



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Budget Bill and Spring Supplementary  
Estimates

19 February 2020

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance

### Budget Bill and Spring Supplementary Estimates

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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:**

Mr Barry Armstrong	Department of Finance
Ms Joanne McBurney	Department of Finance

**The Chairperson (Dr Aiken):** Ladies and gentlemen, Barry Armstrong is the supply officer from the Department. Due to unforeseen circumstances, Jeff McGuinness, the head of central expenditure division, is unable to attend this oral evidence session.

**Ms Joanne McBurney (Department of Finance):** I will start with a brief opening statement.

This is a regular stage in the public expenditure and legislative process, whereby the Executive seek the Assembly's approval in legislation for the final spending plans for the financial year. The Budget Bill gives formal authority for the expenditure plan set out in the departmental spring Supplementary Estimates for the 2019-2020 financial year. A background paper provided to the Committee last week set out the overall context. We are happy to take any questions that you may have on that paper.

As you know, a critical issue is the need to seek the Committee's agreement to accelerated passage, under Standing Order 43, in respect of the Budget Bill. That can be given only on the basis that there has been appropriate consultation. Our main purpose today, therefore, is to assist the Committee with its scrutiny of the spring Supplementary Estimates and subsequent Budget Bill. In any other year, this would not be the Committee's first engagement on the issue. It would be a further stage of the consultation that had gone back to before the start of the financial year, when the 2019-2020 Budget was being developed. That would have been followed by further engagement on the Main Estimates, which were produced in May or June.

As you know, in the absence of an Executive, the Main Estimates were taken through Westminster. This was delayed until October 2019 due to difficulties in getting time in Parliament's timetable. The Main Estimates normally reflect the Executive's opening Budget position. However, due to this delay, the 2019-2020 Main Estimates reflected the updated position at that time. The normal engagement is

that DOF engages with the Committee at each of the in-year monitoring rounds. However, that has not been possible in the unusual circumstances.

**The Chairperson (Dr Aiken):** For the record, the Minister, as you indicated, has now made a commitment that we will have in-year monitoring rounds.

**Ms McBurney:** Yes, and we will have that full, normal engagement.

Unfortunately, today is the first opportunity for this engagement to take place. We recognise that this is far from ideal and want to do better in future. I assure you that we will engage fully with the Committee during the incoming financial year. As you know, the spring Supplementary Estimates include all the changes that have taken place in spending plans during the monitoring rounds subsequent to the Main Estimates in October. Each Committee is also being consulted on each individual departmental position. A reconciliation table has been provided for the Committee to explain how the position has evolved since the Main Estimates to arrive at the position set out in the spring Supplementary Estimates. We are happy to talk you through those changes and provide further detail as necessary.

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

**Ms McBurney:** I would like to point out that, when the paper was provided to the Committee last week, it showed that headroom totalling £18 million had been built into the spring Supplementary Estimates, giving the Executive the ability to spend any last-minute resources that become available, to ensure that no resources were lost to the block. As you will be aware, the Finance Minister announced the allocation of an additional £18 million, by way of a written ministerial statement, on Monday 17 February, so that headroom has now been used.

**The Chairperson (Dr Aiken):** When did we know from the Treasury that this was coming?

**Ms McBurney:** Shortly before we built in that headroom, if I am completely honest with you. However, we did not have time to bring proposals to the Executive for agreement, so that headroom was built in. It was very late in the day from Treasury. It was very unusual. They do not usually make changes of that quantum that late in the year.

**The Chairperson (Dr Aiken):** Is an amendment to the spring Supplementary Estimates required to reflect those changes?

**Mr Barry Armstrong (Department of Finance):** No. The spring Supplementary Estimates were written to include that headroom. Now that the allocation has been made, it means that no change is required.

**The Chairperson (Dr Aiken):** Does that mean that we knew that the headroom was there before we killed umpteen thousand rainforests?

**Ms McBurney:** Yes. We did not want to have to reprint the Estimates, nor did we want to risk Departments not being able to spend the money had it not been included in those spring Supplementary Estimates. That was the key in building in the headroom.

