



Committee for Finance and Personnel

Working for You



Legacy Report 2011-16

Ordered by the Committee for Finance and Personnel to be printed 16 March 2016

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Ordered to be published on 16 March 2016

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 MLA¹
Ms Claire Hanna MLA⁹
Mrs Michaela Boyle MLA⁴
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE, MLA
Mr Gordon Lyons MLA⁷
Mr John McCallister MLA²
Mr Ian McCrea MLA³
Mr Gary Middleton MLA^{7&8}
Mr Máirtín Ó Muilleoir MLA⁵
Mr Jim Wells MLA⁶

¹ With effect from 02 July 2012 Mr Daithí McKay replaced Mr Conor Murphy as Chairperson

² With effect from 15 October 2012 Mr John McCallister replaced Mr Roy Beggs

³ With effect from 16 September 2013 Mr Ian McCrea replaced Mr David McIlveen

⁴ With effect from 02 December 2013 Ms Michaela Boyle replaced Ms Megan Fearon

⁵ With effect from 10 November 2014 Mr Máirtín Ó Muilleoir replaced Mr Raymond McCartney

⁶ With effect from 18 May 2015 Mr Jim Wells replaced Mr Peter Weir

⁷ With effect from 5 October 2015 Mr Gordon Lyons and Mrs Emma Pengelly replaced Mr Paul Girvan and Mr Adrian McQuillan

⁸ With effect from 9 November 2015 Mr Gary Middleton replaced Mrs Emma Pengelly

⁹ With effect from 4 February 2016 Ms Claire Hanna replaced Mr Dominic Bradley as Deputy Chairperson

Introduction

1. This 'legacy report' provides a review of the work of the Committee for Finance and Personnel during the 2011-16 Assembly mandate. Drawing on the 'End of Session' reports, which were published during the course of the mandate and are available [here](#), it provides a short review of the main work and achievements of the Committee during the mandate and also provides a source of information for the incoming Committee following the election in May 2016.
2. For completeness and in place of the usual end of session reports, **Appendix 1** includes a summary of the Committee's work during the last two parliamentary sessions – 2014-15 & 2015-16.

Achievements of the Committee

3. While the Committee recognises that it is difficult to measure the achievements of parliamentary committees generally, it considers that it has had a significant impact in a number of key areas in exercising its statutory functions in terms of performing a scrutiny and advisory role in relation to the Department of Finance and Personnel (DFP). The achievements include identifying issues and influencing improvements in a range of areas of policy and legislation, as well as in the financial and business performance of the Department. The main highlights from this formal scrutiny work are outlined below, though the Committee believes that it has also had an influence in terms of its more routine engagement with the Minister and senior departmental officials during the course of the mandate.
4. In terms of quantitative outputs and activities, the Committee has published a total of 24 reports, held 186 meetings and 554 evidence sessions/oral briefings during the course of the current mandate. The Department has responded formally to the recommendations contained within the Committee's reports and the progress of DFP in implementing such recommendations continues to be monitored.

Impact of Legislative Scrutiny

5. Since 2011 the Committee has scrutinised 5 Bills at Committee Stage. The resultant reports can be found [here](#) however, the Committee would highlight the following in particular:
6. [Rates \(Amendment\) Bill](#) – As this Bill progressed by the Accelerated Passage procedure, with no Committee Stage scrutiny, in December 2011, the Committee undertook a focused scrutiny of DFP's proposals in relation to imposing a levy on larger retailers, which would be used to fund an expansion of the small business rate relief scheme. The Minister and the Executive subsequently took on board the majority of the Committee's conclusions and recommendations, reflecting them in the final policy proposals. These included recommendations calling for: on-going work to be taken forward by the Department; an evaluation of the existing Small Business Rates Relief Scheme; and an evaluation of the effectiveness of the

measures. The Committee also underlined the need to ensure that there would be no delay in the 2015 Non-Domestic Revaluation, with preparatory work carried out well in advance.

7. [Superannuation Bill](#) – arising from the Committee Stage scrutiny in 2012, several important issues were identified from evidence received, including: the scope and requirements for meaningful engagement between management and trade unions; the case for strengthening the consultation provisions in the Bill; and for providing a measure of Assembly control over future compensation scheme changes. The Committee tabled and secured agreement for a Committee amendment to provide for a measure of Assembly control in relation to the reduction of any compensation benefits. As well as receiving assurances from the Department on a number of important issues, the Committee’s scrutiny resulted in a number of improvements, particularly in relation to safeguarding future engagement with employee representatives with regard to the subordinate legislation flowing from the Bill.
8. [Public Service Pensions Bill](#) – arising from its pre-introductory and Committee Stage scrutiny in 2013, the Committee gained a number of assurances from the Department and the evidence collected informed several amendments made at Consideration and Further Consideration stages. These included safeguards in relation to consultation provisions as well as flexibilities at scheme level in respect of setting the normal pension age for firefighters. A Committee amendment was also tabled to ensure the independence of persons appointed to review actuarial valuations of pension funds associated with defined benefit schemes.
9. [Civil Service \(Special Advisers\) Bill](#) – in scrutinising this Private Members’ Bill, the Committee took evidence from a large range of interested parties. While there was no consensus in the evidence received in relation to most of the issues examined, the Committee’s [report](#), published in February 2013, reflected the differing viewpoints on what was a sensitive, controversial and emotive issue. The evidence collected subsequently assisted in informing contributions to the remaining stages of the Bill.
10. [Legal Complaints and Regulation Bill](#) – the pre-introductory scrutiny in 2013-14 and Committee Stage scrutiny in 2015 resulted in significant improvements to the provisions of the Bill, which reforms the arrangements for handling complaints against solicitors and barristers. These included 14 amendments, 13 of which were tabled by DFP based on recommendations made by the Committee and one tabled by the Committee itself. The amendments will, inter alia, provide for: more reliable data on the number of complaints annually; legal practitioners to issue apologies more easily to clients where this is appropriate; and for a statutory review mechanism to assess progress in realising the envisaged benefits of the reforms.
11. The amendments were informed by comparative research and evidence from key stakeholders, including the professional bodies and expert witnesses. In response to the Committee’s queries and recommendations, DFP also provided assurances on a range of issues and made improvements to the Explanatory and Financial Memorandum. The Committee highlights this as an exemplar of how constructive engagement between an Assembly committee and an Executive department can result in better legislation.

