments in addition to examining international case studies on successful implementation of strategic policy in this regard. The inquiry recommendations will be aimed at modernising the ways in which public servants work – in terms of how, when and where – and will also support the wider public sector reform agenda.

Sickness Absence in the Public Sector in Northern Ireland

18. Following a referral from the Public Accounts Committee, the Committee commenced a review of sickness absence in the public sector in Northern Ireland which follows up on a report by the Northern Ireland Audit Office. This exercise has been co-ordinated across the applicable Assembly committees and has included the commissioning of research and gathering evidence from a range of departments and other stakeholders. The Committee has endeavoured to identify good practice and examine improvements that would realise the significant potential savings from a consistent application of existing policies; further roll-out of health and well-being initiatives; as well as priority given to reducing long-term sick absence and mental ill-health reasons for absence. The Committee will report to the Assembly early in the next session.

Budget and Financial Scrutiny

In-year Expenditure

19. The Committee scrutinised the DFP monitoring round positions prior to the Department making its submissions to the centre in October, January and June. In

addition, the Committee received evidence from DFP officials on the outcome of each monitoring round at both Departmental and strategic level.

20. The Committee also took evidence on the 2012-13 provisional outturn at both strategic and departmental levels and welcomed the fact that no resource was surrendered to the UK Treasury, in part due to departments bringing forward reduced requirements early in the financial year for reallocation. As a result of this routine financial scrutiny, the Department provided clarification and assurances on a range of public expenditure issues affecting DFP and the other departments.
21. In addition to its scrutiny of in-year expenditure and the two budget bills, the Committee commissioned research into a range of strategic finance issues in preparation for its co-ordinated scrutiny of the Executive's forthcoming draft Budget 2015-16.

Policy Scrutiny

Some of the other key policy issues examined included:

Rating issues

Rate Rebate Replacement

22. The Rate Rebate element of housing benefit supports approximately 220,000 of the poorest households in Northern Ireland by paying all, or a proportion of the rates. Following Treasury-imposed changes to council-tax benefit in GB, funding for the rate rebate element of housing benefit was reduced by 10% from April 2013 and shifted from Annually Managed Expenditure (AME) to the Executive's Departmental Expenditure Limits (DEL). While the Executive agreed to cover the shortfall for two years from April 2013, DFP needed to review the rate rebate arrangements in light of both the mounting cost of the changes to the Executive (£12.8 million in 2014-15 rising to £31 million by 2017-18) and the need to take account of changes arising from Universal Credit in terms of the assessment of rate rebates.
23. Mindful that this aspect of Welfare Reform could affect a significant section of the local community, the Committee engaged with DFP and other stakeholders in the spring of 2013 in order to establish the policy options open to the Executive and to provide its views in this regard. This involved detailed examination of the proposed models for the treatment of Universal Credit in assessing rate rebates and on the pros and cons of retaining/removing/reducing each of the existing rate relief schemes. Having provided its initial advice to the Department, the Committee awaits further developments in this area in the context of a wider Executive and Assembly agreement on the associated Welfare Reform.

Managing Convergence of District Rates

24. The Committee has maintained a close interest in the rating implications from the reorganisation of local government in Northern Ireland from April 2015. Given that the new councils will be larger, deliver extra services and have new responsibilities and powers, there will be instances whereby the new district rate that is set next year will be significantly different from the level struck by the current Council.
25. While the Executive agreed to allocate up to £30 million to fund transitional arrangements to manage rates convergence, the Committee has sought to monitor the development of a rate relief scheme which adjusts the district rate bills of those ratepayers facing increases as a result of this major reorganisation. Early in the next session members will examine the outcome of the DFP consultation on the scheme, which closed on 19 August 2014.

Non Domestic Revaluation

26. In April 2012 the Finance Minister announced a rating revaluation of all non-domestic property in Northern Ireland, the first such revaluation in over a decade and from which a new Valuation List will be effective from 1st April 2015.
27. Given the impact of the revaluation in terms of a redistribution of the rates burden on local businesses, the Committee has held regular briefings from officials from DFP and Land and Property Services. The focus of the Committee has been on ensuring that the valuation progresses on a timely basis and to encourage effective communication between the Department and stakeholders. The Committee will continue to closely monitor progress in this area early in the next session.

