



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Public Expenditure Directorate: Overview  
and Priorities

19 February 2020

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance

### Public Expenditure Directorate: Overview and Priorities

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

Dr Steve Aiken (Chairperson)  
Mr Paul Frew (Deputy Chairperson)  
Mr Jim Allister  
Ms Jemma Dolan  
Mr Seán Lynch  
Mr Maolíosa McHugh  
Mr Matthew O'Toole  
Mr Jim Wells

**Witnesses:**

|                     |                       |
|---------------------|-----------------------|
| Ms Joanne McBurney  | Department of Finance |
| Mr Stuart Stevenson | Department of Finance |

**The Chairperson (Dr Aiken):** I invite Joanne and Stuart to talk to us. Thank you very much indeed. I would also like to point out to members that, due to unforeseen circumstances, Jeff McGuinness, who is the head of the central expenditure division, is unable to attend this oral evidence session. I draw your attention to the Clerk's briefing paper on the public spending directorate and a briefing by the public spending directorate. Stuart, Joanne, please. The floor is yours.

**Ms Joanne McBurney (Department of Finance):** Thanks, Chair. I do not intend to rehearse the paper that I have sent you, but I will give some brief background. Public spending directorate (PSD) is responsible for the management of the public expenditure regime in Northern Ireland. This includes planning, monitoring and control of public expenditure through the Budget process, in-year monitoring rounds, forecast out-turn, provisional out-turn, final out-turn etc. PSD also provides advice and guidance on budgeting rules, accounting, accountability, public governance etc. There are three divisions in PSD, and I have with me the head of accountability and financial management division (AFMD), Stuart Stevenson, who is also the Treasury Officer of Accounts. As the Chair said, I had hoped to have with me Jeff McGuinness, the head of central expenditure division, and, unfortunately, Emer Morelli, the head of supply, was also unable to attend today.

I will give you a rough overview of the three divisions. Stuart's division, AFMD, has three main work areas.

**The Chairperson (Dr Aiken):** Sorry, we have decided that, as a rule of the Committee, we are banning all TLAs — three-letter abbreviations. Could you spell it out in full, please, Joanne? You see, Maolíosa, I did listen to you.

**Ms McBurney:** You may have to shout at me several times, in that case.

Stuart's division, accountability and financial management division, has three main work areas. Financial reporting and accounting branch provides advice and guidance on financial reporting and manages the whole government accounts process for Northern Ireland; government accounts branch manages the Northern Ireland Consolidated Fund and is responsible for giving cash out to the Departments; and public audit and accountability branch provides accountability and governance guidance.

Central expenditure division is responsible for the planning and management of public expenditure, specifically the Northern Ireland departmental expenditure limits and annually managed expenditure (AME) budgets. Central expenditure division leads on budget and in-year monitoring processes and AME forecasting, as well as a number of related issues such as technical budgeting guidance, advice and classification issues etc.

Lastly, supply division is the main point of contact between the public spending directorate and Northern Ireland Departments. It acts in a similar manner to the HM Treasury spending teams. Each Department will have a dedicated supply officer who gains a good understanding of the business of that Department. Supply plays a key role in ensuring value for money through the expenditure appraisal process, and it advises on departmental positions in budget and monitoring exercises. Supply is also the lead on the Estimates and Budget Bill process.

On the immediate priorities, there are a number of ongoing work areas across PSD, but the most immediate issues at the moment are the spring Supplementary Estimates for 2019-2020 and the associated Budget Bill — we have a separate session on that directly after this one — and, of course, the Budget for 2020-21. Rather than go into detail on the various work areas, I am happy to take questions from the Committee on areas of specific interest.

**The Chairperson (Dr Aiken):** OK. Thanks, Joanne. There are a couple of general questions that I want to talk about first, and then I will open it up to the Committee. Where are we on the fiscal council and the fiscal commission?

**Ms McBurney:** That is being taken forward by Bill Pauley's directorate. There is ongoing work and discussion on that at the moment. I think that they hope to bring something forward on that soon.

**The Chairperson (Dr Aiken):** Are there any timelines?

**Ms McBurney:** I am sure that they have a timeline. I am afraid that I am not aware of it, but I know that they are trying to move quite quickly on that.

**The Chairperson (Dr Aiken):** OK. The Assembly is being required to give retrospective approval to in-year changes as we go through the spring Supplementary Estimates. When are we going to get back to the previous approach, whereby we had regular updates, quarterly updates and variations of the Estimates coming through? Is it the intent of the Minister and the Department to go back to a tried-and-tested process whereby we had openness and transparency? Is that the aim and objective?

**Ms McBurney:** In short, yes. We would like to get back to the process whereby we have open and transparent engagement with you, as well as normal engagement through the monitoring rounds and normal publishing of bids etc by Departments. That is definitely what we are working towards.

**The Chairperson (Dr Aiken):** OK. That is the Minister's plan: to make sure that we do that?

**Ms McBurney:** As far as I am aware, at the minute, yes. I have not heard anything to indicate otherwise. I think that we had a question about the guidance for the in-year monitoring rounds. We are planning to bring that forward in advance of the first monitoring round of 2021.

**The Chairperson (Dr Aiken):** When do you expect that to come out?

**Ms McBurney:** It will probably come out in April — early in the new financial year. Obviously, we have just concluded the final monitoring round for 2019-2020, so we will not be looking back at the guidance for that. The guidance will be for 2021 onwards. We usually bring it out early in the financial year, so April/Maytime. I hope for April, but it will just depend on other work pressures.