12. [Rates \(Amendment\) Bill](#) – while this Bill proceeded through the accelerated passage procedure in 2016, prior work by the Committee helped to inform the deliberations of the Department and the Assembly during the legislative passage of the Bill. This was particularly so in terms of enabling sporting bodies and representatives of the hospitality sector to air their views in relation to the proposals for enhanced rate relief for community amateur sports clubs. As a result of the evidence gathered, clarity was provided on the potential impact of proposed provisions flowing from the Bill. This informed members in their deliberations and contributed to consensus being reached on subsequent amendments tabled at Further Consideration Stage. The work of the Committee in this area should help to inform draft regulations arising from the Bill and also earned praise from the Minister of Finance and Personnel as an example of how legislation can be progressed and agreement reached in difficult circumstances.
13. The Committee has also considered 192 pieces of subordinate legislation in the current mandate, including 95 proposals for subordinate legislation ('SL1s') and 94 statutory rules ('SRs'). Throughout the process of scrutinising this subordinate legislation, the Committee has raised queries and received assurances from DFP on a range of issues.
14. Another important area of legislative scrutiny where the Committee has had an impact was in its consideration of 8 Legislative Consent Motions (LCMs), the detail of which can be found [here](#). This is the process whereby the Northern Ireland Assembly passes a motion to allow the UK Government to legislate on a devolved issue at Westminster. During the course of the mandate, the Committee has identified weaknesses in the process in terms of the tight timetable available for committee scrutiny and how this might be improved, particularly on contentious or complex matters.
15. Despite the challenges arising from the tight timescale, the Committee's scrutiny of LCMs has resulted in important policy and practical considerations being identified. The Committee would highlight the following in particular:
16. [Air Passenger Duty](#) (APD) – in 2012, the Committee undertook detailed scrutiny of the LCM to devolve direct long-haul rates of APD to the Assembly, under provision in the UK Finance Bill 2012. Evidence was taken from panels of witnesses, including representatives from the main airports, the travel industry, business organisations and the Consumer Council. Arising from its scrutiny, the Committee pointed out to DFP the creation of an anomaly whereby luxury private aircraft flying from Northern Ireland could also automatically benefit from being liable for a zero-rate of APD. The Committee gained an assurance from the Department that it would liaise with HM Revenue and Customs with a view to amending the Bill to provide the power to set the private luxury aircraft APD rate at something other than twice the standard prevailing rate, should the Assembly wish to do so at a future date.
17. In addition to the provisions addressed in the LCM, the Committee's report included wider policy recommendations. In particular, the Committee called for independent expert research into the business case for reducing or abolishing APD on domestic and short-haul flights from Northern Ireland, which would inform consideration of

whether to press for the devolution of wider APD powers and how these might be exercised. While DFP subsequently commissioned external research, this policy issue continues to be debated amongst the various stakeholders.

18. [Marriage \(Same Sex Couples\) Bill](#) – the scrutiny of this LCM in 2013 raised a number of queries and concerns relating to the treatment of same-sex marriages in Northern Ireland and gender recognition. Having received evidence from a range of stakeholders, the Committee sought assurances from DFP on various issues including: the need for clear guidance on the legal position in relation to the legal status and position of both adoptive parents in same-sex marriages and their children, should they move from Britain to here. Other notable issues raised were in relation to: pension anomalies; order-making powers of the Secretary of State; potential economic considerations; as well as administrative problems for same-sex couples who have been married in Britain and move to here. There was also a lack of clarity in relation to why there were no provisions within the LCM in relation to overseas marriage.
19. [Small Business, Enterprise and Employment Bill \(Public Sector Exit Payments\)](#) – arising from its scrutiny of this LCM in December 2014, the Committee secured a commitment from DFP to review the threshold of earnings for the recovery of exit payments when an individual returns to the same part of the public sector. The Committee recommended that the review should examine the appropriateness of the salary level in the Northern Ireland context and the applicability to different parts of the public sector here. In recent months the Committee has noted that HM Treasury is consulting on closing the potential loophole identified by the Committee, extending the policy proposals for the recovery of public sector exit payments to allow for the recovery of exit payments when a high earner returns to any part of the public sector shortly after exit. (see issues for incoming Finance Committee).
20. [Enterprise Bill \(Public sector employment: restrictions on exit payments\)](#) – in 2015, the Committee considered this LCM which contained measures to restrict public sector exit payments, most notably to cap the total value of exit payments to £95,000. Evidence from Trade Union Side and other stakeholders highlighted a range of issues, some of which were complex in nature. These included: concerns over the wide range of public servants, in diverse roles, who could be disadvantageously impacted as a result of the cap, including those on a moderate wage; and that the impact would be felt more by long-serving than by highly-paid public servants. As the Committee did not receive the necessary clarification and assurances from DFP in the time available, it was unable to reach a view on the LCM. However, the evidence received informed the subsequent plenary debate, when the motion on the LCM was voted down by the Assembly.

Impact of Inquiries

21. The Committee has progressed 4 inquiries/reviews during the mandate, the findings and recommendations from which have informed the Department's thinking and wider public discourse in key policy areas. The main areas of impact from the Committee's inquiries are outlined below.
22. [Flexible Working in the Public Sector in Northern Ireland](#) – this major inquiry spanned two Assembly sessions and focused on investigating how flexible working

practices – particularly flexible location working, such as working from hub/satellite offices, mobile working and sharing office space – could be implemented successfully and used strategically for maximum benefit and efficiency in the public sector in Northern Ireland.