Small Business Rate Relief (SBRR)

28. Since its introduction in 2010 the SBRR scheme has provided an automatic discount of between 20% and 50% to over 30,000 ratepayers occupying smaller business premises. As the scheme, which costs approximately £18m per annum, is due to end in March 2015, DFP decided to review its impact, establish if there is a rationale for it to continue and consider relevant options in the light of a full evaluation. The evaluation process will involve a public consultation (to end on 1 July 2014) research, a business survey, economic analysis, literature review and a Value for Money assessment.
29. During the spring of 2013, DFP consulted the Committee on the Terms of Reference for the policy evaluation and, in June 2014, members received briefings from stakeholders, including a progress update from DFP on the public consultation. Arising from this, the Committee obtained clarification on why the overall number of businesses availing of SBRR had declined by approximately 6,000. The Committee will continue to scrutinise this area early in the next session and members will be particularly eager to examine the extent to which the

policy evaluation finds firm evidence for or against the continuation of the SBRR scheme.

Northern Ireland Civil Service (NICS) Equal Pay settlement

30. During the session the Committee continued to provide a forum for highlighting the ongoing concerns of various groups of public sector employees in respect of equal pay matters. Following an extensive evidence gathering exercise, the Committee had previously concluded that the case had been well made for the Executive to address the grievances of NICS retirees, NIO secondees and PSNI secondees and support staff excluded from the 2009 NICS equal pay settlement. As such, the Committee had called for the equal pay settlement to be extended to cover these cases.
31. The Committee therefore noted with interest some developments in this area during the session. This included the implications for the case made by NICS retirees, who had left the Civil Service prior to August 2008, arising from changes in the law allowing equal pay claims to be pursued through the civil courts going back six years. In addition, members have sought an update briefing on the Minister of Finance and Personnel's recent announcement confirming that a proposal has gone to the Executive aimed at resolving the pay grievances relating to PSNI/NIO. Therefore, the Committee will continue to monitor developments in this area in the next session.

Scrutiny of European Issues

32. The Committee has continued to scrutinise the work of both DFP and the Special European Union Programmes Body (SEUPB) in relation to EU Funding Programmes. During this session, members focused on key issues, including: progress on meeting spending targets in the existing PEACE and INTERREG programmes; the need to simplify and accelerate the INTERREG application process; taking forward the recommendations from the PEACE III and INTERREG IV Mid-term Programme Evaluations; and the development of new EU Funding programmes and associated priorities.
33. In addition, the Committee examined various areas of policy and legislation within the DFP remit which are influenced by European directives and legislation, such as buildings regulations, civil law and public procurement. On the latter issue, the Committee examined the key changes arising from various new EU procurement directives, including planned measures to: increase uptake of procurement opportunities by SMEs; improve the social benefit from public contracts; and support the prompt payment by government bodies and main contractors involved in delivering public contracts. Another relevant area of scrutiny has been on the European Investment Bank as a source of finance for capital projects.

Banking Issues

34. Whilst the issue of banking is not a devolved matter, the Committee has continued to take a close interest in the impact of banking on the local economy. For example, a particular Committee recommendation has been for the gap in local statistics on lending in Northern Ireland to be addressed and members welcome recent developments in this regard, aimed at increasing transparency in this area.
35. Also, given the increasing incidences of technical problems for banks customers in Northern Ireland, members have consistently pressed representatives of local banks for assurances that measures would be taken to address such difficulties. Members have also sought commitments from local banks to customers in rural communities and to those employed in the local banking sector.
36. In recognising that banking and financial services are a reserved matter, the Committee submitted evidence to the Westminster Northern Ireland Affairs Committee in respect of its Inquiry into Banking Structures in Northern Ireland. Case-study research, examining the impact of banking on local businesses, was commissioned and submitted to the Inquiry. In conjunction with the Chairperson of the Enterprise, Trade and Investment Committee, the Chairperson of the Finance and Personnel Committee gave evidence to the Westminster Committee during a public meeting held in Parliament Buildings on 17 December 2013. Members look forward to the outcome of this Inquiry in the next session.