**The Chairperson (Dr Aiken):** Right, so you knew that it was coming, but you had not been officially told that it was coming.

**Ms McBurney:** Yes. It was all happening at the same time, I suppose, is the answer. We had very restricted timescales for getting the Estimates finalised.

**Mr Armstrong:** Only the Executive would agree the allocations, and the Executive have to agree those allocations. In writing these Estimates, we wanted to make sure that we gave the Executive the ability to decide to do that, and, therefore, we built the headroom in. Had the Executive chosen not to make that allocation, the spring Supplementary Estimates would still have contained that headroom. It just means that Departments would not have had the budget to be able to spend up to that headroom.

**Ms McBurney:** They would not have spent that.

In conclusion, although the consultation with the Committee in the 2019-2020 financial year has been limited by circumstances, I assure you that full engagement will take place during the evolution of spending plans throughout 2020-21, including the development of the Budget, the Main Estimates and in-year monitoring rounds, culminating in the spring Supplementary Estimates and Budget Bill this time next year.

One item that I would like to draw your attention to is the Vote on Account. This is the approval process to give Departments the authority to spend at the start of the 2020-21 financial year. It provides for approximately 45% of what was authorised for each Department in 2019-2020. That is to get them through until the Main Estimates approval process in June. It does not in any way constitute the setting of a 2020-21 Budget.

Those are the key issues that I wanted to highlight, but we are happy to take questions.

**Mr O'Toole:** I appreciate what you said about the very rushed nature of this year's budgeting process, and I do not like to use these opportunities to give speeches. However, I think that it is worth the Committee's putting on record, for the sake of the public, that it is really suboptimal that we have to consider this volume of detail and give statutory approval to an accelerated legislative process having had very little opportunity to scrutinise it. That said, I appreciate that, in many ways, that is not the officials' fault, because the Assembly and the Executive were not here. However, it is worth saying again that it is not great that we are having to do it, to be honest, but we can make that point ourselves in the Chamber at the beginning of next week.

I have a few questions. First, the written ministerial statement on Monday past clarified that, this year, £18 million in resource DEL would be available as headroom. That allocation has been announced. However, it also said that there is a negative Barnett consequential on capital DEL that we have chosen to ignore this year and push forward to next year. The Department did not highlight that in the press release. Why was that? Did you get more detail from the Treasury on why that negative consequential occurred?

**Ms McBurney:** It is a consequence of the way in which devolved Administrations are funded. We get Barnett consequentials for changes in Whitehall Departments' budgets, and there were late changes to those budgets. My understanding is that Whitehall Departments met from their own budgets some of the pressures that they had originally intended to be met from their reserve. That reserve drawdown had been factored into our figures. When the Departments met that themselves, it resulted in a negative Barnett consequential. It was very, very late in the day. I do not ever recall having changes of that magnitude this late in the day, and we will raise that with the Treasury. However, in some ways, we are where we are and it has to be managed. On the resource side, it was additional funding. We knew from the January monitoring round that there were existing pressures in Departments where that funding could be put to good use. For capital, we did not really have the option to take it this year quite simply because, at this stage in the financial year, Departments' capital budgets are committed, and they could not make that number of changes this late in the year.

**Mr O'Toole:** Effectively, the Treasury is saying that, subject to what happens in the UK Budget later this year, Northern Ireland will have £50 million less to spend on capital. You say that you cannot remember any correction of that magnitude being made this late in the Budget process.

**Ms McBurney:** No, not this late in the year. We always have changes, whether through the major fiscal events — the Chancellor's Budget, spring statement and autumn Budget — or spending rounds. Changes always happen, but I do not recall this large a change this late in the financial year. In some ways, Treasury has recognised this because it did not apply it to our 2019-2020 Budget. It gave us the option of deferring to next year because it was so late in the year. In reality, there was not really an option because capital budgets are committed, and we could not ask Departments to find that amount of money this late in the year.

**Mr O'Toole:** We have to hope that the UK Budget, if it happens on 11 March, which we expect it to, includes capital DEL uplifts in England that will allow us to absorb this loss.

