



Assembly Scrutiny of Public Finance: Workshop Series

Monitoring of budgetary and financial processes

# THE NORTHERN IRELAND BUDGET PROCESS 2015-16

Compiled and delivered by RaISe

Autumn 2014



# Themes examined:

- ❖ Financing the Budget
- ❖ The statutory basis for the Budget and Assembly scrutiny;
- ❖ The current process and timeline;
- ❖ Allocations;
- ❖ Committee scrutiny: cross-departmental issues; and,
- ❖ Committee scrutiny: departmental specific issues.



## Financing the budget:

- ❖ ‘Block Grant’ allocated under the Barnett Formula, including Barnett Consequentials (about 93% of total resources).
- ❖ Regional rates revenue generated from domestic and non-domestic rates.
- ❖ Reinvestment and Reform Initiative borrowing acquired *via* National Loans Fund.
- ❖ Receipts generated from: some consumer charges (e.g. driver licence renewal fees); European Union income (e.g. Structural Funds); and, capital receipts (e.g. sale of departmental capital items).



# What resources are available for 2015-16?

£000s

	Non Ring Fenced Resource	Ring Fenced Resource	Conventional Capital DEL	Ring Fenced FT Capital
Spending Round Outcome	9,621,665	544,863	955,680	104,333
Autumn Statement 2013	55,660		6,149	22,342
Budget 2014	6,766		1,829	997
Classification Changes	6,973	5,500	935	0
Budget Cover Transfer	30			
<b>Total</b>	<b>9,691,094</b>	<b>550,363</b>	<b>964,593</b>	<b>127,672</b>



# £100 million to be repaid to the UK Reserve



Northern Ireland  
Assembly



Northern Ireland  
Assembly



Northern  
Assembly



DCAL

Department of Culture,  
Arts and Leisure  
[www.dcalni.gov.uk](http://www.dcalni.gov.uk)



Northern Ireland Audit Office



**11,100**



Northern Ireland  
Assembly

[www.niassembly.gov.uk](http://www.niassembly.gov.uk)



# The statutory basis for the budget

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## Draft budgets.

- (1) The Minister of Finance and Personnel shall, before the beginning of each financial year, lay before the Assembly a draft budget, that is to say, a programme of expenditure proposals for that year which has been agreed by the Executive Committee in accordance with paragraph 20 of Strand One of the Belfast Agreement.
- (2) The Assembly may, with cross-community support, approve a draft budget laid before them with or without modification.

20. The Executive Committee will seek to agree each year, and review as necessary, a programme incorporating an agreed budget linked to policies and programmes, subject to approval by the Assembly, after scrutiny in Assembly Committees, on a cross-community basis.



# What happens if no budget is agreed: allocations

## 59 Payments out of Fund without appropriation Act.

- (1) If an Act is not passed at least three working days before the end of a financial year ("year 1") authorising the issue out of the Consolidated Fund of Northern Ireland of sums for the service of the next financial year ("year 2")—
  - (a) the authorised officer of the Department of Finance and Personnel may, subject to any Act subsequently passed, authorise the issue of sums out of that Fund for the service of year 2; and
  - (b) the sums so issued shall be appropriated for such services and purposes as the officer may direct.
- (2) The aggregate of the sums issued under subsection (1) for the service of year 2 shall not exceed 75 per cent of the total amount appropriated by Act for the service of year 1.

- (3) If an Act is not passed before the end of July in any financial year authorising the issue out of the Consolidated Fund of Northern Ireland of sums for the service of the year—
  - (a) the authorised officer of the Department of Finance and Personnel may, subject to any Act subsequently passed, authorise the issue of sums out of that Fund for the service of the year; and
  - (b) the sums so issued shall be appropriated for such services and purposes as the officer may direct.
- (4) The aggregate of the sums issued under subsection (3), and (where applicable) the sums issued under subsection (1), for the service of any financial year shall not exceed 95 per cent of the total amount appropriated by Act for the service of the preceding financial year.