**The Chairperson (Dr Aiken):** Apart from the timings and getting through the information, will it be roughly the same sort of guidance?

**Ms McBurney:** That is our intention at the moment. We have not reviewed the guidance or brought it to the Minister yet, but it is our intention that it will not be what went immediately before; it will go back to the original process, with bids etc. That is where I intend to take it.

**The Chairperson (Dr Aiken):** OK. I am interested in your throwaway line when you talked about AME forecasting. Of course, one of the problems that we have had here in Northern Ireland is that people have assumed that something has been provided by AME when it has not. I am thinking of heating boilers and various other things. How can we ensure that AME forecasting will be sufficiently robust and that the engagement process is of such a degree that we can have confidence in AME forecasting, particularly when it refers to Northern Ireland? There are some really specific areas that we must make sure we get right. On the whole renewable heat incentive (RHI) thing, for a start, even though it was all taxpayers' money, the fact that there was this presumption that it was all AME was one of the things that undermined confidence in the whole system. Can you just run through the AME forecasting and how that is being managed?

**Ms McBurney:** Yes, certainly. RHI was slightly complicated by the fact that it was AME with a limit on it. That complicated it. In general, our AME forecasting is for large, volatile expenditure that does not have a budget cap on it, but it does depend on what the forecasts are. We undergo forecasting at least twice a year with Departments, and that feeds into the Office for Budget Responsibility's (OBR) forecasts. We challenge Departments on the information that they provide to us. We look at any fluctuations between one forecast and the next, and we ask for explanations for those, even down to quite low levels. On top of that, the Office for Budget Responsibility, through Treasury, also comes back and queries any fluctuations in our forecasts, and we ask for the reasons behind that.

It has been improving, and there has been a lot of work both by public spending directorate and in the OBR and Treasury on improving AME forecasting. We hope to take that further as we go through the year. It is something that we have a lot of focus on, and we hope to be clearer if there are any specific requirements on AME budgets, such as the RHI, so that there is no opportunity for confusion over what that means.

**The Chairperson (Dr Aiken):** You can see where we begin to talk about the necessity for an office of budget responsibility. We have been asking for information about the fiscal commission and the fiscal council and their specific responsibilities. We can already see, here, responsibility for overseeing where AME is coming in, so we will be able to look at this. We are trying to get a process up and running for 2021, and here we are, in February, and we still have not had any detail about what is happening behind these things.

**Ms McBurney:** I am sorry. It might help if I clarify what the process is. The AME forecasting process is one that we go through with the Office for Budget Responsibility in GB and the Treasury.

**The Chairperson (Dr Aiken):** Yes. I got that.

**Ms McBurney:** I do not think that we have previously engaged with the Committee on that, but if the Committee would like to be more involved, that is something that we could certainly look at and consider how best we can do that and provide information.

**The Chairperson (Dr Aiken):** I will ask the rest of the Committee members their particular views on it. The AME part of it was something we did not previously look at, and that was one of the reasons why we did not have a Government for three years. It would probably be appropriate if the Committee at least were to have an overview of what is going on with AME. Are there any views from the Committee? Are we content with that?

*Members indicated assent.*

**Ms McBurney:** We are happy to do that.

**Mr Frew:** I have read the pack, and I see that we have divvied up three areas. Who has responsibility for dealing with Her Majesty's Treasury?

**Ms McBurney:** That would be, primarily, central expenditure division, or me, as the head of PSD.

**Mr Frew:** OK. Does that include conversations with regard to the NIO? Would NIO officials be in the room when those conversations are being had?

**Ms McBurney:** Normally, in a devolved situation, the NIO would not be in the room during a conversation with Treasury. Obviously, over the past three years, we have been in a different situation, and NIO would have been involved.

**Mr Frew:** They have been involved. Who would have been providing the expertise in bringing in the Northern Ireland (Regional Rates and Energy) (No. 2) Bill? I mean, in particular, the setting of the tariffs for RHI.

**Ms McBurney:** That is not my area of responsibility. If it is RHI, that would be the Department for the Economy, and if it is to do with the rates, it would be rating policy division or Land and Property Services.

**Mr Frew:** Were you a part of a conversation when those tariffs were set, even though it is not your responsibility?

**Ms McBurney:** For the RHI?

**Mr Frew:** For the RHI tariffs?

**Ms McBurney:** Not personally. At the time, a business case would have come to supply division, and they would have approved it. I, personally, was involved in the AME side of things, but not on the tariffs.

**Mr Frew:** So, supply division is one of the three?

**Ms McBurney:** It is.

**Mr Frew:** They would have had to approve the tariff?

**Ms McBurney:** They would have approved the business case.

**Mr Stuart Stevenson (Department of Finance):** Yes. I previously worked in supply, so I can help a little bit. I am not familiar with the material around this one in particular, but the business case would tease out the various options available and, within that, there would be recommended options, which, I expect, would include some detail on the tariffs.

**Mr Frew:** That would have come from the Department for the Economy?

**Mr Stevenson:** Yes. The accounting officer of the Department for the Economy would ultimately be responsible for signing that off, but my understanding is that it did come to the Department of Finance for approval.

**Mr Frew:** They bring a business case to the Department of Finance and, in particular, to its supply division. So what vires does supply division have to check out that information or to approve or disapprove and to amend?

