



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Local Government Finance Bill: Legislative
Consent Motion

6 June 2012

NORTHERN IRELAND ASSEMBLY

Committee for Finance and Personnel

Local Government Finance Bill: Legislative Consent Motion

6 June 2012

Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mr Roy Beggs
Mrs Judith Cochrane
Mr Leslie Cree
Mr David Hilditch
Mr William Humphrey
Mr Paul Maskey

Witnesses:

Dr Veronica Holland	Department of Finance and Personnel
Mr Brian McClure	Department of Finance and Personnel

The Chairperson: I invite the witnesses from the Department of Finance and Personnel (DFP) to talk us through the legislative consent motion on the Local Government Finance Bill, after which I will open the meeting to questions from members.

Mr Brian McClure (Department of Finance and Personnel): Members will already be aware from the draft legislative consent memorandum of the planned Northern Ireland amendment to the Local Government Finance Bill, which would allow data sharing to take place with Her Majesty's Revenue and Customs (HMRC) for rates support purposes. Before I get into the detail, I want to say that the power that we seek is benign. It is a power that the other devolved Administrations are also seeking through the Local Government Finance Bill. It will not, in any way, prejudice Executive decisions on future support for those least able to pay rates in Northern Ireland. It is to address a legislative shortcoming, and I hasten to add that it is not one of DFP's making. I think that it was something that was absent from the Welfare Reform Bill when it completed its passage, so the Department for Communities and Local Government and the Department for Work and Pensions are taking these new powers through the Local Government Finance Bill.

The Committee was written to on 17 May and 25 May with details of the amendment. The Local Government Finance Bill was introduced by the UK Government. It concerns a range of matters about non-domestic rating and council tax in GB, as well as grants to local authorities. Most of these are to do with localisation — in other words, the decentralisation of control over local government finance — and are not directly relevant to Northern Ireland. However, the Bill contains data-sharing powers that will be relevant to Northern Ireland.

The Committee will be all too aware that, as I said in the previous evidence session, the current system of supporting households in Northern Ireland with rates payments will be taken out of the social security system from 1 April 2013. These changes will apply equally, as I have mentioned, to

the other devolved Administrations and to local authorities in England. From that point, the schemes will be localised. The Local Government Finance Bill that is passing through Westminster contains powers to allow local authorities in the rest of the UK to have direct and indirect access to data from HMRC for council tax purposes, primarily for the new localised council tax support schemes.

The amendment to the Bill enables HMRC to provide information to the Department of Finance and Personnel, namely Land and Property Services (LPS), which administers the scheme, and to the Northern Ireland Housing Executive (NIHE). Generally, the provisions in the amendment relating to rates purposes, information sharing and unlawful disclosure in Northern Ireland align with those brought forward for the supply of information from HMRC for council tax purposes in the UK. We are not seeking to do anything different here. They are also similar to the information-sharing provisions in the Welfare Reform Act 2012 and those to be brought forward in the Northern Ireland Welfare Reform Bill. So, as I said, this is to address a shortcoming; it aligns fully with the powers taken in those other pieces of legislation.

It is intended to ensure that all eventualities relating to rates support purposes can be covered. The type of information that is likely to be provided will relate to a person's income, capital savings, entitlement to tax credits, etc. We consider that the inclusion of Northern Ireland in the scope of the legislation is to be a routine matter, and the changes are considered to be necessary and non-controversial. As you know, Westminster will not normally legislate on devolved matters without the agreement of a devolved legislative Assembly through a legislative consent motion. The UK Government intend to table an amendment after the Bill's Second Reading in the House of Lords. It was not possible to introduce the amendment at the House of Commons stage, as the change was considered to be outside the scope of the Bill by the Commons authorities. This will be the subject of the Northern Ireland Assembly's legislative consent motion. If that legislative consent motion is not agreed by the Assembly by the end of the month, the amendments will be removed. The same changes are being made, as I said, for the devolved legislatures of Scotland and Wales.

As I said, we believe that this is a non-controversial issue. The change is being sought for benign purposes: to ensure the smooth running of a support scheme; to ensure that claimants are not required to fill in new forms; and to ensure that there is a free flow of information from HMRC.

The Chairperson: Thank you. I presume that you have consulted with the Department for Social Development (DSD) and the Housing Executive on the legislative consent motion. Are they content?

Mr McClure: Yes, they are. They consider it to be necessary.

The Chairperson: You outlined the areas where you are looking for information; for example, savings.

Mr McClure: Savings, income, capital and all the information that is provided for other purposes and is needed for any means-tested rates support scheme. It is to save people having to fill out another 20-page form.

The Chairperson: So, the onus will then be on the Departments to access that information themselves rather than on the applicant to provide the information.

Mr McClure: Where that information can be gathered from other sources, that will be the case.

The Chairperson: Do LPS and the Housing Executive already have alternative sources of information?

Mr McClure: Yes, they do. It is because of the welfare reform changes that some of those sources of information are incomplete. That is why the information has to be sourced directly from HMRC, and that is the case for all the devolved Administrations.

The Chairperson: Are there any data protection issues around LPS and the Housing Executive holding onto information that is personal to applicants?

Mr McClure: Very strong protocols for the handling of information will have to be put in place, and the information will have to be used for the prescribed purpose.

Mr Cree: How do things work at the moment? The change seems so obvious, so why has it not happened long before now? What happens now? What will no longer be required to happen?

Mr McClure: All the information is obtained through the social security system. It is because things are being taken out of the social security system that we need this power. So, it is a consequence of the welfare reforms that there are shortcomings in the current data-sharing powers. The powers will not enable the Housing Executive or LPS to do anything differently; the purpose is to change the legislation in the new context, post-welfare reform.

Mr Cree: It should make it simpler, then.

Mr McClure: It should make it simpler. If we did not do this, low-income households would have to provide a lot of information that they do not currently have to provide to make up the gap in information for means-tested schemes.

Mr Cree: I am also intrigued by the fact that Northern Ireland legislation is not competent to deal with the changes. We are still not competent to make regulations under our own legislation, but we can under this Bill. Is that right?

Mr McClure: Yes; we cannot pass legislation that affects HMRC. Such legislation has to be passed at a national level.

Mr Cree: Will we have the power to make regulations under the Bill?

Mr McClure: I have the information here. Our paper states that a section of the Commissioners for Revenue and Customs Act 2005:

"specifically excludes any Act of the Northern Ireland Assembly, or an instrument made under such an Act, creating an information sharing gateway with HM Revenue and Customs."

So, it is already stated in primary legislation that Northern Ireland is not legislatively competent to do that, which is also the case with the other devolved Administrations.

Mr Cree: But under the new Act, we will be able to make regulations that are competent.

Mr McClure: Yes, we will. That is correct.

The Chairperson: Thank you very much.