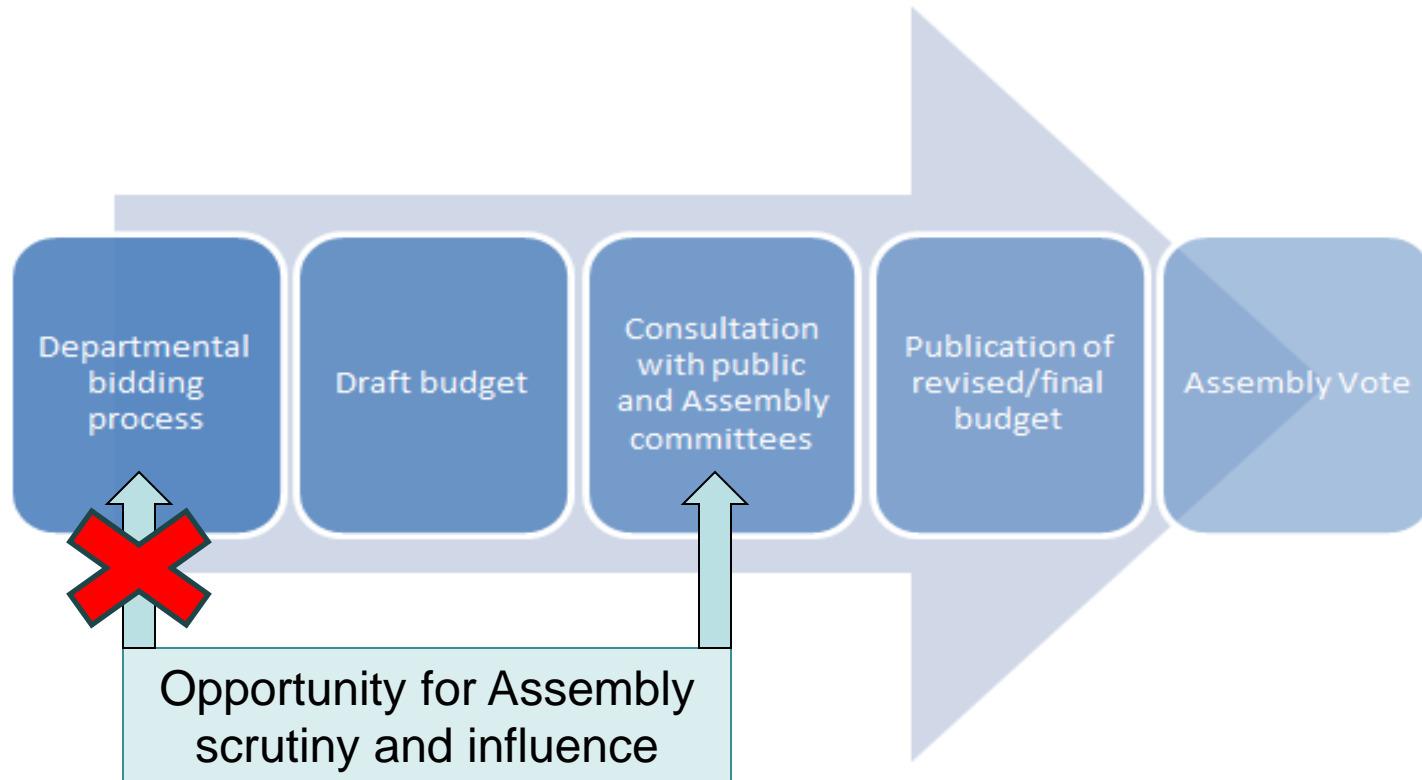
## What happens if no budget is agreed: accruing resources

- ❖ DFP may not be able to issue a direction under GRANI 2001;
- ❖ In which case, departments may not be able to retain receipts (known as 'Accruing Resources') to offset their expenditure;
- ❖ If so, some departments would have serious problems. For example, approximately 55% of DARD's expenditure is offset in this way;
- ❖ No precedent for this, which raise the potential issue of judicial review.





# Overview of Budget Process





# The consultation timeline

**3 November  
2014**

**3 November to 5  
December 2014**

**5 December  
2014**

**10 December  
2014**

**29 December  
2014**

NOVEMBER 2014

NOVEMBER 2014

NOVEMBER 2014

DECEMBER 2014

DECEMBER 2014

**Draft  
Budget  
Published**

**Statutory  
committees  
take evidence**

**Statutory  
committees  
report to CFP**

**CFP agrees  
coordinated  
report**

**Consultation  
Closes**

**Christmas Recess**

**13 December 2014 to 4 January 2015**

CE: "there is very little information on how

CoJ: "on the information available to date the Committee is unable to properly and accurately assess the likely implications of the funding reductions on the delivery of front line services, either in relation to front line policing or other front line services ... the Committee is not in a position to make an accurate judgement of the draft budget"

CoJ: "the very tight timescale for statutory committees to consider the draft budget proposals has impacted on their ability to properly scrutinise and reach informed decisions."