**Ms McBurney:** Yes. Other than that, there will simply be less money to hand out in the Budget for 2020-21. Hopefully, there will be enough to offset it.

**Mr O'Toole:** You have already talked a bit about the accelerated Budget Bill process, but it would be helpful if you could talk us through again, in summary, how you see the process working in an optimal way. How should it go, including timings?

**Mr Armstrong:** The Standing Order allows the Committee to agree to accelerated passage provided that it is content that it has had consultation on the spending plans to which the Estimates and the Budget Bill have been written. I emphasise that that is consultation on the spending plans as they have evolved throughout the year, because, by their nature, the spring Supplementary Estimates always come at this time of the year. As Joanne explained, the consultation on the development of the Executive's Budget for 2020-21 will take place in the coming weeks so that, when the new Finance Minister announces the Executive's Budget for 2020-21, you will have been consulted on that.

There will then be the Main Estimates, which come in May or June. I imagine that they will probably come to the Committee in May. They go through the Assembly in June. The Assembly will provide the statutory authority for the expenditure against that opening Budget position. I imagine that we will have a session similar to this when the Main Estimates are being written.

Then there will be a series of monitoring rounds. In the normal course of events, we would expect there to be three monitoring rounds during the year. That is not to pre-empt anything. The Executive can choose to have more or fewer. In the normal course of events, we expect one in June, one in September and one in December/January. At each stage of the process, not only will we engage with the Committee here on that, but each Department will engage with its Committee.

By the time we come to bring the spring Supplementary Estimates and the Budget Bill this time next year, there will be no surprises. We will have fully consulted you on those during the year in order to arrive at the final spending plans on which that final Budget Bill and spring Supplementary Estimates will have been written.

**Mr O'Toole:** In an ideal world, would you expect, if I am summarising it correctly, and if this goes through next week, that we will give you authorisation for spending in 2019-2020? Your expectation would then be that this is for the Minister and the Executive to agree; the Minister would then bring a draft new Budget for 2021 onwards to the Assembly, including consultation with this Committee. That, in an ideal world, might be in late spring/early summer and would be followed by Main Estimates.

**Ms McBurney:** There are two distinct elements. There is the setting of the spending plans, which is the Budget process. That will have to happen before 1 April. That is the process that I was talking through, which will not be ideal this year because of the timescales. That will then be reflected in the Main Estimates and the Budget Bill, which will come forward around May/June, as Barry said.

Unfortunately, we are not in the ideal position this year. Ideally, however, what will happen in the normal course of events is that there will be consultation with this Committee and with other departmental Committees throughout the year on the spending plans that inform the Estimates document in the Budget Bill. You will have had a chance to scrutinise very strongly all the spending plans on which the Estimates and the Budget Bill are based.

**Mr O'Toole:** Is it fair to say that, because of the unusual nature of this year, we should expect the subsequent monitoring rounds and Estimates process to be even more worthy of scrutiny? You might have to make larger adjustments than normal because we do not yet have a Programme for Government. The Executive have not agreed on that, other than what is in New Decade, New Approach, and have not yet fleshed out those priorities.

**Ms McBurney:** We will have the Budget set, and it always sets the ceiling for departmental expenditure. Monitoring rounds deal only with issues that come up in-year. So, if we get any additional funding, or if Departments cannot spend money on the purpose for which it was given, the monitoring rounds will reallocate that. Monitoring rounds, by their nature, do not tend to have huge variations from what is agreed in the Budget. Of course, if the Executive wanted to make large changes, they could. We hope, however, to have a normal monitoring round process this year: Departments engaging with their Committee, submitting bids and us coming back to you to discuss the outcome of those monitoring rounds so that, by the time you get to this stage next year — the spring Supplementary Estimates for 2021 — you will have had engagement with us on every monitoring round and be aware of every change that has happened since the Budget.

**Mr O'Toole:** My last question is on the spring Supplementary Estimates. The largest adjustment seems to be in DAERA, if I am reading the Estimates correctly. Why is that? Tell me if I am not reading the Estimates correctly.