23. Responding to the inquiry, which was published in October 2014, the Minister described the report as ‘thought provoking’, containing many ‘useful observations and proposals’ and confirmed that some of the issues highlighted by the Committee were being addressed already by the Department. In this regard, the Committee welcomed the inclusion of commitments in the Northern Ireland Civil Service (NICS) People Strategy 2013-16 relating to the use of technology to support an agile, flexible and mobile workforce and making effective use of enabling technology. Also, in a follow up [oral hearing](#) with senior departmental officials, it was noted that there had been an increased roll-out by the NICS of satellite/hubs locations throughout Northern Ireland. It was further noted that the Committee’s inquiry report was being highlighted to all departments as a useful resource on flexible working.
24. [Sickness Absence in the Public Sector in Northern Ireland](#) – this review was initiated as a result of a referral from the Public Accounts Committee (PAC) and follow through on previous work of the Northern Ireland Audit Office (NIAO). This provided an initial evidence base on performance against targets for reducing sickness absence, which the Committee built upon by a co-ordinated scrutiny of policy and implementation to identify good practice and areas for improvement. It involved cross-departmental scrutiny and required the Committee to co-ordinate input from other applicable Assembly statutory committees, as well as commissioning comparative research and gathering evidence from a range of departments and stakeholders.
25. The review report, published in March 2015, identified emerging good practice and recommended improvements to policy implementation in order to bring average sickness absence rates into line with the public sector in GB and thereby realise savings of approximately £37million per year for the public purse. In the Minister’s [response](#) to the report, it was noted that aspects of the Committee’s recommendations had been progressed or were in the process of being developed in the NICS. In addition to DFP, the report stimulated debate in the Health and Education sectors. Given the savings to be realised and the potential impact on sickness absence rates from the Voluntary Exit Schemes, the Committee continued to monitor this area during the remainder of the mandate. Moreover, it is an issue which has been identified for continued scrutiny by the successor Committee.
26. [Review of the Operation of the Barnett Formula](#) – this review examined what is a complex and technical issue but one which is of strategic importance to the future funding of Northern Ireland. It focused on issues such as: the factors influencing convergence with the average level of public spending per head in the UK; whether the formula should be supplemented with an additional mechanism to take account of relative need; concerns relating to the administration of the formula; and the issues which, if addressed, would support devolution in Northern Ireland by improving the future operation and administration of the formula.

27. As part of the fact-finding work, several members of the Committee visited Edinburgh in May 2015 to discuss issues of mutual interest with senior officials from the Scottish Government and with members of the Scottish Parliament's Finance Committee. This included issues such as: the lack of transparency in relation to block grant adjustments, raised in the context of further fiscal devolution in Scotland; and weaknesses in the inter-governmental machinery in terms of transparency, scrutiny and accountability. The review report collated research and evidence from a range of expert witnesses, including leading academics from across the British Isles.
28. In [response](#) to the review report, the Finance Minister indicated that the Committee's work would inform deliberations going forward into the next Spending Review. The Minister met with Scottish and Welsh counterparts to discuss how they can work together ahead of the next Spending Review to ensure the best possible outcome for the devolved administrations. The Minister also assured the Committee that HM Treasury had provided DFP with high-level figure work in relation to Barnett formula calculations, which the Department subsequently provided to the Committee. It was also noted that the Minister had submitted a copy of the report to the evidence-base for the House of Lords Inquiry into Devolution. Moreover, the report received favourable stakeholder feedback, typified by the comments of one of the expert witnesses who suggested that it 'deserves wide dissemination as part of the debate about fiscal devolution and autonomy'. The Committee continued to pursue various issues identified from the review, including key considerations in relation to minimising the cost to the Block Grant of introducing a reduced rate of corporation tax in Northern Ireland.
29. [Sale of the National Asset Management Agency \(NAMA\) loan portfolio in Northern Ireland](#) – This fact-finding review arose following allegations reported in the media in relation to the sale of the NAMA property loan portfolio in Northern Ireland to Cerberus Capital Management. The circumstances differed from those of normal parliamentary committee inquiries in that the review was conducted amid ongoing criminal and other investigations and legal proceedings relating to aspects of the sale. The circumstances of the review also gave rise to a high level of public and media interest in work of the Committee in this area.
30. While the Committee was unable to conclude the review before the end of mandate, its progress report, published in March 2016, highlighted that much of the terms of reference had been achieved. This include securing the release and publication of over two-thousand pages of relevant documentation from a range of sources, much of the contents of this information was previously undisclosed. This documentary evidence has been supplemented with Hansard records of applicable oral evidence. The factual information collected helped to both illuminate the involvement of DFP in relation to the operations of NAMA in Northern Ireland and inform the wider public discourse. The review report also outlined: lessons to be learned, as identified in the evidence to date; further evidence to be taken; particular areas requiring scrutiny; and, recommended that the successor Committee makes a decision on concluding the review early in the next mandate.

Impact of financial scrutiny

31. Throughout the mandate the Committee undertook financial scrutiny routinely on both a formal and an informal basis. This covered issues of relevance to all

departments as well as to DFP specifically. The Committee's formal scrutiny included:

