

Research and Library Services



Northern Ireland Assembly

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PARLIAMENTARY FUNDING – A COMPARATIVE ANALYSIS

This paper describes the mechanisms for providing funding to the various Parliaments across the UK and Ireland. It also looks at the issue of accountability, and concludes that the Northern Ireland Assembly could benefit from the examples set by other Parliaments.

Library Research Papers are compiled for the benefit of Members of The Assembly and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

Summary

This paper offers a useful context for parliamentary funding by setting out the principles of parliamentary financial independence, integrity and accountability recently recommended by the Commonwealth Parliamentary Association and the World Bank Institute. It examines the mechanisms for providing funding to the UK Parliament, the Scottish Parliament, the National Assembly for Wales, the Northern Ireland Assembly and the Irish Parliament.

It also looks at the issue of accountability, and concludes that the Northern Ireland Assembly could benefit from the examples set by other Parliaments.

Table of Contents

Introduction: The Principles of Parliamentary Financial Independence, Integrity and Accountability..... 1

The UK Parliament.....3

Funding the Devolved Administrations5

The Scottish Parliament.....5

The Welsh Assembly.....6

The Northern Ireland Assembly.....8

The Irish Parliament9

Conclusion 11

Introduction: The Principles of Parliamentary Financial Independence, Integrity and Accountability

Many of the Commonwealth Parliaments are now looking to organisations such as the Commonwealth Parliamentary Association (CPA) and the World Bank Institute for advice on the establishment of corporate bodies or support to help them improve their existing corporate governance arrangements. In response to this, the CPA, in partnership with the World Bank Institute, organised a Study Group on the Financing and Administration of Parliament to:¹

- identify best practice in corporate management structures across Commonwealth Parliaments;
- produce recommendations for the establishment of new corporate bodies;
- examine methods of increasing accountability for the use of public funds and services; and
- develop the capacity of the CPA to assist Branches with issues of corporate management.

The Study Group met in Zanzibar, Tanzania, between the 25th and 29th May 2005. The meeting brought together Parliamentarians with experience of parliamentary corporate bodies and senior parliamentary staff with responsibility for corporate affairs. At the end of this convention, they made the following recommendations, which have since been published by the CPA:²

The independence and integrity of parliament

- All Commonwealth Parliaments should implement 'The Commonwealth Principles on the accountability of and relationship between the three branches of Government' (i.e. parliament, the executive, and the judiciary)³, especially those relating to the independence of the Legislature.
- Parliamentarians must be able to carry out their legislative and constitutional functions in accordance with their Constitution, free from unlawful interference.
- Parliamentarians should maintain high standards of accountability, transparency and responsibility in the conduct of all public and parliamentary matters.

The governance of parliament

- Parliaments should, either by legislation or resolution, establish corporate bodies responsible for providing services and funding entitlements for parliamentary purposes and providing for governance of the parliamentary service.

¹ Commonwealth Parliamentary Association 'Administration and Financing of Parliament' Study Group Report, November 2005 - <http://www.cpahq.org/default.aspx?id=2368>

² Study Group on the Administration and Financing of Parliament, Zanzibar, Tanzania, 25 – 29 May 2005, Key Recommendations - http://www.cpahq.org/uploadedFiles/Information_Services/Publications/CPA_Electronic_Publications/The_administrationandfinancingofParliaments%20recommendations.pdf

³ The Latimer House Principles - http://www.cpahq.org/uploadedFiles/Programmes_and_Activities/Commonwealth_Promotion/CommonwealthPrinciplesonThreeArmsOfGovernment.pdf

Northern Ireland Assembly, Research and Library Service

- There should be an unambiguous relationship between the Speaker, the corporate body and the head of the parliamentary service.
- Members of corporate bodies should act on behalf of all members of the legislature and not on a partisan or governmental basis.
- The corporate body should determine the range and standards of service to be provided to Parliament e.g. accommodation, staff, financial and research services.
- Corporate bodies should promote responsible governance that balances the unique needs of Parliament with general legal requirements e.g. employment law, Freedom of Information and Occupational Health and Safety.
- The head of the parliamentary service should be appointed on the basis of merit and have some form of protected status to prevent undue political pressure.
- The head of the parliamentary service should be given appropriate levels of delegated authority.