CoE: "The committee accepts that any monies raised by the proposed levy on single-use plastic bags should be used by the Department for their Environmental Programmes. However, the absence of any procedures for the collection for

CHS: "The Committee

has received limited information from the Department to date. The Committee's consultation on the draft budget was on its website on 13 January 2015, before the deadline for the Department of Finance and Personnel

CHSSPS: "The Committee was disappointed by the lack of detailed information provided by the Department on the draft Budget and by the lateness of the information which was received. The Committee is of the view that the Department's approach was not helpful in terms of affording it the opportunity to carry out a detailed and thorough scrutiny of the draft Budget, one of the key functions of all statutory committees of the Assembly."

ation of the levy this levy is likely to the Committee."

CFE: "The Committee has encountered difficulties in its scrutiny of the draft budget cuts which have hampered their ability to properly scrutinise the proposals of the department."

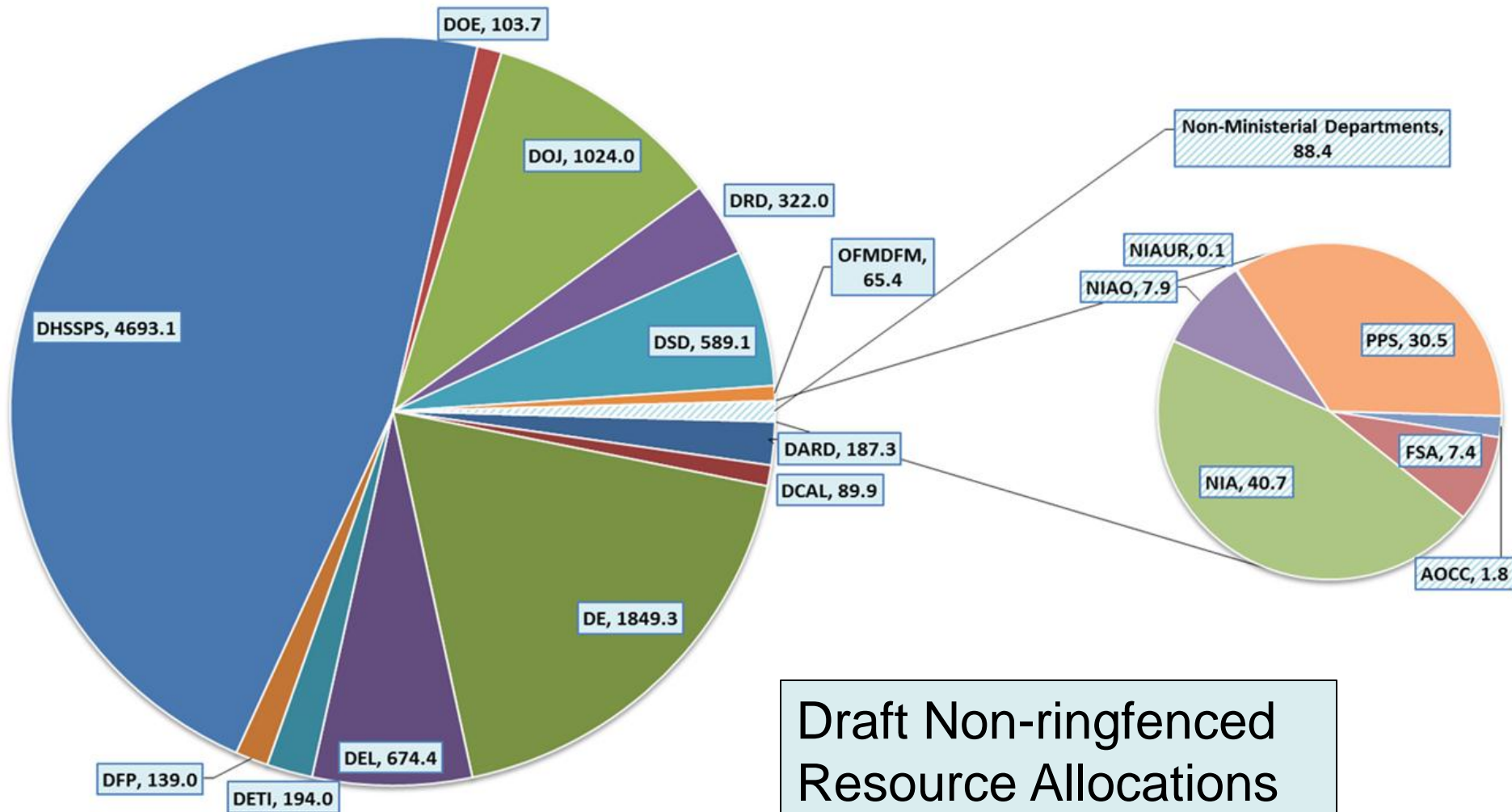
budget cuts will be in budgets that it almost public any detailed

CSD: "In the absence of sufficient detail on a number of key issues, the Committee agreed that it could not undertake further scrutiny or make additional comment on the DSD Draft Budget 2015."

by the committees."

