



Northern Ireland
Assembly

**COMMITTEE FOR
FINANCE AND PERSONNEL**

**OFFICIAL REPORT
(Hansard)**

Budget Scrutiny Inquiry: Stage 2

16 June 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Jennifer McCann (Chairperson)
Mr David McNarry (Deputy Chairperson)
Mr Simon Hamilton
Mr Mitchel McLaughlin
Mr Adrian McQuillan
Mr Declan O'Loan
Ms Dawn Purvis

Witnesses:

Dr Gareth McGrath) Northern Ireland Assembly
Mr John Power)

The Chairperson (Ms J McCann):

I welcome John Power, head of the Research and Library Service, and Gareth McGrath, director of engagement. Their briefing paper is in the tabled papers for members.

Dr Gareth McGrath (Northern Ireland Assembly):

The Research and Library Service has developed considerably since the restoration of the Assembly in 2007. That said, we have had significant challenges with the grading of staff, which has led to a delay in recruitment. We are coming to the end of that process. Quite a lot of new research staff have come in during the past couple of months, and more will come in shortly before Christmas.

During the past couple of years, we have watched with interest as, for example, the Canadian and Scottish Parliaments have established expertise in specific areas to look at the whole area of financial scrutiny. We are already positioning the Assembly's Research and Library Service to improve support for Members in their financial scrutiny work. From our perspective, three main areas need to be considered: access to information, staffing, and advisory support. I will hand over to John Power, who will cover each of those areas in more detail.

Mr John Power (Northern Ireland Assembly):

We have been conscious for some time that we need to improve the amount of resources available to Members and Committees vis-à-vis financial scrutiny. I have been thinking about three areas in relation to improving that scrutiny.

The first is access to information, with regard to not only the amount of detail, although that is an issue, but the timing, in terms of allowing us sufficient time to scrutinise the information in the detail that Members and Committees need. The evidence that the Scottish Parliament and the House of Commons gave to the Committee showed that they use various methods to acquire information, none of which would map across to the Assembly as it stands.

I have identified three options that the Committee may wish to consider to improve the flow of information by way of timing and detail, which could improve scrutiny: adopting a memorandum of understanding between the Assembly and the Executive; regulation in considering extensions to Standing Orders; or enabling information flow by way of primary legislation. The last two would require considerable effort and take time. I was encouraged to hear that the Scottish example of operating through a memorandum of understanding appears to work well there. However, members should consider that the political context of Scotland is very different from our own. They are operating in a minority Government, whereas the arrangement that we have in Northern Ireland, in which the five main parties are sitting in the Executive, could hardly be more majoritarian. That is a different political context, and it relates to access to information problems.

I am more relaxed about the second area, which is staffing. There are issues, but, since restoration in May 2007, we have been moving the recruitment schedule ahead. We recently appointed two research officers with economics and finance expertise to the Assembly's secretariat. By and large, we can move towards setting up a public finance scrutiny unit in the service at very little extra cost. Issues include exploiting the turnover of staff in the service so

that we can focus on finance expertise; making a small addition to the staffing complement at a minimal extra cost; and improving or making joint arrangements between the Research and Library Service and the Northern Ireland Audit Office. All those ideas are quite achievable.

The third area concerns the advisory support that the Committee might require, and I have identified a number of options. I have focused on the possibility of call-off arrangements by way of a panel that would allow the Committee for Finance and Personnel and other Statutory Committees that are involved in the budgetary processes to call on expertise. I noticed that, in the Scottish Parliament's evidence to the Committee, the head of the Scottish Financial Scrutiny Unit suggested that we work together to compile a joint list of expertise. I would very much encourage that, and I would be willing to work with the Scottish Parliament to achieve it.

The other issue is whether the Committee would wish to consider appointing a standing adviser to the Committee as is the case in the Scottish Parliament. That arrangement appears to have worked well there. The establishment of a call-off panel and the appointment of a standing adviser would require the same preparatory work. The Research and Library Service, in conjunction with the Clerking and Reporting Directorate, would be very happy to move that ahead once we have had the opportunity to read the Committee's considerations in its report.

