

Committee for Finance and Personnel

Report on the Financial Provisions Bill (NIA Bill 22/11-15)

**Together with the Minutes of Proceedings, Minutes of Evidence, Memoranda
and Written Submissions relating to the Report**

**Ordered by the Committee for Finance and Personnel to be printed 11 December 2013
Report: NIA 152/11-15 (Committee for Finance and Personnel)**

Membership and Powers

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 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 Boyle²
 Mr Paul Girvan
 Mr John McCallister^{3 4}
 Mr Ian McCrea^{5 6}
 Mr Mitchel McLaughlin
 Mr Adrian McQuillan
 Mr Peter Weir⁷

-
- 1 Mr Daithí McKay replaced Mr Conor Murphy MP with effect from 2 July 2012
 - 2 Ms Michaela Boyle was appointed to the Committee with effect from 2 December 2013
 - 3 Mr Roy Beggs replaced Mr Ross Hussey with effect from 23 April 12
 - 4 Mr John McCallister replaced Mr Roy Beggs with effect from 15 October 2012
 - 5 Mr David McIlveen replaced Mr David Hilditch with effect from 1 October 2012
 - 6 Mr Ian McCrea replaced Mr David McIlveen with effect from 16 September 2013
 - 7 Mr Peter Weir replaced Mr William Humphrey with effect from 1 October 2012

Ms Caitríona Ruane was a member of the Committee from 23 May 2011 to 12 September 2011
 Mr Paul Maskey was a member of the Committee from 23 May 2011 to 2 July 2012

Table of Contents

List of Abbreviations and Acronyms used in the Report	iv
Executive Summary	1
Introduction	2
Background to the Bill	2
The Committee's Approach	2
Consideration of Provisions in the Bill	4
Clause-by-clause Consideration of the Bill	8
Conclusions and Recommendations	12
Appendix 1	
Minutes of Proceedings	15
Appendix 2	
Minutes of Evidence	37
Appendix 3	
DFP Papers and Correspondence	53
Appendix 4	
Written Submissions	79
Appendix 5	
Other Papers	115

List of Abbreviations and Acronyms used in the Report

C&AG	Comptroller and Auditor General
CARD	Committee for Agriculture and Rural Development
CAU	Central Advisory Unit
CFO	Court Funds Office
CFP	Committee for Finance and Personnel
CfJ	Committee for Justice
CRD	Committee for Regional Development
CSD	Committee for Social Development
DARD	Department of Agriculture and Rural Development
DETI	Department of Enterprise, Trade and Investment
DFP	Department for Finance and Personnel
DMO	Debt Management Office
DoJ	Department of Justice
DRD	Department for Regional Development
DSD	Department for Social Development
IT	Information Technology
LPS	Land & Property Services
MLA	Member of the Legislative Assembly
MP	Member of Parliament
MPMNI	Managing Public Money Northern Ireland
NDPB	Non Departmental Public Body
NI	Northern Ireland
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
NIAO	Northern Ireland Audit Office
NIHE	Northern Ireland Housing Executive
NIPF	Northern Ireland Police Fund
NPISH	Not-for-Profit Institution Serving Households
PAC	Public Accounts Committee
PRRT	Police Rehabilitation and Retraining Trust

Executive Summary

The purpose of financial provisions legislation is to deal with routine financial matters, such as minor or non-controversial amendments to governing legislation or to regularise an existing practice. The legislation is normally required at intervals of every two to three years to adjust statutory limits and handle other routine financial issues.

This report sets out the Committee for Finance and Personnel's co-ordinated scrutiny of the Financial Provisions Bill at Committee Stage, which commenced on 2 July 2013. When introduced to the Assembly, the Bill comprised of nine clauses. Since introduction, however, the Committee has been advised that the Minister of Finance and Personnel intends to table nine proposed amendments at Consideration Stage.

Clauses 1 and 2 relate to provisions relevant to the remit of the Department of Agriculture and Rural Development (DARD). Clauses 3 and 6 relate to provisions relevant to the remit of the Department of Justice (DoJ). Clause 4 relates to provisions relevant to the remit of the Department for Social Development (DSD) and clause 5 relates to the Northern Ireland Audit Office (NIAO). In addition, the proposed amendments will include new clauses regarding rating legislation, relevant to the remit of the Department of Finance and Personnel (DFP).

To inform its deliberations on the Bill, the Committee sought the views of the applicable Assembly committees, issued a public call for evidence and received briefings from DFP officials. Arising from its scrutiny, the Committee raised a number of issues with some of the existing and proposed new clauses, upon which it received clarification and assurance from DFP. The other committees also 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. In addition, the Examiner of Statutory Rules considered the Delegated Powers Memorandum of the Bill and highlighted issues with the drafting of clauses 3 and 6. These issues will be addressed by way of two amendments to be tabled by the Minister of Finance and Personnel at Consideration Stage.

Having regard to the responses from the other applicable Assembly committees and the clarification and assurances received from DFP, the Committee has agreed all the clauses of the Bill, either as drafted or subject to the proposed amendments, as applicable. While acknowledging the responsiveness of departmental officials in addressing the queries raised during this co-ordinated scrutiny, the Committee has recommended that steps be taken to ensure that, in future, financial provisions bills are developed as fully as possible prior to being introduced to the Assembly. This report is, therefore, intended to inform Assembly Members' deliberations during the Consideration Stage of the Bill.

Introduction

Background to the Bill

1. The Financial Provisions Bill was introduced to the Assembly by the then Minister of Finance and Personnel, Sammy Wilson MLA on Monday, 17 June 2013 and received its Second Reading on Monday, 1 July 2013. The Bill was subsequently referred to the Committee for Finance and Personnel for Committee Stage. The Bill (as introduced) has nine clauses. The provisions in each clause are explained in the Explanatory and Financial Memorandum.¹
2. Clauses 1 and 2 relate to provisions relevant to the remit of the Department of Agriculture and Rural Development (DARD). Clauses 3 and 6 relate to provisions relevant to the remit of the Department of Justice (DoJ). Clause 4 relates to provisions relevant to the remit of the Department for Social Development (DSD) and clause 5 relates to the Northern Ireland Audit Office (NIAO).
3. The purpose of financial provisions legislation is to deal with routine financial matters such as minor or non-controversial amendments to governing legislation or to regularise an existing practice. The legislation is normally required at intervals of every two to three years to adjust statutory limits and handle other routine financial issues, and is regarded as “semi-routine”.
4. Since the Bill was introduced, nine amendments were proposed and will be tabled at Consideration Stage by the Minister of Finance and Personnel. The detail of these amendments can be found in the clause-by-clause scrutiny section on this report. Whilst two of the amendments are revisions to proposed clauses 3 and 6 and three are consequential amendments, four of the amendments introduce new provisions to the Bill regarding rating legislation, relevant to the remit of the Department of Finance and Personnel (DFP).

The Committee’s Approach

5. In June 2011 DFP indicated its intention to prepare a draft Financial Provisions Bill in 2012 but, due to the reprioritising of the Department’s legislative programme, this was delayed.
6. On 22 May 2013 the Committee noted correspondence from the Department on the proposed provisions in the Bill and agreed to seek initial comments from the relevant Assembly committees in this regard. The Committee was advised that the Bill would be of interest to the following other Assembly committees:
 - The Committee for Agriculture and Rural Development
 - The Public Accounts Committee/Audit Committee
 - The Committee for Justice
 - The Committee for Social Development
7. On 5 June 2013 the Committee received a pre-introductory policy briefing from departmental officials on the background to the Bill and the approach which was taken when commissioning other departments on possible inclusions to the Bill. During this briefing the Committee was informed that the Minister of Finance and Personnel intended to bring forward two amendments to the Bill at Consideration Stage both relating to rating legislation. Therefore members agreed to seek clarification on the proposed amendments to the Bill and to write to the Justice, Regional Development and Social Development committees highlighting relevant issues raised during the session. A response from DFP addressing these initial concerns was

1 <http://www.niassembly.gov.uk/globalassets/documents/legislation/bills/executive-bills/session-2012-2013/niabill-22-11-15-financial-provisions-efm.pdf>

provided to the Committee² and members were generally content with this response. The responses from the relevant committees can be found in Appendix 4 to this report.³

8. At its meeting on 3 July 2013, the Committee noted the Delegated Powers Memorandum, provided by DFP, and it agreed to refer this to the Examiner of Statutory Rules for his consideration. The Examiner of Statutory Rules highlighted issues with the drafting of clauses 3 and 6 and the delegated powers therein. The Department proposes to table two amendments at Consideration Stage to address these issues.⁴
9. A Call for Evidence was published on 5 July 2013 inviting written evidence on the provisions of the Bill. The Committee received no written evidence as a result of this notice.
10. On 11 September 2013 the Committee received a briefing from DFP officials on two proposed amendments to rating legislation for inclusion in the Bill. On 18 September 2013 the Committee agreed that, due to the prioritisation of the Public Service Pensions Bill in its work programme, an extension would be sought to the Committee Stage of the Bill until to 13 December 2013. The Assembly agreed to this extension.
11. During a departmental briefing on 13 November 2013, members considered the draft wording of proposed amendments to the Bill. Members were informed during this session about a further two amendments which would also be tabled at Consideration Stage. On 27 November 2013 the Committee considered the wording of the amendments which would be brought forward by the Minister at Consideration Stage of the Bill.
12. The Committee carried out a clause-by-clause scrutiny of the Bill on 4 December 2013. During this session, the Committee agreed all the clauses either as drafted or as amended and the Schedule of Repeals. At its meeting on 11 December 2013, the Committee agreed that its report on the Bill would be printed.
13. The Minutes of Proceedings relating to the Committee's deliberations on the Bill are included at **Appendix 1**. Minutes of Evidence in the Official Report are at **Appendix 2**. Papers and correspondence from DFP can be found at **Appendix 3**. Written submissions from other relevant committees can be found at the **Appendix 4** and other papers can be found at **Appendix 5** of this report.

2 Appendix 3 – DFP Papers and Correspondence, 17 October 2013

3 Appendix 4 – Written Submissions – correspondence from DSD dated 27 September 2013 & correspondence from CfJ dated 25 July 2013

4 Appendix 3 – DFP Papers and Correspondence, 17 October 2013

Consideration of Provisions in the Bill

Clauses 1 & 2

14. The Committee noted that clauses 1 and 2 of the Bill make provision to repeal the Development Loans (Agriculture and Fisheries) Act (NI) 1968 and to amend the Harbours Act (NI) 1970 to allow DARD to pay grant-in-aid to the Fishery Harbour Authority if necessary. As these clauses fall within the remit of DARD, the Committee referred them to the Committee for Agriculture and Rural Development for consideration.
15. To inform its response the Committee for Agriculture and Rural Development received a briefing from DARD on the rationale for the inclusion of the provisions (the full briefing paper can be found at Appendix 4).⁵
16. In relation to the provisions within clause 1, DARD officials highlighted that, due to a lessening demand for loans and the need to reduce Government expenditure, DARD, after consultation with the Ulster Farmers' Union, ceased accepting loan applications after 30 November 1979. It was noted that, since its inception, a total of £20m has been issued from the Agricultural Loan Fund, however, departmental officials pointed out that there is no principal outstanding and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full. It was stated that this situation indicated the need for the legislation to be repealed.
17. In relation to the provisions in clause 2, DARD officials described the background of the Northern Ireland Fishery Authority, which is an NDBP of the Department, and outlined its main sources of revenue which are controlled largely by factors outside the Authority's influence. In the view of departmental officials, this could mean that there is a risk that annual trading deficits could be incurred. The DARD officials also stated that the Authority has been able to cover its operational costs from revenues to date but that this is becoming more difficult and DARD wishes to be in a position to provide cover should an operating deficit be incurred.
18. After considering this briefing, the Committee for Agriculture and Rural Development concluded that it was content for these provisions to be included in the Bill.⁶
19. At its meeting on 22 May 2013, as part of its own deliberations, the Committee for Finance and Personnel requested clarification on whether the powers to access Harbour Commissioner reserves would be provided for in the Bill. A response from DFP on 31 May 2013 clarified that this would not be addressed in the Bill and explained the reasons in this regard.⁷

Clauses 3 & 6

20. The Committee noted that clause 3 will allow DoJ (with the concurrence of DFP) to make provision as to the payment of interest on funds held in court by way of departmental direction. The Court Funds Office (CFO) is responsible for the management of funds held in court on behalf of minors and patients who are deemed incapable of managing their own affairs. CFO applies interest to funds held which are set out in the Court Funds Rules (NI) 1979 and can only be adjusted by way of a new statutory rule which can take from 8 to 12 weeks. Funds are placed in deposit accounts or short-term and long-term investment accounts which earn interest in accordance with Bank of England base rates. CFO applies interest in accordance with the 1979 rules. Differences between base rates and CFO rates can lead to either a surplus or deficit, where the deficit is recovered from the Consolidated

5 Appendix 4 – Written Submissions: correspondence from CARD dated 26 June 2013 & 11 September 2013

6 Appendix 4 – Written Submissions: correspondence from CARD dated 11 September 2013

7 Appendix 3 – DFP Papers and Correspondence, 31 May 2013

Fund. CFO interest rates in England and Wales can be amended by way of a ministerial direction which allows the CFO in that jurisdiction to react more efficiently to changes in Bank of England base rates.⁸

21. In terms of clause 6, the Committee noted that this will provide a statutory basis for the funding by DoJ of the Northern Ireland Police Fund (NIPF) and the Police Rehabilitation and Retraining Trust (PRRT) and to allow the Department to make regulations regarding the constitution, functions, procedures and financing of the bodies.⁹
22. The Committee referred consideration of clauses 3 and 6 to the Committee for Justice as the provisions fall within the remit of DoJ. Members noted that the Committee for Justice had also received briefing from DoJ on the rationale for inclusion of these provisions and that Committee had indicated that it was content with the provisions.¹⁰ The full briefing paper provided by DoJ can be found in Appendix 4 to this report.¹¹
23. Having considered the Delegated Powers Memorandum for the Bill, the Examiner of Statutory Rules highlighted issues in the drafting of both these clauses and the delegated powers therein. The Department subsequently indicated its intention to table amendments to address these issues identified and the Committee for Justice indicated that it was supportive of these amendments being brought forward.¹²
24. As part of its own deliberations, during evidence from DFP officials, the Committee for Finance and Personnel sought clarification on the use of alternative short-term and medium-term investment options for monies held under the Court Fund rules to provide a better return; and whether, given the devolution of justice powers, the CFO should have greater control of the monies it holds. In response, DFP officials stated that the NI block uses the Debt Management Office for all its deposits and that it was not good practice to have large balances of public money sitting out given the vulnerabilities in the banking systems.
25. Members also enquired whether both the NIPF and PRRT are registered charities. The clarification and further information provided by the Department to address these queries can be found at Appendix 3¹³. The Committee was subsequently content that the issues had been adequately addressed.

Clause 4

26. Members noted that clause 4 makes provision to amend article 88 of the Housing (NI) Order 1981 which will empower the Northern Ireland Housing Executive (NIHE) to charge the purchaser of land from NIHE for its administration and transaction costs relating to the sale. For each piece of land sold, NIHE bears administration and transaction costs as it does not have the statutory authority to charge the purchaser for its costs. This clause will therefore enable the recovery of costs.
27. The Committee considered clause 4 of the Bill in addition to seeking a view from the Committee for Social Development given that the provisions fall within the remit of DSD.
28. As part of its own deliberations, the Finance and Personnel Committee voiced concern over the disparity of land disposal costs between transaction and administrative costs, in that it may not provide value for money. During an evidence session with DFP officials on 5 June

8 <http://www.niassembly.gov.uk/globalassets/documents/legislation/bills/executive-bills/session-2012-2013/niabill-22-11-15-financial-provisions-efm.pdf>

9 Ibid

10 Appendix 4 – Written Submissions: correspondence from CfJ dated 25 July 2013

11 Ibid

12 Appendix 4 – Written Submissions: correspondence from CfJ dated 14 October 2013

13 Appendix 3 – DFP Papers and Correspondence, 17 October 2013

2013, members were advised that, in 2010-11, NIHE disposed of 108 small pieces of land at an average transaction value of £1,470 against the average administration costs of £2,400¹⁴. Members were concerned that this does not provide value for money given the disparity of these costs. As such, this concern was referred to the Committee for Social Development which sought briefing from NIHE. Members of this Committee questioned NIHE officials on the reasonableness of the costs incurred, whether such costs include economic appraisal expenses and the provision of value for money.

29. In response, NIHE officials provided a more up-to-date breakdown of costs showing a smaller disparity in the figures (with a revised average administration cost in the region of £2000) and stated that, 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, NIHE officials stated 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.¹⁵
30. In their evidence, NIHE officials further argued that 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 NIHE officials concluded that it may be legitimate to exclude this cost from the overall cost of the administration of any land disposal. The response from the Committee for Social Development indicated that it was content with the explanation given by NIHE.¹⁶

Clause 5

31. Members noted that clause 5 of the Bill makes provision to amend terminology and maintain consistency with the definition of “relevant NHS body” between the Audit and Accountability (NI) Order 2003 and the Health and Social Care (Reform) Act (NI) 2009. The Committee referred the consideration of this clause to both the Public Accounts Committee and the Audit Committee. Both committees received briefing and clarification from the C&AG on the provisions and indicated that they were content with their inclusion.¹⁷ The briefings highlighted that the proposed amendment is revenue neutral as it has no financial implications for NIAO and serves to update references across statutory instruments and to formalise what is already current practice.¹⁸

Clauses 7, 8 & 9

32. The Committee noted that clause 7 and the accompanying Schedule lists provisions for the repeal of statutory provisions relating to clauses 1 and 3; while clause 8 deals with the commencement provisions and clause 9 sets out the short title. The Committee had no comment to make on these clauses.
33. As a result of amendments to the Bill proposed after introduction, the Department informed the Committee of a proposed consequential amendment to clause 8, the schedule of repeals and the Long Title of the Bill.

