



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Main Estimates and Budget (No 2) Bill: DFP
Briefing

30 May 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mr Roy Beggs
Mr Leslie Cree
Mr Paul Girvan
Mr David Hilditch
Mr William Humphrey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr Michael Brennan	Department of Finance and Personnel
Mr Jeff McGuinness	Department of Finance and Personnel

The Chairperson: We move on to the next session, and I would be interested to hear an explanation as to why we do not have papers for it.

Mr Michael Brennan (Department of Finance and Personnel): Chairman, as I understand, the Main Estimates papers are still being considered by our Minister. I appreciate and support the fact that requesting accelerated passage from the Committee is critically important, and you need to have time to assess and consider the papers. However, in advance of next week's paper, presuming that the Minister clears it pretty quickly, if you were to pass comments and queries through the Committee Clerk rather than wait until next Wednesday, we will address them as they emerge from you over the next week. That would mean that when we appear in front of you again next week, we can address whatever queries you have when the papers get to you. We can then discuss that in detail next Wednesday.

The Chairperson: I am still not quite sure why we do not have the papers.

Mr Brennan: I asked our private office this morning and they said that the Minister was still considering them.

The Chairperson: He does realise, I am sure, that on the basis of an appropriate consultation we have to consider accelerated passage.

Mr Brennan: Yes. He is aware that there are a number of critical deadlines, with yourselves, the Business Office and the Office of the Speaker, that we cannot miss.

Mr Girvan: What date does this have to be agreed by?

The Chairperson: We have to agree accelerated passage next week, which meant that we were to have sight of the papers in advance of today's meeting, a briefing and initial run-through with officials today and then consideration on whether to approve accelerated passage next week. We find ourselves in a position where we do not have the papers to give that consideration. Accelerated passage is given on the basis that we have concluded our consideration, and we have to make a statement to the Assembly that we have been appropriately consulted, but it is clear that we have not been appropriately consulted to date. So, it is a significant issue. I raised it with the permanent secretary before he left.

Mr Beggs: I am curious as to why you have not been able to have a schedule that builds in a significant amount of time for scrutiny. Could the papers not have arrived two weeks ago or four weeks ago? Why have you not been able to build into the schedule an opportunity for scrutiny of the Estimates?

Mr Brennan: Obviously, there is a lot of technical work for Departments in constructing their draft Estimates and preparing the draft legislation. Jeff will go into the detail but there is a very tight and compressed period when it all comes together. There are a number of deadlines that we know that we have to meet.

Mr Jeff McGuinness (Department of Finance and Personnel): A number of issues have to be dealt with annually before we get a finalised position from which we can construct an Estimate. This year, for instance, we were delayed slightly by a number of reclassifications by the Office for National Statistics (ONS) on a number of our public bodies. Those had Budget and, therefore, Estimates implications, so we have had to hold off until we have those finalised with Departments and an agreed position on which to build an Estimate.

Mr Beggs: I still do not understand. What is wrong with the process that you cannot build in a month for the Committee to undertake detailed scrutiny? What would need to change so that this Committee could have a full month to scrutinise, ask questions and probe issues that may need to be further examined?

Mr Brennan: There are two difficulties with the current Estimate process. First, the deadline is to get Royal Assent by the end of July. Secondly, and more practically, Departments start to run out of money because under the spring Supplementary Estimates they have only 45% of their budgets. Around the end of July, Departments start to run out of money. So, you work back from that with regard to the time period required, even under accelerated passage, to get it through the Assembly and to give this Committee its due place with regard to the request for accelerated passage.

On the other side, however, working from the start of the financial year, it is an incredibly complex task for Departments to construct their Estimates. We have also had additional external complications with the reclassifications from the Office for National Statistics and then getting Departments here to agree those reclassifications. Everything is compressed and, unfortunately, comes together in a window of about 10 days. We have about only 10 days to engage with you.

Mr Beggs: Is the bottom line that the Budget is approved too late? Does that need to be completed earlier?

