



Northern Ireland
Assembly

Committee for Finance Legacy Report 2017 - 2022

Report: NIA 211/17-22

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Remit, Powers and Membership of the Committee

Powers

The Committee for Finance is a statutory departmental committee established in accordance with paragraphs 8 and 9 of Strand One of the Belfast Agreement and under Assembly Standing Order No 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department of Finance and has a role in the initiation of legislation. The Committee has 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 relevant primary legislation;
- call for persons and papers;
- initiate enquiries and make reports; and
- consider and advise on matters brought to the Committee by the Minister of Finance.

Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

Dr Steve Aiken OBE (Chairperson)

Mr Keith Buchanan (Deputy Chairperson)

Mr Jim Allister

Mr Pat Catney

Ms Jemma Dolan

Mr Philip McGuigan

Mr Maolíosa McHugh

Mr Matthew O'Toole

Mr Jim Wells

Mr Keith Buchanan replaced Mr Paul Frew as Deputy Chairperson with effect from 15 June 2021.

Mr Philip McGuigan replaced Mr Seán Lynch with effect from 5 October 2020.

Review of 2017 – 2022 Mandate

Scrutiny

The key points of the Committee's scrutiny during the 2017 - 2022 mandate are summarised below.

Inquiries

Owing to the relative brevity of the mandate and the pressure of the legislative programme, the Committee did not undertake any formal inquiries. However, the Committee did complete a substantial programme of budget reviews and other reviews.

Reviews

The Committee undertook detailed reviews of important policy areas as indicated below.

Review of Executive Spending/Budgets

A key role for the Committee for Finance is the scrutiny of Executive spending and Executive budgets. The Committee therefore sought oral and written briefings from the Department and key stakeholders on monitoring rounds; outturns; and budget proposals. This was informed in the later months of the mandate by reports from the Northern Ireland Fiscal Council and by the Fiscal Commission for Northern Ireland. The latter also reported on options relating to the further devolution of tax-varying powers to Northern Ireland. The Committee scrutinised the numerous covid support schemes funded by around £4bn of additional direct support from the UK Government. Further to this, the Committee undertook a concurrent meeting with the Committee for the Executive Office and Committee for the Economy in order to consider High Street recovery plans.

The Committee's compilation report on the 2022-25 Draft Budget can be found here: [Report on the 2022-25 Draft Budget \(niassembly.gov.uk\)](https://niassembly.gov.uk)

Review of an independent Fiscal Council for Northern Ireland

A key aspect of the governance of Northern Ireland is the budget development and agreement process. The Committee for Finance agreed that the current budget processes were unsatisfactory, with documentation lacking in appropriate levels of granularity and/or aggregation and presented in a timescale which did not lend itself to a reasonable level of review by elected representatives. The Committee also contended that the inappropriate timing of budget debates prevents the Assembly from fulfilling its role of scrutiny and challenge. The above has led to a perception of a lack of transparency and poor governance.

The Committee's report recommended the establishment of an independent Fiscal Council for Northern Ireland in order to address any real or perceived governance and transparency challenges facing the Executive's existing budget process.

The Committee agreed that that legislation should be brought forward at the earliest opportunity to establish an independent Fiscal Council for Northern Ireland as a body corporate with: an independent board (appointed in line with the Public Appointments process); a circumscribed multi-year budget and appropriate level of secretariat support; powers to compel information from Ministers, departments etc. similar to those available to the Scottish Fiscal Commission; the discretion to report on (largely) any fiscal factors that it chooses relating to Executive (and non-Executive) income and the resources or expenditure deployed by the Executive; and a requirement to produce an annual authoritative multi-year expenditure budget analysis and forecast report. This report would be laid in the Assembly and presented to the Finance Committee and debated in the Assembly in the early autumn regardless of whether the related Westminster or Executive processes are running late and which will illuminate the budget process for MLAs and the public and perhaps inform Executive decision-making in respect of final public expenditure plans.

The Department subsequently advised that the development of the relevant legislation had been paused owing to the collapse of the Executive.