14 Appendix 2 – Minutes of Evidence: DFP briefing, 5 June 2013

15 Appendix 4 – Written Submissions: correspondence from Committee for Social Development dated 27 September 2013

16 Ibid

17 Appendix 4 – Written Submissions: correspondence from Public Accounts Committee and Audit Committee dated 30 May 2013 & 3 July 2013

18 Ibid

New proposed clauses on Rating

34. At the Committee meeting on 13 September 2013 members were briefed on the proposed inclusion of two new provisions in relation to rating legislation. The detail of these new provisions can be found at Appendix 3.¹⁹ The new measures will amend or repeal articles within the Rates (NI) Order 1977 ('the 1977 Order').²⁰
35. The first proposed clause will amend article 26 of the 1977 Order clarifying the need for ratepayers to provide an effective date of occupation to Land and Property Services (LPS).
36. The second proposed clause seeks to extend the current discount that is allowed for the early repayment of rates on occupied dwellings to unoccupied dwellings, amending article 30 of the 1977 Order.
37. During evidence to the Committee, DFP officials confirmed that these amendments will be tabled by the Minister of Finance and Personnel at Consideration Stage. As part of its deliberations the Committee sought further information, including: whether any particular difficulties are posed by the absence of the new power to require information; and the estimated costs of extending the discount for early repayment of rates to unoccupied dwellings. In response, DFP officials stated that the current provisions were vague and that LPS wanted to put this power beyond any reasonable doubt. On the issue of costs of extending the early repayment discount, the departmental officials stated that the IT costs will 'run into a few thousand pounds'.²¹ The full clarification received from the Department in relation to these queries can be found at Appendix 2.²²
38. The Committee was also informed of a further two clause in relation to rating provisions at its meeting on 13 November 2013.²³ The detail of these new provisions can be found at Appendix 3.²⁴
39. In this regard, members were advised that the third proposed clause on rating will amend article 20 of the 1977 Order, to remove the requirement for landlords to produce a tenancy agreement. The fourth proposed clause will remove articles 23 and 24 of the 1977 Order: provisions which, firstly, make tenants liable for rates should a landlord default and, secondly, allow the Department to step in and act as landlord should there be an issue of default. Departmental officials advised the Committee that these articles need to be repealed as they have never been used and have been sitting dormant in the 1977 Order.²⁵
40. Given that it did not receive full information on some of the proposed rating amendments until near the completion of Committee Stage scrutiny, the Committee did not have the opportunity to gauge the views of stakeholders on the proposals, including the removal of the provisions within the 1977 Order. In this regard, however, DFP officials pointed out that both the Landlords' Association and Housing Rights Service were supportive of the removal of the provisions in the 1977 Order during a recent consultation which examined Rates Liability in the Landlord Sector.²⁶

19 Appendix 3 – DFP Papers and Correspondence, 24 October 2013.

20 <http://www.legislation.gov.uk/nisi/1977/2157/contents>

21 Appendix 2 – Minutes of Evidence: DFP briefing, 13 November 2013

22 Ibid

23 Ibid

24 Appendix 3 – DFP Papers and Correspondence, 19 November 2013.

25 Appendix 2 – Minutes of Evidence: DFP briefing, 13 November 2013

26 Ibid

Clause-by-Clause Consideration of the Bill

41. Having reviewed the written and oral evidence received on the Bill, the Committee deliberated on the clauses and schedule to the Bill at its meeting on 27 November 2013 and undertook its formal clause-by-clause scrutiny of the Bill at its meeting on 4 December 2013 as follows:

Clause 1 – Repeal of the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968

Agreed: that the Committee is content with clause 1 as drafted, mindful that the Committee for Agriculture and Rural Development does not have any concerns with the provisions in this clause.

Clause 2 – Grants payable to certain harbour authorities in relation to expenses

Agreed: that the Committee is content with clause 2 as drafted, mindful that the Committee for Agriculture and Rural Development does not have any concerns with the provisions in this clause.

New Clause – Rating of owners instead of occupiers in certain cases

Agreed: that the Committee is content with the new proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

'Rating of owners instead of occupiers in certain cases

2A. In Article 20 of the Rates (Northern Ireland) Order 1977 (rating of owners instead of occupiers in certain cases) -

(a) in paragraph (1) -

(i) in sub-paragraph (a), after "hereditament" insert "(where the hereditament does not have a net annual value and a capital value)";

(ii) in sub-paragraph (b) for "£55,000" substitute "£150,000";

(iii) in sub-paragraph (c), for head (ii) substitute -

"(ii) its net annual value does not exceed £1,590;"

(b) in paragraph (1A), for the words from "both conditions" to the end of that paragraph substitute "the conditions in sub-paragraphs (b) and (c) (ii) of paragraph (1) must be satisfied, but the condition set out in sub-paragraph (c)

(i) of that paragraph does not apply in relation to such a hereditament."

New Clause – Repeal of articles 23 and 24 of the Rates (Northern Ireland) Order 1977

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

'Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

2B. Articles 23 (liability of occupier for rates unpaid by owner) and 24 (recovery of rates from tenants and lodgers) of the Rates (Northern Ireland) Order 1977 are repealed.'

New Clause – Power of Department of Finance and Personnel to require information for rating purposes

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

'Power of Department of Finance and Personnel to require information

2A. - (1) Article 26 of the Rates (Northern Ireland) Order 1977 (power of Department to require information as to ownership, etc.) is amended as follows.

(2) In paragraph (1) -

(a) at the end of sub-paragraph (a) insert "and the date on which he acquired that interest";

(b) after sub-paragraph (c) insert -

"(cc) the date on which he began to occupy the hereditament;".

(3) After paragraph (1) insert -

"(1A) The Department may, for the purposes of this Order, serve a notice on the owner of any hereditament requiring him to state to the Department in writing, within a period and in the manner specified in the notice -

(a) the date on which he acquired ownership of the hereditament; and

(b) the date, if any, on which he began to occupy the hereditament."

(4) In paragraph (2B)(a) after "(1)" insert ",(1A)".

New Clause – Discount on rates on dwellings

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

'Discount on rates on dwellings

2B. - (1) Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) is amended as follows.

(2) After paragraph (2) insert -

"(2ZA) An allowance shall be granted in accordance with paragraph (2ZC) to any person entitled to possession of a hereditament to which paragraph (2ZB) applies who pays the net amount due on account of a rate in respect of that hereditament in a single sum before such date as the Department may notify to him.

(2ZB) This paragraph applies to a hereditament in the capital value list in respect of which rates are chargeable under Article 25A where the hereditament is a hereditament which -

(a) is not in use; and

(b) is a hereditament which the Department considers will, when next in use, be a dwelling-house or, though not a dwelling-house, will be used partly for the purposes of a private dwelling; and

(c) is not the subject of an agreement under Article 21.

(2ZC) The allowance shall be by way of a discount of 4% on the amount payable on account of the rate as is computed by reference to the rateable capital value of the hereditament.”.

(3) In paragraph (2A) after “(2)” insert “or (2ZC)”.

Clause 3 – Provision as to payment of interest on funds in court

Agreed: that the Committee is content with clause 3, mindful that the Committee for Justice does not have any concerns and subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

‘leave out “make provision as” and insert “give directions in relation” at Clause 3, line 13’

Clause 4 – Power of Northern Ireland Housing Executive to recover certain costs

Agreed: that the Committee is content with clause 4 as drafted, mindful that the Committee for Social Development has not expressed any concerns with the provisions in this clause.

Clause 5 – Accounts and audit: health and social care bodies

Agreed: that the Committee is content with clause 5 as drafted, mindful that both the Public Accounts Committee and Audit Committee do not have any concerns with the provisions in this clause.

Clause 6 - Expenditure on bodies providing services for the police etc.

Agreed: that the Committee is content with clause 6, mindful that the Committee for Justice does not have any concerns and subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

“after “Regulations” insert “subject to negative resolution” at Clause 6, line 6’

Clause 7 – Repeals

Agreed: that the Committee is content with clause 7 as drafted.

Clause 8 – Commencement

Agreed: that the Committee is content with clause 8, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

“Leave out “Section 5 comes” and insert “Sections 2A, 2B, 2C, 2D and 5 come” at Clause 8, line 21’

Schedule: Repeals

Agreed: that the Committee is content with the schedule of repeals, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

‘At end insert – “The Rates (Northern Ireland) Order 1977 Articles 23 and 24” at Schedule, line 15’

Clause 9 – Short title

Agreed: that the Committee is content with clause 9 as drafted.

Long Title of the Bill – *‘A Bill to Repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968; to enable the Department of Agriculture and Rural Development to pay grants to certain harbour authorities; to make provision in relation to the payment of interest on funds in court; to make provision enabling the Northern Ireland Housing Executive to recover certain costs; to make provision for the disclosure of data obtained by the Comptroller*

and Auditor General for data matching purposes; to enable the Department of Justice to make payments to certain bodies providing services for the police, etc.; and for purposes connected with those matters.'

Agreed: that the Committee is content with the Long Title of the Bill, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

'In the long title after "authorities;" insert "to amend the Rates (Northern Ireland) Order 1977"'

Conclusions and Recommendations

42. The Committee acknowledges the input from the other applicable Assembly committees to this co-ordinated scrutiny of the Financial Provisions Bill and the responsiveness of officials from DFP and the other respective departments in providing clarification on the issues raised by members. Also, the Committee welcomes the early notification received from DFP in relation to some of the proposed amendments to be tabled at Consideration Stage and the provision of the wording of all the proposed amendments in advance of clause-by-clause scrutiny. In facilitating the scrutiny of the Bill, this engagement has resulted in the Committee concluding that it is content with the proposed departmental amendments and with the clauses of the Bill as drafted/amended.
43. In terms of the notification of some of the proposed amendments on rating legislation, however, the Committee would point out that it did not have sufficient time to seek evidence from other interested stakeholders on the merits of including these provisions. Members recognise that financial provisions bills, by their nature, may be regarded as convenient 'catch all' legislative tools for which it is not uncommon for departments to bring forward additions/ amendments at a late stage. That said, the Committee would recommend that DFP takes steps to ensure that, in future, financial provisions bills are developed as fully as possible before introduction to the Assembly.



Northern Ireland
Assembly

Appendix 1

Minutes of Proceedings

Wednesday, 22 May 2013

Room 30, Parliament Buildings

Present: Mr Dominic Bradley MLA (Deputy Chairperson).
Mr Leslie Cree MBE MLA
Ms Megan Fearon MLA
Mr Paul Girvan MLA
Mr David McIlveen MLA
Mr John McCallister MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Daithí McKay MLA (Chairperson)
Mrs Judith Cochrane MLA

10:05am The meeting opened in public session.

8. Correspondence

The Committee noted the following items of correspondence:

- DFP: Financial Provisions Bill;

Agreed: to seek initial comments from the relevant Assembly committees in relation to the provisions within the Bill and to ask the Department of Finance and Personnel for clarification on whether powers to access Harbour Commissioners' reserves will be provided for in this legislation.

12:18pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

29 May 2013

[EXTRACT]

Wednesday, 5 June 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Ms Megan Fearon MLA
Mr Paul Girvan MLA
Mr David McIlveen MLA
Mr John McCallister MLA
Mr Mitchel McLaughlin MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Adrian McQuillan MLA

10:07am The meeting opened in public session.

5. Financial Provisions Bill – Policy Briefing

The Committee took evidence on the proposed Financial Provisions Bill from the following DFP officials: Cris Farmer, Head of Financial Reporting and Accountability Branch, DFP and Fiona Hamill, Treasury Officer of Accounts, DFP. The session was recorded by Hansard.

10:25am Mrs Cochrane joined the meeting.

10:30am Mr Weir left the meeting.

Members noted that initial responses had been sought from the other Assembly committees with an interest in the proposed Bill and to date the Committee for Social Development and the Public Accounts Committee had indicated that they were generally content with the proposals at this stage.

Agreed: that any further written responses from the applicable Assembly committees in relation to the Bill are forwarded to DFP for information and comment as necessary.

Agreed: to seek clarification from DFP on the rating provisions which may be added to the proposed Bill.

Agreed: that the papers relating to the proposed Bill are published on the Committee webpage.

Agreed: to write to the Justice, Regional Development and Social Development committees highlighting the issues raised during the evidence session.

10:55am Mr McQuillan joined the meeting.

10:59am Mr McLaughlin left the meeting.

11.01am Mr McLaughlin re-joined the meeting.

11.00am Mrs Cochrane and Mr Girvan joined the meeting.

1:06pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson

Committee for Finance and Personnel

12 June 2013

[EXTRACT]

Wednesday, 12 June 2013

Room 3.08 Management Suite, North West Regional College

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)

Apologies: Mr Leslie Cree MBE MLA
Ms Megan Fearon MLA
Mr David McIlveen MLA
Mr Peter Weir MLA

10:24am The meeting opened in public session.

5. Financial Provisions Bill – Pre-introductory written briefing from DFP

The Committee noted pre-introductory written briefing from DFP on the forthcoming Financial Provisions Bill, due to be introduced to the Assembly on 17 June 2013.

12:15pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

19 June 2013

[EXTRACT]

Wednesday, 26 June 2013

Room 29 Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mrs Judith Cochrane MLA
Ms Megan Fearon MLA
Mr Paul Girvan MLA
Mr Leslie Cree MBE MLA
Mr John McCallister MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Dominic Bradley MLA (Deputy Chairperson)
Mr David McIlveen MLA
Mr Mitchel McLaughlin MLA

10:17am The meeting opened in public session.

10. Correspondence

The Committee noted the following items of correspondence:

- DFP: Financial Provisions Bill – Proposed Amendments;

Agreed: to schedule an oral briefing from DFP officials following the summer recess and to write to each of the applicable Assembly committees to seek a written submission on the provisions relevant to their remits.

12:52pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

3 July 2013

[EXTRACT]

Wednesday, 3 July 2013

Room 30 Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Paul Girvan MLA
Mr Leslie Cree MBE MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Ms Megan Fearon MLA
Mr John McCallister MLA
Mr David McIlveen MLA
Mr Mitchel McLaughlin MLA

10:07am The meeting opened in public session.

10. Correspondence

The Committee noted the following items of correspondence:

- Committee for Agriculture and Rural Development: Financial Provisions Bill 2013;

11. Committee Work Programme

The Committee considered a draft of the Committee work programme.

Financial Provisions Bill

Agreed: that the Delegated Powers Memorandum relating to the Bill, which had been received from DFP, is forwarded to the Examiner of Statutory Rules for scrutiny.

Agreed: that the signposting notice on the Committee Stage “call for evidence” is printed in the three main regional papers and that the detailed information on the “call for evidence” is published on the Committee’s website.

1:04pm The Chairperson adjourned the meeting..

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

4 September 2013

[EXTRACT]

Wednesday, 11 September 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Ms Megan Fearon MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr David McIlveen MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

10:07am The meeting opened in public session.

6. **Financial Provisions Bill – Evidence from DFP on Rating Amendments**

The Committee received evidence from the Departmental official, Brian McClure, on amendments being brought forward by DFP to the Financial Provisions Bill. The amendments will make provision in relation to rating legislation. The evidence session was recorded by Hansard.

The Committee noted that the Examiner of Statutory Rules had highlighted a potential issue in relation to provisions within the Bill relating to the procedure for proposed Regulations by the Department of Justice. Officials in the Department had indicated that an amendment to the Bill would be brought forward to address this issue.

Agreed: that the Committee for Justice will be informed of this issue and related amendment when the Examiner of Statutory Rules reports formally.

11:04am Peter Weir rejoined the meeting.

Agreed: that a further briefing from DFP officials will be scheduled when the draft rating amendments are available.

11:39am The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

18 September 2013

[EXTRACT]

Wednesday, 18 September 2013

Business Room 3, Belfast International Airport,

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Ms Megan Fearon MLA

10:03am The meeting opened in public session.

5. **Financial Provisions Bill – Consideration of Committee Stage timetable**

Agreed: that the motion seeking Assembly approval to extend the Committee Stage of the Bill to Friday 13 December 2013 will be laid in the Business Office.

12:50am The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

25 September 2013

[EXTRACT]

Wednesday, 09 October 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Ms Megan Fearon MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Leslie Cree MBE MLA

10:09am The meeting opened in public session.

7. **Correspondence**

The Committee noted the following items of correspondence:

- DFP: Financial Provisions Bill

Agreed: to forward the correspondence to Committee for Justice for information.

12:48pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

16 October 2013

[EXTRACT]

Wednesday, 23 October 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Ms Megan Fearon MLA
Mr Paul Girvan MLA

10:08am The meeting opened in public session.

9. Financial Provisions Bill – Written Briefing from DFP

Agreed: that the briefing paper provided by DFP is forwarded to the Justice Committee for consideration and response as appropriate

12:47pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

06 November 2013

[EXTRACT]

Wednesday, 06 November 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Mitchel McLaughlin MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Ian McCrea MLA

10:04am The meeting opened in public session.

6. **Correspondence**

The Committee noted the following items of correspondence:

- DFP: Rating provisions in the Financial Provisions Bill;

11:34pm The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

13 November 2013

[EXTRACT]

Wednesday, 13 November 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Ms Megan Fearon MLA

10:11am The meeting opened in public session.

5. Financial Provisions Bill – Evidence from DFP Officials

The Committee received evidence on the Financial Provisions Bill from the following DFP Officials.

- Brian McClure, Head of Rating Policy Division;
- Fiona Hamill, Treasury Officer of Accounts

The session was recorded by Hansard.

Agreed: that the Departmental officials will provide an urgent follow up submission to include: the wording of amendments to clauses 3 and 6 of the Bill; and further detail and wording of two additional amendments to the Bill in respect of rating legislation.

12:02pm The Deputy Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

20 November 2013

[EXTRACT]

Wednesday, 27 November 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Mr Dominic Bradley MLA (Deputy Chairperson)
Mrs Judith Cochrane MLA
Mr Leslie Cree MBE, MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Mitchel McLaughlin MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Mr Jim Nulty (Clerical Supervisor)
Ms Heather Graham (Clerical Officer)

Apologies: Megan Fearon MLA

10.04am The meeting commenced in public session.

5. Financial Provisions Bill – Consideration of Departmental Amendments

The Committee considered departmental amendments to the Financial Provisions Bill.

Agreed: to seek clarification from DFP on whether the long title of the Bill will need to be amended to reflect the proposed amendments to the clauses of the Bill.