Financial independence and accountability

- Parliaments should have control of, and authority to set out and secure, their budgetary requirements unconstrained by the Executive.
- The remuneration package for parliamentarians should be determined by an independent process.
- The corporate body should ensure that an effective accountability framework is in place.
- Corporate bodies should ensure regular monitoring of actual expenditure against the amount of money appropriated for parliamentary services.
- The corporate body should ensure compliance with generally accepted accounting standards.
- The head of the parliamentary service should have ultimate financial responsibility for the legislature.

Parliamentary service

- Parliaments should be served by a professional staff independent of the public service and dedicated to supporting parliamentarians in fulfilling their constitutional role.
- The corporate body should ensure that the parliamentary service are properly remunerated and that retention strategies are in place.
- The statutory terms and conditions for the parliamentary service should be based on the needs of the legislature and not constrained by those of the public service.
- There should be a code of conduct and values for members of the parliamentary service.
- The parliamentary service should include not just procedural specialists but staff with specialised expertise e.g. finance, ICT, human asset management, research and communications.
- Effective recruitment on the basis of merit and equal opportunity strategies should be in place that will ensure that the parliamentary service is representative of the diversity of the wider community.
- Corporate bodies should promote an environment that encourages best practices for employee well-being.

Public accountability

- The corporate body should publish an annual report on its work on behalf of the legislature including information on the audited accounts and budget estimates.
- There should be an information strategy detailing how the membership and operations of the legislature will be communicated to the general public.
- Parliaments should develop programmes to promote the general public's understanding of the work of the legislature and, in particular, to involve school children in increasing their awareness of citizenship issues.
- The corporate body should ensure that the media are given appropriate access to the proceedings of Parliament without compromising the dignity and integrity of the institution.

The UK Parliament

The *House of Commons Administration Act 1978* defines the House departments and establishes the UK House of Commons Commission, which consists of the Speaker, the Leader of the House, a member nominated by the leader of the opposition, and three back benchers appointed by order of the House—one from the government party, one from the official opposition and one from one of the smaller parties. One of the backbench Members is also chairman of the Finance and Services Committee which advises the Commission on proposals for services.

The Commission has power to reorganise the House departments and is the employer of their staff, except for the Clerk, the Clerk Assistant and the Serjeant-at-Arms, who are appointed by the Crown. The Commission is obliged to ensure pay, conditions of service and pensions for staff are broadly linked to those of the civil service. The Commission is required to prepare and present the estimates incurred from the service of the House. Practically, the Leader of the House is able to speak on behalf of the government especially in relation to any major new services, and the Commission would not approve additional spending without a resolution of the House. Administrative expenditure is not subject to cash limits, and the Treasury has no formal control over the estimates. The Commission makes an annual report to the House. Appropriations in relation to building maintenance and furniture are limited by the government, and are included in the budget for the Department of the Environment.

The House of Commons has one budget for costs related to Members, a second budget for staff salaries and administrative costs, and other budgets which it shares with the House of Lords. The estimates for Members' pay, allowances and pensions are drawn up by parliamentary officials in consultation with the Treasury, although the rates of pay and allowances are set by the House itself. The House of Lords is also accorded independence by the Treasury. One difference between the processes of the two Houses is that the presiding officer has no role in the budget making process, rather the House Committee, with Members representing the Party Leaders and the Convenor of

Northern Ireland Assembly, Research and Library Service

the Crossbench Peers, is vested with financial control. The accounts are externally audited annually by the National Audit Office.⁴

In 1990 Sir Robin Ibbs was asked to undertake an investigation of the House Service. His report (HC 38, 1990-91), suggested a strengthening of financial control and accountability. The report was debated by the House on 17 January 1991 (c1046-84) and its recommendations relating to policy, organisation and systems, staff and finance were implemented. The most important of these was that the House should have full control of all its own expenditure – including that relating to Works and printing. Various new posts were created – for example the Director of Finance and Administration and the Director of Works - and various Departments of the House were reorganised internally to implement the changes.