A copy of the Committee's report can be found here: [Report on an Independent Fiscal Council for Northern Ireland \(niassembly.gov.uk\)](https://www.niassembly.gov.uk/committees/finance/legacy-report-2017-2022/)

Review of Brexit / NI Protocol

The Committee agreed along with the Committee for the Executive Office to co-commission Assembly Research to provide a selection of expert external opinion in respect of matters relating to the NI Protocol. The external opinion was designed to inform Members' understanding on the interaction between the NI Protocol and the UK Internal Market Act 2020 as well as mapping out which matters are devolved and which are reserved and which fall within the remit of the Committee for Finance (and the Committee for the Executive Office) etc.. The Committee undertook 15 public oral evidence sessions on the NI Protocol and the impact of Brexit including in respect of customs and the movement of goods; freeports; VAT and excise; State Aid and the public procurement framework.

Review of Building Regulations and Fire Safety

Following the Grenfell Tower fire disaster and the related Hackitt review, the Committee undertook 7 oral evidence sessions with the Department and expert stakeholders. These sessions informed the Committee's scrutiny of the Department's subordinate legislation which is designed to address fire safety concerns in respect of high-rise residential buildings.

Review of RHI Inquiry and NICS Reform

The Committee undertook 5 oral evidence sessions with expert stakeholders in respect of reform options for the Northern Ireland Civil Service and the wider public sector following on from the previous OECD review. The Committee also undertook numerous Departmental evidence sessions relating to the RHI Inquiry action plan which includes recommendations for NICS reform. Additionally, the Committee scrutinised the outworking of the RHI Inquiry disciplinary process. The Committee's scrutiny was frustrated by legal considerations which prevented the sharing and publication of relevant information.

Legislation

The Committee undertook 4 Committee Stages and scrutinised 1 Legislative Consent Motion during the mandate.

Functioning of Government (Miscellaneous Provisions) Bill

The Bill was designed to limit the remuneration; reduce the numbers and restrict the management of special advisers by other special advisers and to subject special advisers to the processes and procedures of the disciplinary code of the Northern Ireland Civil Service and to extend the powers of the Commissioner for Standards to investigate complaints against ministers. The Bill also included provisions relating to the recording and communication of meetings involving special advisers and minister and in respect of the declaration of interests as well as regarding monitoring rounds.

The Committee considered particularly: the need for the legislation; ways of improving accountability to the Assembly for special advisers and ministers; the need for an open and transparent complaints procedure in respect of ministers; the importance of ministerial meeting records; the need to prevent the improper sharing of confidential government information with third parties; and issues relating to the independence of the Commissioner for Public Appointments.

A copy of the Committee's report can be found here: [report-on-the-functioning-of-government-miscellaneous-provisions-bill.pdf \(niassembly.gov.uk\)](https://www.niassembly.gov.uk/reports-and-publications/committees/committee-for-finance/legislation/functioning-of-government-miscellaneous-provisions-bill.pdf)

Financial Reporting (Departments and Public Bodies) Bill

The Financial Reporting (Departments and Public Bodies) Bill was introduced by the Minister as part of the Review of Financial Processes. The Bill is designed to improve the understand-ability and coverage of the Estimates so as to include Non-Departmental Public Bodies.

The Committee generally welcomed the Bill's provisions which are designed to enhance transparency in respect of Estimates but recognised that the Bill's tightly drawn scope would likely preclude amendments which might address the wider

range of issues associated with budget scrutiny including particularly the engagement of the public through appropriately timed and informed consultation.

The Committee agreed to accept Departmental assurances in respect of: the content of the Estimates including the types, sources and quanta of accruing resources and EU funding; the treatment of North South bodies; the treatment of bodies receiving funding from more than 1 consolidated fund; and the independence of the Northern Ireland Assembly Commission.

The Committee agreed to support a Departmental amendment which would provide for the explicit inclusion of the Northern Ireland Public Services Ombudsman (NIPSO) in the provisions of the Bill. The Committee accepted Departmental assurances in respect of the independence of NIPSO and the related role of the Audit Committee.

The Committee agreed to not bring forward amendments which would require the production of Estimates Memoranda and instead accepted related Ministerial assurances. The Department subsequently required departments and other bodies to produce Estimates Memoranda which the Committee considered as part of its Budget Bill scrutiny.

The Committee agreed to not pursue amendments relating to an independent Fiscal Council so as to ensure that the necessary governance and powers (which the Committee previously decided needed to be formally enshrined in legislation) are the subject of a dedicated and well-considered Bill.