**Mr Stevenson:** Yes. The cornerstone guidance for that is 'Managing Public Money Northern Ireland', which sets out the framework for approvals. The starting point is that the Department of Finance approves everything, but, ultimately, a lot of routine expenditure is delegated to Departments, and there is a framework of delegations in place to provide Departments with the flexibility to run their business. Those delegations, however, are set so that certain significant levels of expenditure or, most importantly, anything that is novel, contentious or potentially repercussive, will come to the Department of Finance for consideration.

The supply team has a key role in assessing the information around that sort of business case and the request for approval for that level of expenditure. The team will work with colleagues in strategic policy

division, and economists will offer a view and advice on that. Quite often, that can be an iterative process, where we go back to the relevant Department with queries. In the main, the proposals are shaped to a certain extent where most of them are approved at some point, but there are some unusual occasions, when approval is held back for whatever reason. It is an iterative process and, on the more difficult, challenging issues, it takes place over some time.

**Mr Frew:** Would it be normal that supply division would query and challenge Departments — in particular, the Department for the Economy — with the specific issue of setting a tariff for RHI and realising, then, that we were going to be giving back millions of pounds in the year? Would that have been highlighted by supply division? It is not a spend; it is a challenge in the other way, whereby we are giving money back.

**Ms McBurney:** I am sorry; I will step in there. I do not think we would ever challenge a Department for spending less on something. For AME budgets, we are not actually giving money back; we are just not drawing down the full amount available. Supply division's focus would have to be on value for money. If a Department puts forward proposals that are seen to be value for money, there would be no reason for supply division to go back and say, "No, we think you could spend more". In fact, I think that that would be going against supply division's role.

**Mr Frew:** Surely it must be somebody's role to query why, if there was a pot of money here that could be spent and availed of in Northern Ireland, we have not done so? There must be something in the mechanism that allows for that challenge function.

**Mr Stevenson:** Again, the business case process in the 'Northern Ireland Guide to Expenditure Appraisal and Evaluation' asks for a section on affordability, so that would be completed as part of that business case process. Certainly, there should be a compelling argument in that area that would address those concerns.

**Mr Frew:** Are there minutes and records of the proceedings of that process?

**Ms McBurney:** I do not think there will necessarily be minutes. There will be records of the approval. Not having been involved, I could not comment on that exactly, but there will be records of the approval and records of what the Department submitted to us and of queries that we pass back to the Department, along with its answers.

**Mr Frew:** Could we get sight of that record and those minutes or records or whatever, of the precise dialogue, conversations, challenges and processes on the decision that was made around the setting and level of tariffs contained in the Northern Ireland (Regional Rates and Energy) (No.2) Bill 2019?

**Ms McBurney:** We can certainly look into that.

**Mr Stevenson:** We certainly could, yes. My understanding is that supply division's regular stocktake meetings with the respective Departments are minuted. I would fully expect that significant issues are discussed at those meetings as well, and I think that those records would be available.

**Mr Frew:** Thank you.

**Mr Allister:** I want to stay with supply division as well. Obviously, the whole thesis relating to supply division and business cases is to ensure that public money is spent on a value-for-money basis. I am sure that the RHI Inquiry, which we need not rerun, will have some comments to make about how supply division did or did not discharge its functions. How do you evaluate what is value for money?

**Mr Stevenson:** I worked in supply division for, I think, eight years. Mr Allister's question is a difficult one on which to frame a black-and-white answer. When I worked in supply, I always applied three basic questions to the material that came in front of me. I would ask, "Can I justify this to an MLA? Can I justify this decision to the man in the street? If I were wanting to achieve these objectives, would I do so with my own money?". Getting three, clear yes answers generally gives you assurance that you are on the right track with a particular proposal. However, when one of those answers is not particularly clear, it usually triggers further looking at the business case, going back to the Department with further enquiries, or maybe further research on some of the alternative options that may have been very close to the recommended option in the business case. That was my *modus operandi* when I worked in supply.

**Mr Allister:** Take, for example, an upcoming issue from New Decade, New Approach (NDNA), where there is going to be a proposal on the office of identity and cultural expression and an Irish language commissioner etc. We already know that, once such things are up and running, the anticipated cost is £10 million to £11 million per annum. How would you evaluate whether those proposals, at that scale of expenditure, are value for money?

**Ms McBurney:** In the first instance, it would be for the Department providing the business case to demonstrate the benefits of that expenditure. We would then apply the appraisal guidance that is there. Stuart might want to say a bit more, as an ex-supply officer, on how we go about doing that, but the onus will be on the Department that is bringing forward the business case to demonstrate the benefits arising from that expenditure, and that is what we would have to take in to account.

**Mr Allister:** Just on that, how does a Department bring forward a proposal to spend that quantum of money without ever having presented a business case?

**Ms McBurney:** It will have to present the business case before it can spend the money.

**Mr Allister:** Yes, but it has already budgeted, as it were, in its own bids for future budgets that that is the quantum of money that it wants for those functions. It has done that without ever submitting a business case or anyone ever ticking a box that it is value for money. Has it not put the cart before the horse?

**Ms McBurney:** You would expect a budget bid to come forward once you know that you are certain to spend that expenditure, but there is nothing to stop a Department bidding for money and saying, "We are developing a business case in order to do this". The important point is that it cannot actually spend any public money until a business case is —.

**Mr Allister:** So, the business case can be post facto; it can be after a policy commitment is made. It is not dependent on value for money, then.