10.30am The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson
Committee for Finance and Personnel

4 December 2013

[EXTRACT]

Wednesday, 4 December 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
Ms Michaela Boyle MLA
Mr Leslie Cree MBE, MLA
Mr Paul Girvan MLA
Mr John McCallister MLA
Mr Ian McCrea MLA
Mr Adrian McQuillan MLA
Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
Mr Phil Pateman (Assistant Assembly Clerk)
Mrs Clairita Frazer (Assistant Assembly Clerk)
Ms Heather Graham (Clerical Officer)

Apologies: Mr Dominic Bradley MLA
Mrs Judith Cochrane MLA
Mr Mitchel McLaughlin MLA

10.16am The meeting commenced in public session.

6. Financial Provisions Bill – Clause-by-Clause Scrutiny

The Committee carried out formal clause-by-clause consideration of the Financial Provisions Bill as follows:

Clause 1 – Repeal of the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968

Agreed: that the Committee is content with clause 1 as drafted, mindful that the Committee for Agriculture and Rural Development does not have any concerns with the provisions in this clause.

Clause 2 – Grants payable to certain harbour authorities in relation to expenses

Agreed: that the Committee is content with clause 2 as drafted, mindful that the Committee for Agriculture and Rural Development does not have any concerns with the provisions in this clause.

New Clause – Rating of owners instead of occupiers in certain cases

Agreed: that the Committee is content with the new proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

‘Rating of owners instead of occupiers in certain cases

2A. In Article 20 of the Rates (Northern Ireland) Order 1977 (rating of owners instead of occupiers in certain cases) -

(a) in paragraph (1) -

(i) in sub-paragraph (a), after “hereditament” insert “(where the hereditament does not have a net annual value and a capital value)”;

(ii) in sub-paragraph (b) for “£55,000” substitute “£150,000”;

(iii) in sub-paragraph (c), for head (ii) substitute -

“(ii) its net annual value does not exceed £1,590;”

(b) in paragraph (1A), for the words from “both conditions” to the end of that paragraph substitute “the conditions in sub-paragraphs (b) and (c) (ii) of paragraph (1) must be satisfied, but the condition set out in sub-paragraph (c)

(i) of that paragraph does not apply in relation to such a hereditament.”

New Clause – Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

‘Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

2B. Articles 23 (liability of occupier for rates unpaid by owner) and 24 (recovery of rates from tenants and lodgers) of the Rates (Northern Ireland) Order 1977 are repealed.’

New Clause – Power of Department of Finance and Personnel to require information for rating purposes

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

‘Power of Department of Finance and Personnel to require information

2A. - (1) Article 26 of the Rates (Northern Ireland) Order 1977 (power of Department to require information as to ownership, etc.) is amended as follows.

(2) In paragraph (1) -

(a) at the end of sub-paragraph (a) insert “and the date on which he acquired that interest”;

(b) after sub-paragraph (c) insert -

“(cc) the date on which he began to occupy the hereditament;”.

(3) After paragraph (1) insert -

“(1A) The Department may, for the purposes of this Order, serve a notice on the owner of any hereditament requiring him to state to the Department in writing, within a period and in the manner specified in the notice -

(a) the date on which he acquired ownership of the hereditament; and

(b) the date, if any, on which he began to occupy the hereditament.”.

(4) In paragraph (2B)(a) after “(1)” insert “,(1A)”.

New Clause – Discount on rates on dwellings

Agreed: that the Committee is content with the proposed new clause, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

After clause 2 insert -

'Discount on rates on dwellings

2B. - (1) Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) is amended as follows.

(2) After paragraph (2) insert -

“(2ZA) An allowance shall be granted in accordance with paragraph (2ZC) to any person entitled to possession of a hereditament to which paragraph (2ZB) applies who pays the net amount due on account of a rate in respect of that hereditament in a single sum before such date as the Department may notify to him.

(2ZB) This paragraph applies to a hereditament in the capital value list in respect of which rates are chargeable under Article 25A where the hereditament is a hereditament which -

(a) is not in use; and

(b) is a hereditament which the Department considers will, when next in use, be a dwelling-house or, though not a dwelling-house, will be used partly for the purposes of a private dwelling; and

(c) is not the subject of an agreement under Article 21.

(2ZC) The allowance shall be by way of a discount of 4% on the amount payable on account of the rate as is computed by reference to the rateable capital value of the hereditament.”.

(3) In paragraph (2A) after “(2)” insert “or (2ZC)”.

Clause 3 – Provision as to payment of interest on funds in court

Agreed: that the Committee is content with clause 3, mindful that the Committee for Justice does not have any concerns and subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

'leave out “make provision as” and insert “give directions in relation” at Clause 3, line 13'

Clause 4 – Power of Northern Ireland Housing Executive to recover certain costs

Agreed: that the Committee is content with clause 4 as drafted, mindful that the Committee for Social Development has not expressed any concerns with the provisions in this clause.

Clause 5 – Accounts and audit: health and social care bodies

Agreed: that the Committee is content with clause 5 as drafted, mindful that both the Public Accounts Committee and Audit Committee do not have any concerns with the provisions in this clause .

Clause 6 - Expenditure on bodies providing services for the police etc.

Agreed: that the Committee is content with clause 6, mindful that the Committee for Justice does not have any concerns and subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

“after “Regulations” insert “subject to negative resolution” at Clause 6, line 6’

Clause 7 – Repeals

Agreed: that the Committee is content with clause 7 as drafted.

Clause 8 – Commencement

Agreed: that the Committee is content with clause 8, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

“Leave out “Section 5 comes” and insert “Sections 2A, 2B, 2C, 2D and 5 come” at Clause 8, line 21’

Schedule: Repeals

Agreed: that the Committee is content with the schedule of repeals, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

‘At end insert – “The Rates (Northern Ireland) Order 1977 Articles 23 and 24” at Schedule, line 15’

Clause 9 – Short title

Agreed: that the Committee is content with clause 9 as drafted.

Long Title of the Bill – ‘A Bill to Repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968; to enable the Department of Agriculture and Rural Development to pay grants to certain harbour authorities; to make provision in relation to the payment of interest on funds in court; to make provision enabling the Northern Ireland Housing Executive to recover certain costs; to make provision for the disclosure of data obtained by the Comptroller and Auditor General for data matching purposes; to enable the Department of Justice to make payments to certain bodies providing services for the police, etc.; and for purposes connected with those matters.’

Agreed: that the Committee is content with the Long Title of the Bill, subject to the amendment, to be tabled by the Minister of Finance and Personnel at Consideration Stage, as follows:

‘In the long title after “authorities;” insert “to amend the Rates (Northern Ireland) Order 1977”’

The session was recorded by Hansard.

7. Financial Provisions Bill – Consideration of Draft Report

The Committee considered a working draft of its report on the Financial Provisions Bill.

Agreed: that members will forward any comments on the working draft report to the Clerk by close of play on Friday 6 December and that a final draft will be considered at next week’s meeting.

11.30am The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson

Committee for Finance and Personnel

11 December 2013

(EXTRACT)

Wednesday, 11 December 2013

Room 30, Parliament Buildings

Present: Mr Daithí McKay MLA (Chairperson)
 Ms Michaela Boyle MLA
 Mrs Judith Cochrane MLA
 Mr Leslie Cree MBE, MLA
 Mr Paul Girvan MLA
 Mr John McCallister MLA
 Mr Mitchel McLaughlin MLA
 Mr Peter Weir MLA

In Attendance: Mr Shane McAteer (Assembly Clerk)
 Mr Phil Pateman (Assistant Assembly Clerk)
 Mrs Clairita Frazer (Assistant Assembly Clerk)
 Mr Jim Nulty (Clerical Supervisor)
 Ms Heather Graham (Clerical Officer)

Apologies: Mr Dominic Bradley (Deputy Chairperson)
 Mr Adrian McQuillan (MLA)
 Mr Ian McCrea (MLA)

10.04am The meeting commenced in public session.

4. **Financial Provisions Bill – Committee Report Final Consideration**

10.13am Judith Cochrane rejoined the meeting.

The Committee considered its draft report on the Financial Provisions Bill as follows:

Agreed: that paragraphs 1 – 14 stand part of the Report;

Agreed: that paragraphs 15 – 42 stand part of the Report;

Agreed: that paragraphs 15 – 61 stand part of the Report;

Agreed: that paragraphs 43-46 stand part of the Report;

Agreed: that the Appendices stand part of the Report;

Agreed: that the Executive Summary stands part of the Report.

Agreed; that the report (as amended) be the tenth Report of the Committee for Finance and Personnel to the Assembly for the mandate 2011/15.

Agreed: that the extract of the draft minutes of today's meeting relating to the report is marked 'unapproved' and checked by the Chairperson before inclusion in the report.

Agreed: that the report on the Financial Provisions Bill (as amended) be printed.

11.00am The Chairperson adjourned the meeting.

Mr Daithí McKay MLA

Chairperson

Committee for Finance and Personnel

15 January 2014

(UNAPPROVED EXTRACT)



Northern Ireland
Assembly

Appendix 2

Minutes of Evidence

5 June 2013

Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
 Mr Dominic Bradley (Deputy Chairperson)
 Mrs Judith Cochrane
 Mr Leslie Cree
 Ms Megan Fearon
 Mr Paul Girvan
 Mr David McIlveen
 Mr Mitchel McLaughlin
 Mr Peter Weir

Witnesses:

Ms Cris Farmer *Department of Finance*
 Ms Fiona Hamill *and Personnel*

1. **The Chairperson:** Cris and Fiona, you are very welcome. Please feel free to make some opening comments or to give a brief overview of the Bill.
2. **Ms Fiona Hamill (Department of Finance and Personnel):** Thanks, Chair. We welcome the opportunity to speak to the Committee about the Financial Provisions Bill. Cris is the senior official who has worked with the Office of the Legislative Counsel (OLC) and the Departments on bringing forward the Bill.
3. The Financial Provisions Bill is a semi-routine mechanism. The previous two such Bills were passed in 2009 and 2004. It is a mechanism that allows for routine, minor and non-controversial amendments to governing legislation in relation to financial matters. The process is as follows: the Department of Finance and Personnel (DFP) will survey the Departments, the Northern Ireland Audit Office and other bodies to identify any finance-related legislation that needs to be updated or amended, and then will gather those small amendments into a single Bill. Cris and her team work with the OLC to make sure the amendments are of an appropriate, non-controversial nature. As I mentioned, the Assembly previously
4. The Bill before you today addresses six issues. Chair, would you like me to run through all six of those issues in their entirety, or address one at a time to allow members to consider them?
5. **The Chairperson:** I think that we would prefer to go through each issue individually so that we can ask questions.
6. **Ms Hamill:** The first issue in the Bill is a request by the Department of Agriculture and Rural Development (DARD) to repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968 in its entirety. That Act created a loans facility for agriculture and fisheries. No loans have been issued from the fund since 1979. All amounts owing to the fund have been fully repaid, and there is no further requirement for it, so it is the repeal of an old piece of legislation. The Agriculture Department advises that it now uses other mechanisms, such as grants and other sources, to fund farmers and fisheries as necessary. That is the first issue.
7. **Mr Weir:** I would like to raise a general issue, which relates to the six items. I appreciate that the aim is to deal with minor consequential amendments on routine financial matters, but, in making a determination about which items are included in this Bill and which are dealt with elsewhere, what is the process, and how is that decided?
8. **Ms Hamill:** It is a question of Cris's team and the OLC considering whether it fits our understanding of the item as consequential and minor. If it is significant, it will probably be referred back to Departments for further consideration internally. In reality, there were no such matters. Departments are used to Financial Provisions Bills, and no matters were brought to our attention this time that we were not able

- to include. Everything that Departments and the Audit Office wished to be included is in the Bill.
9. **Mr Weir:** OK. Thank you.
10. **Ms Hamill:** The second issue, also a request from the Agriculture Department, is to amend the Harbours Act (Northern Ireland) 1970 to allow DARD to pay grant-in-aid to the Northern Ireland Fishery Harbour Authority (NIFHA) if necessary.
11. In 2009, for the first time, the NIFHA experienced an operating deficit. That is because it generates fees on the basis of catches landed, and that can be quite variable and subject to market prices and controls beyond the Fishery Harbour Authority. In that year, it was able to meet the deficit from its own resources, but it raised an issue for DARD. Since then, in subsequent years, it has always broken even or made a surplus, but it has raised the issue and the concern for the Agriculture Department that, in future, it may need a mechanism to support the Fishery Harbour Authority if it should find itself in a position of a sustained deficit over a number of years. This measure is precautionary in nature, and will provide a statutory basis on which DARD could bid for and seek approval to provide grant funding to the Fishery Harbour Authority if it needed to.
12. **Mr D Bradley:** In the Budget, one of the revenue-raising measures mentioned was £40 million from the Harbour Commissioners, and then it was realised that legislation would be needed in order to release that resource. Obviously, you have not included such legislation in this Bill. I notice from our papers that an arrangement has been arrived at between the commissioners and the Budget review group that the Harbour Commissioners will invest in foreign direct investment (FDI) accommodation. Presumably, that is an in-kind arrangement for the £40 million. Was a decision made to go for an agreement with the commissioners rather than legislation?
13. **Ms Hamill:** I am afraid that I cannot speak to that. Those are decisions for the Department for Regional Development (DRD); that is where the Harbour Commissioners sit. This provision relates to the Fishery Harbour Authority, which deals with Portavogie, Kilkeel and Ardglass. Those are two quite distinct —
14. **Mr D Bradley:** I realise that; yes.
15. **Ms Hamill:** That would have to be a question for the Department for Regional Development.
16. **Mr D Bradley:** OK. Thank you.
17. **Ms Hamill:** Beyond the briefing you mentioned that they have reached an agreement on FDI, I am afraid that I cannot tell you anything further.
18. **The Chairperson:** Dominic, we could write to DRD, via the Committee for Regional Development, to clarify that issue.
19. **Mr D Bradley:** That would be helpful.
20. **The Chairperson:** Fiona, given that this is catch-all legislation, is it likely that, as the Bill goes through the Assembly, further provisions will be added by DFP or other Departments? How do you see this playing out?
21. **Ms Hamill:** Yes. Discussions are under way. Cris will correct me if I am wrong, but there may be a further provision coming in relation to rates.
22. **The Chairperson:** What is that exactly?
23. **Ms Cris Farmer (Department of Finance and Personnel):** There are two rates amendments coming through, but I do not know the full details just yet. One of those is to do with the rating legislation in respect of rates on vacant properties. I am not 100% clear on the second one. It is with the Office of the Legislative Counsel and is currently in draft.
24. **Mr Weir:** On the wider context, this type of Bill comes periodically and provides a catch-all for a number of consequential changes. Presumably, this will go through, and there may not be another similar Bill for three, four or five years. Is there any complication in the interim? There may well be something that is not

- envisaged today but, a year down the line, would be included in the next Bill. How do you deal with the time lag?
25. **Ms Hamill:** If something needs to be done urgently or is required to enable or support other important legislation, it will be brought forward, rather than waiting for the next financial provisions Bill. This is the “housekeeping” Bill.
26. **Mr Weir:** Yes. If something comes up, it will be programmed into the next Bill, assuming that this one had already gone through.
27. **Ms Hamill:** Yes. We had initially hoped to bring this Bill through a year ago. However, because it did not deal with matters that are as critical as other legislative measures, it took a back seat to allow other legislation to come through first.
28. **The Chairperson:** Members, I propose that we write to the Department to clarify those rates issues. Are members content?
- Members indicated assent.*
29. **Ms Hamill:** The next request is from the Department of Justice (DOJ), and relates to expenditure that impacts on the Consolidated Fund. At the moment, the Court Funds Office holds moneys on behalf of several groups of individuals. The two largest groups are those that the courts have judged to be not in a good enough state of mental health to look after their own resources, and children under the age of 18. It also holds some other smaller moneys. It holds just under £300 million, of which £280 million relates either to people with mental health issues or to minors.
30. The rate of interest paid on the funds that it holds is set by a statutory rule. As you know, the process for statutory rules can take eight to 12 weeks to work its way through. That creates a lag for any changes in interest rates in the fund and interest rates due to people whose funds are being held. If interest rates are dropping, that delay can sometimes work to the advantage of individuals whose moneys are being held. Equally, if interest rates are rising, it can be a disadvantage. The legislation proposes to remove the need for a statutory rule, and instead allow the Department of Justice to make a statement of provision, with DFP approval. That should allow the process to be much quicker and should smooth out those fluctuations in interest rates.
31. **The Chairperson:** Fiona, how long has the statutory rule that you are referring to been in place?
32. **Ms Hamill:** Since 1979. The Court Funds Rules (Northern Ireland) 1979 requires that adjustments take place by way of statutory rule.
33. **Mr Cree:** 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?
34. **Ms Hamill:** Sorry —
35. **Mr Cree:** 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?
36. **Ms Hamill:** I understand what you are saying. However, if we took that approach, we would be introducing significant risk to the funds secured on behalf of individuals.
37. **Mr Cree:** It should not be a significant risk if it is a short-term investment with guaranteed interest. Money debt is a very simple example.
38. **Ms Hamill:** We can certainly raise that as a separate issue with the Department of Justice in respect of how the courts fund is managed. However, I would have to look at the other regulations around —
39. **Mr Cree:** It seems rather staid. It is slavishly following an old system. In these days of comparatively low interest rates, you have to make the most of any investment. Therefore, you need flexibility.