Reform of Defamation Law

37. The Committee undertook initial scrutiny of this topic following correspondence from stakeholders raising concern that the Defamation Act 2013, enacted at Westminster, did not extend to Northern Ireland. Preliminary evidence was received from stakeholders representing the differing perspectives on whether Northern Ireland should follow the legislative reform introduced in England and Wales. A hearing also took place on the review of this matter being undertaken by the Northern Ireland Law Commission, on behalf of DFP, during which members examined the scope of the review and the expected date for its completion.

Public Procurement

38. In addition to reviewing DFP progress against recommendations from the previous Committee's Inquiry into Public Procurement, members also took evidence from stakeholders, such as the Construction Employers Federation, and pursued a range of issues, including: implementation of social clauses in public procurement contracts; human rights provisions within procurement contracts; good payment practice; and deficiencies with the quality of information held on the Investment Strategy for NI Delivery Portal (ISNI).

Equality issues in recruitment to NICS

39. As a direct result of Committee scrutiny of equality issues relating to NICS recruitment, DFP agreed to commission an independent study to evaluate the 2007 and 2011 EO2 competitions. The study was completed during 2014 and found that there is potential for adverse impact in recruitment competitions for these positions in a number of different categories. As a result of this study, DFP is following up on recommendations to minimise any potential adverse impact in future recruitment competitions.

Other Scrutiny Issues

40. The Committee also scrutinised other key policy and performance areas during the 2013-14 session including:

Land and Property Services (LPS) performance;
Departmental performance against Business Plans, Savings Delivery Plans and Programme for Government targets;
NICS HR Issues;
Building Regulations;
Shared Services – Benefits Realisation;
Dormant Accounts Scheme;
Civil Law Reform Division;
Fiscal Powers;
Measuring Wellbeing in Northern Ireland;
Aggregates Levy;
Public Sector Reform Division; and
Renewable Energy in Public Sector Buildings.

Engagement - Informal meetings/events

41. During the last session informal engagement also took place with external stakeholders on relevant matters falling within the Committee's remit, including the Northern Ireland Human Rights Commission, Chartered Accountants Ulster Society and the Northern Ireland Fire and Rescue Service.

Priorities for 2014-15

42. The Committee's key priorities for the next session will include:

Budget scrutiny, including monitoring rounds and Budget 2015-16;
Inquiry into the operation of the Barnett formula;
Independent analysis of the economic impact of Welfare Reform;
Devolution of fiscal powers;
Public Sector Reform;
Legal Complaints and Regulation Bill;
Rating policy issues;
Procurement issues; and

EU funding programmes.

Detail of Committee Meetings

43. The Committee met on 35 occasions during 2013-14. Of these 35 meetings, 32 were held in open session and 3 were held in open/closed session. In terms of the latter, these related to the consideration of evidence for draft committee reports which, following the normal procedural convention, take place in closed session. Privileged legal advice was also taken in closed session.
44. The Committee held two meetings outside Parliament Buildings: one at Belfast International Airport on 18th September 2013, which focused on stakeholder evidence on air connectivity and APD; the other was held at the Law Society on 28 January 2014, during which the Committee received stakeholder evidence on the Draft Legal Complaints and Regulation Bill.

Committee for Finance and Personnel
Expenditure for the period 1 September 2013 – 31 August 2014

Budget area	Details	Expenditure
Committee Travel - committee members and staff travel and subsistence in relation to visits and meetings outside Parliament Buildings	Includes the cost of committee visits to: <ul style="list-style-type: none"> • Belfast International Airport on 18th September 2013 – External Committee meeting • The Law Society on 29th January 2014 – External Committee meeting • Construction Employers Federation on 12th February 2014 – External Committee Meeting (informal format due to lack of quorum resulting from adverse weather conditions) 	£341.10
Printing of committee reports	Includes the cost of committee reports on: Report on the Financial Provisions Bill (NIA Bill 22/11-15) Report on the Public Service Pensions Bill (NIA Bill 23/11-15)	£1468.50
Advertising – the cost of public notices relating to committee inquiries, the Committee Stage of bills and meetings held outside Parliament Buildings	Includes the cost of public notices in relation to: Report on the Financial Provisions Bill (NIA Bill 22/11-15) Report on the Public Service Pensions Bill (NIA Bill 23/11-15)	£1089.28
General expense	Cost of refreshments for committee meetings, working lunches, seminars, room hire, witness expenses, and conference fees for members	£2262.64
TOTAL		£5161.52