**Ms McBurney:** It cannot actually spend the money until it has the approval.

**Mr Allister:** But the pressure —.

**The Chairperson (Dr Aiken):** Sorry, just to cut across there, who signs off on the business case?

**Ms McBurney:** That depends on the level of expenditure in it. If it is above delegated limits, it will come to the Department of Finance.

**Mr Allister:** Yes.

**The Chairperson (Dr Aiken):** So, the Finance Minister has to sign off on it?

**Ms McBurney:** The accounting officer from the relevant Department will have to sign off on it before it comes to the Finance Department.

**The Chairperson (Dr Aiken):** So, let us say, for instance, that it is the office of identity. It would have to be signed off by David Sterling, as the accounting officer, before it comes to Finance, and he would have to have a business case and full business appraisal done? Just, for instance.

**Ms McBurney:** Yes.

**Mr Stevenson:** Mark Browne carries out the role of accounting officer in the Executive Office, so Dr Browne would sign off on the business case before it comes to supply division for consideration.

**Mr Allister:** And then your division would sign it off?

**Ms McBurney:** Stuart is no longer in supply division, but supply division and the public spending directorate would then have an approval role, if it is above —.

**Mr Allister:** The point that I was probing is this: where is the veracity of the process if you already have public commitment and announcement that, "We're going to do x", even though x has never been business-cased or value-for-money secured?

**Ms McBurney:** In that context, it has to be that NDNA was a political agreement as opposed to —.

**Mr Allister:** Does that trump value for money?

**Ms McBurney:** No. By no means does it trump it. That is why I am saying that is why the business case process exists. Departments will have to justify it.

**Mr Allister:** Does it impinge on your capacity to do your job? If you know that the highest political authorities in the land are expecting and have already committed to the process, do you feel that you had better find it value for money? Is that the mentality?

**Ms McBurney:** No. Definitely not. Supply division will look at it.

**Mr Allister:** Convince me that it will be looked at objectively, rigorously and with no favour at all. Convince me how that will happen.

**Ms McBurney:** All that I can do is explain our processes and say that that is the way in which we examine business cases. We look at them in pure value-for-money terms, without there being any political involvement. At the end of the day, if supply division or, indeed, a departmental accounting officer does not find something to be value for money and does not want to proceed, there can be a ministerial direction.

**Mr Allister:** Yes. I am still not clear how you benchmark something such as that proposal against value for money. How do you go about benchmarking it?

**Mr Stevenson:** I will offer some comments around the business case process and public-sector expenditure. Often, the economic theory will lead you to a net present cost, as opposed to a positive cash flow. That is just the nature of public services. Business cases will then have to make a compelling argument for the non-monetary benefits of a particular case. Business cases should therefore tease out the benefits of certain expenditure that they are unable to monetise, and it then becomes a more balanced decision about value for money.

**The Chairperson (Dr Aiken):** To digress slightly, if we have a business case that, for instance, is for £11 million —.

**Mr Allister:** It is £11.5 million.

**The Chairperson (Dr Aiken):** OK. That is obviously a substantial amount of money, so it must refer to employment of staff and to IT systems, and significant work must already have been done to come up with the figure of £11 million. It is a substantial piece. What oversight have you had of that work? I am not just picking out one Department. When I saw the figure this morning, I was trying out to work out where the £11 million came from. It is quite a specific figure. What is it being driven by? Why is there not a business case behind the figure already?

**Ms McBurney:** I will say two things. We cannot be into the detail of absolutely everything that Departments are thinking of and the policies that they are developing at that point. It is only when it comes to us, as either a Budget bid or a business case, that we then start to ask the questions. Therefore, once Departments bid for money in the Budget process, we will ask some questions about the bid. The main scrutiny happens, before any money is spent, through the business case approval process or the expenditure approval process. We are not involved in how the Department comes to its proposals, and I cannot comment at this point on how the Executive Office has arrived at the £11 million figure.

**Mr Allister:** Can that be budgeted for in the Budget Bill without there ever having been a business case?

**Ms McBurney:** Not in the Budget Bill. It may be a consideration when we are developing the Budget for 2021. It will not be in the Budget Bill that we are just about to approve, hopefully. It is one of those difficult things. If you thought that the proposal was progressing far enough that it would be expenditure in that year, you may decide to include it.

**Mr Allister:** Without doing a business case and without doing a value-for-money assessment?

**Ms McBurney:** If it is in the Budget, the expenditure still cannot incur until a business case is approved. If you thought that the proposal was developing well enough, you might decide to include it in the Budget and give an allocation for it, if that were the decision of the Executive, but the money cannot be spent without approval.

**Mr Allister:** Where does all that fit into the legislative programme?

**Ms McBurney:** As you know, it is the Budget Bill itself that gives the legislative authority to spend.

**Mr Allister:** Sorry. I did not explain myself. How does the idea that we are going to do that fit into obtaining the legislation to establish, for example, the office of identity and cultural expression?

**Ms McBurney:** Before considering whether a Budget allocation should be recommended, we will be asking the Executive Office to bring forward timescales, including the timescales for any legislation that is required. If the timescales are reasonable, that may imply that that money could be spent this year, and if the Executive want to give an allocation to that, it could be included in the Budget allocation.

**Mr Allister:** We know, for example, that, for 2020-21, the Executive Office is looking for a budget of £5,833,000, and for the following year, £11,518,000: all of that with no legislation passed, no business case produced and no value-for-money assessment done.