Mr Brennan: No; that has nothing to do with it.

Mr Beggs: We need to examine how other devolved regions manage the process, because this is not consultation.

The Chairperson: We have just issued a discussion document on the Budget process, so this is a telling factor.

Mr Girvan: I appreciate that everyone wants to be able to do a bit of scrutiny of the detail whenever it does come through to us, but have any Departments not come through with their Estimates in a timely manner? That is the point. Are Departments furnishing you with those Estimates on time? We cannot just see part of the picture; we have to see the whole picture, so there is no point in coming to us and saying you have Estimates for five Departments and the rest have not got them to you yet. We

need to know whether any of them failed to get them through their Committee or their Minister signing off. Has that been holding anything up?

Mr Brennan: I do not think so; I think all Departments responded on time.

Mr J McGuinness: There were a number of minor delays with Departments but that is more in a process of engagement with the Department of Finance and Personnel on an understanding of their figure work and things that they put in their Estimates that maybe we did not expect to see. Negotiation on those issues happens every year but certainly there were no major delays from Departments.

Mr Girvan: You mentioned the Office for National Statistics. I appreciate that our own census details and stuff like that will probably be thrown into the mix too and that that will have some impact on next year's Estimates and further down the road. However, why did the change come too late in the day to make those adjustments in Departments?

Mr J McGuinness: The Office for National Statistics is the body responsible for reclassifying all public bodies in the UK. It basically has carte blanche and tells us what the reclassification is. We have very limited recourse to go back and present a different case should the Department feel strongly about it. The problem is that the Office for National Statistics can make a decision about classification at any time during the year. It just happens that a number of those classification decisions have come very late in the year.

Mr Brennan: Take the further education colleges reclassification as an example. The treatment of the further education colleges in Northern Ireland is a consequence of the ONS reclassification. It meant that the Department for Employment and Learning took a completely different approach in constructing its Estimate to present to you.

Mr Cree: As you know, we are trying to make this whole process easy to understand, open, accountable and all the rest. This sort of thing flies in the face of that. There is no way that we can meet the requirements of Standing Order 42.

Mr Brennan: We are all in the same place; this goes to the heart of the financial process under which the Assembly has to operate when approving Budgets and Estimates.

Mr Cree: We clearly have to change the system.

Mr Brennan: That is what the Minister is trying to do. The Minister has a paper for the Executive on reforming the financial process. The ideal scenario is that you have only one set of Estimates once a year, and that is presented at the same time as, and in parallel with, the Budget paper.

Mr Cree: We really have to get rid of this jumbled system and make it clear. I think that I am preaching to the converted. However, the other problem is that we do not have any opportunity to consult with other Committees.

The Chairperson: We will have to consider next week whether we can meet that requirement. I, as the Chair of the Committee, have to stand up in front of the Assembly and say that we have met that requirement. I appreciate the difficulties that will be created if we cannot meet it. Bear in mind that next Monday and Tuesday are public holidays.

Mr Brennan: That is right.

The Chairperson: That further impacts on our ability not only to receive information — I presume that we will receive information within the next day or two — but to communicate any questions and receive responses in advance of next Wednesday.

OK; we will have to leave it there until next week's briefing.

Mr McLaughlin: It is probably appropriate that we hold our counsel, no matter about the frustration. In preparation for next week's briefing, we may need to consider having special arrangements for consulting with the Committees should we believe that there is at least a possibility of being able to

properly meet the requirements of Standing Order 42. We are entitled to a full explanation from the Minister.

In any event, the end of July is the real deadline, because there are other mechanisms for releasing funding to Departments. They will not go bust in the meantime, but it is very unsatisfactory. To be responsible at our end, we should consider how we can expedite consultation or feedback from the other Committees. In those circumstances, we may then have to make a very difficult call on whether or not we can support the proposition on accelerated passage.

The Chairperson: We can ask the Committee staff to try to figure out how that would be achieved. It puts us in a very invidious position. Thank you very much.