32. Budget Bills, including Main Estimates and Excess Votes, Spring Supplementary Estimates and Votes on Account – the Committee fulfilled a unique role in scrutinising the budget bills and the supporting material at a cross-departmental level. This was generally conducted twice yearly, though it was informed by a continuous scrutiny of related events in the budget cycle, including the Executive's draft budgets and in-year monitoring rounds. For each budget bill, the Committee exercised a key decision-making role on whether accelerated passage would be granted, on the basis of having been appropriately consulted in line with Standing Order 42(2). As part of its scrutiny, the Committee examined the reconciliation between the Departmental Expenditure Limit figures in the opening budget position and the position in the Estimates. In the case of the Spring Supplementary Estimates, for example, this enabled the Committee to establish the extent of the in-year 'Technical' changes to the resource and capital allocations for departments and the overall pattern of allocations and easements during each financial year.
33. In-year Monitoring Rounds – the Committee's routine scrutiny of the monitoring rounds identified issues at both a DFP and cross-departmental level. This resulted in the Committee obtaining assurances from DFP on a wide range of public expenditure issues affecting all departments, including for example concerns in relation to: the need to contain administrative costs; the importance of making full use of Financial Transactions Capital; and the risk to the wider economy of certain departmental budget reductions. The Committee's scrutiny was informed by research commissioned from Assembly Research & Information Service.
34. Provisional Outturn reports – by examining the Executive's Provisional Outturn information for each financial year, the Committee informed its scrutiny of the financial forecasting and spending performance of departments. The Committee placed a particular focus on the need for the departments to avoid surrendering monies back to Treasury by exceeding the Budget Exchange thresholds for year-end Resource and Capital underspend. In this regard, the Committee continually highlighted the need for departments to bring forward reduced requirements early in each financial year for reallocation. In the interests of transparency, the Committee also secured the agreement of DFP to publish a composite Final Outturn report (i.e. in a format similar to the Provisional Outturn) to the Assembly which would address a gap in the budget/financial reporting process.
35. [Executive's draft Budget 2015-16](#) – the Committee co-ordinated scrutiny by all the Assembly statutory committees of the draft budgets for their respective departments and published a report in December 2014. The circumstances on this occasion resulted in a truncated budget process, with considerably less scope than normal for input by the Assembly and wider public. Nonetheless, drawing on evidence which it had gathered in the lead-up period, the Committee highlighted a range of key concerns and recommendations on strategic and cross-cutting budget issues. In its [response](#), DFP provided clarification and assurance on various of the issues identified by the Committee. Also, it is noteworthy that there are parallels between the Executive's plans to establish an Independent Fiscal Council for Northern Ireland, as outlined in the subsequent Fresh Start Agreement, and the

Committee's recommendation that the Executive establishes an external 'panel of experts' or commission to provide an independent critique of the Executive's budgetary plans.

36. Executive's Budget 2016-17 – whilst the normal consultation arrangements with the Committee did not apply in relation to the draft Budget 2016-17, in the very limited opportunity available, supported by Assembly research, the Committee raised a range of issues with DFP. These included concerns in relation to: the Budget process for 2016-17; financial implications of the Fresh Start Agreement; the Change Fund; protections within the Budget; revenue raising and borrowing provision; as well as issues in relation to the Northern Ireland Investment Fund. At a DFP level, issues in relation to the Voluntary Exit Scheme were raised, including the grade profile of leavers and the approach to managing gaps in staffing levels.
37. Savings Delivery Plans (SDPs) – arising from the Budget 2011-15, departments were required to publish and consult on SDPs and DFP had a central monitoring role, with the Finance Minister reporting bi-annually to the Executive on the delivery of these plans. In exercising its strategic scrutiny role, the Committee monitored the achievement of SDPs during the mandate and alerted other statutory committees to issues requiring departmental-level examination, including the potential impact of the savings on frontline services.
38. More generally, the Committee has integrated financial considerations into its routine scrutiny of policy, legislation and the performance of DFP. The Committee also proactively commissioned research into a range of strategic finance issues, such as: preventative spending; efficiency savings; financial forecasting; Financial Transactions Capital; financial assistance from the European Investment Bank; and on the potential financial implications for 'Barnett consequentials' from 'English votes for English laws' (EVEL). This proactive research has assisted the Committee in drawing the Department's attention to best practice in other jurisdictions or to emerging issues of concern.
39. Executive's Review of the Financial Process in Northern Ireland – earlier in the mandate the Committee co-ordinated and published the Assembly's [response](#) to the DFP discussion paper on this issue. As well as welcoming the Review recommendations, the Committee made key recommendations which were debated and endorsed by the Assembly in February 2013. The Committee highlighted a range of concerns, including in relation to: the ongoing review of arms-length bodies by the Executive's Budget Review Group; the need for closer linkage between the Programme for Government and the Budget; and provision for pre-budget consultation. Arising from this work, the Committee prepared its own discussion paper on options for improving the Assembly's input to the Executive's budget process, which has led to the development of a proposed Memorandum of Understanding (MoU) between the Executive and the Assembly.
40. Proposed [MoU](#) between the Executive and the Assembly on the Budget Process – The Committee has been working in conjunction with DFP to develop a draft MoU which will set out the principles for guiding the relationship between, on the one hand, the Assembly and its committees and, on the other, the Executive Ministers and their departments. In practical terms, the MoU should help to address the

difficulties which have been encountered previously by the Assembly and its committees in exercising their advisory and scrutiny functions effectively in relation to departmental budgets and expenditure. The MoU should also help to ensure constructive and considered advice and input by committees to the budget and financial processes.

Impact of performance scrutiny

41. Throughout the mandate the Committee scrutinised the performance against business plan targets of DFP at a corporate level and of its individual business areas. In addition to receiving six-monthly updates on the overall performance of the Department and on stable policy areas, such as European Funding and Public Procurement, the Committee carried out a rolling programme of scrutiny of business areas. While exercising an important challenge function on implementation of business objectives, this work has also identified weaknesses and inconsistencies in the RAG (Red, Amber, Green) performance reporting system used by departments. The Committee continues to pursue this issue and has recently gained a commitment that DFP will provide performance reports on a quarterly basis going forward.
42. In 2013-14 the Committee also carried out an in-depth scrutiny of the performance of the e-HR Programme, with a particular emphasis on its key shared service deliverable, HRConnect. Having examined the original business case and subsequent progress reports, the Committee found that the overall picture of the e-HR Programme's performance was unclear due to the absence of clear baseline positions and the difficulty in ascertaining whether projected benefits were realised. This highlighted a need for a more rigorous and consistent methodology in measuring performance, which is easily comprehensible for external scrutiny. In responding to these findings, DFP outlined [lessons learned](#) in projecting and reporting benefits from shared services and how these are now being put into practice.
43. A further specific area where the Committee has undertaken detailed performance scrutiny has been in relation to the administration of the EU funding programmes, particularly the need to simplify and accelerate the INTERREG application process. In this regard, DFP recently committed to a 36 week deadline to complete the processing of applications and the Minister has further committed to shortening this as much as possible. This, together with other improvements, including the standardisation of forms, should assist applicants and provide them with a degree of predictability in terms of timescales.