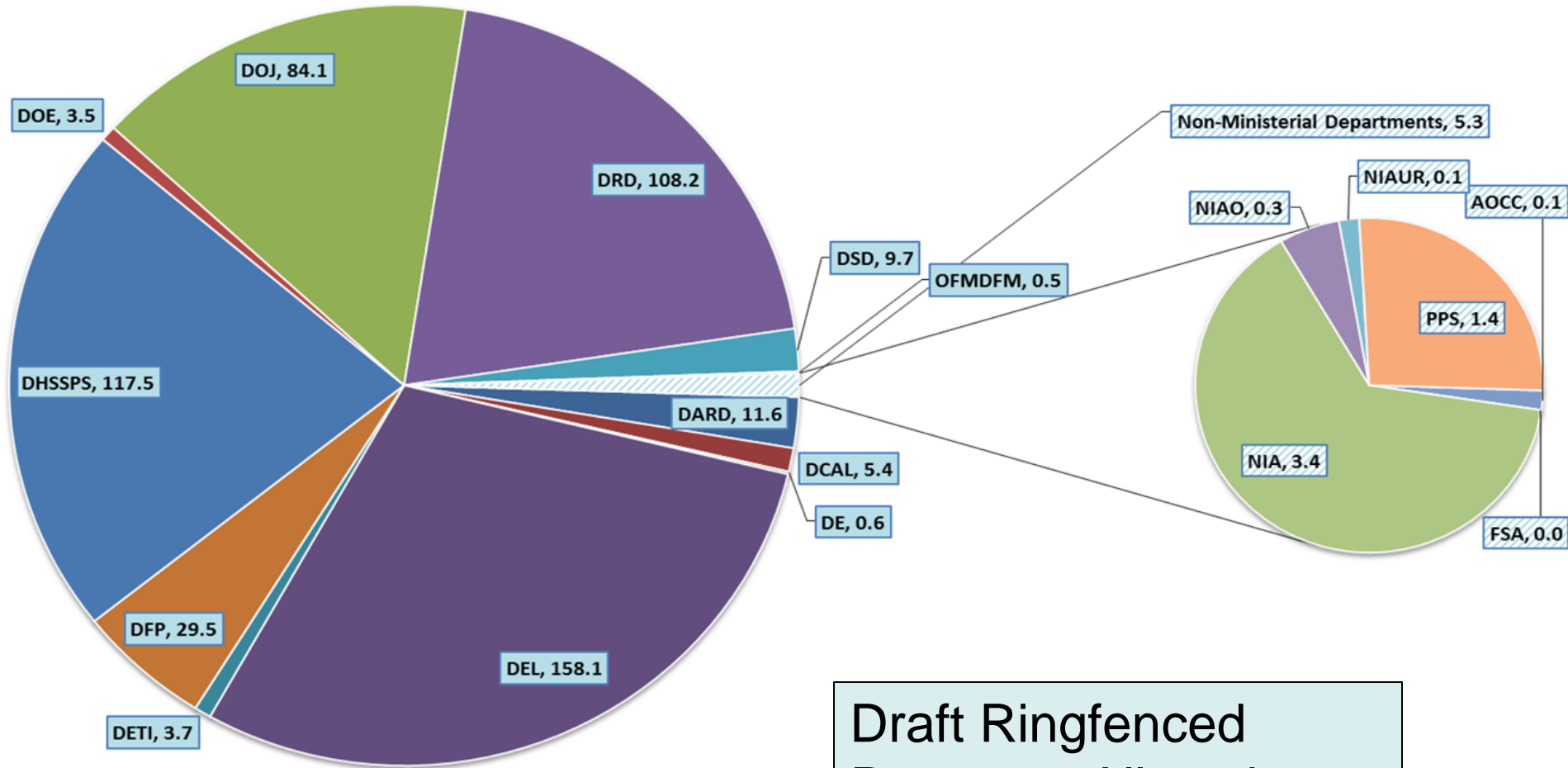
CSD: "the draft budget document and Departmental responses did not fully address members' queries or concerns."