A copy of the Committee's report can be found here: [Report on the Financial Reporting \(Departments and Public Bodies\) Bill \(niassembly.gov.uk\)](https://www.niassembly.gov.uk/committees/finance-committee/reports-and-publications/2017-2022/2021-22-report-on-the-financial-reporting-departments-and-public-bodies-bill)

Non-domestic Rates Valuations (Coronavirus) Bill

In mid-October 2021, the Committee was advised that the Department of Finance understood that a projected 4,000 challenges to non-domestic rating valuations, flowing from Article 39A(1A) of the Rates (NI) Order 1977, if successful could lead to the loss of £255m of business rates revenue covering the Reval2020 period i.e. 2020-23. It was indicated that around half of this loss of income would fall to district councils. The effected businesses were identified as: pubs, hotels, B&Bs, sporting facilities and those retailers most effected by the coronavirus closure

restrictions. The Department subsequently introduced the Non-domestic Rates Valuations (Coronavirus) Bill in order to remove grounds for appeal of non-domestic rates valuations which were based on covid restrictions.

The Committee was concerned that the Non-domestic Rates Valuations (Coronavirus) Bill: had been introduced with no consultation with stakeholders; included retrospective provisions; removed all rights of appeal in respect of coronavirus for non-domestic rates valuations even though the ramifications of the pandemic are not fully understood; and included a significant delegated Henry VIII power.

The Committee understood but did not accept the Department's reasoning behind its failure to consult. The Committee agreed that the Department should in future explain its policies to its stakeholders properly and subject itself to the reasonable and considered scrutiny of the Committee for Finance, in a timely manner.

The Committee felt that it could reluctantly and with some trepidation accept the retrospective aspects of the legislation given that they covered a period during which non-domestic rate payers were in receipt of Executive pandemic supports which were targeted and which were reportedly more generous than that which was available in other parts of the UK. The Committee also felt that without this retrospective legislation, the ramifications of valuation appeals for whole business sectors and localities could take a very considerable time to resolve and could be significant. These in turn could have very adverse and unpredictable consequences for the public finances which might only materialise in subsequent mandates.

The Committee generally agreed that the combination of the £50m payment to businesses and the absolute assurances from LPS that the economic impact of the pandemic would certainly be taken into account in the next and future non-domestic rates valuation processes was just about sufficient to persuade the Committee to support the relevant loss of appeal rights. The Committee accepted this also on the expectation that targeted and well thought-out Executive pandemic support measures will continue and are a much better way to support businesses than to constantly and partially revise non-domestic rates valuations.

The Committee agreed to accept the delegated powers within the Bill as they will be subject to an appropriate level of Assembly controls.

The Committee's report can be found here: [Report on the Committee Stage of the Non-domestic Rates Valuations \(Coronavirus\) Bill \(niassembly.gov.uk\)](#)

Defamation Bill

The Defamation Bill was a Private Member's Bill which sought to extend changes in the law of defamation which apply in England and Wales to Northern Ireland. The changes included the introduction of a serious harm test for defamation actions which was designed to limit speculative proceedings which reportedly had a chilling effect on public interest reporting in this jurisdiction. The Bill also sought to remove the presumption in favour of jury trials for defamation actions as is the case in the rest of the UK. The Bill also was designed to provide protections for local media outlets which had on-line editions which made use of user-generated content.

Owing to the constrained timescales some highly informed stakeholders felt unable to provide detailed commentary on the provisions and possible amendments to the Bill. In the absence of comprehensive guidance, the Committee felt that it could not readily and authoritatively comment on some of the clauses but instead recommended that the Department took forward related issues. Following divisions, the Committee opposed provisions relating to the serious harm test; protections for website operators; and the removal of the presumption in favour of jury trials. Following divisions, the Committee did not agree that provisions relating to the single publication rule and actions against a person who is not the author or editor etc. should stand part of the Bill. The Committee supported amendments relating to: Departmental reviews of the operation of the Bill and related matters including the jurisdiction of the County Court; greater judicial discretion in respect of the use Alternative Dispute Resolution; Commencement; and regulating-making powers.

The Committee's report can be found here: [Report on the Committee Stage of the Defamation Bill \(25/17-22\) \(niassembly.gov.uk\)](#)

Legislative Consent Motion – Public Service Pensions and Judicial Offices Bill

The Committee considered a memorandum relating to a Legislative Consent Motion (LCM) which would extend the provisions of the Public Service Pensions and Judicial Offices Bill to include Northern Ireland. The LCM affects over 130k public sector workers in Northern Ireland and is designed to give effect to pension reforms following the McCloud (and Sargeant) judgement(s).