Those are the issues that I believe need to be addressed vis-à-vis secretariat support to help the Assembly and this Committee to improve financial scrutiny. I am quite happy to take questions from members.

Ms Purvis:

Thank you for your report and your recommendations. You seem to be quite convinced about the need for a public finance scrutiny unit, which you say can be established at very little cost. By my calculations, it would have five members of staff, two of whom could, possibly, be seconded from the Northern Ireland Audit Office. Some of the evidence that the Committee has taken has indicated that, because the Budget process is concentrated at a certain time of the year, there will be pressure on those who work in that process at that time. Do you deem it necessary to have five members of staff available all year round? How did you come up with that figure?

Following on from that, I want to ask about the appointment of an external standing adviser to this Committee. Why is there a need for such an appointment? Would it not be better that this

Committee call off from a list or use the public finance scrutiny unit instead? Obviously, there will be times when we need that advice and expertise, but it may not be needed all year round.

Dr McGrath:

Research Services is comprised of a number of different teams, and those teams work across a number of different Committees. The unit would be a reconfiguration of the existing team structure. It would not be a new team of five people but a reconfiguration of people who are already there. The unit would provide support to this Committee, the Committee for Enterprise, Trade and Investment, and other Committees as necessary. Hopefully, that answers the first part of your question. John will answer the second part.

Mr Power:

I appreciate the member's concern about the peaks and troughs in the budgetary scrutiny work that the Assembly has to do. I am not really factoring in those peaks in the setting up of the finance scrutiny unit. There are two important aspects to that. The first is that the finance scrutiny unit would be dedicated to assist in that work during the peaks. However, we also need to draw on external expertise, and the financial resources to do that are available in the Clerking and Reporting Directorate or, if appropriate, the Research and Library Service. We would call on those resources to address those issues either by contracting out external research or, with the agreement of the Committee, by moving towards appointing a fixed-term adviser to deal with the Budget or the specific issue under scrutiny. Alternatively, we would assist the Committee in appointing a standing adviser.

The staffing resource in the Research and Library Service as a whole, or, if restructured, the resource focused into the finance scrutiny unit, is designed to cope with the level of demand that we would expect across the Assembly's Committees and Members. As we move towards an economic downturn and a contraction in public sector finances, we anticipate that the level of demand will increase in a similar way to that which has happened in the Scottish Parliament.

Mr McNarry:

You are most welcome, gentlemen. I want to pick up on what Dawn said. The people from Scotland who gave evidence to the Committee said that they have two permanent staff in their unit and that they have call on expert advisers, such as economists, retired civil servants, bankers etc. They seemed to be very confident that that service is adequate for the Scottish Parliament

and its Members. Are you confident that were such a unit to exist here it would be on call to provide a similar service to Members?

You say that the unit will not cost very much. However, as Dawn said, you have identified a need for about five members of staff. I do not know whether that is too many, but I compare that with Scotland. Why would we need five staff when Scotland seems to be doing the job with two? Perhaps the Scottish unit can latch on to greater expertise for less cost. Are you confident that the service would be valuable to Members?

Mr Power:

There are two aspects to that. First, I listened to the evidence from the Scottish Parliament and have re-apprised myself of it prior to this meeting. I point out that, according to the evidence presented, the Scottish Parliament had two research officers in the economics/finance field prior to the establishment of its Financial Scrutiny Unit. It now has many more. A senior economist manages the unit, which is a very important position, because that senior officer has to manage the myriad of different workflows and demands coming into the unit. Its previous —

Mr McNarry:

One of your recommendations is for a pilot scheme. Would that pilot be similar to how the unit in Scotland started, with two staff, or do you want to start with five?

Mr Power:

Scotland started with many more than five. It moved towards setting up secondment arrangements with Audit Scotland, and I am suggesting something similar. As far as we can, we would restructure the skills within the service — we are already in the process of recruiting — to focus those skills in a single team that would assist this Committee, other Committees and Members in their scrutiny.