**Ms McBurney:** At this point, what we have is a bid from the Department. The Department's assessment must be that it can get the legislation.

**Mr Allister:** Have you seen any of that?

**Ms McBurney:** We will have seen its bids that have come through. I have not gone over the detail of each individual bid. As I am sure that you will appreciate, we have lots of Budget Bill bids from all Departments. I am therefore not over the detail of each individual one, but that will be based on TEO's assessment of the money that it needs and a clear assessment of how long it will take to get the legislation. We will then have to form a view as to whether we think that that is realistic. Ultimately, all Budget allocations are a matter for Executive approval and agreement.

**The Chairperson (Dr Aiken):** Thanks for your questions, Jim.

**Mr Lynch:** In a previous presentation, we were told that a number of large projects had gone over time and budget. How did that happen and what measures are in place to prevent that happening again?

**Ms McBurney:** That is not an area in which I have been overly involved. An important thing to say is that, although the projects may have cost more than was originally planned, none of them went outside expenditure approvals. Where Departments needed to extend the expenditure approvals, they came back to us with addendums to business cases to do that. Slippage in capital projects, and in some cases increases in costs, is the result. Slippage is in some way inevitable and is sometimes outside Departments' control. Without going into each individual case, it is hard to give you details of why any project incurred that overspend.

**The Chairperson (Dr Aiken):** Sorry. Go back just a wee bit, to where you spoke about expenditure overrun.

**Ms McBurney:** Chair, I am trying to remember what I said.

The projects cost more than the original estimates, but they did not exceed approval levels. Where expenditure was going to exceed the approval given in the original business case, Departments came back with addendums to the business case to seek approval for any increases in expenditure.

**The Chairperson (Dr Aiken):** Therefore, when costs overran, they came back and said, "We want more money".

**Ms McBurney:** You have to look at the reasons behind that, because it is not simply an overrun. There are often reasons behind it. There may be legal challenges, legitimate reasons for slippage or increases in cost. Without going into the detail of each individual project, which the individual Departments, I am sure, are better placed to do than I am, I do not think any Department has incurred any irregular expenditure.

**Mr Stevenson:** Chair, may I offer a comment based on my experience? The Department of Finance approval will normally sit at outline business case (OBC) stage. That is at an early stage in the process, usually before procurement is run, and often before planning is in place. Therefore, what we often see with large capital projects are the inevitable delays with planning. Occasional judicial reviews will hamper the process, and, in recent years, we have seen some extensive construction cost-price inflation. Those delays can suddenly impact on a figure that was a fairly solid estimate at an outline business case stage. I nearly said OBC, but, bearing in mind your earlier comments, Chair, I will try to avoid that.

**The Chairperson (Dr Aiken):** Correct.

**Mr Stevenson:** Ultimately, at the conclusion of a procurement process, a full business case will then be produced by the Department. That will not normally come to the Department of Finance, and the individual spending Department can normally go ahead, if it is within the tolerance levels that we set in the approval letter. Normally, we will set quite close controls, which are usually plus or minus 10% of a particular spending area, to allow for some modest inflation or cost increases through a procurement process. If a Department's project triggers costs beyond those spending control totals, it has to come back to the Department of Finance to seek further approval and to explain what has happened and why it has ended up in that particular position.

**Mr Lynch:** Once the Department has come back to you, if its figures are some way out, does it need to present another business case?

**Mr Stevenson:** Absolutely. The addendum can vary, depending on the reasons for the Department coming back to us. With the bigger, more complex, high-spending cases, the addendums can be a complete rerun of the original business case. They are substantial documents that create a lot of work for us.

**Mr O'Toole:** My question is a broad one, before I move on to the specifics on budgeting for this year and next. As the Chair said, some of the context is that part of the reason that the institutions were in abeyance for nearly three years was because of the financial controls around one scheme. We are awaiting the Coghlin report's publication in a few weeks. Is it your division that will be preparing a response on improving financial management capability across the Northern Ireland Civil Service (NICS)? Are you already thinking about it?

**Ms McBurney:** We will not be leading on the overall response to the RHI inquiry, but elements will fall to us. Stuart will say a bit about the work that has been going on in advance of the publication of the inquiry report.

**Mr Stevenson:** My team is responsible for the governance and accountability guidance. We have been looking at some of the issues that emerged from the inquiry to see whether the existing guidance is fit for purpose. Although the core elements of the existing guidance are fairly robust, we think that improvements can be made. Even more so, we need to refresh the importance of applying that guidance, especially around the Nolan principles, for example. Considerable work has been going on in the background on the code of ethics, and some of our Department of Finance colleagues are doing that work. I have been involved in specific work on conflicts of interest, and we are also looking closely at whistle-blowing. The awareness issue is also a factor, so we are considering doing some wider training in and around that area.

**Ms McBurney:** Alongside that, an area in which experience was missing was around public expenditure and, for example, the fact that AME is still public money. We have been looking at doing training on that. We have developed an online training course to give people an overview of public expenditure and how it works. That is already up and running. We have written to finance directors to say that all staff in their division should do that course. If there is a need for it, we will then look at developing a more in-depth course to help improve people's knowledge of public expenditure.

**Mr O'Toole:** This is preparatory work in advance of Coghlin reporting.

**Ms McBurney:** Yes.

**Mr O'Toole:** There is no off-the-shelf plan to upskill the Northern Ireland Civil Service in financial management, ready to go on 14 March.

