



Northern Ireland  
Assembly

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**COMMITTEE FOR  
FINANCE AND PERSONNEL**

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**OFFICIAL REPORT  
(Hansard)**

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**Budget (No. 3) Bill: Main Estimates  
2010-2011: Briefing by the Department  
of Finance and Personnel**

2 June 2010

**NORTHERN IRELAND ASSEMBLY**

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**Budget (No. 3) Bill: Main Estimates 2010-2011: Briefing by  
the Department of Finance and Personnel**

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**Members present for all or part of the proceedings:**

Ms Jennifer McCann (Chairperson)

Mr Jonathan Craig

Mr Simon Hamilton

Mr Fra McCann

Mr Mitchel McLaughlin

Mr Adrian McQuillan

Mr Declan O'Loan

**Witnesses:**

Mr Michael Brennan ) Department of Finance and Personnel

Ms Agnes Lennon )

**The Chairperson (Ms J McCann):**

I welcome Michael Brennan and Agnes Lennon. Please make a few brief opening remarks, after which I will open up the session for members' questions.

**Mr Michael Brennan (Department of Finance and Personnel):**

Members will be aware that the Budget has now been set by the Executive. However, it is important to stress that Budgets do not convey Assembly approval for the Executive's spending plans. It is the Estimates and Budget Bills that are presented to the Assembly that convey approval. The Vote on Account that was passed by the Assembly in February conveyed initial resources to Departments for this financial year. Those resources were effectively 45% of

Departments' 2009-2010 allocation. The Main Estimates and the Budget (No. 3) Bill give authority for Departments to draw down the remaining resources that they need for the rest of the financial year, and they need this to happen before the summer recess.

I should also point out that the Main Estimates presented to the Committee today do not cover the Department of Justice, the Public Prosecution Service (PPS) and the Office of the First Minister and deputy First Minister because their Main Estimates were approved in March. Another point to highlight is the critical role of this Committee in approving the accelerated passage process and in validating and taking forward the revised spending plans for 2010-11. I also wish to flag up the fact that the Committee has had extensive engagement on the Executive's spending plans. The Main Estimates validate those spending plans and convey Assembly approval for them.

Two Excess Votes, in respect of the Department for Employment and Learning (DEL) and the Department of the Environment (DOE), are being presented to the Committee. Those relate to 2008-09 overspends of approximately £15 million by DEL and approximately £500,000 by the DOE. The Excess Votes have been referred to the Comptroller and Auditor General and were presented to, and discussed and approved by, the Public Accounts Committee.

The Budget (No. 3) Bill needs to be validated before the summer recess, and we plan to omit the Further Consideration Stage. Time is very tight, and, therefore, we are seeking accelerated passage.

**The Chairperson:**

Agnes, do you wish to add anything?

**Ms Agnes Lennon (Department of Finance and Personnel):**

No.

**The Chairperson:**

The Committee is being asked to agree to accelerated passage of the Bill, and the request is being made on the basis of the consultation that has taken place and includes the review of the spending plans and the changes. Although DFP officials have come to this Committee, other Committees said during our review that they did not get a lot of information from their Departments and that

they found things difficult. Many of them expressed dissatisfaction that it did not happen. We still do not have any real indication of what will happen in future Budget processes. That presents the Committee with a problem in agreeing to accelerated passage. Will you provide assurance that the situation has been rectified and that there plans to change the process?

**Mr Brennan:**

Yes. The Committee will be aware that the Minister of Finance and Personnel has serious reservations about the lack of consultation that took place between Departments and Committees. Many times on the Floor of the Assembly, he has mentioned that concern and the need to address it. He has presented a paper to his Executive colleagues on the Budget process, and that paper is currently with the Executive. A key element is the need to carve out, at an early stage in the timetable, intense engagement between Departments and Committees. That is a critical part of the consultation process, and it needs to happen at an early stage. I hope that that gives you reassurance.

**The Chairperson:**

Do members have any questions?

**Mr Hamilton:**

We have done this before.

**The Chairperson:**

Yes, we have. The Department's briefing paper is using the precedent of the passage of the Budget (No. 2) Bill, which provides money for the devolution of policing and justice, to support the argument for the suspension of Standing Orders in this case. However, was that situation not unique and more pressing in justifying the emergency measures that were taken to suspend Standing Orders? Should the argument for suspending Standing Orders for this Bill be based more on presentational issues rather than on the need to deal with an essential and pressing issue?

**Ms Agnes Lennon (Department of Finance and Personnel):**

I am not sure that we meant to use the devolution of policing and justice as a reason for leaving out the Further Consideration Stage this time, but there are three or four reasons why we feel that it should be left out.

We will be bringing the June monitoring round to the Assembly around the same time that the Final Stage of the Bill is being debated in the Assembly. If the Further Consideration Stage were included, we would be asking the Assembly to approve the June monitoring round before it had set the opening position for 2010-11. We thought that it would be useful to tidy that up and that the process would be speeded up by having the Assembly set and approve the opening position in legislation prior to the June monitoring round. As Michael said, there is also the added impetus that approval and Royal Assent must be granted before the end of July.