**Mr Armstrong:** No, I am sure that you are correct. Rather than giving you an answer off the top of my head, which might not be 100% correct, may I come back to you and give you the exact detail of all the changes in DAERA, for example, if that is OK?

**Mr O'Toole:** Yes.

**The Chairperson (Dr Aiken):** We are being asked to consider accelerated passage. I am sure that you are fully aware of section 74 of the Northern Ireland Act, which states:

*"The Minister of Finance and Personnel shall, before the beginning of each financial year, lay before the Assembly a draft budget, that is to say, a programme of expenditure proposals for that year which has been agreed by the Executive Committee".*

Matthew laid out clearly that there is no PFG and no prioritisation. We have been handed rainforests' worth of allocations and Estimates and proposals for Budgets, yet we are being asked to consult. Applying the Gunning principles, are we still at a "formative stage"? No, we are being told that we have to do it. Is there "sufficient information to give intelligent consideration"? I have not been given sufficient information to give it intelligent consideration. Is there "adequate time for consideration and response"? Interesting point. The final principle is that:

*"conscientious consideration must be given to the consultation responses before a decision is made".*

**Ms McBurney:** If I can jump in there, Chair. We are asking for accelerated passage for the Budget Bill relating to 2019-2020, which gives formal approval for the spending for 2019-2020.

**The Chairperson (Dr Aiken):** In reverse gear.

**Ms McBurney:** That is the Budget agreed by the Secretary of State and the monitoring rounds that have happened since. Unfortunately, without an Assembly in place, we could not engage with them on the Budget. We could not abide by section 64 relating to the draft Budget as there was no Assembly in place. It is our intention to engage fully with the Assembly.

**The Chairperson (Dr Aiken):** We should really have the Secretary of State in here instead of you.

**Ms McBurney:** Well, we could not engage with you on the Budget because there was no Assembly.

**The Chairperson (Dr Aiken):** I have his number; I will ring him.

**Mr Armstrong:** When we took the Main Estimates for 2019-2020, we made every effort to engage with political parties.

**The Chairperson (Dr Aiken):** You did. We had briefings, but they were a bit different from what we are being presented with now.

**Mr Armstrong:** It is far from ideal, and it is not in any way meant to take the place of proper scrutiny by a Committee.

**Ms McBurney:** Unfortunately, it is where we are with the timescales this year. We need to get the spring Supplementary Estimates through or Departments will not be able to spend any of the allocations that happened in the January monitoring round or subsequently.

**The Chairperson (Dr Aiken):** They can spend up to 45%, can they not?

**Ms McBurney:** No. The 45% relates to 2020-21. They can spend only up to what is in their Main Estimates position, which went through Parliament. Departments will not be able to spend additional money in any allocations that happened after the date of those parliamentary Main Estimates unless

the spring Supplementary Estimates and Budget Bill are passed. Unfortunately, that is the position we are in. It is not a position that we want to be in — we are keen to engage fully on this — but due to circumstances outside our control, that is where we are. We need to get the spring Supplementary Estimates and Budget Bill approved if Departments are to benefit from that money. If Departments cannot spend the money that has been allocated since the Main Estimates, we will hand it back to Westminster.

**The Chairperson (Dr Aiken):** How can I write to the Speaker on behalf of this Committee to say that we have completed adequate consultation?

**Ms McBurney:** We have also faced that issue. We encouraged Departments to consult, and the Finance Minister, in his January monitoring statement, asked all Departments to engage with their Committees on the changes that have happened in the monitoring rounds. The Finance Minister discussed the monitoring rounds with this Committee, and we are here today to try to provide answers to any questions you may have on that. It is far from ideal and is not a position that we want to be or intend to be in again. The circumstances were entirely outside our control. Given the timescales required and the fact that we are fast approaching the end of the financial year, the Budget Bill requires Royal Assent before then if Departments are going to be able to spend those allocations.

**Mr Frew:** We have complete sympathy for you guys as officials. None of this was of your making or doing, so we understand the difficult position that we are in. This is basically like what we have been going through in the past three weeks in agreeing to SL1s and subordinate legislation retrospectively. If any of us had not agreed to any of them, it could have caused a catastrophe somewhere along the line in Civil Service-land and to the population of Northern Ireland. I get exactly the difficult position you guys are in but, nonetheless, this should be an alien concept to all of us and a place that we should never be in again.