Other notable achievements

44. The Committee also undertook scrutiny of a wide range of other issues, which were examined on a more routine or ad hoc basis. The main highlights from this work are outlined below.
45. Public procurement – this included monitoring the implementation of the [previous Committee's Inquiry](#) recommendations on issues such as: the implementation of social clauses; good payment practice, including prompt payment to subcontractors; and deficiencies in the quality of information held on the Investment Strategy for NI

(ISNI) Delivery portal. The work undertaken by the Committee resulted in tangible measures by DFP and others, including: a review by the Strategic Investment Board (SIB) of implementation of Programme for Government (PfG) commitments on social clauses; the revision of procurement guidance notes by Central Procurement Directorate; and revisions to the ISNI portal.

46. Role of banks in the local economy – whilst banking is not a devolved matter, the Committee held oral hearings with the main local banks, including jointly with the Enterprise, Trade and Investment Committee, to examine issues such as: the availability of finance to SMEs; bank branch closures; and the IT failures experienced by Ulster Bank. On the issue of finance to businesses, following representations by the Committee, DFP successfully pressed for the publication of statistical data on regional lending. The Committee also submitted joint evidence to the Westminster Northern Ireland Affairs Committee (NIAC) to inform its Inquiry into Banking Structures in Northern Ireland. This included case-study research examining the impact of banking on local businesses and culminated in the chairpersons of both committees presenting oral evidence to NIAC.
47. Equal pay in the Northern Ireland public sector – The Committee provided a forum for highlighting the concerns of various groups of public sector employees in respect of equal pay matters. Following extensive evidence gathering, the Committee 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 who were excluded from the 2009 NICS equal pay settlement. The Committee has continued to monitor developments in this area, noting that the Minister put a proposal to the Executive outlining the ‘moral argument’ for addressing some of the residual grievances in this regard. Whilst a decision on this remains outstanding, the Committee awaits Executive agreement and an eventual resolution to this issue.
48. Equality issues relating to NICS recruitment – as a direct result of the Committee’s scrutiny, DFP commissioned independent research into recent EO2 recruitment competitions. This research found evidence of potential adverse impact on a number of different categories and DFP agreed to take follow-up steps to minimise such impact in future recruitment competitions.
49. Welfare reform – as part of its scrutiny of cross-cutting budgetary issues, the Committee secured the Finance Minister’s commitment to commission research on the cost of non-implementation of welfare reform and the subsequent consultants’ report was published.
50. Reform of Defamation Law – in response to communication from stakeholders, the Committee investigated why the Defamation Act 2013, which was introduced in England and Wales, was not extended to Northern Ireland. The evidence which the Committee collected has provided a useful insight into the differing perspectives on the case for reform in the Northern Ireland context and how a balance could be reached between the right to freedom of expression and protection of reputation. This will inform any further policy work and legislative developments in this area in the next mandate (see below suggested issues for incoming Committee)

The Committee's approach to its work

51. Arising from its work during the mandate and as alluded to elsewhere in this report, the Committee would highlight the following approaches to exercising its scrutiny and advice functions as being of particular value:
- using comparative research by Assembly Research & Information Service to test information and analysis provided by DFP and to supplement opinion-based evidence received from other stakeholders;
 - using expert witnesses and academics to inform consideration of complex issues;
 - drawing on existing work by other scrutiny bodies as applicable (e.g. NIAO reports and the work of committees in other legislatures);
 - scheduling oral briefings in a panel format, including representatives with opposing views where applicable, in order to maximise stakeholder representation and to test differences of opinion;
 - fact-finding visits, including to other jurisdictions, which can provide opportunities for more informal discussions with stakeholders/counterparts to explore issues of mutual interest and reported best practice.
 - sharing information on cross-cutting budgetary and other issues with other Assembly committees to inform their work;
 - working in collaboration with other committees on issues of joint concern (including committees in other applicable legislatures);
 - members' preparation for oral evidence sessions, including the use of effective questioning techniques to gather factual information on specific issues of relevance; and
 - using social media, particularly Twitter, to increase the public profile of the Committee and raise awareness of its work, including amongst interested stakeholder groups and relevant media outlets.

Issues and matters for an incoming Committee:

52. It is recommended that the incoming Committee considers including the following items of business in its work programme in the next mandate:
- **Executive's Budget 2017-20** – the successor Committee may wish to follow the convention of co-ordinating the scrutiny by Assembly committees of the draft departmental budgets. This is likely to involve the preparation of a co-ordinated report in autumn 2016, which would examine budgetary issues at a strategic and cross-cutting level as well as at a departmental-specific level;
 - **Department of Finance's input to Executive's PfG 2017-20** – while plans for the next PfG will not be announced until early in the next mandate, the 'Committee for the Executive Office' may co-ordinate the scrutiny of the PfG and, in such circumstances, may seek a written submission from the successor Committee in relation to the Department of Finance's PfG commitments.
 - **Rating issues** – the ongoing *Review of Northern Ireland's Non-Domestic Rating System* has attracted considerable interest from the business community and the Charity sector. Similarly, there will be close interest from sporting bodies and from the hospitality sector in the enhanced rates relief to be provided for in Regulations which flow from the recent Rates (Amendment) Bill. These and other

rating issues are likely to form an important element of business in the next mandate;