40. **Mr Weir:** I appreciate Leslie's point. As it is the DOJ that administers that, would it be worthwhile sending a note to the Justice Committee so that it can hold the Department to account? To be fair to the departmental officials, this is a bit outside their remit.
41. **Mr Cree:** I just wondered whether it had been thought of.
42. **Ms Hamill:** No, not directly. DFP looks after the Consolidated Fund moneys, but we transfer those to Treasury to be put onto the market. We do not speculate or invest, short term, on our own balances. However, I am happy to see what the DOJ says and get back to you.
43. **Mr Cree:** OK. Thanks.
44. **Ms Hamill:** The next request is from the Department for Social Development (DSD) to amend article 88 of the Housing (Northern Ireland) Order 1981. At the moment, the Housing Executive is able to sell small parcels of land that it no longer has use for. These are very small bits of land and are normally sold to individuals to extend or develop gardens, extensions, garages or informal space. In 2010-11, the Northern Ireland Housing Executive sold 108 small areas of land at an average price of £1,470. However, for each piece of land sold, the administration and transaction costs were in the region of £2,400. The amendment proposes that the Housing Executive will be able not only to sell the land, but recover the administration costs that go with that transaction. That will allow the Housing Executive to properly apply its policy of land disposal of undeveloped land that is not required for social housing purposes.
45. **Mr Girvan:** I want to raise something that may have to go back to the Social Development Committee. It is associated with the £2,000-odd administrative cost. Most of that would probably be associated with the bureaucracy of the Housing Executive. Any of you who have had to deal with its land and property development in Londonderry will know that it is an absolute nightmare. Could we have a breakdown to establish whether the cost represents value for money? I appreciate that you may have to request that from DSD. I ask because it is definitely the most inefficient transfer system that I have ever encountered. You could do 20 transactions in the private sector in the time it takes the Housing Executive to do one. I have serious concerns about how that is run. I appreciate the costs of the small land areas. Did you say it was £1,470?
46. **Ms Hamill:** Yes; the average price per transaction is £1,470.
47. **Mr Girvan:** And the administration costs?
48. **Ms Hamill:** They are £2,500.
49. **Mr Girvan:** That does not make sense to anyone; you would be far better just giving it to them.
50. **Mr Cree:** Not quite. *[Laughter.]*
51. **Mr Girvan:** It really is a nonsense. Are we just working to keep these people employed up there, shuffling papers round a desk? That is what I am starting to think. A request to take a serious look into that should be referred to the Social Development Committee.
52. **Mr Cree:** To be fair, it also illustrates the purpose of having these Financial Provisions Bills. You can review situations like that and bring them into a more realistic realm.
53. **Ms Hamill:** Yes. If you are going to introduce an ability to transfer those costs, the costs that are transferred should be reasonable.
54. The next amendment was at the request of the Northern Ireland Audit Office, and it is simply to change the terminology used in part of the Audit and Accountability (Northern Ireland) Order 2003. It would amend the definition of "relevant" NHS bodies. Following the reorganisation of the health bodies in Northern Ireland, the definition needs to be amended so that the Comptroller and Auditor General continues to retain the level of data-matching powers that he had. This amendment just ensures that.

-
55. The final proposal in the Bill allows the DOJ to catch up on outstanding issues following the devolution of policing and justice. Because it is a statutory body, the DOJ needs statutory authority to issue funds to any bodies. At the moment, the Police Rehabilitation and Retraining Trust and the Northern Ireland Police Fund do not have a statutory footing under the Police (Northern Ireland) Act 2000. Therefore, it could be irregular for the Department of Justice to provide funding to them. Historically, funding would have been provided to those bodies by the Northern Ireland Office, which, as a Crown agent, did not require the same statutory authority to provide that funding. This is, again, a situation where it is proposed to amend the legislation to correct a position that has slipped out of sync.
56. **Mr Cree:** May I check that those are both registered charities?
57. **Ms Hamill:** I will have to get confirmation of that for you. I assume that they are but I will have to confirm that.
58. As I said at the outset, we consider these to be minor changes and routine amendments to departmental responsibilities. I trust that that provides you with a reasonable summary of the Bill.
59. **The Chairperson:** Are members content?
Members indicated assent.
60. **The Chairperson:** Fiona and Cris, thank you very much.

11 September 2013

Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
 Mr Dominic Bradley (Deputy Chairperson)
 Mrs Judith Cochrane
 Mr Leslie Cree
 Ms Megan Fearon
 Mr Paul Girvan
 Mr John McCallister
 Mr David McIlveen
 Mr Mitchel McLaughlin
 Mr Adrian McQuillan
 Mr Peter Weir

Witnesses:

Mr Andrew McAvoy *Department of Finance*
 Mr Brian McClure *and Personnel*

61. **The Chairperson:** We move on to the next presentation on the Financial Provisions Bill.
62. **Mr Brian McClure (Department of Finance and Personnel):** The Committee will be aware that two other amendments to rating legislation are planned for the Consideration Stage of the Financial Provisions Bill. I will just briefly run through what those are. I mentioned the amendments to the Committee in a session in early June.
63. The first change is the early payment discount. This seeks to extend the current discount that is allowed for the early repayment of rates on occupied dwellings to unoccupied dwellings, that is, empty homes. Given the small number of ratepayers it will affect, it is expected that the cost of this extension will be fairly modest at around £240,000 a year, although that excludes Land and Property Services (LPS) IT costs. The amendment, which will amend article 30 of the Rates Order, has been drafted and will soon be before the Committee for consideration.
64. The other issue is an adjustment to clarify the need for ratepayers to provide an effective date of occupation to LPS. It is a fairly moderate technical change to article 26 of the Rates Order. The change has been requested by LPS to remove any uncertainty around the current provisions and to allow LPS to get much more accurate information for the purposes of rates billing and, in particular, the backdating of rates.
65. Those are the two proposals. The first is more to do with equal treatment between unoccupied and occupied properties. The other one is to help LPS bill when rates are due, particularly when it needs to find out what the date was when somebody modified their property, took up occupation or built their new property.
66. **The Chairperson:** I have a couple of brief points. You said that the cost of £240,000 for the second amendment is exclusive of and implementation costs. Are those costs minimal in your view?
- Secondly, your paper states:
- “The Department instructed OLC on provisions in autumn last year, but the provisions have not yet been drafted.”*
- Is there an issue there?
67. **Mr McClure:** They are drafted now. They were just drafted in the last day or two.
68. **Mr Andrew McAvoy (Department of Finance and Personnel):** The article 30 change for the 4% discount has been drafted. We have been advised by the Office of the Legislative Counsel (OLC) that the second change, the effective date one, is a fairly quick thing for it to do. We do not anticipate it taking too much longer with that, and it has advised us to that effect. They are online.
69. **Mr McClure:** The IT costs for the first measure will run into a few thousand pounds. It will be quite modest. It will

- certainly not increase the cost by tens of thousands of pounds.
70. **Mr Weir:** I apologise that I missed the start of that. When we shifted to the position of 100% rates on vacant homes, what additional sum did that bring in, at least by way of an additional rates burden?
71. **Mr McAvoy:** I think that the initial forecast was £10 million, but I would need to seek a view from LPS on that.
72. **Mr McClure:** It is of that order. It is around £10 million. I do not know the exact figure, but I can come back to you with it.
73. **Mr Weir:** To be fair, I asked that question to make a slightly different point. I wanted to get a ballpark figure for that. Essentially, if you bring the unoccupied homes on a par with occupied properties there is a range of reasons why that was done it will bring in £10 million. On the other side, it will cost £250,000 plus maybe a little bit of additional IT costs. It would be fairly indefensible to tell someone that they will have exactly the same burdens, irrespective of whether the house is occupied I know that there is a separate argument over the discount and the rate of the discount and that we are going to exclude them from the discount. That change seems fairly sensible. Similarly, I think the
74. **Mr McClure:** It was something that the previous Minister asked us to do to ensure equality of treatment between the occupied and the unoccupied sector.
75. **Mr Weir:** The other change will be a better driver for information. It will mean that people will be able to pinpoint timescales in a much more accurate and fairer way. They both seem fairly sensible and uncontroversial decisions.
76. **The Chairperson:** Brian, as far as moving this forward is concerned, when the amendments are drafted, will you come back to the Committee?
77. **Mr McClure:** Yes. You will be presented with the legislation in draft form before its introduction. We will come to back to you if you have any issues on that.
78. **The Chairperson:** OK. Thank you.

13 November 2013

Members present for all or part of the proceedings:

Mr Dominic Bradley (Deputy Chairperson)
 Mrs Judith Cochrane
 Mr Leslie Cree
 Mr Paul Girvan
 Mr John McCallister
 Mr Ian McCrea
 Mr Mitchel McLaughlin
 Mr Adrian McQuillan
 Mr Peter Weir

Witnesses:

Mr Brian McClure *Department of Finance and Personnel*
 Ms Fiona Hamill *Treasury Officer of Accounts*

79. **The Deputy Chairperson:** I welcome Mr Brian McClure, head of rating policy division in the Department of Finance and Personnel (DFP), and Ms Fiona Hamill, Treasury Officer of Accounts. You are very welcome. I ask either of you to make an opening statement.
80. **Ms Fiona Hamill (Treasury Officer of Accounts):** Thank you very much. As the Committee will be aware from previous discussions, financial provisions Bills are required at intervals to tidy up routine financial matters. The first draft of the Bill that we brought to the Committee for consideration included six items: the repeal of the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968; an amendment to the Harbours Act (Northern Ireland) 1970; two amendments for the Department of Justice (DOJ); an amendment to the Housing (Northern Ireland) Order 1981 to provide for administration costs associated with land transactions; some amendments to tidy up the Audit and Accountability (Northern Ireland) Order 2003 to do with changes in the Health and Social Care (Reform) Act (Northern Ireland) 2009; and two changes to do with the Department of Justice, the Police Rehabilitation and Retraining Trust (PRRT) and the Northern Ireland Police Fund (NIPF).
81. Those are the matters that the Committee previously considered. At that point, in response to questions raised by the Committee, we indicated that there was an understanding that we may need to bring forward further amendments to the Bill specifically to do with rates. That is really the principal matter that we are here to discuss today. Brian is leading policy on that, so I will hand over to him.
82. **Mr Brian McClure (Department of Finance and Personnel):** Thanks, Fiona.
83. As Fiona said, we are bringing forward two amendments. The first is changes in prompt payment or early payment discount, which is to be extended to ratepayers who have empty homes. The second is to clarify the information powers that Land and Property Services (LPS) has for discovering when occupiers take up occupation. We regard those as fairly routine financial matters, and the Committee has already been briefed on the policy and had sight of the draft provisions to be inserted at Consideration Stage.
84. The Office of Legislative Counsel (OLC), as recently as this week, drafted two additional provisions as a result of the landlord consultation that we undertook recently and on which we gave evidence to the Committee. If the Committee is content, we will issue final provisions on those two additional measures — four measures in total — to the Committee for consideration at the very earliest opportunity. We have just taken delivery of those this week.
85. I will just explain what those measures are, both of which were fully supported through the public consultation that we undertook recently. One is to remove the tenancy requirement; that is, the

- requirement for landlords to produce a tenancy agreement. We think, and this was supported by the consultation, that that is a needless process and adds a burden to landlords and LPS. Therefore, the proposal is to remove that stipulation in the Rates (Northern Ireland) Order 1977.
86. The second one is to remove articles 23 and 24 from the Rates Order, which put certain requirements on tenants. The articles have never been used and have been sitting dormant in the Rates Order. The consultation responses from the Landlords' Association and the Housing Rights Service said that we should remove them. Our legal advice was that we should remove them, and that is what we think we should do anyway. Therefore, we are removing article 23. The current provision states that if a landlord defaults, LPS can recover the rates due from the tenant, and we think that that should be removed. The other provision relates to a power to allow the Department to step in and act as landlord should there be an issue of default. We think that that could be detrimental to tenants.
87. Both measures were fully supported through the consultation, and we are taking them forward as amendments to the Bill at Consideration Stage.
88. I am more than happy to take questions on that. We will provide draft provisions on both those landlord changes at the earliest opportunity.
89. **The Deputy Chairperson:** Thanks very much. LPS requested a DFP technical amendment to clarify the need for ratepayers to provide an effective date of occupation to LPS. In a previous evidence session, officials indicated to us that that amendment would help LPS with billing when rates are due. Are there any specific examples of difficulties that are currently posed by the absence of that power?
90. **Mr McClure:** The current provision is pretty vague, and what we want to do is put it beyond any reasonable doubt that LPS can secure that information from occupiers — “When did you take up occupation?” — and require them to provide a date. It does go to the heart of its bill calculation process and the recovery of rates. I cannot give you any particular examples, but you can see why LPS would want to put it beyond doubt that it has the power to ask ratepayers to tell it when they took up occupation. At the moment, the current provision in the Rates Order is just not clear enough, and we think that it needs to be bolstered.
91. **The Deputy Chairperson:** It is not entirely clear from the information in the briefing paper from 17 October who will take forward the amendment to clauses 3 and 6 of the Bill on the Department of Justice. When will the wording of those provisions be forthcoming for Committee consideration, and which Minister will table those amendments at Consideration Stage?
92. **Mr McClure:** We hope to have the wording available to you within the next week or two.
93. **Ms Hamill:** Yes. DFP is responsible for that group.
94. **The Deputy Chairperson:** They will be coming through DFP.
95. **Ms Hamill:** They will, yes.
96. **Mr D Bradley:** Yes.
97. **The Deputy Chairperson:** OK. The Committee previously sought information on the management of money by the Court Funds Office. The response is outlined in members' packs.
98. It explains that, under 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. As a result, the Court Funds Office is unable to move money about to avail itself of competitive interest rates. With reference to the DOJ response on that issue, and given the devolution of justice powers, why has the position not been

amended to enable the Court Funds office here to better control the moneys that it holds?

99. **Ms Hamill:** Broadly because the Northern Ireland block uses the Debt Management Office for all its deposits. It is about fiscal security, rather than having the money sitting in commercial bank accounts gathering fees. We sweep all money — all spare resources for the Northern Ireland block — back to the DMO out of our commercial accounts. It is and has been good practice not to have large balances of public money sitting out, particularly over the past few years when there have been vulnerabilities in the banking systems.
100. **The Deputy Chairperson:** OK. You mentioned the two new measures coming from LPS. When will the Committee have sight of those?
101. **Mr McClure:** We got the first drafts through this week. We have to clear the amendments through the Minister. We will get them to you as soon as we can. We hope to have them with you within a matter of days, certainly within a couple of weeks.
102. **The Deputy Chairperson:** There are no more questions. Thank you for your evidence this morning. I look forward to receiving the new amendments when they are cleared by the Minister.

4 December 2013

Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
 Ms Michaela Boyle
 Mr Leslie Cree
 Mr Paul Girvan
 Mr John McCallister
 Mr Ian McCrea
 Mr Adrian McQuillan
 Mr Peter Weir

Clause 1 (Repeal of the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968)

103. **The Chairperson:** No issues were raised in the evidence to the Committee about the clause.

Question, That the Committee is content with the clause, mindful that the Committee for Agriculture and Rural Development does not have any concerns with its provisions, put and agreed to.

Question, That the Committee is content with clause 2, mindful that the Committee for Agriculture and Rural Development does not have any concerns with its provisions, put and agreed to.

New Clause

104. **The Chairperson:** The new clause is on the rating of owners instead of occupiers in certain cases.

Question, That the Committee is content with the new clause, for which the Minister will table an amendment at Consideration Stage to read as per the wording provided at addendum 1, put and agreed to.

New Clause

105. **The Chairperson:** The new clause is on the repeal of articles 23 and 24 of the Rates (NI) Order 1977.

Question, That the Committee is content with the new clause, for which the Minister will table an amendment at Consideration

Stage to read as per the wording provided at addendum 2, put and agreed to.

New Clause

106. **The Chairperson:** The new clause concerns the power of the Department of Finance and Personnel to require information for rating purposes. An issue was raised about the clause, to which DFP responded. The Committee was content with the clarification provided.

Question, That the Committee is content with the new clause, for which the Minister will table an amendment at Consideration Stage to read as per the wording provided at addendum 3, put and agreed to.

New Clause

107. **The Chairperson:** The new clause is to do with a discount on rates on dwellings.

Question, That the Committee is content with the new clause, for which the Minister will table an amendment at Consideration Stage to read as per the wording provided at addendum 4, put and agreed to.

108. **Mr Girvan:** May I just clarify one point? That is to allow those with vacant properties to take advantage of the discount, is that correct?

109. **The Committee Clerk:** Yes.

110. **Mr Girvan:** That is OK.

Clause 3 (Provision as to payment of interest on funds in court)

111. **The Chairperson:** The Committee was content with the clarification provided by the Department. The Department will bring forward an amendment to clause 3 too.

Question, That the Committee is content with the clause, subject to the amendment to be tabled by the Minister at Consideration Stage to read as per the wording provided at addendum 5 and mindful that the

Committee for Justice has no concerns with its provisions, put and agreed to.

Clause 4 (Power of Northern Ireland Housing Executive to recover certain costs)

112. **The Chairperson:** The Committee was content with the clarification provided by the Department.

Question, That the Committee is content with the clause, mindful that the Committee for Social Development has not expressed any concerns with its provisions, put and agreed to.

Question, That the Committee is content with clause 5, mindful that the Public Accounts Committee and the Audit Committee do not have any concerns with its provisions, put and agreed to.

Clause 6 (Expenditure on bodies providing services for the police, etc.)

113. **The Chairperson:** The Committee was content with the clarification provided. The Department will bring forward an amendment to the clause.

Question, That the Committee is content with the clause, subject to the amendment to be tabled by the Minister at Consideration Stage to read as per the wording provided at addendum 6 and mindful that the Committee for Justice does not have any concerns with its provisions, put and agreed to.

Question, That the Committee is content with clause 7, put and agreed to.

Question, That the Committee in content with clause 8, subject to the amendment to be tabled by the Minister at Consideration Stage to read as per the wording provided at addendum 7, put and agreed to.

Question, That the Committee is content with the schedule, subject to the amendment to be tabled by the Minister at Consideration Stage to read as per the wording provided at addendum 8, put and agreed to.

Question, That the Committee is content with clause 9, put and agreed to.

Question, That the Committee agree the long title of the Bill, subject to the amendment to be tabled by the Minister at Consideration Stage to read as per the wording provided at addendum 9, put and agreed to.

114. **The Chairperson:** A working draft report has been tabled for Committee consideration. Members are being asked to consider the report and forward any comments to the Committee Clerk before close of play on Friday. The Committee is required to report to the Assembly by 12 December, in accordance with the timetable for the Committee Stage of the Bill. Are members content?

Members indicated assent.