Ibbs also sought to modify the existing domestic committee structure. The House of Commons (Services) Committee was replaced by a Finance and Services Committee that provides financial and other advice to the Commission. The sub-committees to the Services Committee were replaced by the five freestanding domestic committees.⁵

A review of the Ibbs Report, entitled House of Commons Commission Review of Management and Services (HC 745 1998-99) was undertaken by a team led by Michael Braithwaite (a former partner in Deloitte and Touche) and published in July 1999. Its remit covered in particular the workings of the Commission, financial arrangements in the House, accommodation, works and information technology.

The Braithwaite review found that there had been major advances in the management of the House and in delivery of services in recent years, but that further improvements could be made in governance (including a more corporate approach by House Departments), financial management and value for money, strategic planning and communications.

The Report proposed improvements to communications as they affect Members, particularly on the planning and delivery of services: better information on what is available (focused on how to achieve outcomes rather than simply describing services); information on the work of the Commission, the Finance and Services Committee and the domestic committees; and more effective routes for suggestions and views.

The Braithwaite Report was debated in the House on 20 January 2000 (c1062 to 1092). At its meeting on 10 April the House of Commons Commission approved the first steps in the implementation of the Braithwaite recommendations. Work on this has continued ever since, initially under the guidance of an Implementation Team, and since 2002 directed by the Board of Management and the Office of the Clerk. One of the principal recommendations of the Braithwaite report was that the House Administration should draw up a strategic plan. This was adopted by the Commission in June 2002.⁶

⁴ 'Funding arrangements for the parliament of Australia: A view to the future', Hon David Hawker MP, Speaker of the House of Representatives, Discussion Paper 5/07, Democratic Audit of Australia, March 2007 - http://democratic.audit.anu.edu.au/papers/20070302_hawker_parlfund.pdf

⁵ House of Commons Information Office, Factsheet G15 - <http://www.parliament.uk/documents/upload/g15.pdf>

⁶ House of Commons Information Office, Factsheet G15 - <http://www.parliament.uk/documents/upload/g15.pdf>

Funding the Devolved Administrations

The United Kingdom Government applies certain principles in allocating public expenditure between the countries of the United Kingdom. These are set out in the Treasury's statement of funding policy.⁷ The most relevant of these to the funding of the devolved administrations are the following:

- the allocation of public expenditure between the services under the control of the devolved administrations will be for the devolved administrations to determine;
- the devolved administrations will be fully accountable for the proper control and management of their public expenditure allocation and for securing economy, efficiency and value for money through scrutiny by the relevant Parliament or Assemblies and the detailed accountability and audit procedures listed in the Devolution Acts;
- the devolved administrations will meet all the operational and capital costs associated with devolution from within their allocated budgets.

The Scottish Parliament

The Scottish Parliamentary Corporate Body (SPCB) was established by the *Scotland Act 1998*. Its main function is to provide the Scottish Parliament with the property, staff and services required for the Parliament's purposes but it also has a number of other functions, in particular in relation to Commissioners/ Ombudsmen established under various Acts of the Scottish Parliament. Most of the SPCB's work is delivered through the Clerk/Chief Executive, to whom the SPCB has delegated authority, and the Scottish Parliamentary Service which he leads.

The Clerk/Chief Executive is designated principal accountable officer for the parliamentary corporation under Section 16 of the *Public Finance and Accountability (Scotland) Act 2000* as follows:⁸

- (1) The Clerk of the Parliament is, by virtue of this subsection, principal accountable officer for the Parliamentary corporation.
- (2) The principal accountable officer has the functions set out in subsection (3) and is answerable to the Parliament for the exercise of those functions.
- (3) Those functions are—
 - (a) signing the accounts of the expenditure and receipts of the corporation or any part of it, so far as it is not a function of any accountable officer designated under section 17(1) to do so,
 - (b) ensuring the propriety and regularity of the finances of the corporation,
 - (c) ensuring that the resources of the corporation are used economically, efficiently and effectively,