- **MoU on the Budget Process** – as alluded to above, this will be an important project for completion early in the next mandate in order to improve existing budget scrutiny arrangements, to the mutual benefit of both the Assembly and the Executive;
- **EU Funding Programmes** – this will include monitoring the closure of the last PEACE and INTERREG programmes, as well as examining the roll-out and implementation of the 2014-2020 PEACE and INTERREG programmes;
- **Public Sector Reform and Restructuring** – this encompasses a range of strategies, including the **Voluntary Exit Schemes (VES)** across the public sector. The main issues identified to date relate to the impact both on business continuity and on existing public service staff of losing a significant number of employees through VES.
- **Recovery of Exit Payments** – as highlighted above, the Committee identified a potential loophole in legislation whereby former public servants may not be prevented from re-entering parts of the public sector after receiving exit payments. In this regard, the successor Committee may wish to monitor progress by HM Treasury in bringing forward UK-wide Regulations to address this issue;
- **Restructuring of departments** – as part of its strategic budget scrutiny role, the successor Committee may wish to examine the extent to which there is transparency in the movement of budgets with functions as part of the restructuring exercise early in the new mandate;
- **Public procurement** – continued monitoring of the implementation of the predecessor Committee's inquiry recommendations, which were published in 2010, particularly in relation to social clauses/value, prompt payment of contractors and sub-contractors, and facilitating SMEs in tendering for public contracts. The Department's planned policy review of public procurement and the implementation of the SIB's recommendations on social clauses/value will also merit careful consideration;
- **Corporation Tax** – this includes monitoring the Executive's preparations for introducing a reduced rate of corporation tax in 2018. Under the recently agreed MoU on corporation tax matters, specific provision exists for HMRC officials to brief Assembly committees on certain matters. Also, a particular area of focus is likely to be on the calculation of the cost to the Block Grant of implementing a reduced corporation tax rate. The work of the Committee to date will inform any further scrutiny of this matter, including the concerns raised in relation to the need for HM Treasury to take account of the 'second round effects', in terms of any resultant benefits accruing to the UK government from increases in other tax yields (e.g. PAYE, VAT) as a result of increased economic activity resulting from a reduced rate of corporation tax.
- **APD** – there is continued debate over the case for devolving powers to set the rate of short-haul APD and the Committee's previous scrutiny of this issue will provide a basis for further examination of this issue in the next mandate;
- **Other fiscal powers suitable for devolution** – this includes considering any follow-up work by the Department arising from the commitment in the Building a Prosperous and United Community (Economic Pact) document to consider the potential to devolve additional fiscal powers, in addition to corporation tax;
- **Review of the sale of the NAMA property loan portfolio in Northern Ireland** – as alluded to above, in its recent progress report, the Committee has recommended

that the successor Committee makes a decision on concluding this review early in the new mandate;

- **Independent review of the Legal Complaints and Regulation Bill** – arising from the Committee’s amendment to provide for a statutory review mechanism in clause 51 of the Bill, the successor Committee may wish to examine the outcome of this review to establish the extent to which the projected features and benefits of the new arrangements have been realised;
- Other areas for potential scrutiny in the next mandate include: monitoring the implementation of the Committee’s recommendations for reducing **Sickness absence** rates in the Northern Ireland public sector; progress on the ‘**Measuring Wellbeing**’ agenda, including an outcome-based approach to budgeting and the PfG; the reform of the **Law of Defamation** in Northern Ireland; the outcome of the **OECD Review of Public Governance; Reform of Land Law**; the **Cost of Division Independent Audit**; and any potential implications for the devolution funding arrangements from ‘**English Votes for English Laws**’.

List of Appendices:

Appendix 1- Summary of work during sessions 2014/15 & 2015/16

Appendix 2 - Detail on membership of the Committee across the mandate

Appendix 3 – Statistical overview of the Committee’s work

Primary Legislation

During the sessions 2014-15 & 2015-16, the Committee scrutinised the following bills:

[Legal Complaints and Regulation Bill](#) (see paragraphs 10 & 11 above)

This Bill will bring about a significant and long-awaited reform of the existing system for handling complaints against solicitors and barristers. The Committee produced its [report](#) on the Bill on 9 December 2015.

[Rates \(Relief for Community Amateur Sports Clubs\) Bill](#) This Private Members' Bill aimed to exempt Community Amateur Sports Clubs from the payment of rates. The Bill sponsor gave the Committee a preliminary [briefing](#) in June 2014 and a call for evidence was issued over summer recess in 2015. The anticipated Committee Stage did not take place as the Bill failed to pass Second Stage in the Assembly.

[Rates \(Amendment\) Bill](#) (see paragraph 12 above)

This Bill progressed by the Accelerated Passage procedure in the Assembly, which meant that there was not a Committee Stage scrutiny. However, the Committee's work prior to introduction of the Bill facilitated stakeholders in airing some key issues for consideration. This work helped to inform the subsequent passage of the Bill through the Assembly.

[Civil Service \(Specialist Advisers\) \(Amendment\) Bill](#) The Committee received a pre-introductory [briefing](#) from the Bill sponsor in advance of the expected Second Stage, which examined the main policy intentions of the Bill. However, the anticipated Committee Stage did not take place, as the Bill failed to pass Second Stage in the Assembly.

Legislative Consent Motions

The Committee has considered three Legislative Consent Motions (LCMs) over the two parliamentary sessions. These are as follows:

[LCM: Pension Schemes Bill \(Public Service Defined Benefit Schemes\)](#). This motion dealt with provisions under the UK Pension Schemes Bill dealing with restrictions on transfers out of public service defined benefits schemes and reduction of cash equivalents in relation to funded public service defined benefits schemes.

[LCM: Small Business, Enterprise and Employment Bill: Public Sector Exit Payments](#). (see paragraph 19 above)

This motion dealt with measures to facilitate effective recovery of exit payments from individuals who exit a role in the public sector, and then return to the same part of the public sector in a short space of time.

[Enterprise Bill \(Public sector employment: restrictions on exit payments\)](#) (see paragraph 20 above)

This motion dealt with legislative measures under the Enterprise and Employment Bill which sought to restrict public sector exit payments. Under these measures the total value of exit

payments that an individual, who exits public sector employment on terms of redundancy or early exit may receive, would be capped at £95,000.

Subordinate Legislation

During the sessions 2014-15 & 2015-16 the Committee scrutinised 35 statutory rules. 12 statutory rules were subject to affirmative resolution and the Committee recommended that they be affirmed by the Assembly. 23 statutory rules were subject to the negative resolution procedure and, following scrutiny, the Committee agreed that it had no objection to the rules.

Inquiries

During these sessions the Committee completed the following formal inquiries:

[Flexible Working in the Northern Ireland Public Sector](#) (see paragraphs 22-23 above); and

[Sickness Absence in the Northern Ireland Public Sector](#) (see paragraphs 24-25 above).