115. **The Committee Clerk:** In the tabled papers, there is a short working draft of the report. The first section is background information on the Committee's approach to the evidence taken. There is then a section on the consideration of the Bill's provisions. That narrates the different issues that were identified by members of this Committee and any of the other applicable Committees, as well as the clarifications and explanations provided. There is then a section on clause-by-clause consideration, which will be added to based on the minutes of this meeting. There is then a possible generic conclusion and recommendation, acknowledging the input from other Committees and the Department in responding to and addressing the issues raised by the Committees. The draft report highlights the fact that financial provisions Bills, by their very nature, tend to be catch-all vehicles for different Departments to add provisions, and sometimes that can lead to late amendments, as in this case. Therefore, there is a recommendation to DFP to be mindful of that, going forward.

116. This is just for members' initial consideration. If there are any thoughts on it, I ask you to relay them to me for Friday. I will provide a final draft for formal consideration next week.



Northern Ireland
Assembly

Appendix 3

DFP Papers and Correspondence

DFP - Financial Provisions Bill – 17 May 2013

Assembly Section

Craigtlet Buildings
Stormont
BT4 3SX

Tel No: 02890 163376
email: Judith.finlay@dfpni.gov.uk

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

Our Ref: CFP231/11-15

17 May 2013

Dear Shane,

Financial Provisions Bill 2013

The Financial Provisions Bill is currently at draft stage with the Office of Legislative Council.

I have been advised that the main purpose of the Bill is to adjust statutory limits and to address other routine financial matters for departments. Departments have been asked to commission non-controversial items for inclusion in the Bill and a total of six items were considered suitable for inclusion. Instructions were forwarded to Counsel on 8 February 2013 to enable the drafting of the Bill. DFP is the lead Department on this occasion and officials in Central Finance Group (CFG) have advised that the following requirements for inclusion in the Bill have been identified:-

- to amend the Harbours Act (NI) to permit the Department to provide Grant in Aid to the NI Fishery Harbour Authority (DARD);
- to propose a statutory footing for both the Police Rehabilitation and Retraining Trust (PRRT) and the Northern Ireland Police Fund (NIPF) within part 9 of the Police (Northern Ireland) Act 2000 to establish the NIPF and PRRT as statutory bodies and enable DOJ to make regulations (DOJ);
- to amend the Judicature (Northern Ireland) Act 1978 to enable the Courts Fund Office interest rates to be adjusted by way of Ministerial Directions (DOJ);
- to amend Article 88 of the Housing (Northern Ireland) order 1981 to provide the Housing Executive with statutory power to charge for its administration and transaction costs associated with general discretionary land transactions along similar lines to the provisions in section 93 of the Local Government Act 2003 (DSD);
- to amend Article 4D (6)(b)(i) of the Audit and Accountability (Northern Ireland) Act 2003, replacing 'a body to which Article 90 of the Health and Personal Social Services (Northern Ireland) Order 1972 (NI 14) applies' with corresponding reference in the Health and Social Care (Reform) Act (Northern Ireland) 2009 (NIAO); and,
- to repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968 in its entirety. (DARD)

Officials from CFG are available to brief the Committee on the policy implications of the Bill at their meeting on Wednesday 5 June. These proposals are then currently scheduled to be considered by the Executive on Thursday 6 June.

The policy memorandum, Bill and Explanatory and Financial Memorandum will be forwarded to the Committee after the Executive meeting. Following this, officials will make themselves available to the Committee for a preintroduction briefing if required.

As outlined above, the provisions within the Bill will be a matter of interest for the Committees for Social Development, Justice, Agriculture, the Audit Committee and the Public Accounts Committee. I would be grateful if you could co-ordinate the comments of the other Committees and come back to me as soon as possible.

Yours sincerely,

Judith Finlay

Departmental Assembly Liaison Officer

DFP - Policy Background Briefing – 29 May 2013

Financial Provisions Bill (Northern Ireland) 2013

From: Judith Finlay

Date: 29 MAY 2013

Summary

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

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

Restrictions: None

Introduction

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

Background

Need for Legislation

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

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

The Bill

The BILL makes provisions for the following six items:-

- **Grant in aid in respect of expenses incurred:** which empowers the Department of Agriculture to provide grant-in-aid in respect of operational costs incurred by the Northern Ireland Fishery Harbour Authority in executing its statutory functions. Prior to the proposed amendment, the Department could only provide financial assistance by way of loan or grant.
- **Founding legislation:** will allow the Northern Ireland Police Fund (NIPF) and the Police Rehabilitation and Retraining Trust (PRRT) to have a statutory footing and allow the Department of Justice (DOJ) to make regulations of these bodies. With the statutory foundation, DOJ will have the statutory power to fund both organisations.
- **Expenditure impacting the Consolidated Fund:** which empowers the Department of Justice (with the concurrence of DFP) to make provision as to the payment of interest on

funds in court by way of Ministerial Direction. The Court Funds office (CFO) is responsible for the management of funds held in court on behalf of minors and patients who are deemed incapable of managing their own affairs. CFO applies interest to funds held which are set out in the Court Funds Rules (NI) 1979 and can only be adjusted by way of a new Statutory Rule which can take from 8 to 12 weeks. Funds are placed in deposit accounts or short term and long term investment accounts which earn interest in accordance with Bank of England base rates. CFO applies interest in accordance to the 1979 rules. Differences between base rates and CFO rates will lead to either a surplus or deficit where the deficit is recovered from the Consolidated Fund. CFO interest rates in England and Wales can be amended by way of a Ministerial direction which allows the CFOs there to react more efficiently to changes in Bank of England base rates.

- **Repeal of legislation:** due to a lessening demand for loans and the need to reduce Government expenditure, the Department of Agriculture, after consultation with the Ulster farmers' Union, ceased accepting loan applications after 30 November 1979. Since its inception a total of £20M has been issued from the Agricultural Loan Fund. There is no principal outstanding and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full. The legislation is no longer required and needs to be repealed.
- **Recoupment of costs:** which empowers the Housing Executive (HE) to charge the purchaser of undeveloped land for its administrative and transaction costs relating to the sale. Under Article 88 of the Housing (NI) Order 1981, the Northern Ireland Housing Executive has statutory authority to dispose any land held by it which is not required for social housing. For each piece of land sold, the HE bears administration and transaction cost but does not have the specific statutory authority to charge the purchaser for its costs. It is its intention therefore to seek authority along the lines of section 93 of the Local Government Act 2003 where it enables local authorities to charge for discretionary services provided that the person receiving the service has agreed to its provision, there is no statutory provision expressly forbidding it, there is no other provision enabling the charge and the income received does not exceed the cost over a financial year.
- **Maintaining consistency:** between the Audit and Accountability (NI) Order 2003 and the Health and Social Care (Reform) Act (NI) 2009 is required to allow the Comptroller and Auditor General (C&AG) to carry out data matching exercises for the purposes of assisting in the prevention and detection of fraud. Since the Audit and Accountability Order has not been updated to refer to the restructured health and social care bodies, an amendment to Article 4D (6)(b)(i) of the Audit and Accountability (NI) Act 2003 is required to correspond to the references in the Health and Social Care (Reform) Act (NI) 2009, which will maintain consistency with the definition of a 'relevant NHS body' (for the purposes of data matching) in the other jurisdictions of the United Kingdom.

Draft Timetable for the Bill

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

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

Financial Effects of the Bill

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

Other Committees

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

Executive Clearance

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

DFP - Harbour Commissioners Response – 31 May 2013

Assembly Section

Craigtantlet Buildings
Stormont
BT4 3SX

Tel No: 02890 163376
email: Judith.finlay@dfpni.gov.uk

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

Our Ref: CFP 231/11-15

31 May 2013

Dear Shane,

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 the 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.

Yours sincerely,

Judith Finlay

Departmental Assembly Liaison Officer

DFP - DALO letter to Committee Clerk – 18 June 2013

Assembly Section

Craigtanlet Buildings
Stormont
BT4 3SX

Tel No: 02890 163376
email: Judith.finlay@dfpni.gov.uk

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

Our Ref –CFP251/11-15

18 June 2013

Dear Shane,

Thank you for your letter of 5 June in relation to the Financial Provisions Bill.

You may be aware that since your letter the Office of Legislative Counsel (OLC) has written to the Clerk of Bills on 7 June to outline the fact that the Minister of Finance and Personnel intends to bring forward two amendments to the Bill at Consideration Stage. Both relate to rating legislation.

The first amendment is a technical provision requested by Land and Property Services which would enable DFP to establish and maintain more accurate records for the purposes of rates collection. It will see current provision clarified in relation to LPS' ability to request effective dates for occupation.

The second amendment would seek to extend the current discount allowed for early payment of rates in relation to occupied dwellings to unoccupied dwellings. This is forecasted to effect only a small number of ratepayers, with the likely maximum cost of estimated by LPS approximately £240,000 (exclusive of IT implementation costs).

The Department instructed OLC on provisions in autumn last year, but the provisions have not yet been drafted. The Committee will wish to note OLC's advice to the clerk of Bills that any amendment dealing with a routine financial matter which has no impact on the overall expenditure of Northern Ireland departments would be within the scope of the Bill.

Once the amendment provisions have been developed, and the Minister is content that they reflect the changes required the Department will provide further details on the provisions to the Committee at the earliest opportunity. This is likely to be immediately following summer recess.

Yours sincerely,

Judith Finlay

Departmental Assembly Liaison Officer

DFP letter regarding Clause 6(2) – 3 October 2013

Assembly Section

Clare House
303 Airport Road

Tel No: 02890 816715
email: Judith.Finlay@dfpni.gov.uk

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

3 October 2013

Dear Shane,

In response to the query raised by the Examiner of Statutory Rules on the draft Financial Provisions Bill, Clause 6(2) will be amended to make the regulations subject to negative resolution. This has been agreed with the Department of Justice and the DFP Minister will table an amendment.

The wording of the amendment will be forwarded to Committee in time for the meeting scheduled for the 23 October.

Yours sincerely,

Judith Finlay

Departmental Assembly Liaison Officer

DFP - Financial Provisions Bill Paper – 17 October 2013

Assembly Section

Clare House
303 Airport Road West
BT3 9ED

Tel No: 02890 816715
email: Judith.Finlay@dfpni.gov.uk

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,

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 shortterm 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.

DFP - Rating Amendments to be included in the Financial Provisions Bill – 24 October 2013

Assembly Section

Clare House
303 Airport Road West
BT3 9ED

Tel No: 02890 816715
email: Judith.Finlay@dfpni.gov.uk

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

Our Ref –CFP274/11-15

24 October 2013

Dear Shane,

Financial Provisions Bill – Rating Amendments

At their meeting on 11 September Committee Members requested details of the rates provisions to be included in the Financial Provisions Bill.

These details are provided in the attached paper.

Yours sincerely,

Judith Finlay

Departmental Assembly Liaison Officer

Rates Provisions to be Included in the Financial Provisions Bill

Amendment 1

New Clause

After clause 2 insert -

‘Power of Department of Finance and Personnel to require information

2A. - (1) Article 26 of the Rates (Northern Ireland) Order 1977 (power of Department to require information as to ownership, etc.) is amended as follows.

(2) In paragraph (1) -

(a) at the end of sub-paragraph (a) insert “and the date on which he acquired that interest”;

(b) after sub-paragraph (c) insert -

“(cc) the date on which he began to occupy the hereditament;”.

(3) After paragraph (1) insert -

“(1A) The Department may, for the purposes of this Order, serve a notice on the owner of any hereditament requiring him to state to the Department in writing, within a period and in the manner specified in the notice -

(a) the date on which he acquired ownership of the hereditament; and

(b) the date, if any, on which he began to occupy the hereditament.”.

(4) In paragraph (2B)(a) after “(1)” insert “,(1A)”.’

Amendment 2

New Clause

After clause 2 insert -

'Discount on rates on dwellings

2B. - (1) Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) is amended as follows.

(2) After paragraph (2) insert -

“(2ZA) An allowance shall be granted in accordance with paragraph (2ZC) to any person entitled to possession of a hereditament to which paragraph (2ZB) applies who pays the net amount due on account of a rate in respect of that hereditament in a single sum before such date as the Department may notify to him.

(2ZB) This paragraph applies to a hereditament in the capital value list in respect of which rates are chargeable under Article 25A where the hereditament is a hereditament which -

(a) is not in use; and

(b) is a hereditament which the Department considers will, when next in use, be a dwelling-house or, though not a dwelling-house, will be used partly for the purposes of a private dwelling; and

(c) is not the subject of an agreement under Article 21.

(2ZC) The allowance shall be by way of a discount of 4% on the amount payable on account of the rate as is computed by reference to the rateable capital value of the hereditament.”.

(3) In paragraph (2A) after “(2)” insert “or (2ZC)”.

Amendment 3

Clause 8, Page 3, Line 21

Leave out 'Section 5 comes' and insert 'Sections 2A, 2B and 5 come'

DFP - Response to Committee on amendments to clauses 3 and 6 – 18 November 2013

Assembly Section

Clare House
303 Airport Road West
BT3 9ED

Tel No: 02890 816715
email: Gearoid.cassidy@dfpni.gov.uk

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

Our Ref –CFP278/11-15

18 November 2013

Dear Shane,

Financial Provisions Bill

As requested by the Committee, the wording of amendments to clauses 3 and 6 of the Bill are as follows:-

Draft Clause 3

before amendment:-

3. In section 82 of the Judicature (Northern Ireland) Act 1978 (rules as to funds in court) in subsection (1) –

- a) for ‘may make rules’ substitute ‘**may make provision as** to the payment of interest on funds in court and may make rules’

proposed amendment:-

Leave out ‘**make provision as**’ and insert ‘**give directions in relation to**’

Draft Clause 6

before amendment:-

- 6. (2) Without prejudice to any other statutory provision enabling it in that behalf, the Department of Justice may make **regulations** providing for the constitution, functions, procedures and financing of the bodies referred to in subsection (1).

proposed amendment:-

- Clause 6, Page 3, Line 6
After ‘**regulations**’ insert ‘**subject to negative resolution**’

The information requested in relation to the two additional amendments to the Bill in respect of rating legislation will follow separately.

Yours sincerely,

Gearóid Cassidy

Departmental Assembly Liaison Officer

DFP letter dated 19 November 2013, regarding two new draft rating clause – 19 November 2013

Assembly Section

Clare House
303 Airport Road West
BT3 9ED

Tel No: 02890 816715
email: Gearoid.cassidy@dfpni.gov.uk

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

Our Ref –CFP278/11-15

19 November 2013

Dear Shane,

Financial Provisions Bill

Please find attached the two new draft rating clauses referred to at the Committee Evidence Session on the Financial Provisions Bill on 13 November 2013.

These two draft amendments, and the two earlier draft rating amendments discussed with the Committee on 11 September 2013, will be put forward as Ministerial amendments during Consideration Stage for the Bill.

Yours sincerely,

Gearóid Cassidy

Departmental Assembly Liaison Officer

New Clause 1

After clause 2 insert -

'Rating of owners instead of occupiers in certain cases

2A. In Article 20 of the Rates (Northern Ireland) Order 1977 (rating of owners instead of occupiers in certain cases) -

(a) in paragraph (1) -

(i) in sub-paragraph (a), after "hereditament" insert "(where the hereditament does not have a net annual value and a capital value)";

(ii) in sub-paragraph (b) for "£55,000" substitute "£150,000";

(iii) in sub-paragraph (c), for head (ii) substitute -

"(ii) its net annual value does not exceed £1,590;"

(b) in paragraph (1A), for the words from "both conditions" to the end of that paragraph substitute "the conditions in sub-paragraphs (b) and (c) (ii) of paragraph (1) must be satisfied, but the condition set out in sub-paragraph (c)

(i) of that paragraph does not apply in relation to such a hereditament.".'

New Clause 2

After clause 2 insert -

'Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

2B. Articles 23 (liability of occupier for rates unpaid by owner) and 24 (recovery of rates from tenants and lodgers) of the Rates (Northern Ireland) Order 1977 are repealed.'

DFP letter dated 19 November 2013, regarding two new draft rating clauses – 19.11.2013

Assembly Section

Clare House
303 Airport Road West
BT3 9ED
Tel No: 02890 816715
email: Gearoid.cassidy@dfpni.gov.uk



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

Our Ref –CFP278/11-15

19 November 2013

Dear Shane,

Financial Provisions Bill

Please find attached the two new draft rating clauses referred to at the Committee Evidence Session on the Financial Provisions Bill on 13 November 2013.

These two draft amendments, and the two earlier draft rating amendments discussed with the Committee on 11 September 2013, will be put forward as Ministerial amendments during Consideration Stage for the Bill.

Yours sincerely,

GEARÓID CASSIDY
Departmental Assembly Liaison Officer

New Clause 1

After clause 2 insert -

'Rating of owners instead of occupiers in certain cases

2A. In Article 20 of the Rates (Northern Ireland) Order 1977 (rating of owners instead of occupiers in certain cases) -

(a) in paragraph (1) -

(i) in sub-paragraph (a), after "hereditament" insert "(where the hereditament does not have a net annual value and a capital value)";

(ii) in sub-paragraph (b) for "£55,000" substitute "£150,000";

(iii) in sub-paragraph (c), for head (ii) substitute -

"(ii) its net annual value does not exceed £1,590;"

(b) in paragraph (1A), for the words from "both conditions" to the end of that paragraph substitute "the conditions in sub-paragraphs (b) and (c) (ii) of paragraph (1) must be satisfied, but the condition set out in sub-paragraph (c) (i) of that paragraph does not apply in relation to such a hereditament.".'

New Clause 2

After clause 2 insert -

'Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

2B. Articles 23 (liability of occupier for rates unpaid by owner) and 24 (recovery of rates from tenants and lodgers) of the Rates (Northern Ireland) Order 1977 are repealed.'

DFP - Financial Provisions Bill FINAL List of Amdts 25 Nov 2013

Financial Provisions Bill - Amendments for Consideration Stage

New Clause

After clause 2 insert -

'Rating of owners instead of occupiers in certain cases

2A. In Article 20 of the Rates (Northern Ireland) Order 1977 (rating of owners instead of occupiers in certain cases) -

- (a) in paragraph (1) -
 - (i) in sub-paragraph (a), after "hereditament" insert "(where the hereditament does not have a net annual value and a capital value)";
 - (ii) in sub-paragraph (b) for "£55,000" substitute "£150,000";
 - (iii) in sub-paragraph (c), for head (ii) substitute -
 - "(ii) its net annual value does not exceed £1,590;"
- (b) in paragraph (1A), for the words from "both conditions" to the end of that paragraph substitute "the conditions in sub-paragraphs (b) and (c) (ii) of paragraph (1) must be satisfied, but the condition set out in sub-paragraph (c) (i) of that paragraph does not apply in relation to such a hereditament."'