**Ms McBurney:** We are not leading on the overall response, but, along with another division, we were looking at what came out of the inquiry as it went along. We will look at making a response to its findings. The work has therefore been done in anticipation of finding areas in which we think that improvements can be made. Once we have the inquiry report, we will need to look at that and see whether the work that we have done is sufficient or whether more needs to be done.

**Mr O'Toole:** In the past two and a half years, has it been harder or easier for you to do your job without a Northern Ireland Executive and Assembly?

**Ms McBurney:** It has been more difficult, because, ultimately, it is not for civil servants to make decisions. It is for elected representatives to make decisions. The processes that we have been involved in for the past few years have been different, and we have, in some ways, been finding our way. It is a great relief to have Ministers and elected representatives back.

**Mr O'Toole:** Have you noticed the absence of this Committee? Has that made your job harder? Has it been easier or harder to do your job without Committee scrutiny?

**Ms McBurney:** Scrutiny is a good thing, and we welcome scrutiny. We are looking forward to working with the Committee on addressing some of the issues.

**The Chairperson (Dr Aiken):** Good answer. That is the right answer.

**Ms McBurney:** It is also the truthful answer.

**Mr O'Toole:** The point I am trying to get to is this: were scrutiny and the process for spending controls less rigorous when the institutions were not here? Has Treasury been asking questions that MLAs would otherwise ask, or has no one been asking questions?

**Ms McBurney:** There has been scrutiny from the Treasury and the Northern Ireland Office. DOF continues to scrutinise Departments on their spending. That rigour has been maintained over the past three years, but, without a doubt, it is not as good as having the proper processes in place, with Committees' engagement. With the best will in the world, Treasury cannot give the attention to Northern Ireland expenditure that the Northern Ireland Assembly can.

**The Chairperson (Dr Aiken):** Paul has one final question, but I will just interject to follow on from what Matthew said. This is an important issue. The checks, balances and controls on public expenditure were there, but they were just not followed. There was a culture of working a way around the problem rather than trying to solve it. We saw that in the public evidence that was given. Significant areas need to change, of which one of the most fundamental is culture. You mentioned overruns — call them what you like — in spending totals and limits of about 10%. We know that we have already gone over 10%, and some significant projects have done so as well. The question is this: has anybody lost his or her job or been held accountable for that? Do you, as senior civil servants, feel that the culture has changed? If not, is there an indication of a readiness for change?

**Ms McBurney:** I think that there is readiness for change. To go back to the overruns, that comes back to needing to look at each case individually. As Stuart said, just because a project spends more than was in the original outline business case —

**The Chairperson (Dr Aiken):** Are you aware of anybody who has lost his or her job or been disciplined for significant overruns?

**Ms McBurney:** No, but neither am I aware of any overrun that has arisen because someone failed to do his or her job. I am not saying that it has not happened; I am saying that I am not aware of it happening.

That being the case, no, I am not aware of staff having lost their job, but I am not aware of any circumstances where they should have done, setting aside what may or may not come out of the RHI inquiry. I do think, however, that there is a culture of wanting to improve and to do things in the right way.

**Mr Frew:** It is good to be back and to be scrutinising. The scrutiny will be only as good as the questions that we ask. We will be capable of knowing whether the answers that we receive are of quality only if we ensure that we have learnt our brief.

On a personal note, it is really good to have people presenting to the Committee who are really at the top of their game. It does your heart good, believe it or not. Perhaps I am just sad. We need to pride ourselves on ensuring that we ask the hard questions when it comes to scrutiny, because ultimately that is the fail-safe for good governance.

Paragraph 12 deals with supply division. It states:

*"It is the role of Supply to optimise the allocation of money to each Department and programmes within Departments in accordance with the priorities set out in the draft Programme for Government".*

**The Chairperson (Dr Aiken):** Which we have not got.

**Mr Frew:** Can you show me evidence of where the current Budget overlays the draft Programme for Government, or evidence from previous Budgets, that we can all see and read? Where is the evidence that the Budget and the Programme for Government have matched or run in parallel? Ultimately, unless we fund the Programme for Government, it is not going to work. Where is the evidence in the Budget?

I know that I may be encroaching on the next evidence session, but if you cannot tell me that yet, can you tell me what the apparatus and machinery are by which you ask Departments the hard questions about how a bid matches or fits in with Programme for Government priorities?

**Ms McBurney:** There are a number of issues there. You are right: it would be very difficult for me to take a recent Budget and map it directly on to the Programme for Government. We could do it but perhaps not in the easy way in which you would like it to.

**The Chairperson (Dr Aiken):** Have you ever done it?

**Ms McBurney:** Not directly, no.

**The Chairperson (Dr Aiken):** Not even when you have done your various reviews, including your quarterly reviews? Has it not been done?

**Ms McBurney:** We have not mapped the Budget directly on to the Programme for Government. What we do when we open it up to Departments to put forward bids for the Budget is that we ask them how their bids will contribute to a Programme for Government outcome. We have, in previous exercises, also asked them to look at their baselines and how those go to the Programme for Government.

We are in a slightly difficult position, with budgets being done on a departmental basis. We have departmental accounting officers, which is the way in which that has to work, and outcomes are cross-departmental, so that is a body of work that, over time, we will have to take forward. If we are keen to do, and committed to doing, an outcomes-based Programme for Government, we need to do outcomes-based budgeting, and, without a doubt, that is a body of work that needs to be taken forward to get that working better. We are very keen, going forward, for it to be the Programme for

Government that drives the Budget allocations that are decided. We are going to work closely with the Programme for Government team on developing the two.