⁷ 'Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly', HM Treasury Statement of Funding Policy, July 2004 - [http://www.hm-treasury.gov.uk/media/6/E/Funding_the_Scottish_Parliament_National_Assembly_for_Wales\(296kb\).pdf](http://www.hm-treasury.gov.uk/media/6/E/Funding_the_Scottish_Parliament_National_Assembly_for_Wales(296kb).pdf)

⁸ http://www.opsi.gov.uk/legislation/scotland/acts2000/asp_20000001_en_1

Northern Ireland Assembly, Research and Library Service

- (d) designating persons as accountable officers, and determining their functions as such, in accordance with section 17,
 - (e) ensuring the performance of those functions by accountable officers for parts of the corporation, and
 - (f) the duty set out in subsection (4).
- (4) That duty is a duty, where the principal accountable officer considers that any action which the officer is required to take is inconsistent with the proper performance of the functions mentioned in subsection (3)(a) to (e), to—
- (a) obtain written authority from the corporation before taking the action, and
 - (b) send a copy of the authority to the Auditor General as soon as possible.

The Audit Advisory Board (AAB) was established to advise the SPCB and its Accountable Officer on accounting, audit and internal control matters. It currently meets quarterly and takes reports from Audit Scotland, the SPCB's Head of Internal Audit, and other relevant SPCB staff as required.

The AAB currently has four members: two MSPs representing the SPCB, and two independent members, one of whom acts as Chair. However, as best practice in corporate governance recommends that the number of independent members on audit committees/audit boards should be greater than the number of non-independent members, it was agreed that an additional independent member should be appointed for a term of three years.⁹

The Welsh Assembly

The Government of Wales Act 2006 created a legally separate Welsh Assembly Government and a new Corporate Body (the National Assembly for Wales Commission) which has responsibility for the provision of property, staff and services to support the Assembly Members. The Commission consists of the Presiding Officer and four other Members nominated by the main political parties. The staff of the Assembly are employees of the Commission and are headed by the Chief Executive and Clerk to the Assembly.¹⁰

Funding for the Welsh Assembly comes out of the Welsh Consolidated Fund and the Commission must lay its draft budget proposals before the Assembly in accordance with Standing Order 27,¹¹ the most relevant sections being as follows:

27.7 Not later than 24 September in each financial year, a member of the Commission must lay before the Assembly a draft budget for the Commission setting out the amounts of resources and cash which the Commission proposes to use for the following financial year and provisional amounts for the subsequent two years or for such other period as the Commission has agreed with the Welsh Ministers.

⁹ SPCB Annual Report 2007 - <http://www.scottish.parliament.uk/corporate/anrep-accts/spcb/ar-07/spar07-01.htm#31>

¹⁰ National Assembly for Wales website - <http://www.assemblywales.org/abthome/abt-commission/abt-commission-role.htm>

¹¹ http://www.oss.wales.gov.uk/2007/leg_SO_March2007.pdf

Northern Ireland Assembly, Research and Library Service

27.8 The Finance Committee must consider and report to the Assembly on the draft budget for the Commission no later than three weeks after it has been laid before the Assembly. The Finance Committee's report may recommend variations in the amounts proposed in the draft budget provided that the net effect of those variations would not increase the aggregate amounts of resources or cash proposed in the draft budget for the Commission.

27.9 No later than 30 October, a member of the Commission must lay before the Assembly a budget for the Commission, together with a motion that the budget be agreed and incorporated in the annual budget motion under Standing Order 27.17(ii). No amendment to the motion may be tabled and the motion must be debated within seven days of it being tabled.

27.10 If the final budget for the Commission is not agreed, then a member of the Commission must lay before the Assembly a revised budget for the Commission, together with a motion that it be agreed and incorporated in the annual budget motion under Standing Order 27.17(ii). No amendment to the motion may be tabled and the motion must be debated within seven days of it being tabled.

27.11 Further motions under Standing Order 27.10 may be tabled until such time as agreement has been reached but no such motion may be considered by the Assembly after 20 November.