New Clause

After clause 2 insert -

'Repeal of Articles 23 and 24 of the Rates (Northern Ireland) Order 1977

2B. Articles 23 (liability of occupier for rates unpaid by owner) and 24 (recovery of rates from tenants and lodgers) of the Rates (Northern Ireland) Order 1977 are repealed.'

New Clause

After clause 2 insert -

'Power of Department of Finance and Personnel to require information

2C. - (1) Article 26 of the Rates (Northern Ireland) Order 1977 (power of Department to require information as to ownership, etc.) is amended as follows.

- (2) In paragraph (1) -
 - (a) at the end of sub-paragraph (a) insert "and the date on which he acquired that interest";
 - (b) after sub-paragraph (c) insert -
 - "(cc) the date on which he began to occupy the hereditament;"

(3) After paragraph (1) insert -

"(1A) The Department may, for the purposes of this Order, serve a notice on the owner of any hereditament requiring him to state to the Department in writing, within a period and in the manner specified in the notice -

- (a) the date on which he acquired ownership of the hereditament; and

(b) the date, if any, on which he began to occupy the hereditament.”.

(4) In paragraph (2B)(a) after “(1)” insert “, (1A)”.

New Clause

After clause 2 insert -

‘Discount on rates on dwellings

2D. - (1) Article 30 of the Rates (Northern Ireland) Order 1977 (discount on rates on dwellings) is amended as follows.

(2) After paragraph (2) insert -

“(2ZA) An allowance shall be granted in accordance with paragraph (2ZC) to any person entitled to possession of a hereditament to which paragraph (2ZB) applies who pays the net amount due on account of a rate in respect of that hereditament in a single sum before such date as the Department may notify to him.

(2ZB) This paragraph applies to a hereditament in the capital value list in respect of which rates are chargeable under Article 25A where the hereditament is a hereditament which -

- (a) is not in use; and
- (b) is a hereditament which the Department considers will, when next in use, be a dwelling-house or, though not a dwelling-house, will be used partly for the purposes of a private dwelling; and
- (c) is not the subject of an agreement under Article 21.

(2ZC) The allowance shall be by way of a discount of 4% on the amount payable on account of the rate as is computed by reference to the rateable capital value of the hereditament.”.

(3) In paragraph (2A) after “(2)” insert “or (2ZC)”.

Clause 3, Page 2, Line 13

Leave out ‘make provision as’ and insert ‘give directions in relation’

Clause 6, Page 3, Line 6

After ‘regulations’ insert ‘subject to negative resolution’

Clause 8, Page 3, Line 21

Leave out ‘Section 5 comes’ and insert ‘Sections 2A, 2B, 2C, 2D and 5 come’

Schedule, Page 4, Line 15

At end insert -

‘The Rates (Northern Ireland) Order 1977 Articles 23 and 24.’

Long title

In the long title after ‘authorities;’ insert ‘to amend the Rates (Northern Ireland) Order 1977’



Northern Ireland
Assembly

Appendix 4

Written Submissions

PAC Financial Provisions Bill - 30 May 2013

Public Accounts Committee

Room 371

Parliament Buildings

Tel: +44 (0) 28 90521208

Fax: +44 (0) 28 90520366

Email: pac.committee@niassembly.gov.uk

From: Aoibhinn Treanor, Clerk to the Public Accounts Committee

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

Date: 30 May 2013

Subject: Financial Provisions Bill 2013

Thank you for your correspondence regarding the Financial Provisions Bill. The Public Accounts Committee (PAC) considered this at its meeting on 29 May 2013.

The provision in relation to the remit of the C&AG updates the definition of a relevant NHS body, reflecting reorganisation in the health system, for the purposes of the C&AG's datamatching powers which he exercises for the prevention and detection of fraud.

The provision amends the Audit and Accountability (Northern Ireland) Order 2003 to replace a reference to 1972 health legislation (the Health and Personal Social Services (Northern Ireland) Order 1972) with a reference to 2009 health legislation (the Health and Social Care (Reform) Act (Northern Ireland) 2009).

The Committee sought to establish from the Comptroller and Auditor General the practical and financial implications of the Bill. As the C&AG advised that the proposed amendment is revenue neutral and serves to update references across statutory instruments and to formalise what is already current practice, the Committee agreed that it has no objections or additional commentary to make at this stage.

Financial Provisions Bill Briefing

What the clause in the Bill means

Given the major reorganisation of health bodies in Northern Ireland, the clause in the bill will update the definition of a 'relevant NHS body' in Northern Ireland for the purposes of the Comptroller and Auditor General's data matching powers through substituting the reference in Article 4D(6)(b)(i) of the Audit and Accountability (NI) Order 2003 to Article 90 of the Health and Social Services (Northern Ireland) Order 1972, which has been repealed by the Health and Social Care (Reform) Act (Northern Ireland) 2009, with the corresponding reference in the 2009 Act.

The Serious Crime Act 2007 inserts provisions in the Audit and Accountability (NI) Order 2003 providing the Comptroller and Auditor General with the power to carry out data matching exercises for the purpose of assisting in the prevention and detection fraud.

Data matching involves comparing pieces of data or information held by one body against the other records held by the same or another body. This allows potentially fraudulent claims and payments to be identified for investigation

Under his data matching powers, the Comptroller and Auditor General can obtain data from Northern Ireland public sector bodies for data matching and disclose the results to them for investigation. This includes health services bodies. Article 4D (6)(b)(i) of the Audit and Accountability (NI) Order 2003 provides the definition of a 'relevant NHS body' in Northern Ireland that can receive data matches involving patient data – 'a body to which Article 90 of the Health and Social Services (Northern Ireland) Order 1972 applies'. A major reorganisation of NI health bodies under the Health and Social Care (Reform) Act (Northern Ireland) 2009 means that the reference to the 1972 Order is no longer appropriate.

What the financial effects are

None.

By way of general information, the C&AG's data matching exercises incur costs for the NIAO and the bodies following up the matches, but these are far outweighed by the savings identified. Also, data matching has a deterrent effect.

Current position

The current position is that the C&AG can continue to request patient data from NI health bodies for a data matching exercise but can no longer disclose the results of data matching exercises involving patient data to these bodies for follow up. This effectively means that patient data cannot currently be used in data matching exercises.

Reason for change

The purpose of the clause in the bill is to restore the position enacted under the Serious Crime Bill 2007 by updating the definition of a health services body in Northern Ireland following the restructuring of the health sector in 2009. This will enable the C&AG, if he so decides, to carry out a data matching exercise using patient data and disclose the results to the relevant health services bodies for appropriate follow up.

Impact of the change

Realignment of the C&AG's data matching powers with those enacted in 2007.

Positions in other jurisdictions

In the other parts of the UK, the public audit agencies (comprising the Audit Commission, Audit Scotland and the Auditor General for Wales) have data matching powers also enabling the use of patient data in exercises to assist in the prevention and detection of fraud, and the disclosure of the results of these exercises to the relevant NHS bodies. For each of these public audit agencies, 'relevant NHS body' extends not just to those in their own jurisdiction, but to those in the other parts of the United Kingdom.

Schedule 7 of the Serious Crime Act 2007 sets out data matching in England, Wales and Northern Ireland. The powers rest with the Audit Commission in England, the Auditor General for Wales in Wales and the Comptroller and Auditor General in Northern Ireland. In each jurisdiction, patient data can be obtained for data matching and the results disclosed to the relevant health services bodies, which are defined by reference to statute.

Provisions inserted in the Public Finance and Accountability (Scotland) Act 2000 by section 97 of the Criminal Justice and Licensing (Scotland) Act 2010 provide Audit Scotland with the power to conduct data matching. In similarity with the other parts of the UK, it can obtain patient data for data matching to assist with the prevention and detection fraud. As the restructuring of the health service in Northern Ireland preceded the enacting of the Scottish legislation, the latter defines a 'relevant Health Services body' in Northern Ireland by reference to paragraphs (a) to (e) of section 1(5) of the Health and Social Care (Reform) Act (Northern Ireland) 2009. This is the same reference as that being inserted into the NI legislation by the Financial Provisions Bill.

Why is this Bill the most suitable legislative vehicle?

There is no other current vehicle that would be suitable. It is considered that this matter is in accordance with the purpose of the bill as it is a routine matter that has no impact on the overall quantum of Government expenditure in Northern Ireland.

Why is this provision considered non controversial?

The clause is not seeking to adjust the C&AG's data matching powers but to update the definition of a 'relevant NHS Body' in Article 4D of the Audit and Accountability (NI) Order 2003.

Possible questions

Why was Article 4D of the Audit and Accountability (NI) Order 2003 not amended by the Health and Social Care (Reform) Act (Northern Ireland) 2009?

NIAO is not aware why a consequential amendment for this matter was not included in the 2009 Act. [Parliamentary Counsel involved in drafting the 2009 Act may have insight to this.]

NIAO only became aware that the legislation may require amendment in 2009 when the C&AG was considering using his data matching powers to participate in an exercise involving patient data being run by the Audit Commission. At the same time, and unrelated, the Office was asked to confirm the reference to 'relevant health services body' in Article 4D for application in legislation being drafted to provide Audit Scotland with data matching powers. NIAO sought advice from the Departmental Solicitor's Office, which identified that Article 4D needed updated to refer to the 2009 Act (which was then in place).

Has the C&AG used patient data in data matching?

The first use of the C&AG's new data matching powers was in the 2008-09 National Fraud Initiative run by the Audit Commission. This did not involve the use of patient data. The possible use of patient data arose in 2009 when the NIAO considered participating in another exercise being planned by the Audit Commission. It was at that point the Office established that Article 4D of the Audit and Accountability (NI) Order required updating. Given the absence of statutory authority to disclose the results of data matching involved patient data to health and social care bodies in Northern Ireland, no data matching of patient data has been conducted by the C&AG in this area.

What controls exist in the legislation for using patient data?

Data matching provisions allow for patient data to be matched to prevent and detect fraud. There are however limitations on how this data can be used and disclosed. Patient data cannot go beyond NHS bodies and their auditor, and patient data cannot be provided to the C&AG under the voluntary scheme within the provisions.

The Comptroller and Auditor General will only choose data sets to be matched where he has reasonable evidence that fraud is likely to be found as a result of matching those data sets.

Social Development Committee - 4 June 2013

Committee for Social Development

Room 410, Parliament Buildings,

Stormont, Belfast BT4 3XX

Tel: 028 9052 1864

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

From: Kevin Pelan, Clerk to the Committee for Social Development

Date: 4 June 2013

Subject: Financial Provisions Bill 2013

At its meeting on 30 May 2013, the Committee for Social Development considered your memo of 24 May 2013 and correspondence from your DALO regarding the Financial Provisions Bill 2013.

The Committee had no initial queries or comments regarding the Bill and agreed to return to this issue when the Bill reached Committee Stage.

Dr Kevin Pelan

Ext 21864

CARD Financial Provisions Bill - 26 June 2013

Committee for Agriculture and Rural Development

Room 244

Parliament Buildings

Tel: +44 (0) 28 905 21475

From: Stella McArdle,

To: Shane McAteer, Clerk to the Committee for the Environment

Date: 26 June 2013

Subject: The Financial Provisions Bill 2013

1. At its meeting on 25 June 2013, the Committee for Agriculture and Rural Development considered correspondence from the Department for Agriculture and Rural Development regarding the Financial Provisions Bill 2013.
2. This was a response to correspondence from the Committee for Finance and Personnel on this issue, which the Committee considered at its 28 May meeting.
3. The Committee agreed to advise your Committee that it is content with the inclusion of the two DARD provisions in the bill. The Information received from DARD on the rationale for inclusion of the two provisions is attached.

Stella McArdle

Clerk, Committee for Agriculture and Rural Development

**Corporate and European Services Division
Central Management Branch**

Stella McArdle
Clerk to the Committee for
Agriculture and Rural Development
Room 243
Parliament Buildings
Ballymiscaw
Belfast
BT4 3XX



Department of
**Agriculture and
Rural Development**

www.dardni.gov.uk

AN ROINN

**Talmhaíochta agus
Forbartha Tuaithe**

MANNNYSTRIE O

**Fairms an
Kintra Fordèrin**

Netherleigh
Massey Avenue
Belfast BT4 2JP

Tel: 028 9052 4331
Email: paul.mills@dardni.gov.uk

Date: 19 June 2013

Dear Stella

ARD Committee Meeting – 28 May 2013

The Financial Provisions Bill 2013

The Agricultural Loans Fund was established under the Development Loans Act (Northern Ireland) 1945 to provide a source of capital for the farming industry. At the same time responsibility for making loans to farmers was transferred from the Ministry of Finance to the Ministry of Agriculture. The various enactments relating to Government loans for agricultural and fishing development were subsequently consolidated by the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968. Separate statutory schemes were made under the Act for various types of loans and approved by the Department of Finance.

Loans were made available at competitive commercial rates of interest for a wide range of agricultural purposes such as the purchase of livestock, seeds and fertilisers and the erection or improvement of farm dwellings and other buildings. Hire purchase facilities were provided for the purchase of machinery. Loans were later introduced for the purchase of land for farm amalgamations.

Due to a lessening demand for loans and the need to reduce Government expenditure, DARD, after consultation with the Ulster Farmers' Union, ceased accepting loan applications after 30 November 1979. Since its inception, a total of £20m has been issued from the Agricultural Loan Fund. There is no principal outstanding and all loans advanced to the Agricultural Loan Fund from the Consolidated Fund have been paid in full.

Therefore the legislation is no longer required and needs to be repealed.

If you have a hearing difficulty you can contact
the Department via the textphone on 028 9052 4420



INVESTOR IN PEOPLE

The Northern Ireland Fishery Harbour Authority (NIFHA) is an executive Non Departmental Public Body sponsored by the Department of Agriculture and Rural Development (DARD) and constituted under the Harbours Act (Northern Ireland) 1970 and the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973.

The main sources of revenue for the Authority are a levy on the value of fish landings, revenues generated from services provided at the harbours (e.g. ice sales and the provision of slipway services) and rentals from land leases. Due to continuing restrictions on fishing activity under the EU Common Fisheries Policy and that the Authority's main revenue streams are controlled largely by factors outside its influence, there is a risk that annual trading deficits could be incurred in future years.

Until now NIFHA has been able to meet operational costs from the revenues it generates but in recent years, as a result of factors largely beyond the Authority's control, it is becoming more difficult to consistently achieve break-even on an annual basis. Should the position arise where NIFHA incurs an annual operating deficit, DARD wishes to be in a position to provide NIFHA with grant to cover the deficit. At present, DARD does not have the power to make such payments and is now seeking it through the Financial Provisions Bill 2013 as a contingency measure.

During 2009/10, NIFHA did incur a small trading deficit which was met from working capital reserves but, for the 3 years since, the Authority has managed to realise a trading surplus, generally as a result of higher prices for landed fish produce and increased focus on efficiency savings secured through delivery of a DARD/NIFHA agreed efficiency plan. In terms of efficiency savings, the Authority is of the opinion that it is not possible to introduce any significant additional savings at this time, given its statutory obligation to manage the ports in a manner that fully reflects health and safety, and other, requirements of staff and port users.

The dynamic environment in which NIFHA operates makes it very difficult to forecast changes in revenue and, coupled with consistent pressure from stakeholders to keep charges as low as possible, NIFHA's trading performance could change very quickly, especially as it is difficult to predict effects of new CFP reforms, wind farms and marine protected areas on NIFHA operations. As a result, DARD needs to be able to provide support if the worst case scenario materialises.

The power is likely only to be used where a longer-term deficit is forecast and which could only be addressed by unacceptable increases in harbour charges and or unacceptable loss in harbour service provision. Whilst every attempt will be made to reduce the need for on-going grant in aid, it would be imprudent not to have the power in case a long term deficit threatened the running of Authority as a going concern and ultimately, the sustainability of the local fishing industry.

NIFHA does not have sufficient available reserves to cover any significant deficit funding. As at December 2012, NIFHA had reserves of around £500,000 but this is retained to enable the Authority to deliver a £5.0m programme of essential or high priority capital investment projects at the 3 ports of Ardglass, Kilkeel and Portavogie.

There is limited scope to increase fees other than to reflect annual inflationary pressures. The fees and charges currently set by NIFHA are at the higher end of the scale of charges applied by other commercial fishing ports in the United Kingdom and any further such increases would be difficult to justify on equal opportunity grounds, especially at the present time when the fishing industry is experiencing difficult times and seeking aid packages from the Executive towards vessels operating costs. Even if charges were to increase, a reduction in landings of fish at NIFHA ports would negate the benefits associated with the increased fees.

If you have a hearing difficulty you can contact
the Department via the textphone on 028 9052 4420



DARD has consulted with the NIFHA throughout the process of seeking an amendment to the Financial Provisions Bill and the proposal should enjoy the support of the local fishing industry as it will assist ensure that harbour fees and charges are maintained as low as possible for port users.

I would be grateful if you would bring this to the attention of the Committee.

If you require any further information please let me know.

Yours sincerely

pp
Joe Cassells
Departmental Assembly Liaison Officer

If you have a hearing difficulty you can contact
the Department via the textphone on 028 9052 4420



Audit Committee response - 3 July 2013

Audit Committee

Room 254, Parliament Buildings

Tel: 028 9052 0333

Fax: 028 9052 5917

To: Shane McAteer, Clerk to the Finance and Personnel Committee

From: Paul Gill, Clerk to the Audit Committee

Date: 3rd July 2013

Subject: Financial Provisions Bill 2013

1. Thank you for your memo dated 2nd July 2013 in relation to the Financial Provisions Bill 2013.
2. The Audit Committee considered clause 5 of the Financial Provisions Bill 2013 at its meeting on 2nd July 2013. At the meeting the Comptroller and Auditor General informed the Committee that (a) he is content with the provisions of clause 5 and (b) it has no financial implications for the Northern Ireland Audit Office.
3. The Committee was satisfied with this clarification and consequently has no objections to clause 5.

