

**REQUEST FROM: FINANCE COMMITTEE – DALO READOUT - MEETING  
WEDNESDAY 17 SEPTEMBER 2025**

**Clause 1**

**Response –**

**Scrutiny Point 1:**

**1. How does the DoF anticipate better future FTC use in Northern Ireland under Clause 1, if enacted as introduced? Please detail, including any modelling that has been undertaken to date.**

- The intended effect of Clause 1 is not to promote a greater use of FTC across Executive departments per se. In the first instance, when the Investment Fund was first established, TEO agreed that, until DoF had obtained the legal vires to make loans, FTC would be disbursed to the Fund via SIB.
- The inclusion of this clause therefore enables this longstanding policy intention to be enacted. However, moving forward, the legislation would allow DoF to consider the introduction of other similar Funds either as a replacement for or alongside the existing Investment Fund. This should therefore have a positive effect on the capacity for a greater use of FTC within the Executive.

## **Scrutiny Point 2:**

### **2. Has there been any assessment of the implications for the role of Invest NI; and if so, what was its results? Please detail.**

- The proposed powers for the Department will not affect or cut across the powers of Invest NI but rather will provide a safety net where Invest NI or other agencies lack the power to deal with a situation that has arisen. During the pandemic, the powers which Invest NI currently have were not sufficient to allow all the business support schemes that needed to be delivered.

## Scrutiny Points 3, 4 and 5

**3. Would any new or additional resources be required within the DoF or elsewhere to implement Clause 1, if enacted as introduced? Please detail.**

**4. If no to (3.), why? Please detail.**

**5. If yes to (3.), what would be the projected financial implications for those resources, including those for the public purse? Please detail.**

- In the immediate term, the implementation of Clause 1 will introduce new responsibilities for DoF Finance Division that are currently being carried out by TEO finance, in terms of the accounting and budgetary implications of FTC through the Investment Fund.
- It is expected that there will be no significant impacts on the need for staffing resources.
- Moving forward, should the Department of Finance wish to explore the potential for a replacement or extension to the Investment Fund or the introduction of a new Fund, this will bring policy development costs such as for consultation and analysis. However, since DoF has policy responsibility for management of the Investment Fund, these costs will have occurred within the department in any case and therefore the Clause will not lead to additional costs in that respect.
- DfE have confirmed that no additional expenditure is foreseen on implementation of this clause and DfE have confirmed that training will be provided to all relevant staff on the DfE clauses in this Bill should they become law.

## Clause 18

### Scrutiny Point 103

**103. Why does Northern Ireland need authority for a higher statutory contingency limit of 4% in relation to Consolidated Fund advances, when the current 2% level already is higher than the comparable statutory limits in both Scotland and Wales?**

- The Committee should note that the process in NI is different to that in Scotland and Wales. That is, in NI, as is the case in England, the ‘net cash requirement’ is controlled at Departmental level. For example, if an individual Department is forecasting that it is approaching its individual net cash requirement limit, that individual Department could approach DoF and seek an advance. This would be done, even though at a NI Block level there would be sufficient funds available, and the aggregate of all Departments net cash requirements was still within the aggregate net cash requirement control total.
- By comparison, in Scotland and Wales the contingency limit is controlled at an aggregated “Block level” and is only utilised if the aggregate totals of the Welsh or Scottish Departments were forecasting that an advance would be required.

### **Purpose of Legislation**

- The powers in Section 6 recognise that there can be occasions when, either due to unforeseen circumstances, such as when an emergency response is required, or when the time necessary for the Assembly to consider and pass a Budget Bill, and then for that Budget Bill to receive Royal Assent is longer than anticipated, there is a risk that some individual departments reach the limit of the cash that DoF has been authorised to provide them from the NI Consolidated Fund in the preceding Budget Act.
- This is particularly a risk for the Budget Bill which accompanies the Spring Supplementary Estimates at the end of the Financial Year which will provide the formal authorisation for the additional sums allocated through the series of in-year monitoring rounds, and any additional budget cover transfers made directly from Whitehall Departments.

- In relation to the current 2% limit, it is worth noting that the total new spending resulting from in-year monitoring rounds, AME allocations for benefits, pensions and other demand led services and budget cover transfers from Whitehall Departments can at times be significantly more than this limit.
- For example, following the approval of the Main Estimates and Budget Bill in 2023-24, £1.337 billion of total additional Resource DEL was received from Westminster by the NI Block. In comparison the 2% contingency advance limit was £429.8 million.
- Therefore, if there was an unexpected event in which the Spring Supplementary Estimates, Budget Bill or Royal Assent was delayed, a clear risk exists that Departmental spend could reach the approved net cash requirement limit, despite there being significant Resource Budget yet to be allocated to Departments by the Assembly. In such a scenario DoF would only be able to provide a cash advance of £429.8 million to Departments, despite there being additional funding of £1.337 billion.
- Similarly in 2024-25, total additional Resource DEL of £1.109 billion was received by the NI Block, after the 2024-25 Main Estimates. In comparison, under the 2% contingency advance, DoF's ability to provide Departments additional cash was limited to £478.8 million.
- DoF therefore seeks to increase the 2% limited to 4% for the purposes of providing a prudent safety net to ensure that if, due to unforeseeable events, which are outside the control of the Department or the Assembly, the delivery of essential services to citizens is not put at risk.
- The Committee should note that the purpose for which cash can be issued, as set out in Section 6(1), will remain subject to expenditure or receipts being

authorised by a Budget Bill in due course. Any amount outstanding at the end of the Financial Year will remain irregular and will always be brought back to the Assembly to regularise.