27.12 If the budget for the Commission has not been agreed by 20 November, then the budget for the Commission to be incorporated in the annual budget motion under Standing Order 27.17(ii) is to comprise, for each service or purpose for which resources or cash were authorised to be used by the Commission in the previous financial year, 95% of the amount so authorised.

The accountability of the Commission is covered in Sections 137-140 of the *Government of Wales Act 2006*.¹² Section 137 states that the Assembly Commission must submit accounts, in accordance with directions given to it by Treasury, for each financial year for examination by the Auditor General. Section 138 appoints the Clerk as the Principal Accounting Officer for the Assembly Commission (although the Treasury can designate another member of staff under certain circumstances). Section 139 covers subsidiaries of the Assembly Commission and access to information by the Auditor General. Section 140 sets out the functions of the Auditor General in relation to the Assembly Commission's use of resources and enables him to carry out economy, efficiency and effectiveness examinations of the Assembly.

¹² http://www.opsi.gov.uk/acts/acts2006/ukpga_20060032_en_1.htm

The Northern Ireland Assembly

The arrangements for funding the Northern Ireland Assembly are essentially the same as those in Scotland and Wales. However, as identified in the recent review of the NI Assembly, the systems of accountability appear to be in need of some tightening up:¹³

'The Commission has responsibility, under Section 40(4) of the Act, to ensure that the Assembly is provided with the property, staff and services required for the Assembly to carry out its work. The Commission may delegate any of its functions to the Speaker or a member of the staff of the Assembly and may determine its own procedures. In practice however, there has been no formal delegated authority from the Commission to the Secretariat Chief Executive...

...We believe the Secretariat must be seen to be carrying out its duties to the highest public sector standards. The organisation should be at the leading edge of governance, internal control and financial management. Therefore, in general, we recommend that the Assembly adopts the Treasury Code of Good Practice on Corporate Governance. We acknowledge that this guidance was developed primarily for Central Government Departments; however it contains a set of principles (see www.hm-treasury.gov.uk/media/4/8/daocorggovernancecode.pdf) that the Secretariat should apply in a way that is proportionate to the organisation, its responsibilities and its circumstances. In so doing we would expect to see a much more corporate and business-like approach applied to running the organisation.

... The House of Commons Internal Review Service commented that:
"... one significant matter that weakens the formal accountability arrangements of the Assembly is the lack of formal delegation of responsibilities to the Accounting Officer/Chief Executive. ... There is a need to progress the implementation of a system of agreed delegations which cascade to every level in the Secretariat. An instrument of delegation from the Commission to the Accounting Officer/Chief Executive should be put in place."

The Commission has agreed to this in principle but it has not yet happened. It is our view that there is an urgent need to secure this cornerstone of accountability and put in place proper delegations.¹

Financial control, accounts and audit are covered by the *Northern Ireland Act 1998*¹⁴ and the *Government Resources and Accounts Act (Northern Ireland) 2001*¹⁵. The procedures governing the accountability of Government Departments would appear to apply equally to others in receipt of funding from the Northern Ireland Consolidated Fund, including the Assembly Commission.

¹³ http://assist.assemblyni.gov.uk/services/commission/review/NIA_Secretariat_Review.pdf

¹⁴ http://www.opsi.gov.uk/Acts/acts1998/ukpga_19980047_en_1

¹⁵ http://www.opsi.gov.uk/legislation/northernireland/acts/acts2001/nia_20010006_en_1

There does not appear, however, to be any clear requirement on the Assembly Commission to lay its budget proposals before the Assembly for approval in the same way as is the practice under Standing Orders in Wales. Nor is there any clear designation of the Clerk/Chief Executive as principal accountable officer as is the case under legislation in both Scotland and Wales.

The Irish Parliament

The Houses of the Oireachtas Commission was only recently established (on 1 January 2004) under the *Houses of the Oireachtas Commission Act 2003*.¹⁶ The Act (together with subsequent amendments to the legislation – see the *Houses of the Oireachtas Commission (Amendment) Act 2006*¹⁷) - sets out the functions, funding and accounting procedures for the Commission. It includes the maximum amount to be paid, out of the Central Fund, to the Commission over a three year period (which was updated in the 2006 Act).