My only recommendation that involves increasing our complement is the appointment of an assistant economist, which is quite a junior grade and, relative to the cost of the Research and Library Service, quite a modest adjustment. I propose that the senior economist be a fixed-term appointment and that, if we can achieve the agreement of the Audit Office, the secondment arrangements be fixed term. I also propose that I compile a report for the Assembly's senior management group and your consideration, which reviews the situation after a fixed period to see

whether those resources are of long-term benefit to the Assembly or whether we need to make other arrangements.

Mr McNarry:

Hansard has reported what our Minister said yesterday in the Chamber on the subject of a financial scrutiny unit. Perhaps the Minister was in bad form when he said it. He was in bad form quite often yesterday, particularly when I was not there.

Mr McQuillan:

You put him in bad form.

Mr McLaughlin:

Then you walked out and left him steaming.

Mr McNarry:

Unfortunately, I had some other things that clashed. Hansard reports him as saying that the Assembly does not need any more bureaucracy. He is entitled to that opinion, and it is an opinion that I have picked up. Is that really how we should perceive a financial scrutiny unit? Should we view it as being more bureaucracy and, therefore, dismiss it as something that is not required? Would a pilot unit contribute to changing such an opinion?

Mr Power:

I missed the ministerial statement, but I fail to understand how improving scrutiny and enabling the Members to perform the duties that they enjoy in the Assembly could be classified as bureaucracy. Research Services is quite light on bureaucracy and works directly with Members and two Committees to try to improve the scrutiny capacity of the Assembly. I do not see how starting up a financial scrutiny unit would, in any way, increase bureaucracy or even be a concern to the Executive. If one looks at how the financial scrutiny unit operated during its pilot period in the Scottish Parliament, particularly in the context of a minority Government, one sees that the Scottish First Minister appreciated the work of the financial scrutiny unit and found it useful. In fact, he has made reference to its papers in debates on the Floor of the Scottish Parliament. I would expect a similar outcome here, particularly given the coalition arrangements of the Executive.

Mr McNarry:

You are asking that we give the pilot scheme a crack, because you think that it will show everybody the merits and values of a financial scrutiny unit. The pilot will or will not work, but we will not know unless we give it a crack. It may be too big a risk to go for it without having the pilot, because we would then be stuck with it whether it works or not. Is the thinking behind the pilot to prove the merits of the unit?

Dr McGrath:

We are in the position that the Scottish Parliament's corporate body was in two and a half years ago, when it was considering whether there was merit in establishing such a unit. They went ahead and did their pilot. They evaluated it, and, as John said, the feedback from Members, including the First Minister, was very positive. The Assembly secretariat is as aware as anyone else is of the forthcoming and current financial restraints. That is why we have been able to reconfigure our resources and are suggesting very little over and above that. The bottom line for me is that, as a secretariat, we are here to support Members in their plenary work and in Committees. It is beholden to Members and Committees to use the services that we provide. If, after a year, there is not sufficient usage of the scheme, I agree that the pilot's continuation would be questionable.

Mr Power:

There is a risk that we need to work with over a pilot period, which is not so much concerned with the staffing issue. I am confident of Members' interest in financial affairs. However, I am not so confident that we can harness expertise at the levels that the public finance scrutiny unit would put in place in the longer term if access to information in sufficient detail or in sufficient time is not made available to us. That is an important part of the test that the pilot would need to address.

Mr McNarry:

I am keen on the idea because I see a need for such assistance. However, I am terribly worried that the unit would be too good for us and that we would not know what to do or how to take forward a lot of the information that would be given to us. Nevertheless, that assistance would be a big bonus.

Mr McLaughlin:

Are you not used to that by now?

Mr McNarry:

I pick up a lot of wee tips from sitting beside you. I still do not know how to play that game that you support. Nevertheless, you still work on me.