The Committee also completed the following two reviews:

[The Review on the Operation of the Barnett Formula](#) (see paragraphs 26-28 above); and

[Report on progress of the Review of the NAMA property loan portfolio in Northern Ireland](#) (see paragraphs 29-30 above).

Budget and Financial Scrutiny

(see paragraphs 31-40 above)

Over the two sessions, the Committee has considered a wide range of financial and budgetary matters including Budget Bills and Estimates, draft Executive Budgets, in-year monitoring rounds and Savings Delivery Plans. As well as scrutinising the Draft Executive Budget 2015-16 at a strategic and departmental level and the Draft Executive Budget 2016-17, the Committee considered the Budget Bills 2015 and 2016, the Budget (No.2) Bill 2015; as well as the Spring Supplementary Estimates in both years, and the Main Estimates for 2015. The Committee also considered matters in relation to the Northern Ireland Investment Fund, Financial Transactions Capital and the European Investment Bank. Finally research carried out on in-year monitoring of public expenditure, preventative spending, Invest to Save measures and other strategic finance issues.

Policy Scrutiny

Some of the other key policy and performance issues examined during the 2014-15 & 2015-16 parliamentary sessions included:

- Rating issues: Non-Domestic Revaluation; Small Business Rate Relief; Managing Convergence of District Rates; Rate Rebate Replacement Scheme; Review of Business Rates; Decapitalisation Rates; Policy Evaluation of Small Business Rate Relief Scheme; Rating of Empty Homes; and Rating of Commercial Window Displays;

- Reform of Property Management;
- Land Value Tax;
- Banking issues: Current Account Switching Service; Financial Institutions and Impacts on Consumers;
- DFP Performance against Business Plan targets;
- OECD: Review of Public Governance;
- Public Sector Innovation;
- Corporation Tax & Consideration of other Fiscal Powers suitable for devolution;
- Measuring Wellbeing in Northern Ireland;
- Public Procurement: SIB Review of the Implementation of Social Clauses; prompt payment of subcontractors; and SME access to public procurement opportunities;
- EU Funding Programmes: PEACE IV and INTERREG VA;
- Family Law Reform: Parental responsibility for unmarried fathers and contact with children post separation;
- NICS Workforce Restructuring/Voluntary Exit Scheme/ Public Sector Restructuring Steering Group;
- Reform of Defamation Law in Northern Ireland;
- Shared Services: HR Connect Full business case review;
- Dormant Accounts;
- Air Connectivity/Air Passenger Duty;
- NICS Recruitment Equality Monitoring; and
- NICS People Strategy.

Priorities for next session – New Mandate

The Committee agreed that its priorities for the new mandate would be reflected in its Legacy Report agreed on 16 March 2016. (see paragraph 52)

Detail of Committee meetings

The Committee met on 41 occasions during 2014-15. Of these meetings, 89% were held in open session and 11% 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.

The Committee met on 28 occasions during 2015-16. Of these meetings, 71% were held in open session and 29% 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.

The Committee held no meetings outside of Parliament Buildings in either session.

Expenditure for the period 1 September 2014 – 31 August 2015








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 visit to: <ul style="list-style-type: none"> • Edinburgh/Scottish Parliament in relation to the Committee's Review of the Operation of the Barnett Formula and meeting Scottish Finance Committee to discuss issues of mutual concern 	£1,321.56
Printing of committee reports	Includes the cost of committee reports on: <ul style="list-style-type: none"> • Inquiry into Flexible Working in the Northern Ireland Public Sector; • Inquiry into Sickness Absence in the Northern Ireland Sickness Absence 	£2333.93
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: <ul style="list-style-type: none"> • Legal Complaints & Regulation Bill; • Rates (Relief for Community Amateur Sports Clubs) Bill 	£1,275.74
Refreshments & Hospitality	Includes the cost of all refreshments and hospitality provided by the committee; to include meetings, working lunches, seminars and any other such expenditure.	£928.15
General expenses	Includes the cost of seminars (excluding refreshments and hospitality); room hire; witness expenses; gifts provided by the committee during visits; and conference fees for members.	£829.05
Total Expenditure		£6,688.43





Expenditure for the period 1 September 2015 – 29 March 2016

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 visit to: <ul style="list-style-type: none"> • Committee visit to the Oireachtas in relation to the Review of the Sale of NAMA Assets and to meeting with the Dáil PAC. 	£187.68
Refreshments & Hospitality	Includes the cost of all refreshments and hospitality provided by the committee; to include meetings, working lunches, seminars and any other such expenditure.	£123.52 (TBC)
General expenses	Includes the cost of seminars (excluding refreshments and hospitality); room hire; witness expenses; gifts provided by the committee during visits; and conference fees for members.	£584.04
Total Expenditure		£895.24 (TBC)

Committee Membership

Committee Chairperson - [Mr Daithi McKay](#) Deputy Chairperson - [Ms Claire Hanna](#)

Membership (11)			
Democratic Unionist Party (DUP)			
			
Mr Gordon Lyons ¹⁴ East Antrim	Mr Ian McCrea ^{7,9} Mid Ulster	Mr Gary Middleton ¹⁵ South Belfast	Mr Jim Wells ^{6,13} South Down
Sinn Féin			
			
Ms Michaela Boyle ^{1,4,5,10} West Tyrone	Mr Mairtín Ó Muilleoir ^{11,12} South Belfast	Mr Daithi McKay (Chairperson) ³ North Antrim	
Social Democratic and Labour Party (SDLP)		Ulster Unionist Party (UUP)	

			
<p>Ms Claire Hanna¹⁶</p> <p>(Deputy Chairperson)</p> <p>South Belfast</p>		<p>Mr Leslie Cree</p> <p>North Down</p>	
Independent		Alliance Party	
			
<p>Mr John McCallister^{2,8}</p> <p>South Down</p>		<p>Mrs Judith Cochrane</p> <p>East Belfast</p>	