£s million



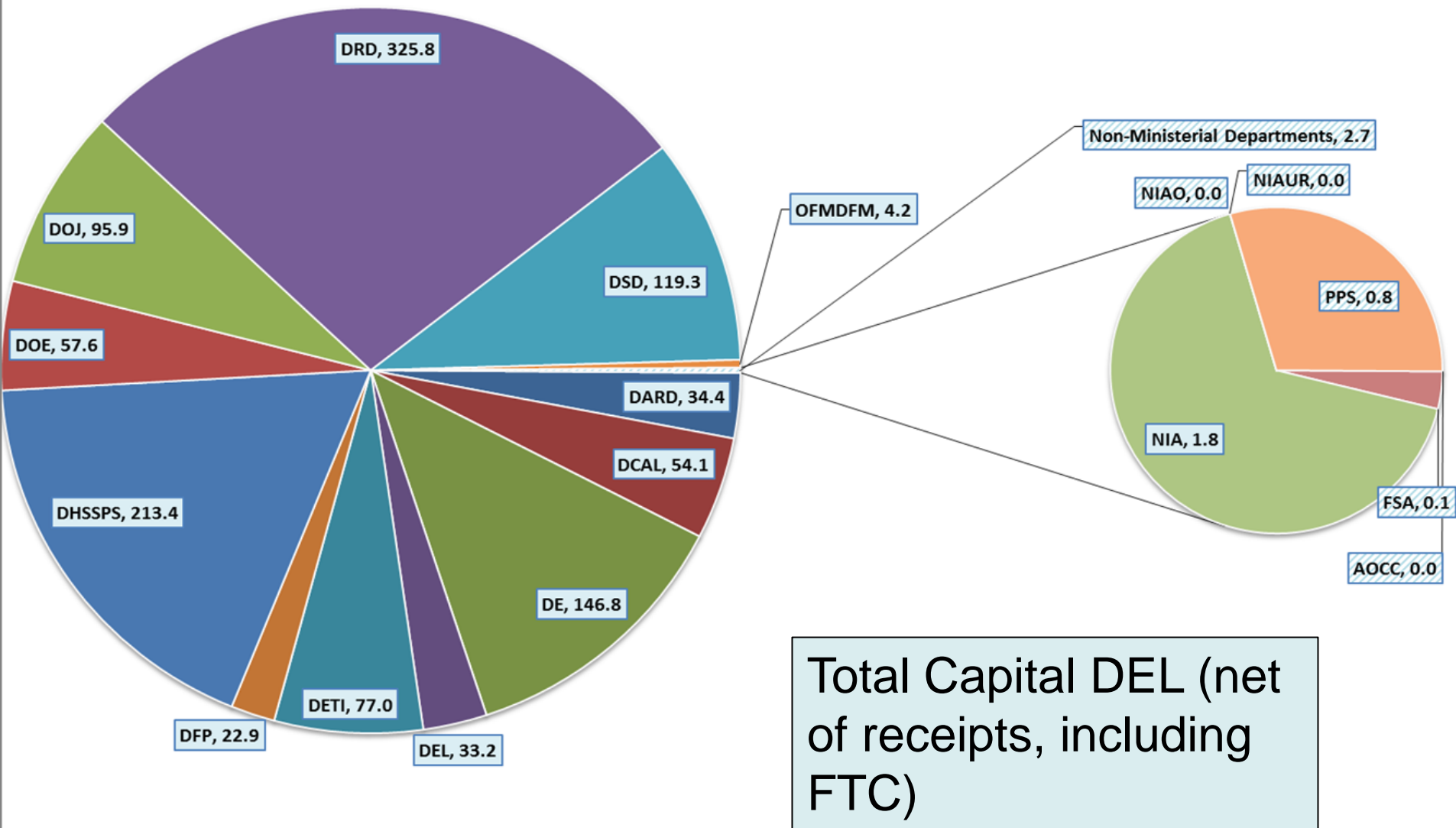
Draft Non-ringfenced  
Resource Allocations  
2015-16