Paul Gill

Clerk to the Audit Committee

Committee for Justice response - 25 July 2013

Committee for Justice

Room 242

Parliament Buildings

Tel: +44 (0)28 9052 1629

E-mail: committee.justice@niassembly.gov.uk

From: Christine Darrah, Clerk to the Committee for Justice

Date: 25 July 2013

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

Financial Provisions Bill

At its meeting on 4 July 2013 the Committee for Justice noted the request from the Committee for Finance and Personnel for a formal response on the provisions in the Financial Provisions Bill that fall within the remit of the Department of Justice.

The Committee considered information provided by the Department of Justice on the background to, and rationale for, the provisions that will place the Northern Ireland Police Fund and the Police Rehabilitation and Training Trust on a statutory footing and revise the method used for changing the interest paid to clients of the Court Funds Office (CFO) to allow the CFO to react more quickly to any future base interest rate adjustments.

The Committee agreed that it was content with the provisions in the Bill and to respond to the Committee for Finance and Personnel indicating this and providing a copy of the Department of Justice briefing paper, which is attached, for information.

Christine Darrah
Committee Clerk

FROM THE OFFICE OF THE JUSTICE MINISTER



Department of
Justice
www.dojni.gov.uk

Minister's Office Block B,
Castle Buildings
Stormont Estate
Ballymiscaw
Belfast
BT4 3SG
Tel: 028 90529272
private.office@dojni.x.gsi.gov.uk

Our ref: SUB/768/2013

Christine Darrah
Committee Clerk
Committee for Justice
Parliament Buildings
Stormont Estate
Ballymiscaw
BELFAST BT4 3XX

04 June 2013

Dear Christine

**DEPARTMENT OF JUSTICE INPUT TO DEPARTMENT OF FINANCE AND
PERSONNEL'S FINANCIAL PROVISIONS BILL**

The Minister of Justice has previously written to the Committee, on 26 November 2012, detailing his intention to include two DOJ issues in the DFP Financial Provisions Bill.

The issues related to founding legislation for the Police Rehabilitation and Retraining Trust (PRRT) and the Northern Ireland Police Fund (NIPF); and an amendment to the method used to adjust the rate of interest paid to clients of the Courts Funds Office.

To enable our provisions to be included in the Bill we had provided DFP with the relevant drafting instructions for onward transmission to the Office of Legislative Council. The draft Bill has now been provided to the Department by DFP and is due to be considered at the DFP Committee meeting on 5 June 2013 with the

FROM THE OFFICE OF THE JUSTICE MINISTER



Department of
Justice
www.dojni.gov.uk

intention of being circulated to Executive Colleagues prior to the Executive Committee meeting on 6 June 2013.

For information purposes, I have attached the provisions relating to our requirements, as they will appear in the draft Financial Provisions Bill, at Appendix A.

Following approval of the Bill, regulations will be made regarding the status and constitution of PRRT and NIPF by negative resolution. I will share the regulations with the Committee once they are drafted.

BARBARA McATAMNEY
DALO

Enc

Appendix A

Extracts from DFP's Financial Provisions Bill relevant to DOJ provisions

Item (1)

Provision as to payment of interest on funds in court

3. In section 82 of the Judicature (Northern Ireland) Act 1978 (rules as to funds in court) in subsection (1)—

- (a) for “may make rules” substitute “may make provision as to the payment of interest on funds in court and may make rules”;
- (b) in paragraph (a) omit the words from “and prescribing” to the end of that paragraph.

Item (2)

Expenditure on bodies providing services for the police, etc

6.—(1) The Department of Justice may provide financial assistance for bodies which have as their objectives—

- (a) the benefit of members and former members of the Royal Ulster Constabulary, the Royal Ulster Constabulary Reserve, the Police Service of Northern Ireland and the Police Service of Northern Ireland Reserve who have been killed or injured by terrorism (as defined in section 1 of the Terrorism Act 2000), and their families and dependents, by the provision of financial assistance, advice, support and care to such persons; or
- (b) the provision of assistance to members of the Royal Ulster Constabulary, the Royal Ulster Constabulary Reserve and the Police Service of Northern Ireland and their families with counselling and training prior to and after cessation of their service.

(2) Without prejudice to any other statutory provision enabling it in that behalf, the Department of Justice may, by regulations subject to negative resolution, provide for the constitution, functions, procedures and financing of the bodies referred to in subsection (1).

(3) In subsection (1) “financial assistance” means assistance by way of grants or loans on such conditions (including conditions as to repayment) as the Department of Justice may determine.

CARD response - 11 September 2013

Paul Frew MLA
Chairperson, Committee for Agriculture and Rural Development

Daithí McKay MLA
Chairperson
Committee for Finance
& Personnel

11 September 2013

Financial Provisions Bill

At its meeting on 10 September 2013, the Committee agreed to advise your Committee that it is content with the inclusion of the two DARD provisions in the bill.

Yours sincerely

Paul Frew
Chairperson, Committee for Agriculture and Rural Development

Social Development Committee including response NIHE - 27 September 2013

Committee for Social Development

Room 410, Parliament Buildings,

Stormont, Belfast BT4 3XX

Tel: 028 9052 1864

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

From: Kevin Pelan, Clerk to the Committee for Social Development

Date: 27 September 2013

Subject: Financial Provisions Bill

On 17 July 2013 the Committee for Social Development wrote to the Northern Ireland Housing Executive (NIHE) and the Northern Ireland Federation of Housing Associations (NIFHA) for comment on the Financial Provisions Bill.

The Committee received a response from the NIHE. No response was received from NIFHA.

The Committee are content with the response from the NIHE and agreed to forward this to the Committee for Finance and Personnel.

Dr Kevin Pelan

Ext 21864

Enc.



Dr Kevin Pelan
Committee Clerk
Social Development Committee
Room 412
Parliament Buildings
Belfast
BT4 3XX

1st Floor
Lighthouse Building
1 Cromac Place
Gasworks Business Park
Ormeau Road
BELFAST
BT7 2JB

Telephone: 028 9082 93525
Facsimile: 028 9082 9324

E-Mail: frances.rushe@dsdni.gov.uk

23 August 2013

Dear Kevin

SUBMISSION FROM NIHE ON THE PROVISIONS OF THE DRAFT FINANCIAL PROVISIONS BILL

Thank you for your letter to John McPeake, Chief Executive of the Northern Ireland Housing Executive (NIHE) dated 17 July 2013 regarding correspondence considered by the Committee for Social Development, from the Committee for Finance and Personnel, following a briefing from DFP on the Financial Provisions Bill.

Under Article 88 of the Housing (NI) Order 1981, the Northern Ireland Housing Executive (NIHE) has statutory authority to dispose of any land held by it which is not required for social housing. The Finance and Personnel Committee have expressed concerns that current arrangements do not provide the NIHE with statutory authority to apply any administrative or transaction costs when disposing of land not required for social housing.

The formal submission from the NIHE is attached at Annex A below. In considering this response the Department raised a number of queries with NIHE on the reasonableness of

the costs outlined in the Department's letter of 11 July to the Committee on this matter.

The subsequent responses are outlined below:

1. Do the administration costs associated with selling parcels of land, include the production and consideration of the economic appraisal? If so, are NIHE content that this included in the administration costs recovered as part of the transaction?
 - A. In the current estimate of administration costs economic appraisals are included within the figure. Of land sales' administration costs (£900), approximately 35% relate to the completion of economic appraisals. The point is noted that an economic appraisal is necessary irrespective of the disposal method employed however in the case of the discretionary land sales service, it is the receipt of the application that triggers the completion of the economic appraisal for the specific land site and as such it could be argued that this cost is only incurred as a result of the application to purchase the land. Nevertheless, it is also accepted that these costs could also be considered as an indirect cost which is not directly linked to the administration of the land sale but rather a required governance tool to determine whether the land is surplus and as such it may be legitimate to exclude this cost from the overall cost of the administration of any land disposal.
2. With regard to the other transaction costs – what steps have NIHE taken to ensure these provide value for money, e.g. marketing costs at £550? Are a number of pieces of land marketed together, etc?
 - A. The costs incurred by the Housing Executive with regard to the marketing, valuation and legal conveyance work are all estimated from existing contracts with external service providers. In the case of estate agency and solicitor services, these contracts have been established following open competition exercises. The evaluation criteria for the estate agency services contracts were based on obtaining the most economically advantageous tender having regard to Price and Quality, with 75% of the marks awarded for Price and 25% for Quality. The Housing Executive currently has contracts in place across 10 geographical modules. Each agent has different cost structures principally based on commission charged according to the value of the asset being disposed of and

subject to minimum fees. For land sales with a value between £1000-£2000, the minimum fees will apply and range between £212 - £550, with the mean marketing fee estimated at £480 (although the mode marketing fee would be £550).

It should be noted that for a significant number of small land sales, the marketing costs will not be applicable as the Housing Executive will not be required to market the sites on the open market but rather will be permitted, in accordance with CAU guidelines, to sell the land by private treaty to the adjacent land owner as the site will be of inconsequential size and will have no marketing potential other than to the adjacent owner.

I hope the Committee finds this information helpful.

Yours sincerely

FRANCES RUSHE

ANNEX A

Following your letter dated 17th July 2013 the Northern Ireland Housing Executive (NIHE) has been requested to supply comments on the changes proposed within the Financial Provisions Bill, to allow the NIHE to reclaim costs associated with the sale of land.

Article 88 of the Housing (Northern Ireland) Order 1981 (“the 1981 Order”) gives the Northern Ireland Housing Executive statutory authority to dispose of any land held by it. The NIHE provides a discretionary land sales service with applications being received from individuals, groups, or other organisations. Many of the parcels of land sold are small, inconsequential parcels of limited market value. On average in each financial year the NIHE sells approximately 100 such sites, with an average capital receipt of £1,000 – 2,000. These sales are often to the owners of adjacent houses or sites for garden extensions, garages or to create informal open space.

The NIHE is required to manage its assets in line with the requirements of Managing Public Money NI (MPMNI) and also applies the Central Advisory Unit (CAU) guidance for the disposal of surplus public sector property. The NIHE is required to keep a register of its land assets, identify which assets are surplus and dispose of them in a timely manner if they are no longer required for the performance of the organisations present or clearly foreseen responsibilities.

To ensure land disposals are in accordance with statutory guidance and in line with organisational objectives, an economic appraisal process has been put in place to determine the most economically advantageous option for the future use of each land site; which may include its disposal. This must also determine, in the event of the land being surplus, the most appropriate disposal method (which in certain instances may not be to the applicant but to the open market). The economic appraisal process requires cross divisional corporate consultation, with responses based on consultees’ areas of expertise. This consultation process ensures that asset management information is collected from all relevant internal stakeholders prior to submission to management for a final decision. It also requires the provision of an independent valuation by a professionally qualified valuer.

If following the completion and internal approval of an economic appraisal the most economically advantageous option is to dispose of the subject site, the NIHE will incur legal costs associated with the conveyance process for the disposal and may also incur marketing costs if the site is to be sold on the open market.

The costs included in the instruction for the Financial Provisions Bill are estimates based on relatively simple cases; without boundary, adverse possession or other complex issues.

Based on a typical application, in respect of an inconsequential piece of land with no unusual or complicating title issues:

- the NIHE administration costs which relate to the NIHE staff effort for processing each disposal is approximately £900;

- The cost of the valuation services is approximately £375 based on the average disposal value;
- The legal costs for an average land disposal is estimated at £136;
- The marketing costs are estimated at £550.

This would give a total cost of £1,961.

The NIHE has formal contracts in place as a result of an open procurement exercises for both legal services and estate agency services in the marketing of land for disposal. As such the costs for these services are defined and agreed as part of these contracts.

Once an application to purchase NIHE land is received the following activities are undertaken by NIHE staff:

- Title checks are undertaken and any title or boundary issues are resolved;
- Professional qualified valuer is instructed to value the site;
- Consultation is undertaken, with a minimum of 5 corporate consultees
- The local offices may need to carry out a consultation with neighbouring NIHE residents,
- NIHE planners must carry out a site visit to determine the development potential of the land.

After all relevant information is collected the land is subject to an economic appraisal in line with the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE). This process can be lengthy and requires internal consideration at senior management level as per the NIHE standing orders; however it is legitimate and necessary as it relates to the future use of the NIHE land assets.

The NIHE undertook a fundamental review of its land disposal policy and procedures and the current arrangements for determining the future use of land were developed as a result of this review. The NIHE also considered the cessation of the discretionary land sales service given the costs to the NIHE of providing this service; however it was agreed that the NIHE should instead seek to recoup these costs subject to the necessary legal provisions, as the service can result in improvements to the housing circumstances of individuals e.g. to address antisocial behaviour or facilitate disabled adaptations.

To compare the requirements of sale by a private sector company to that of a public sector organisation is difficult. The political, legislative and audit environment of a public sector organisation are much more restrictive and require greater transparency and as such the application of policies in place to meet these requirements is more time consuming.

However, to prevent loss to the public purse the NIHE has proposed that the costs of the administration of a land sale and any costs incurred to the NIHE should be recovered from the applicant.

Proposal

- (i) It is proposed to amend Article 88 of the 1981 Order to provide the Housing Executive with a statutory power to charge for its administration and transaction

costs associated with general discretionary land transactions along similar lines to the provisions in section 93 of the 2003 Act.

- (ii) It is intended that the income received from processing general discretionary land transactions should not exceed the cost of delivering the service (i.e. the administration and transaction costs associated with relevant transactions) over the course of a financial year.
- (iii) Given that the intended scope of the amendment is narrower than section 93 of the 2003 Act and that no charging regime already exists for Housing Executive land sales, it is not proposed to include any of the other conditions connected with the exercise of the power in section 93 of the 2003 Act.

Committee for Justice memo - 8 October 2013

Committee for Justice

Room 242

Parliament Buildings

Tel: +44 (0)28 9052 1629

E-mail: committee.justice@niassembly.gov.uk

From: Christine Darrah, Clerk to the Committee for Justice

Date: 8 October 2013

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

Management of Monies by the Courts Funds Office

I refer to the correspondence from the Committee for Finance and Personnel dated 11 June 2013 regarding how the Courts Funds Office manages monies held under the Court Fund Rules.

The Committee for Justice requested information from the Department of Justice on what consideration had been given to the use of alternative short-term and medium-term investment options for monies held under the Court Fund Rules and whether these would provide a better return compared to the current approach.

The Department's response was considered by the Committee at a recent meeting and it agreed to forward a copy, which is attached, to the Committee for Finance and Personnel for information.

Christine Darrah
Committee Clerk

FROM THE OFFICE OF THE JUSTICE MINISTER



Department of
Justice
www.dojni.gov.uk

Minister's Office Block B,
Castle Buildings
Stormont Estate
Ballymiscaw
Belfast
BT4 3SG
Tel: 028 90529272

private.office@dojni.x.gsi.gov.uk

Our ref: SUB/1129/2013

Christine Darrah
Committee Clerk
Committee for Justice
Parliament Buildings
Stormont Estate
Ballymiscaw
BELFAST BT4 3XX

31 July 2013

Dear Christine

FINANCIAL PROVISIONS BILL

Thank you for your letter of 8 July 2013 regarding the Financial Provisions Bill and how the Court Funds Office (CFO) manages monies held under the Court Funds Rules.

The Committee has requested information on what consideration has been given to the use of alternative short-term and medium-term investment options and whether these would provide a better return compared to the current approach of following the base rate when managing monies held under the Court Funds Rules.

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. Therefore, as a result of the legislative position, CFO is

FROM THE OFFICE OF THE JUSTICE MINISTER



Department of
Justice
www.dojni.gov.uk

unable to consider the use of short-term or medium-term investment options offered by commercial banks that are available to members of the general public.

DMO offer fixed-term facilities and, in the past, CFO has invested funds in these fixed-term deposit accounts to enhance returns. However, the current returns on these options are not competitive at present.

CFO contracts a stockbroker to provide investment recommendations to the court in respect of individual client funds. In this way, CFO is able to enhance the returns received on some funds by investing in government gilts and shares, if considered appropriate. The type of investments that can be made are restricted by legislation and limited to those which are considered to be low risk.

BARBARA McATAMNEY
DALO

Committee for Justice

Barbara McAtamney
DALO
Department of Justice
Castle Buildings
Stormont Estate
Belfast
BT4 3SQ

8 July 2013

Dear Barbara

Financial Provisions Bill

At its meeting on 20 June 2013 the Committee for Justice considered correspondence from the Committee for Finance and Personnel regarding the Financial Provisions Bill and how the Courts Fund Office manages monies held under the Court Fund Rules.

The Committee agreed to request information on what consideration has been given to the use of alternative short-term and medium-term investment options and whether these would provide a better return compared to the current approach of following the base rate when managing monies held under the Court Fund Rules.

I enclose a copy of the correspondence from the Committee for Finance and Personnel and the Hansard of the evidence session with Department of Finance and Personnel officials when this issue was raised and would appreciate a response by 5 August 2013.

Yours sincerely

Christine Darrah
Clerk, Committee for Justice

Committee for Finance and Personnel

Room 419

Parliament Buildings

Tel: 028 9052 1843

From: Shane McAteer, Clerk to the Committee

Date : 11 June 2013

To: Christine Darragh, Clerk to the Committee for Justice

Briefing on the Financial Provisions Bill

At its meeting on 5 June, the Committee for Finance and Personnel received briefing from DFP officials on the forthcoming Financial Provisions Bill.

The Courts Fund Office (CFO) has responsibility for the management of some £300 million of funds held in court, the majority of which (£280 million) is held on behalf of minors and patients who are deemed incapable of managing their own affairs.

Under current arrangements CFO applies the rate of interest on monies held as set out under the Court Fund Rules (NI) 1979, which can only be adjusted by way of a statutory rule. As you will be aware, the current process of the introduction of a statutory rule can up to 12 weeks, which results in a different rate of interest payable until the rule has been passed by the Assembly. This can lead to a surplus or deficit, the latter is recoverable from the consolidated fund.

The Bill proposes to remove the requirement for a statutory rule by empowering the department to make provision on the payment of interest by way of a Ministerial Direction.