¹ With effect from 12 September 2011 Mr Paul Maskey replaced Ms Caitriona Ruane

² With effect from 23 April 2012 Mr Roy Beggs replaced Mr Ross Hussey

³ With effect from 02 July 2012 Mr Daithí McKay replaced Mr Conor Murphy as Chairperson

⁴ With effect from 02 July 2012 Mr Paul Maskey is no longer a Member

⁵ With effect from 10 September 2012 Ms Megan Fearon was appointed as a Member

⁶ With effect from 01 October 2012 Mr Peter Weir replaced Mr William Humphrey

⁷ With effect from 01 October 2012 Mr David McIlveen replaced Mr David Hilditch

⁸ With effect from 15 October 2012 Mr John McCallister replaced Mr Roy Beggs

⁹ With effect from 16 September 2013 Mr Ian McCrea replaced Mr David McIlveen

¹⁰ With effect from 02 December 2013 Ms Michaela Boyle replaced Ms Megan Fearon

¹¹ With effect from 06 October 2014 Mr Raymond McCartney replaced Mr Mitchel McLaughlin

¹² With effect from 10 November 2014 Mr Mairtín Ó Muilleoir replaced Mr Raymond McCartney

¹³ With effect from 18 May 2015 Mr Jim Wells replaced Mr Peter Weir

¹⁴ With effect from 5 October 2015 Mr Gordon Lyons and Mrs Emma Pengelly replaced Mr Paul Girvan and Mr Adrian McQuillan

¹⁵ With effect from 9 November 2015 Mr Gary Middleton replaced Mrs Emma Pengelly

¹⁶ With effect from the 4 February 2016 Ms Claire Hanna replaced Mr Dominic Bradley as Deputy Chairperson

Appendix 3
Statistical overview of the Committee's work

Session	Number of meetings held	Percentage minutes public / closed	Number of meetings held outside Parliament Buildings	Number of committee visits
2011/2012	43	75% public	1	1
2012/2013	39	81.36% public	2	2
2013/2014	35	92.68% public	2	0
2014/2015	41	89.04% public	0	1
2015/2016	28	93.37% public	0	0

Bills (with Committee reports)

Session	Name of Bill	Committee report <small>(Ordered to print)</small>
2012/2013	Superannuation Bill	26/09/2012
	Civil Service (Special Advisers) Bill	13/02/2013
2013/2014	Public Service Pensions Bill	27/11/2013
	Financial Provisions Bill	11/12/2013
2015/2016	Legal Complaints and Regulation Bill	09/12/2015

Committee Inquiries

Session	Name of report	Committee Report <small>(ordered to print)</small>	Date debated in Plenary <small>(if applicable)</small>
2014/2015	Report on the Inquiry into Flexible Working in the Public Sector in NI	08/10/2014	10/11/2014
	Report on the Sickness Absence in the NI Public Sector	04/03/2015	21/04/2015
	Report on the Review of the operation of the Barnett Formula	17/06/2015	23/06/2015

2015/2016	Report on progress on the Review of the Sale of NAMA Property Loan Portfolio in Northern Ireland	09/03/2016	NA
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Statutory Rules

Session	Number agreed by Committee
2011/2012	24
2012/2013	23
2013/2014	9
2014/2015	21
2015/2016	14

Committee Reports (excluding Bill and Inquiry reports)

Session	Name of report	Date <small>(date approved by Committee)</small>	Date debated in Plenary <small>(if appropriate)</small>
2011/2012	LCM: Finance (No.3) Bill	15/06/2011	27/06/2011
	Report on the Proposed Expansion of the Small Business Rate Relief Scheme & the Large Retail Levy	07/12/2011	(debated as part of the 2 nd Stage debate on the Rates (Amendment) Bill – accelerated passage 24/02/2012
	Report on the Response to the Review of the Financial Process in NI (discussion paper)	18/01/2012	13/02/2012
	LCM: UK Finance Bill (Air Passenger Duty)	16/05/2012	28/05/2012
	LCM: Local Government	20/06/2012	03/07/2012

	Finance Bill		
2012/2013	End of Session Report: 12 May 2011 – 31 Aug 2012 LCM: Marriage (Same Sex Couples) Bill	03/10/2012 12/06/2013	NA 24/06/2013
2013/2014	End of Session Report: 1 Sept 2012 – 31 Aug 2013 LCM: UK Finance (No.2) Bill – Provisions dealing with APD	18/09/2013 14/05/2014	NA 27/05/2014
2014/2015	End of Session Report: 1 Sept 2013 – 31 Aug 2014 LCM: Public Schemes Bill (Public Service Defined Benefit Schemes) LCM: Small Business, Enterprise & Employment Bill (Public Sector Exit Payments) Report on Executive Draft Budget 2015/16	24/09/2014 17/12/2014 17/12/2014 17/12/2014	NA 13/01/2015 13/01/2015 12/01/2015
2015/2016	LCM: Enterprise Bill (Public Sector Employments Restrictions on Exit Payments) Committee for	18/11/15 16/03/16	07/12/2015 NA

	Finance and Personnel: Legacy Report		
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Witnesses

Session	Number of Organisations who give evidence to the committee
2011/2012	46
2012/2013	57
2013/2014	50
2014/2015	30
2015/2016	31

Outstanding responses from the Department of Finance and Personnel – correct at 21.03.16

Subject	Information Required
Equal Pay	
	Update from DFP on the Executive's consideration of the case for addressing the PSNI/NIO equal pay grievances
HMT Consultation on Repayment of Public Sector Exit Payments	
	Written briefing on outcome when available
NAMA Documents	
	Detail on the Department's specific reasons for its concern regarding the possible breach of DPA/confidentiality/commercial sensitivity if papers on individual borrowers are published.
Dormant Accounts	
	Clarification on whether the intention is that the Dormant Accounts monies (under the NI Community Finance Fund) are to be distributed as grants or loan finance or a combination of both.
English Votes for English Laws	
	Response to issues raised in research paper
Rating of Charity Shops	
	Request for a comprehensive impact assessment on the environmental, financial and equality considerations of any policy proposal to introduce the rating of charity schools.