The functions of the Commission are “to provide for the running of the Houses of the Oireachtas and to administer and manage the Office of the Houses of the Oireachtas.” This includes keeping accounts and submitting them annually to the Comptroller and Auditor General for audit.

The 2003 Act clearly sets out the role and accountability of the Clerk/Chief Executive (Secretary General) in Sections 15 and 16 as follows:

15 (1) The person who for the time being holds the office of the Clerk of Dáil Éireann shall, on and after the establishment day become and may also be referred to as the Secretary General of the Office of the Houses of the Oireachtas (in this Act referred to as the “Secretary General”).

(2) The Secretary General is the chief executive of the Commission.

16 (1) Subject to determination of matters of policy by the Commission and except as otherwise directed by the Commission or provided by or under any other Act, the Secretary General of the Office of the Houses of the Oireachtas shall have the authority, responsibility and accountability for carrying out the following duties in respect of the Office of the Houses of the Oireachtas:

(a) managing the Office of the Houses of the Oireachtas, implementing and monitoring Commission policies appropriate to the Office of the Houses of the Oireachtas, and delivering outputs as determined with the Commission,

(b) preparing, with a view to giving effect to *subsection (6)*, an outline of how specific elements of the responsibilities described in

¹⁶ Public Act No. 28/2003 - <http://www.irishstatutebook.ie/2003/acts.html>

¹⁷ Public Act No. 39/2006 - <http://www.irishstatutebook.ie/2006/acts.html>

Northern Ireland Assembly, Research and Library Service

paragraphs (c) to (g) are to be assigned so as to ensure that the functions performed on behalf of the Commission are performed by a member of the staff of the Commission of an appropriate grade or rank,

(c) providing advice to the Commission with respect to any matter within, affecting or connected with, the responsibilities of the Office of the Houses of the Oireachtas giving rise to material expenditure chargeable to its accounts,

(d) ensuring that appropriate arrangements are put into place that will facilitate an effective response to matters that pertain to both the Office of the Houses of the Oireachtas and other branches of the public service,

(e) ensuring that the resources of the Office of the Houses of the Oireachtas are used in a manner that is in accordance with [the Comptroller and Auditor General \(Amendment\) Act 1993](#) with a view to enabling the matters referred to in paragraphs (a) to (d) of section 19(1) of that Act to be appropriately addressed by the Secretary General,

(f) examining and developing means that will improve the provision by the Office of the Houses of the Oireachtas of cost effective services,

(g) subject to [the Civil Service Regulation Act 1956](#) and [the Civil Service Commissioners Act 1956](#), managing all matters pertaining to appointments, performance, discipline and dismissals of staff below the grade of Principal (Higher), or its equivalent in the Office of the Houses of the Oireachtas,

(h) assigning the responsibility for performance of the functions for which the Secretary General is responsible to members of the staff of the Commission of an appropriate grade or rank, including the conditions pertaining to such assignments, in order to ensure coherence of policy across the Office of the Houses of the Oireachtas, and ensuring that, where appropriate, the responsibility for the performance of those functions is further assigned to other members of the staff of the Commission of an appropriate grade or rank,

(i) providing progress reports on the implementation of the strategic plan, as defined in *subsection (4)(b)*, annually to the Commission.

(2) Nothing in *subsection (1)* shall be construed as preventing or limiting the Secretary General from carrying out, on behalf of the Commission, any other function of the Commission.

(3) The Secretary General shall be accountable to the Commission in carrying out the duties or functions referred to in *subsection (1)*.

Conclusion

It would appear that while the funding and accountability mechanisms for the UK Parliament, the Irish Parliament, the National Assembly for Wales and the Scottish Parliament are all set out clearly in legislation and in standing orders, work remains to be done in this area within the Northern Ireland Assembly, particularly in relation to the approval of corporate budget proposals and accountability.