What has hit us in the past, and what I hope will not impact on us in the future, is the timing. There are very strict restrictions on Budget timescales, as we need to have a Budget in place before 1 April. Ideally, the Programme for Government will be developed alongside the Budget, with the two happening together or the Programme for Government being produced slightly in advance. That is where we are keen to be going, but the Budget cannot slip. We need to have it in place for 1 April.

**The Chairperson (Dr Aiken):** Can you outline for us why?

**Ms McBurney:** It is a legislative requirement in the Northern Ireland Act, plus the financial year starts on 1 April, so Departments need to know what their budget is before then to allow them to plan effectively. Ideally, we would like a Budget to be set around December or January to allow plenty of time for Departments to plan effectively. Obviously, that has not been possible this year.

**Mr Frew:** Will you not work off the old — it is called old — draft Programme for Government?

**Ms McBurney:** When Departments are bidding, we have asked them to look at it. When we were collating departmental pressures, we were using the draft Programme for Government outcomes that were in place at the time.

**Mr Frew:** When it comes to financial checks and balances in each Department and the wider Civil Service, where is the training? What training must people aspire to if they are going to be an accounting officer, have their hands on the levers of power or be involved in decision-making processes? Where is the training on the financial aspects?

**Ms McBurney:** I will ask Stuart to say a bit about the accounting officer responsibilities and training. His side leads on that.

**Mr Stevenson:** Part of my role is to issue the letter appointing accounting officers for the respective Departments. In that letter, the protocol that has emerged over time is that each accounting officer is asked to attend specific training about the role of the accounting officer. I am part of the team that delivers the training, at which we focus on the importance of regularity, propriety and value for money. We talk about governance and accountability issues and the kinds of decisions that accounting officers will have to consider in their time in the post. The Northern Ireland Audit Office and the Comptroller and Auditor General in particular take a close look, and the Comptroller and Auditor General also contributes to the training. He also keeps a close eye on newly appointed accounting officers so that they attend that training promptly on their appointment. Refresher training is also available for accounting officers after two or maybe three years, where they come back and redo their initial training. It is an aspect that we take very seriously.

**The Chairperson (Dr Aiken):** Do they do the training after they have been appointed as accounting officers? I remember I had to do the training before I became an accounting officer. Are you saying that a person can be appointed as an accounting officer and then do the training?

**Mr Stevenson:** That particular element of carrying out the role of accounting officer normally happens in the weeks or months after appointment.

**The Chairperson (Dr Aiken):** They will therefore not be allowed to deal with public money in their role as accounting officer until they have had the training.

**Mr Stevenson:** They have the responsibilities of accounting officer from the day of appointment. I am moving into the selection process, which is more of an HR function. The view is that they can carry out in full the role of accounting officer from the first day of appointment, but there is an expectation that they will complete that training very quickly after that.

**Ms McBurney:** Their appointment letter sets out what is required of them.

**Mr Frew:** The qualifications to apply for the job.

**Ms McBurney:** Their qualifications and the responsibilities are set out in that letter.

**Mr Frew:** Does that training include a module on how to produce a properly financed Programme for Government?

**The Chairperson (Dr Aiken):** You deliver it, Stuart, so you can tell us.

**Mr Stevenson:** I do not think that there is a section that we could point to in particular that meets that element in full.

**Mr Frew:** Hence the problem of the scenario of, "We are going to do what we have always done". All the other elements that you are talking about — those relating to proprietary and financial irregularity — are very important, but we will not move in the direction of an outcomes-based Programme for Government unless all accounting officers are focused in that direction.

**Ms McBurney:** Ultimately, the Programme for Government has to fall to the Executive to agree, but, yes, the accounting officers need to feed into that. When they are feeding into that, one of those elements is, of course, checking costs.

**Mr Frew:** The point that I am making is that any government can have a programme, but this is a new way of doing things in Northern Ireland. We have never had a Programme for Government issued by the Executive and a Finance Minister delivering a Budget. That fell: Stormont fell before the Finance Minister introduced a Budget.

**The Chairperson (Dr Aiken):** We have never done it before.

**Mr Frew:** This is a new way of doing things, albeit three years delayed. What I am getting at is this: where is the evidence that people are taking this seriously and that the Programme for Government is not a chart on a wall but a living, breathing document that will be financed properly?

**Ms McBurney:** That is one of the challenges that the Executive face. The funding that we have available will not be enough to do everything that the Executive will aspire to do; there is no doubt about that. There are decisions to be made on the prioritisation of that funding. It may be that the Programme for Government sets a longer-term aspiration, whereas the Budget will not follow that longer-term approach, so some things might need to be delayed.

**Mr Frew:** Do not get me wrong: a Programme for Government should not be itemised and detailed; it should be aspirational and outcomes-based, with indicators of those outcomes. I am not saying that we need to have an itemised, detailed Programme for Government that then needs to be funded. The aspirations and the direction of the Government should be placed fairly and squarely in the Programme for Government. Every single funding stream of a Budget should tie in to, overlap with or overlay that Programme for Government. I see no evidence of that yet.