The Committee sought to establish from DFP officials the current arrangements regarding the level of interest payable and some discussion took place on whether alternative short-term and medium-term investment options could provide a better return on the funds held as compared to the current approach.

Given this issue falls outside the remit of the Committee, members agreed to highlight this matter to the Committee for Justice for its consideration.

The Hansard transcript from the evidence session can be found at:

[http://www.niassembly.gov.uk/Documents/Official-Reports/
Finance_Personnel/2012-2013/130605_FinancialProvisionsBill.pdf](http://www.niassembly.gov.uk/Documents/Official-Reports/Finance_Personnel/2012-2013/130605_FinancialProvisionsBill.pdf)

SHANE MCATEER

Ext 21843

Enc.

5 June 2013

Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
 Mr Dominic Bradley (Deputy Chairperson)
 Mrs Judith Cochrane
 Mr Leslie Cree
 Ms Megan Fearon
 Mr Paul Girvan
 Mr David McIlveen
 Mr Mitchel McLaughlin
 Mr Peter Weir

Witnesses:

Ms Cris Farmer *Department of Finance and*
 Ms Fiona Hamill *Personnel*

1. **The Chairperson:** Cris and Fiona, you are very welcome. Please feel free to make some opening comments or to give a brief overview of the Bill.
2. **Ms Fiona Hamill (Department of Finance and Personnel):** Thanks, Chair. We welcome the opportunity to speak to the Committee about the Financial Provisions Bill. Cris is the senior official who has worked with the Office of the Legislative Counsel (OLC) and the Departments on bringing forward the Bill.
3. The Financial Provisions Bill is a semi-routine mechanism. The previous two such Bills were passed in 2009 and 2004. It is a mechanism that allows for routine, minor and non-controversial amendments to governing legislation in relation to financial matters. The process is as follows: the Department of Finance and Personnel (DFP) will survey the Departments, the Northern Ireland Audit Office and other bodies to identify any finance-related legislation that needs to be updated or amended, and then will gather those small amendments into a single Bill. Cris and her team work with the OLC to make sure the amendments are of an appropriate, non-controversial nature. As I mentioned, the Assembly previously agreed a Financial Provisions Bill in December 2009.
4. The Bill before you today addresses six issues. Chair, would you like me to run through all six of those issues in their entirety, or address one at a time to allow members to consider them?
5. **The Chairperson:** I think that we would prefer to go through each issue individually so that we can ask questions.
6. **Ms Hamill:** The first issue in the Bill is a request by the Department of Agriculture and Rural Development (DARD) to repeal the Development Loans (Agriculture and Fisheries) Act (Northern Ireland) 1968 in its entirety. That Act created a loans facility for agriculture and fisheries. No loans have been issued from the fund since 1979. All amounts owing to the fund have been fully repaid, and there is no further requirement for it, so it is the repeal of an old piece of legislation. The Agriculture Department advises that it now uses other mechanisms, such as grants and other sources, to fund farmers and fisheries as necessary. That is the first issue.
7. **Mr Weir:** I would like to raise a general issue, which relates to the six items. I appreciate that the aim is to deal with minor consequential amendments on routine financial matters, but, in making a determination about which items are included in this Bill and which are dealt with elsewhere, what is the process, and how is that decided?
8. **Ms Hamill:** It is a question of Cris's team and the OLC considering whether it fits our understanding of the item as consequential and minor. If it is significant, it will probably be referred back to Departments for further consideration internally. In reality, there were no such matters. Departments are used to Financial Provisions Bills, and no matters were brought to our attention this time that we were not able to include. Everything that Departments and the Audit Office wished to be included is in the Bill.
9. **Mr Weir:** OK. Thank you.
10. **Ms Hamill:** The second issue, also a request from the Agriculture Department, is to amend the Harbours Act (Northern Ireland) 1970 to allow DARD to pay grant-in-aid to the Northern

- Ireland Fishery Harbour Authority (NIFHA) if necessary.
11. In 2009, for the first time, the NIFHA experienced an operating deficit. That is because it generates fees on the basis of catches landed, and that can be quite variable and subject to market prices and controls beyond the Fishery Harbour Authority. In that year, it was able to meet the deficit from its own resources, but it raised an issue for DARD. Since then, in subsequent years, it has always broken even or made a surplus, but it has raised the issue and the concern for the Agriculture Department that, in future, it may need a mechanism to support the Fishery Harbour Authority if it should find itself in a position of a sustained deficit over a number of years. This measure is precautionary in nature, and will provide a statutory basis on which DARD could bid for and seek approval to provide grant funding to the Fishery Harbour Authority if it needed to.
12. **Mr D Bradley:** In the Budget, one of the revenue-raising measures mentioned was £40 million from the Harbour Commissioners, and then it was realised that legislation would be needed in order to release that resource. Obviously, you have not included such legislation in this Bill. I notice from our papers that an arrangement has been arrived at between the commissioners and the Budget review group that the Harbour Commissioners will invest in foreign direct investment (FDI) accommodation.
13. Presumably, that is an in-kind arrangement for the £40 million. Was a decision made to go for an agreement with the commissioners rather than legislation?
14. **Ms Hamill:** I am afraid that I cannot speak to that. Those are decisions for the Department for Regional Development (DRD); that is where the Harbour Commissioners sit. This provision relates to the Fishery Harbour Authority, which deals with Portavogie, Kilkeel and Ardglass. Those are two quite distinct —
15. **Mr D Bradley:** I realise that; yes.
16. **Ms Hamill:** That would have to be a question for the Department for Regional Development.
17. **Mr D Bradley:** OK. Thank you.
18. **Ms Hamill:** Beyond the briefing you mentioned that they have reached an agreement on FDI, I am afraid that I cannot tell you anything further.
19. **The Chairperson:** Dominic, we could write to DRD, via the Committee for Regional Development, to clarify that issue.
20. **Mr D Bradley:** That would be helpful.
21. **The Chairperson:** Fiona, given that this is catch-all legislation, is it likely that, as the Bill goes through the Assembly, further provisions will be added by DFP or other Departments? How do you see this playing out?
22. **Ms Hamill:** Yes. Discussions are under way. Cris will correct me if I am wrong, but there may be a further provision coming in relation to rates.
23. **The Chairperson:** What is that exactly?
24. **Ms Cris Farmer (Department of Finance and Personnel):** There are two rates amendments coming through, but I do not know the full details just yet. One of those is to do with the rating legislation in respect of rates on vacant properties. I am not 100% clear on the second one. It is with the Office of the Legislative Counsel and is currently in draft.
25. **Mr Weir:** On the wider context, this type of Bill comes periodically and provides a catch-all for a number of consequential changes. Presumably, this will go through, and there may not be another similar Bill for three, four or five years. Is there any complication in the interim? There may well be something that is not envisaged today but, a year down the line, would be included in the next Bill. How do you deal with the time lag?
26. **Ms Hamill:** If something needs to be done urgently or is required to enable or support other important legislation, it will be brought forward, rather than

- waiting for the next financial provisions Bill. This is the “housekeeping” Bill.
27. **Mr Weir:** Yes. If something comes up, it will be programmed into the next Bill, assuming that this one had already gone through.
28. **Ms Hamill:** Yes. We had initially hoped to bring this Bill through a year ago. However, because it did not deal with matters that are as critical as other legislative measures, it took a back seat to allow other legislation to come through first.
29. **The Chairperson:** Members, I propose that we write to the Department to clarify those rates issues. Are members content?
- Members indicated assent.*
30. **Ms Hamill:** The next request is from the Department of Justice (DOJ), and relates to expenditure that impacts on the Consolidated Fund. At the moment, the Court Funds Office holds moneys on behalf of several groups of individuals. The two largest groups are those that the courts have judged to be not in a good enough state of mental health to look after their own resources, and children under the age of 18. It also holds some other smaller moneys. It holds just under £300 million, of which £280 million relates either to people with mental health issues or to minors.
31. The rate of interest paid on the funds that it holds is set by a statutory rule. As you know, the process for statutory rules can take eight to 12 weeks to work its way through. That creates a lag for any changes in interest rates in the fund and interest rates due to people whose funds are being held. If interest rates are dropping, that delay can sometimes work to the advantage of individuals whose moneys are being held. Equally, if interest rates are rising, it can be a disadvantage. The legislation proposes to remove the need for a statutory rule, and instead allow the Department of Justice to make a statement of provision, with DFP approval. That should allow the process to be much quicker and should smooth out those fluctuations in interest rates.
32. **The Chairperson:** Fiona, how long has the statutory rule that you are referring to been in place?
33. **Ms Hamill:** Since 1979. The Court Funds Rules (Northern Ireland) 1979 requires that adjustments take place by way of statutory rule.
34. **Mr Cree:** 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?
35. **Ms Hamill:** Sorry —
36. **Mr Cree:** 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?
37. **Ms Hamill:** I understand what you are saying. However, if we took that approach, we would be introducing significant risk to the funds secured on behalf of individuals.
38. **Mr Cree:** It should not be a significant risk if it is a short-term investment with guaranteed interest. Money debt is a very simple example.
39. **Ms Hamill:** We can certainly raise that as a separate issue with the Department of Justice in respect of how the courts fund is managed. However, I would have to look at the other regulations around —
40. **Mr Cree:** It seems rather staid. It is slavishly following an old system. In these days of comparatively low interest rates, you have to make the most of any investment. Therefore, you need flexibility.
41. **Mr Weir:** I appreciate Leslie’s point. As it is the DOJ that administers that, would it be worthwhile sending a note to the Justice Committee so that it can hold the Department to account? To be

- fair to the departmental officials, this is a bit outside their remit.
42. **Mr Cree:** I just wondered whether it had been thought of.
43. **Ms Hamill:** No, not directly. DFP looks after the Consolidated Fund moneys, but we transfer those to Treasury to be put onto the market. We do not speculate or invest, short term, on our own balances. However, I am happy to see what the DOJ says and get back to you.
44. **Mr Cree:** OK. Thanks.
45. **Ms Hamill:** The next request is from the Department for Social Development (DSD) to amend article 88 of the Housing (Northern Ireland) Order 1981. At the moment, the Housing Executive is able to sell small parcels of land that it no longer has use for. These are very small bits of land and are normally sold to individuals to extend or develop gardens, extensions, garages or informal space. In 2010-11, the Northern Ireland Housing Executive sold 108 small areas of land at an average price of £1,470. However, for each piece of land sold, the administration and transaction costs were in the region of £2,400. The amendment proposes that the Housing Executive will be able not only to sell the land, but recover the administration costs that go with that transaction. That will allow the Housing Executive to properly apply its policy of land disposal of undeveloped land that is not required for social housing purposes.
46. **Mr Girvan:** I want to raise something that may have to go back to the Social Development Committee. It is associated with the £2,000-odd administrative cost. Most of that would probably be associated with the bureaucracy of the Housing Executive. Any of you who have had to deal with its land and property development in Londonderry will know that it is an absolute nightmare. Could we have a breakdown to establish whether the cost represents value for money? I appreciate that you may have to request that from DSD. I ask because it is definitely the most inefficient transfer system that I have ever encountered. You could do 20 transactions in the private sector in the time it takes the Housing Executive to do one. I have serious concerns about how that is run. I appreciate the costs of the small land areas. Did you say it was £1,470?
47. **Ms Hamill:** Yes; the average price per transaction is £1,470.
48. **Mr Girvan:** And the administration costs?
49. **Ms Hamill:** They are £2,500.
50. **Mr Girvan:** That does not make sense to anyone; you would be far better just giving it to them.
51. **Mr Cree:** Not quite. *[Laughter.]*
52. **Mr Girvan:** It really is a nonsense. Are we just working to keep these people employed up there, shuffling papers round a desk? That is what I am starting to think. A request to take a serious look into that should be referred to the Social Development Committee.
53. **Mr Cree:** To be fair, it also illustrates the purpose of having these Financial Provisions Bills. You can review situations like that and bring them into a more realistic realm.
54. **Ms Hamill:** Yes. If you are going to introduce an ability to transfer those costs, the costs that are transferred should be reasonable.
55. The next amendment was at the request of the Northern Ireland Audit Office, and it is simply to change the terminology used in part of the Audit and Accountability (Northern Ireland) Order 2003. It would amend the definition of “relevant” NHS bodies. Following the reorganisation of the health bodies in Northern Ireland, the definition needs to be amended so that the Comptroller and Auditor General continues to retain the level of data-matching powers that he had. This amendment just ensures that.
56. The final proposal in the Bill allows the DOJ to catch up on outstanding issues following the devolution of policing and justice. Because it is a statutory

Committee for Justice - Financial Provisions Bill 2013 - 14 October 2013

Committee for Justice

Room 242

Parliament Buildings

Tel: +44 (0)28 9052 1629

E-mail: committee.justice@niassembly.gov.uk

From: Christine Darrah, Clerk to the Committee for Justice

Date: 14 October 2013

To: Shane McAteer, Clerk to the Committee for Finance and Personnel

Financial Provisions Bill

At its meeting on 3 October 2013, the Committee considered the information provided by the Committee for Finance and Personnel on the issues raised by the Assembly Examiner of Statutory Rules in relation to clause 3 and clause 6(2) of the Financial Provisions Bill which relate to Department of Justice delegated powers.

The Committee agreed that it is supportive of amendments being brought forward at Consideration Stage to address the issues raised by the Examiner and to advise the Committee for Finance and Personnel accordingly.

The Committee has also written to the Minister of Justice advising him of its views on this matter.

Christine Darrah
Committee Clerk



Northern Ireland
Assembly

Appendix 5

Other Papers

Delegated Powers Memorandum Financial Provisions Bill 2013

Financial Provisions Bill 2013

Delegated Powers Memorandum

Introduction

1. This memorandum identifies provisions within the Financial Provisions Bill which confer power to make delegated legislation.

This memorandum should be read in conjunction with the Explanatory and Financial Memorandum accompanying the Bill.

2. Financial Provisions Bills are required at intervals to tidy up routine financial matters, including adjustments to statutory limits and various technical and non-controversial issues.
3. DFP routinely surveys departments, the Northern Ireland Audit Office and other bodies to identify any financial related legislation in need of updating or amending and then gathers these small amendments into a Financial Provisions Bill.
4. The Bill is technical in nature to deal with routine financial matters that do not affect the overall quantum of any expenditure. Therefore, it is not normally consulted upon.
5. Departments were asked to commission non-controversial items for inclusion in the Bill and a total of six items were considered suitable for inclusion. Of the six, only two clauses (3 and 6) will require further powers to make subordinate legislation.

Overview of the Financial Provisions Bill

6. The Bill consists of 6 substantive Clauses and a Schedule which lists provisions for the repeal of statutory provisions related to clauses 1 and 3.

Delegated Powers

Clause 3 – Provision as to payment of interest on funds in court.

7. This clause will empower the Department of Justice (with the concurrence of DFP) to make provision as to the payment of interest on funds in court by way of departmental Direction. The Court Funds Office (CFO) is responsible for the management of funds held in court on behalf of minors and patients who are deemed incapable of managing their own affairs. CFO applies interest to funds held which are set out in the Court Funds Rules (NI) 1979 and can only be adjusted by way of a new Statutory Rule which can take from 8 to 12 weeks. Funds are placed in deposit accounts or short term and long term investment accounts which earn interest in accordance with Bank of England base rates. CFO applies interest in accordance with the 1979 rules. Differences between base rates and CFO rates will lead to either a surplus or deficit where the deficit is recovered from the Consolidated Fund. CFO interest rates in England and Wales can be amended by way of a Ministerial direction which allows the CFOs there to react more efficiently to changes in Bank of England base rates.
8. This clause comes into operation when the Department of Justice may by order appoint. It will need a commencement order and a 'tidy up' amendment to the Court Funds Rules (Northern Ireland) 1979 to remove any reference to existing interest rates as appropriate. Any amendment will be subject to negative resolution. The timing of the amendment and how soon it can be taken forward will impact on when the clause can be commenced. The purpose

of the change is to ensure that the CFO can react quickly to future interest rate rises. The Department of Justice has advised that as interest rates are not expected to rise in the near future, there is no immediate urgency for commencement.

Section 3 (a) for 'may make rules' substitute 'may make provision as to the payment of interest on funds in court and may make rules'.

Power Conferred on : The Department of Justice Power Exercisable by : Statutory Rule (Rules)
Assembly Procedure : Negative Resolution

Clause 6 – Expenditure on bodies providing services for the police.

9. This clause will allow the Northern Ireland Police Fund (NIPF) and the Police Rehabilitation and Retraining Trust (PRRT) to have a statutory footing and allow the Department of Justice (DOJ) to make regulations regarding the constitution, functions, procedures and financing of these bodies. The regulations for this clause will be subject to negative resolution taken forward by the Department of Justice.

Section 6 subsection (2) Without prejudice to any other statutory provision enabling it in that behalf, the Department of Justice may

make regulations providing for the constitution, functions, procedures and financing of the bodies referred to in subsection (1).

Power Conferred on : The Department of Justice Power Exercisable by : Statutory Rule (Regulation) Assembly Procedure : Negative Resolution

Commencement Order

Clause 5 – Accounts and Audit: Health and Social Care bodies.

10. Consistency between the Audit and Accountability (Northern Ireland) Order 2003 and the Health and Social Care (Reform) Act (Northern Ireland) 2009 is required to allow the Comptroller and Auditor General (C&AG) to carry out data matching exercises for the purposes of assisting in the prevention and detection of fraud. Since the Audit and Accountability Order has not been updated to refer to the restructured health and social care bodies, an amendment to Article 4D (6)(b)(i) of the Audit and Accountability (Northern Ireland) Act 2003 is required to correspond to the references in the Health and Social Care (Reform) Act (Northern Ireland) 2009, which will maintain consistency with the definition of a 'relevant NHS body' (for the purposes of data matching) in the other jurisdictions of the United Kingdom. This clause comes into operation when Department of Finance and Personnel may by order appoint and will be taken forward via a commencement order.



Published by Authority of the Northern Ireland Assembly,
Belfast: The Stationery Office

and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone 0870 240 3701

TSO@Blackwell and other Accredited Agents

£14.00

Printed in Northern Ireland by The Stationery Office Limited
© Copyright Northern Ireland Assembly Commission 2014

ISBN 978-0-339-60506-0