£s million



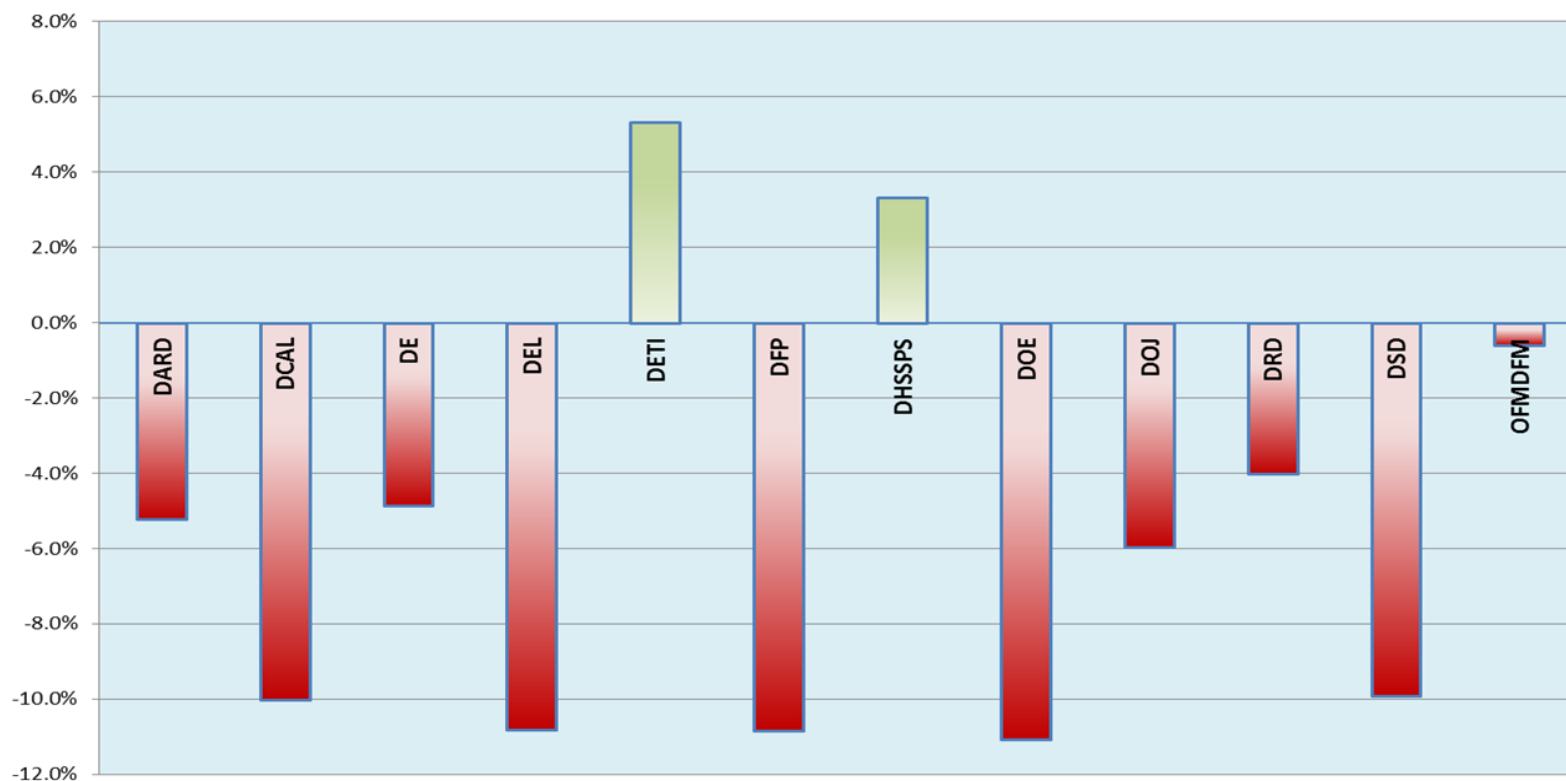