The Committee expressed considerable reservations in respect of the treatment of the McCloud remedy costs as member costs but noted particularly the confirmation, which the Bill is understood to provide, that no employee contributions will increase as a consequence of the remedy.

Notwithstanding the above, the Committee also expressed considerable concerns in respect of the anticipated revaluation of public service pensions and the as yet unquantified possibility of consequent increases in employee contributions to the relevant pension schemes. The Committee gave further consideration to the important concerns raised by NIC-ICTU in respect of the revaluation process when a 2nd LCM was brought forward.

The Committee noted and took some comfort from the assurances that the Department has provided in respect of: the treatment of subordinate legislation and technical documents; the provision of pension and financial advice to retirees; the administrative support for smaller pension schemes; and flexibilities in respect of additional contributions from deceased relatives.

The Committee agreed that owing to the shrinking timescales imposed by the UKG and the need to provide certainty to scheme members and the potential for any delay or deviation to lead to an unquantifiable financial and legal risk to the Executive, the Committee agreed that it had no option other than to support the Legislative Consent Motion or to at least not oppose it.

However, the Committee also agreed to write to the Minister seeking relevant assurances and asking him to lobby his counterparts in the UKG regarding the treatment of the costs associated with the McCloud remedy etc. and to write in similar terms to the sponsor of the Public Service Pensions and Judicial Offices Bill in Westminster in the hope of effecting relevant changes to the Bill.

The Committee's report can be found here: [Report on a Legislative Consent Motion for the Public Service Pensions and Judicial Offices Bill](#)
[\(niassembly.gov.uk\)](http://niassembly.gov.uk)

Approach

Most of the mandate was taken up by the suspension of the Executive during which Assembly Committees did not meet. Shortly after the mandate resumed, covid pandemic restrictions took effect. These effectively prevented the Committee from engaging informally with stakeholders in person or undertaking external events or visits.

The Committee felt that in order to minimise any risk to stakeholders, it was obliged to restrict itself to formal remote meetings – for which key statistics are appended.

Suggested Issues for the Successor Committee

The Committee agreed that the successor Finance Committee may wish, in the absence of covid restrictions, to undertake external meetings, visits and stakeholder events in external locations in order to enhance its appreciation of the impact of Departmental policy decisions.

The Committee also considered a number of issues which have yet to be formally concluded. These are discussed briefly below.

Independent Fiscal Council

The Committee produced a report setting out the provisions that should be included in legislation to establish an independent Fiscal Council for Northern Ireland. Although an interim Fiscal Council has been established, it is understood that the development of legislation which would make this body independent of the Executive has been paused owing to the collapse of the Executive. The successor Committee may wish to revisit the report and seek to progress this matter, if necessary, through a Committee Bill.

Financial Scrutiny

The Committee noted the considerable progress that is expected to be made in respect of the understandability and completeness of the Estimates documentation and the positive impact of the Fiscal Council on Members' grasp of the public finances. The Committee recognised that these were key to effective scrutiny of departmental spending. The successor Committee may therefore wish to further engage with the Department in order to ensure that supporting documentation including particularly the Estimates Memoranda is enhanced and shared with all statutory committees in a timely fashion. The successor Committee may also wish to engage with the Fiscal Council in order to make the best use of its insight into public spending.

Additionally the successor Finance Committee may wish to engage with the Devolved Administrations Finance Committee Forum which will involve Finance Committee Chairpersons from Scotland, Wales and Northern Ireland and is

expected to consider issues of common interest including: Levelling Up funding; replacement of EU funding; and fiscal and performance frameworks

Tax-Varying Powers

The Committee noted the interim report of the Fiscal Commission on the devolution of further tax-varying powers to Northern Ireland and the useful commentary that was made in respect of the Executive's revenue or potential revenue base. Although opinions differ on the benefits of further devolution, the successor Committee may wish to consider these matters further.

RHI Disciplinary Matters

The Committee spent considerable time endeavouring to understand the RHI disciplinary process which followed the related Inquiry. However, Members felt that owing to legal considerations, questions of accountability remained unanswered. The successor Committee may wish to consider further scrutiny of this matter in order to address the related public confidence issues.

RHI Action Plan – NICS Reform

The Committee spent considerable time reviewing options for the reform of the NI Civil Service and the related recommendations which were included in the RHI Action Plan. A great deal of reform over a medium to long timescale was recommended in the RHI Action Plan. The successor Committee may therefore wish to evaluate progress and examine the way forward for the Civil Service.