**Ms McBurney:** We have to work towards that. We work with Departments and ask them, when they identify pressures, where those fit in the Programme for Government. Obviously, those that deliver Programme for Government outcomes will have a greater priority. In fact, I do not think that a Department has submitted a bid for anything that does not feed into a Programme for Government outcome. That is definitely the direction of travel. It will take a while to get there, and other jurisdictions are also struggling with that. It will not be a quick fix, but it is definitely where we need to go.

**Mr Frew:** If the Department of Justice bids for an amount of money and you ask it what outcome it falls under, it will just pick one that is best suited to it. It will be a tick-box exercise. There has to be a system change. There has to be a —

**The Chairperson (Dr Aiken):** Process.

**Mr Frew:** — cultural change and a new process for how this derives into a Budget.

**Ms McBurney:** You will not get any argument from me. We need to work towards that. I do not know how quickly we can go for this year's Budget, but the aspiration must be to have the Programme for Government and then ensure that the Budget helps to fund what is in that Programme for

Government. I caution that the funding that we have available may not be enough to do everything that we need to do immediately. You are absolutely right: all our funding should be going towards Programme for Government outcomes or at least facilitating them in some way.

**The Chairperson (Dr Aiken):** I have two questions before we move on to the easy part of the discussion. Stuart, you will be able to answer this question, given that you deliver the training. Have all accounting officers completed their training?

**Mr Stevenson:** A few are outstanding, Chair.

**The Chairperson (Dr Aiken):** Will you let us know which accounting officers are not trained?

**Mr Stevenson:** I can provide that information.

**The Chairperson (Dr Aiken):** Yes, please.

**Mr Stevenson:** It is formally organised by the Chief Executives' Forum. We are not thinking just about the departmental accounting officers; there are the arm's-length bodies as well. There are 120 accounting officers in that cohort.

**The Chairperson (Dr Aiken):** It would be very interesting to know, bearing in mind what is likely to happen on 13 March and the fact that this is public money, which accounting officers are actually trained to be accounting officers.

My second question is a slightly wider one, and the Clerk has kicked me under the table three times to ask it [*Laughter.*] The Minister has stated that he intends to move to a multi-year Budget. There are three parts to this question: is that for both resource and capital; what engagement will there be to ensure the timely provision of accurate and robust information to allow us to properly provide scrutiny; and when will the Department provide a detailed timetable with the key milestones, including the associated timescales that Departments will be working to in order to provide that information?

**Ms McBurney:** OK. The context is that we want to work towards a multi-year Budget.

**The Chairperson (Dr Aiken):** Is that dependent on Treasury approval from this year?

**Ms McBurney:** It will not happen for 2020-21 because we have only the spending review outcome for 2020-21 and not beyond. Over the summer, Treasury will have a spending review — at least, that is the intention at the moment. That will set Budgets for a number of years. It is usually for three or four years. Our intention is that the Northern Ireland Budget will mirror the same period as the Treasury spending review, so, if we have an allocation from Treasury, we will set the Budget for that amount.

On process and scrutiny, we hope to move to what would have been our ideal process, which has not happened for a number of years. We will work and engage with Departments over the summer, with a view to having a draft Budget in early autumn — September/October. We will then go out for the full 12-week public consultation and have a revised Budget in December/January. Over the summer, we will work with Departments, and they can put forward their budgetary pressures to help us to get to that position. We envisage Departments engaging with their respective Committee over that period and possible further engagement, subject to what Committees wish, once the draft Budget is published for consultation. What happened previously — we hope that it will happen again — was that the Finance Committee led the response for Departments on the draft Budget position so that we could take those views into account when finalising the Budget in January.

We hope to set out a timescale. Once we get the Budget for 2020-21 agreed, we hope to move to setting timescales and processes for the next Budget process.

**The Chairperson (Dr Aiken):** Will you give us a commitment that the Committee will be kept fully informed of the development of those timescales when the information becomes available?

**Ms McBurney:** Yes. It will be very helpful to have the Committee's views on those timescales, if you are agreeable to that.

**The Chairperson (Dr Aiken):** Yes. Thanks.

**Mr Allister:** Chair, may I ask one quick question? Paragraph 4.2 of, I think, 'A Fresh Start' — one of those optimistically named documents — states:

*"The UK Government will legislate ... to ensure that the Assembly cannot consider spending plans which exceed the Block Grant ... where planned spending relies on those funding sources."*

Did that ever happen?

**Ms McBurney:** That did happen. Amendments were made to section 64 of the Northern Ireland Act, which says that the Secretary of State will write to the Finance Minister setting out the UK Government funding, and the Finance Minister has to make a statement in the Assembly 14 days before he lays the draft Budget, setting out what the UK Government funding is, and, at the time at which he lays the draft Budget, he has to set out how the two reconcile.

**Mr Allister:** Is that for this upcoming draft Budget? Has that happened?

**Ms McBurney:** No, but it will have to happen 14 days before he lays the draft Budget.

**Mr Allister:** Is the draft Budget not being laid on Monday?

**Ms McBurney:** No, the Budget Bill is going through on Monday.

**Mr Allister:** Oh, sorry; you are talking about the June one.

**Ms McBurney:** I am talking about the planned ones. It will be the Budget that is set before the end of the year, so it will be the Budget plans as opposed to the Budget legislation.

**Mr Allister:** OK. Thank you.

**The Chairperson (Dr Aiken):** Welcome, Jim.

**Mr Wells:** Hello.

**The Chairperson (Dr Aiken):** Thank you very much indeed. I think that you are allowed off for now, Stuart.

**Mr Stevenson:** Thank you, Chair.