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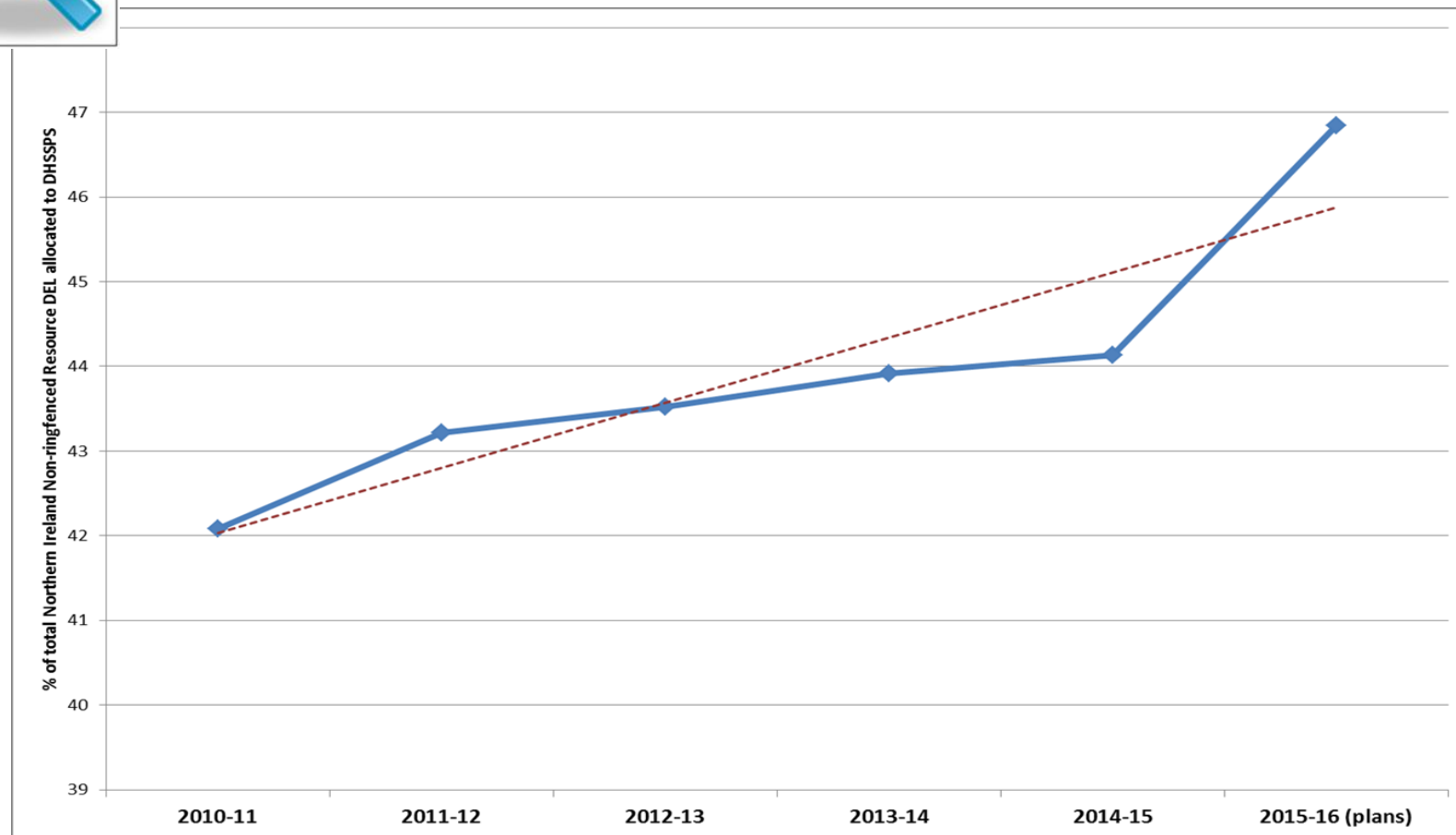