Further Consideration Stage normally follows Committee Stage, during which amendments can be proposed. As members know, the Assembly's Standing Orders already recognise the unique situation of Budget Bills and make provision for accelerated passage. It is very unlikely that amendments would be proposed to a Budget Bill, so Further Consideration Stage does not serve any particular purpose in that regard.

Also, it will not curtail the amount of debate that the Assembly will be able to have on the Bill, and debates at Second Stage and Final Stage will still take place. There will be no curtailment of debate at all.

**The Chairperson:**

You mentioned the June monitoring round and said that the process was different this time. Surely, all June monitoring rounds alter the opening position. What is so different about this one?

**Ms Lennon:**

They do. However, it does not seem sensible for us to bring forward the June monitoring plans that would amend the very plans that the Assembly has not yet approved. That is our reason for thinking that if we leave out Further Consideration Stage, which probably does not serve much purpose for a Budget Bill, we will speed up the process and have the new position affirmed by the Assembly before we bring forward the June monitoring proposals that will amend those very plans.

**Mr Craig:**

I am looking at the revised 2010-11 spending plans and the Main Estimates figures, and everything looks fine apart from DARD, which has a figure of minus £173.5 million. What is that about?

**Mr Brennan:**

DARD had given a commitment to dispose of the Crossnacreevy site, and a receipt was factored into its capital position. Obviously, that disposal did not materialise, so DARD's opening position for 2010-11 had a negative figure because of a lack of drawing down the Crossnacreevy receipt. That has to be addressed in this financial year.

**Mr Craig:**

So, Crossnacreevy did not sell.

**Mr Brennan:**

No.

**Mr McLaughlin:**

I want to talk about the quality of the process. Agnes pointed out that there will be no curtailment of debate. I argue that there is a curtailment that affects the quality of the debate and the ability of individual Committees to feel that they have sufficient ownership of, or access to, the information in time to process and understand it.

In other words, it is not an ideal arrangement. If the June monitoring round is a distorting factor — and we will see to what extent it changes the parameters of the discussion — and if we want a more open and transparent Budget process, which is the long-standing position of this Committee, we must look at such factors. Simply coming to the Committee, on an almost pro forma basis, and giving us arguments that are almost a construct at this stage and have an obvious outcome, namely, that we just abandon the scrutiny process, has long-term implications. The complaints that we are receiving from Committees are reflected in our unease about whether the process is sufficiently transparent and that we are able to manage the information through to understandable positions.

It also creates difficulties for Departments. Members who have a sense of ownership and information can explain, rationalise and defend a Department and its Minister when public criticism is received. We are simply storing up problems for ourselves. The Committee has been pressing for the process to be reformed for some time. I am not satisfied that we are getting a proactive response.

**Mr Brennan:**

I take your point fully. The Main Estimates are just about bestowing Assembly approval for the opening budgetary position as set out in the revised spending plans that the Executive presented to the Assembly on 20 April 2010. The difficulty is that time is so compressed, so that the June monitoring round comes along just afterwards, and if that monitoring round runs into the period when the Assembly is in recess, Departments effectively run out of money.

We have to reach the position in which Departments have the authority before the summer recess to draw down the additional resources to spend. The June monitoring round could go beyond that time, so the difficulty would be making Main Estimates conditional on the June monitoring outcome. If that did not come before the recess, Departments could not spend any money.

**Mr McLaughlin:**

If the process were an annual one, consideration could be given to whether a June monitoring round, or indeed as many monitoring rounds as there are at the moment, were needed. There could be the necessary synergy in a 12-month financial period to best approach the issue of tweaking, adjusting or picking up on under-spends. To consider what has been the practice up to now as a fixed arrangement does not do justice to what the Committee is pointing to.

**Mr Brennan:**

We can go into a bit more detail on that. We have considerable sympathy with the point that you are making. Indeed, we put a paper to our Minister recently asking him to give us the remit to look at simplifying the system along the lines you have suggested. We are conscious that, for example, many Assembly Members expressed concern about the overt complexity of the financial approval system that the Assembly inherited. It is overly convoluted, and work is under way in Whitehall, in which the Treasury has engaged in what it calls a “clear line of sight” agenda to simplify the whole reporting process to Westminster. We, as officials, see logic in looking to simplify the process in Northern Ireland and make it more transparent along the lines that you have suggested.

**Ms Lennon:**

We welcome engagement with the Committee. This may be an issue for another day. However,

we have heard Assembly Members make comments on the Main Estimates and the lack of transparency and alignment between the Main Estimates and the Budget. The Minister and the DFP officials have signed up to this as being something that we would like to improve. However, that is in the hands of the Assembly. The issue is what MLAs want to see in the documents and what level of detail they want. That is something that we should take forward together in the future.

**Mr Brennan:**

The Minister is sympathetic towards the issue.

**Mr McLaughlin:**

If we bounce the matter back to the Assembly, it will spend its time during the next term practising the old routine. I want the Department and the Minister to bring forward proposals that will map out next year's negotiations, after the election, on the Programme for Government, including the budgetary process. That will give us a new footing and have done with all the convolution and confusion.

**Mr Brennan:**

We are with you on that.

**Ms Lennon:**

We are signed up to that.

**Mr McLaughlin:**

We should press that argument, yet again, with the Minister.

**The Chairperson:**

OK. That is all. Thank you very much.