Mr O'Loan:

Thank you for your presentation and your paper. I support the idea of the Assembly's taking more control of the Budget issue, more fully scrutinising that and being much more involved in that process. Therefore, I broadly support the beefing up of the research facility that the Assembly offers. However, there is a question mark over any information-gathering exercise and resource being put into that because for whom and for what purpose would that information be gathered? The presumption from your remarks is that that information would be gathered for this Committee. However, I wonder whether that fully reflects the current remit of the Committee.

This point ties in a bit with David's last point about what we would do with such information. At the moment, we do not have a strong challenge role in respect of the Budget and how it is used across the range of Departments. We collate and summarise a lot of information and send that to the Assembly to be debated at plenary sittings. However, we have not been given, and I do not think that we have sought or would seek to have, a wider remit than that in terms of challenging the Budget. Of course, this is not just about the Budget but about what the Budget is used for, such as the Programme for Government (PFG) and the public service agreements (PSAs), and it is about the stages at which those are created.

I have seen some reference to a proposal for the PFG to be created ahead of the Budget to allow for reflection on that before looking at the budgetary issues. The other parts of the architecture need to be fleshed out first to ensure that the research aspect of the system is designed right, and that is, no doubt, an issue that we are looking at here. Something along the lines of what you described is needed. If we get a good system in place, a very good analytical research element would be desirable. However, if we do not improve the political architecture, the research element would not necessarily be all that profitable.

Mr Power:

The Member makes a very important point. Although the Committee for Finance and Personnel has a co-ordinating role, the policy issues that drive political decisions, which, in turn, lead to budgetary priorities, are often expressed in other Statutory Committees. For example, one of the reasons why I started to move extra resources into the economic side was not as a consequence of any particular expression of concern from this Committee; that actually came from other Statutory Committees, such as the Committee for Health, Social Services and Public Safety. We would expect the financial scrutiny unit to offer assistance in those areas, and, based in the Research and Library Service, it has a duty to serve all the Committees and Members. Those ways of improving the information flow and the analysis that comes from the service can help the establishment of a public finance scrutiny unit that services not only this Committee but the concerns of Health, Social Development and other high-expenditure Departments.

Mr McLaughlin:

I am very interested in this subject. We need to develop the challenge function. We are often given information that other Departments with different responsibilities may be working with anyway. There is almost an inherited acceptance that certain issues are a given and that certain expenditures are inescapable. The reality is that the unit cost at the point of delivery is far more expensive here than in similar regions. In the course of time, the Assembly and its Committees would have been forced to grapple with these issues anyway. We must now do that in a slightly hothouse context, given the significant difficulties in the wider international economy and the measures and responses that are coming from central Government. We find ourselves managing a reduction in the available resource as opposed to being able to develop and to put our own stamp or identity on the range of services that we deliver.

The Programme for Government's PSAs are all based on that almost inherited schematic and do not reflect, in a dynamic way, the level of agreement that parties can hammer out on the actual inescapables, which should be the means by which we measure the effective delivery of our Programme for Government. The expertise deficit must be addressed, and I am interested in your proposition. Primarily, I am not completely convinced that it is the best way to proceed, but it is better than the present arrangement. It will undergo a pilot period and will not bust the bank. Your proposal redeploys existing resources, but it also responds to a debate that has emerged in the Committee previously about the need for us to have a special adviser, given our particular function in comparison with that of other Statutory Committees.

I want us to reach a point where the Assembly stamps its own personality on the Programme for Government rather than it having a client relationship that reflects or even imitates what is happening elsewhere. The permanent Government has made a judgement that certain issues are inescapables and that there is room to manoeuvre on others. If we had the ability to drill into the detail, we would, perhaps, come up with a different set of priorities. Therefore, I support your proposition.

Mr Power:

I thank the Committee for the opportunity to put forward the proposition.

The Deputy Chairperson:

Thank you very much for your presentation. From the point of view of members, it is good that your written presentation contains recommendations for us to consider. That is a very pleasant change, and I appreciate what you are doing. We will take the matter on in due course. Thank you both very much.