## Percentage change from Baseline (2014-15 Opening Budget) to Draft Budget 2015-16 allocation in Non-ringfenced Resource DEL





## Percentage of Total Northern Ireland Non-ringfenced Resource DEL allocated to DHSSPS







## Assembly influence

- ❖ Now is the time for the Assembly to exert influence, not when the Budget Bills come later in 2015;
- ❖ But if committees believe that their respective departments really need more funding and are prepared to support such a position, they will need to identify where money could come from;
- ❖ It may not be enough to look at other departments' budgets, but also the priorities within the department's own budget.



# Committee scrutiny: allocations

- ❖ What proportion of the allocated budget for each category is already contractually committed?
- ❖ What proportion of the allocated budget for each category is already legally committed for delivery of statutory functions?
- ❖ What proportion of the allocated budget remains unallocated for the exercise of ministerial discretion/prioritisation? Also, is there another way to deliver the function?
- ❖ How will these remaining resources be prioritised? What criteria will the Minister use?
- ❖ What criteria will the Minister use to determine which, if any, services or programmes have to be cut or scaled back?





# Committee scrutiny: workforce planning

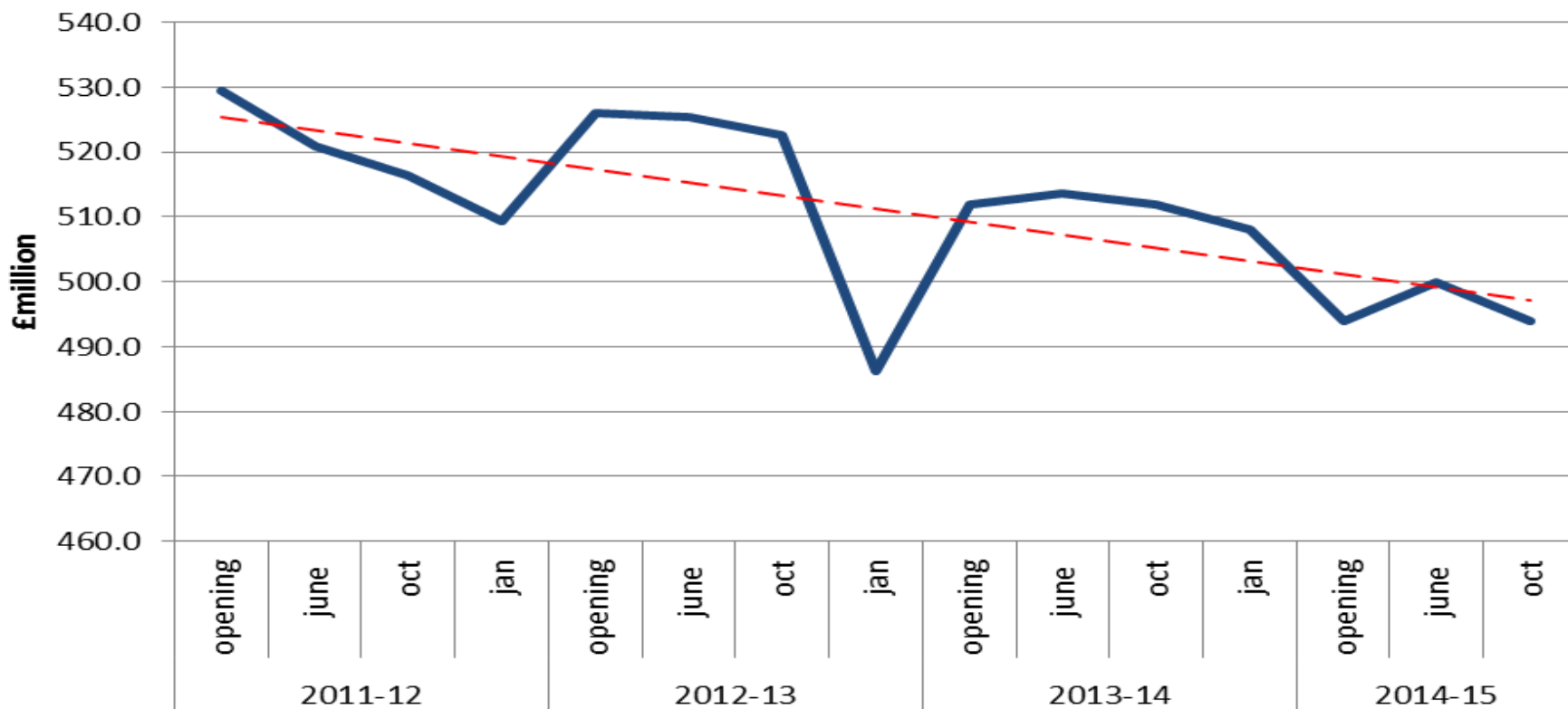
- ❖ DFP has been developing a workforce restructuring plan which will “*embrace all possible personnel interventions including a recruitment freeze, suppressing vacancies, use of temporary staff, pay restraint and a voluntary exit mechanism to reduce workforce numbers.*”
- ❖ What proportion of the department’s expenditure is on staff costs?
- ❖ How is the department allocating its expenditure given the ongoing workforce restructuring planning and the associated anticipated cost implications that may arise?





# Committee scrutiny: Administration Costs

**Admin Expenditure in core NICS departments**





## Committee scrutiny: change fund

- ❖ The Executive has agreed to allocate £30 million to a “*Change Fund*” (MS, 13). This Fund is “*tailored specifically towards reform orientated projects that are innovative, involve collaboration between departments and agencies or focus on prevention*”.
- ❖ Is the department planning to submit bids to the Change Fund?
- ❖ If so, what, and how will bids be prioritised?





## Committee scrutiny: capital

- ❖ The Minister said that “*a total of £115.6 million of FT Capital has been allocated to departments for projects [...] a number of these projects require further refinement;*
- ❖ Ministers have been allocated an ‘envelope’ of capital. How does the Minister intend to use it?





## **Committee scrutiny: departmental specific issues**

❖ Please refer to Handout





## Key Scrutiny Points:



- ? There is very little time for the Assembly to exert influence;
- ? The consequences of not agreeing a budget are potentially severe, including possibility of judicial review;
- ? How much flexibility/discretion does the department have within the proposed allocation?
- ? Link between plans and the Programme for Government, or simply 'firefighting'?





Any Questions?





How did we do?