### **Recent Examples when the 2% Limit could have been reached**

- Recently there have been occasions which have indicated to officials in DoF that there would be merit in increasing the percentage limit for DoF to make advances out of the Consolidated fund. Notable examples include:

#### **2020-21: Covid Pandemic**

- In 2020-21, the amount of contingency available under the 2% provision totalled some £350.4m.
- During 2020-21, five Departments required cash advances to support the provision of services during Covid. The result was that 86% of the available contingency was utilised.

#### **2021-22: DoH Net Cash Requirement**

- In 2021-22 the total contingency available totalled to £444.4m. Due to a miscalculation in the Department of Health, Net Cash Requirement an advance from the consolidated fund of £444m was sought. This resulted in 99.9% of the available contingency being allocated. Further to this DFI then approached DoF seeking an advance, however fortunately Royal Assent was secured in time before this further cash advance was required.

#### **2024-25: Delayed Budget Bill**

- In 2024-25 a delay in the Budget process meant that it was not possible to get the 2024-25 Budget Bill through the Assembly process before summer recess. Instead, it was considered in September and Royal Assent was subsequently sought.

- At this time DoF calculated that the NI Block would have fully utilised all of the available contingency by 19 November 2024.
- Fortunately, Royal Assent was granted sooner than more typical years (received on 18 October 2024). However, it was clear that, had Royal Assent been granted in the typical timeframe that year, there was a risk that this would have resulted in the Net Cash Requirement Limits being reached.

**Conclusion:**

- Due to such situations, it is felt that it would be prudent to increase the contingency limit to 4% to ensure that public services can continue, thus granting the Executive and the Assembly a greater timeframe within which to consider and react to emergency situations and issues which may delay the approval of Estimates, the Budget Bill and allow sufficient time for Royal Assent to be secured.

## **Clause 19**

### **Scrutiny Points: 105, 106 and 107**

**105. Would any new or additional resources be needed within the DfE or other, to implement Clause 19, if enacted as introduced? Please detail.**

**106. If no to (105.), why? Please detail.**

**107. If yes to (105.), what would be the projected financial implications for those resources for the public purse? Please detail.**

- DfE have confirmed that no new or additional resources would be required to implement this clause. This clause removes the requirement for separate cash accounts under the Acts involved as the transactions are already included in the main DfE Resource Accounts.

## Clause 20

### Scrutiny Points 108, 109 and 110

Please note these Scrutiny Points have been incorrectly assigned to DfE when they are for DoF to respond to.

**108. Would any new or additional resources be needed within the DfE or other, to implement Clause 20, if enacted as introduced? Please detail.**

**109. If no to (108.), why? Please detail.**

**110. If yes to (108.), what would be the projected financial implications for those resources for the public purse? Please detail**

- Clause 20 seeks to transfer the responsibility for the appointment of the NIAO External Auditor from DoF to the Assembly's Audit Committee (a Standing Committee) by amending Audit (Northern Ireland) Order 1987. This will have no resource impacts on DfE, the issue exists solely between DoF, the NIAO and the Audit Committee.
- Under Article 6(4) of the Audit (NI) Order 1987, DoF is legally responsible for appointing an external auditor to the NIAO. It has long been recognised that, in the interests of ensuring the NIAO's independence, the appointment of the external auditor sits more properly with the Assembly rather than with DoF as an Executive Department. It therefore has been the intention of DoF for some time to progress legislation to transfer the responsibility for appointing the NIAO's external auditor to the Assembly.
- This proposal has previously been discussed and agreed with former Audit Committees and NIAO, in 2013 and again in 2017, but unfortunately, it was not possible to bring forward legislation at that time. DoF are now taking forward an Administrative and Financial Provisions Bill, which provides a suitable vehicle for making this change.

- Transferring responsibility for the appointment of an external auditor would mean that the procurement process would instead be undertaken by the Audit Committee rather than DoF.
- Discussions are currently undergoing between DoF and the Audit Committee Clerk in relation to the practicalities of the procurement process. One possibility being that the Assembly's procurement section could be utilised to run the competition and appoint the external auditor, if this is feasible.
- Under the existing arrangements the expenses of the external auditor are provided for by the NI Audit Office. This is expected to be the case going forward.
- Under the current arrangements, DoF pays for the recruitment/procurement costs of appointing the external auditor. Previously the contract has been awarded for 3 years plus 2 optional 1-year extensions. DoF undertake this work from within the existing DoF staff complement. It is estimated that the cost of running the procurement exercise is approximately £7,000 once every 3-5 years. This cost being staff time being diverted from other work. It should be noted that this is expenditure already being incurred and are not new or additional costs resulting from this legislative change.