Rates Review

During its consideration of the Non-domestic Rates Valuations (Coronavirus) Bill, the Committee noted with some concern a number of disclosures in respect of the methodology for non-domestic rates valuations including e.g. the complexity of rates calculations for hospitality business or sports stadia and the related data gathering process which was reportedly hampered by very limited co-operation by business owners. The Committee noted the very important role that rates play in the public finance; a level of related legal uncertainty; and the very different

rating tariffs applied in different jurisdictions of the UK. The successor Committee may therefore wish to give further consideration to a wide-ranging review of rates which might perhaps be informed by what appears to be an aborted Departmental report on this subject produced in 2019.

Appendix 1 – Committee for Finance

The Committee has 9 members. The membership of the Committee throughout the current mandate was as follows:

Dr Steve Aiken OBE (Chairperson)

Mr Keith Buchanan (Deputy Chairperson)

Mr Jim Allister

Mr Pat Catney

Ms Jemma Dolan

Mr Philip McGuigan

Mr Maolíosa McHugh

Mr Matthew O'Toole

Mr Jim Wells

Mr Keith Buchanan replaced Mr Paul Frew as Deputy Chairperson with effect from 15 June 2021.

Mr Philip McGuigan replaced Mr Seán Lynch with effect from 5 October 2020.

Appendix 2 – Mandate facts and figures

Committee meetings & visits

Session	Number of meetings held	Percentage minutes public / closed	Number of meetings held outside Parliament Buildings	Number of committee visits
2019/2020	22	Public – 91% Closed – 9%	0	0
2020/2021	37	Public – 95% Closed – 5%	1	0
2021/2022	25*	Public – 93%* Closed – 7%*	0	0

Committee Bill Reports

Session	Name of Bill	Committee report (Ordered to print)
2021/2022	Defamation Bill	26 January 2022
	Non Domestic Rates Valuations (Coronavirus) Bill	5 January 2022
	Financial Reporting (Departments and Public Bodies) Bill	17 November 2021
	Legislative Consent Motion for the Public Service Pensions and Judicial Offices Bill	6 October 2021

Session	Name of Bill	Committee report (Ordered to print)
2020/2021	Functioning of Government (Miscellaneous Provisions) Bill	11 November 2020

Committee Inquiries / Reviews / Micro inquiries

Session	Name of report	Committee Report (ordered to print)	Date debated in Plenary (if applicable)
2021/2022	Report on an Independent Fiscal Council for Northern Ireland	9 July 2021	n/a
2021/2022	Report on the 2022-25 Draft Budget	23 February 2022	7 March 2022

Committee Motions Debated in Plenary (excluding Inquiries / Reviews / Membership changes)

Session	Motion	Date debated in Plenary
2019/2020	Extension of Committee Stage: Functioning of Government (Miscellaneous Provisions) Bill (NIA Bill 01/17-22)	5 May 2020
2020/2021	Extension of Committee Stage: Financial Reporting (Departments and Public Bodies) Bill	6 July 2021
2021/2022	Extension of Committee Stage: Defamation Bill	19 October 2021

Session	Motion	Date debated in Plenary
2021/2022	RHI Action Plan and Disciplinary Measures	22 March 2022

Statutory Rules

Session	Negative Resolution	Affirmative Resolution	Draft Affirmative	Confirmatory	Not laid	Total
2019/2020	11	2	0	0	1	12
2020/2021	26	4	1	0	1	32
2021/2022*	11	1	1	0	1	29

Witnesses

Session	Number of Organisations who gave evidence to the committee
2019/2020	13
2020/2021	47
2021/2022	33

Appendix 3 - Expenditure for the period 1 September 2017 – 28 March 2022

Budget area	Details	Expenditure
Committee Travel - committee members and staff travel and subsistence in relation to visits and meetings outside Parliament Buildings		£0.00
Advertising	Includes the cost of advertising relating to: <ul style="list-style-type: none"> - Functioning of Government (Miscellaneous Provisions) Bill [24 April 2020] - Financial Reporting (Departments and Public Bodies) Bill [3 September 2021] - Defamation Bill [14 September 2021] 	£1,809.15
External Consultancy	Includes costs associated with committee use of external consultants to assist in consideration of legislation, inquiries, etc.	£0
General expenses	Cost of refreshments for committee meetings, committee events, working lunches, seminars, room hire, witness expenses, and conference fees for members etc.	£420.38
All budget areas	All details	£2,229.53

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