Joanne, you said something about the Vote on Account not being the Budget, but really it is 45% of expenditure going into a new financial year. You said that it was abnormal, but I can recall always having the Vote on Account.

**Ms McBurney:** There is nothing abnormal about the Vote on Account; it is a technicality due to the timescales required to get the Estimates through. It is not setting a Budget, because it is based on 45% of the previous year. If you think of the nature of departmental budgets, a big bulk of the resource spend is on pay and other things that are recurrent each year. The 45% simply allows the Departments to keep things moving until the Estimates are agreed. Should they get less budget, the spring Supplementary Estimates would overwrite that position, so they would have to make adjustments in the latter end of the year so as not to exceed what was in their spring Supplementary Estimates. It provides the ability for Departments to keep spending and keep things running, but it does not allow them to pre-empt that sort of Budget agreement. It is the Main Estimates and the spring Supplementary Estimates after that that will constrain departmental expenditure.

**Mr Frew:** On Matthew's point, what is the perfect system? Maybe I did not hear it, but what is the annual timeline for the Budget? I am not talking about the monitoring rounds; I will go into that in more detail in a minute. When is the best time to set a Budget?

**Ms McBurney:** As I said in the previous session, the ideal process for us — we are happy to take views on it — is that there would be engagement between DOF and Departments, and between Departments and their Committees, between April and August, with a draft Budget brought forward by the Finance Minister in September/October. That would be the draft Budget. It would then go out for full public consultation, and, hopefully, the Finance Committee would be willing to lead the engagement with other Committees on that. There would be 12 weeks' consultation, and that would be fed back to us. We would take that into account and make recommendations to the Finance Minister. It would then go to the Executive and culminate in a final Budget being brought forward in December/January. Once that final Budget is voted through by the Assembly, it would be approved through the Main Estimates process and Budget Bill associated with that. Subsequent to that, we would have the monitoring rounds, which would adjust the Budget for things that happen in-year. There would be engagement at each of those monitoring rounds through the Finance Committee and other Committees. It is those monitoring rounds and the outcome of them that would be reflected in the spring Supplementary Estimates and Budget Bill, which will be brought through this time next year.

In the ideal process, therefore, you will have been involved in the Budget-setting process and consulted upon in that and at each monitoring round. Ideally, that is where we would like to be.

Obviously, this year, the Budget process will be constrained, given where we are. That is not ideal, but the monitoring round and engagement in that should follow the normal process. There is no reason for that to be constrained in any way.

**The Chairperson (Dr Aiken):** This year, we are expecting the process you just outlined. From June, the Departments will start doing that. Then we will be starting the process.

**Ms McBurney:** Yes.

**Mr Frew:** What changes for a multi-year Budget? Does it become more of an in-year monitoring round, or do we have a check net annual value on our Budget every year?

**Ms McBurney:** You could have both. To be honest, we have not had a chance to talk to the Finance Minister about that. Setting aside this year, the ideal Budget process, from 2021 onwards, is engagement over the summer and a draft Budget in December. That would set it for three to four years, depending on the period of the spending review. There would then be a revised Budget again in December/January for a three- to four-year period. The Budget Bill and the Main Estimates reflect only the one year: 2020-21. The monitoring rounds will be for only that one year and be the in-year process. I would need to discuss this with the Finance Minister, but you may wish to have a review of the Budget for the next year, or you may decide that the Budget is fine and that it will stand and will be handled through the in-year monitoring. That needs to be talked about.

**The Chairperson (Dr Aiken):** Joanne, can you lay out for us the process for the Committees' engagement? You laid out an ideal solution, but can you lay out what the Committees' engagement will be through the scrutiny and legislative process?

**Ms McBurney:** Do you mean for the multi-year Budget, setting aside this year?

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

**Ms McBurney:** Over this summer, as we are developing the draft Budget, there should be engagement between Departments and their Committees, and between the Finance Committee and us. I am not sure whether the Finance Committee would want to get involved with with other Committees at that point. It may or may not.

**The Chairperson (Dr Aiken):** We will action that and ask through the Deputy Chair. If we have the agreement of the Committee, we will pass that to other Committees for discussion. Speak to the Chairpersons' Liaison Group as well, please, Jim.

**Ms McBurney:** I will be on firmer ground when the draft Budget is announced in the Assembly, and, obviously, we will have a full consultation process. At that point, we will be keen that the Finance Committee liaises with the other Committees in order to provide us with a composite view of issues with the draft Budget that need to be addressed. That is what happened previously.

**Mr Frew:** When I first came to this place, there were four in-year monitoring rounds. That was reduced to three, and then there was a period when there was none. What one was binned? We had June, September, October and January. Was that what it was at the start?

**Ms McBurney:** I am trying to remember.

**Mr Armstrong:** Quite a while ago, there was a November/December round, and then we tried to squeeze in a last-minute February decision. One of the big problems with that was that it always clashed with the spring Supplementary Estimates. It made a mockery of it, as we had to build in so much headroom to allow a monitoring round to happen after the spring Supplementary Estimates. To be honest, it became meaningless.

**Mr Frew:** That moved to January.

**Mr Armstrong:** Those two were compressed into the January monitoring round.

**Mr Frew:** They were compressed into January, which probably makes sense. It is at the tail end of a process, if you like, and is probably more important because you do not want to send money back and want to shift it about at that point. I know that DFI will probably be the beneficiary of most of that money for shovel-ready projects, but why do we need the June round?

**Ms McBurney:** If I can step in here. You are right: it is quite early in the year and, as you say, we have just set a Budget so why are we moving to the June round? With Treasury, we have the capacity to carry forward underspends from the previous year up to a certain level. It is called the Budget exchange scheme. If Departments have an underspend, say, in 2019-2020, it will be around June that we will know what that element of underspend is and whether we can carry it forward. If we can do that, we can allocate it in June. Again, it is the principle: the earlier in the year you allocate the funding, the better use it is put to. That is why we have the June round.

The timescales for the rounds are not set in stone. It is a matter for the Finance Minister and the Executive to decide whether they should have more rounds, fewer rounds or change their timing. The primary purpose of the June round is to hand out any underspends that have been carried forward from the previous year.

**Mr Allister:** Does section 64 apply to this afternoon's subject matter?

**Ms McBurney:** In which way? Obviously, it applies to the setting of the draft Budget.

**Mr Allister:** So, it necessitates this Committee ticking the scrutiny box.

**Ms McBurney:** Yes.

**Mr Allister:** The Chair referred you to the Gunning principles.

**Ms McBurney:** Yes.

**Mr Allister:** It is quite clear that this process fails to meet the very first principle that the proposals put before us are no longer formative; they are final.

**Ms McBurney:** We are in a far from ideal situation here.

**Mr Allister:** Yes, I know that, but is that not the reality? They are not formative.

**Ms McBurney:** The reality is that we are not bringing a Budget before you because that was agreed by the Secretary of State and taken through Westminster.

**Mr Allister:** Yes, yes, yes, but what you are bringing before us.

**Ms McBurney:** Yes, in a way, we are bringing the outworkings of that Budget *[Inaudible.]*

**Mr Allister:** Therefore, it is final, not formative.

**Ms McBurney:** Unfortunately, yes.

**Mr Allister:** If some citizen — no doubt with the benefit of legal aid — decided to judicially review the whole process by which a Budget was passed, would it not be an open goal as there has been a failure to meet the Gunning principles?

**Ms McBurney:** I would have to take further advice on where we would stand with that. We are in a far from ideal situation. Our initial Budget did not go through the Assembly; it went through Parliament. We are in the position we are in with the need to get the authority for Departments to spend the allocations. I am not sure how we can avoid the issues with the consultation because it is obvious that the process, and the circumstances this year, have not allowed us to do what we would otherwise want to do.

**Mr Allister:** May I ask you one other thing? The just departed Chancellor, Sajid Javid, indicated that he was asking Ministers to draw up spending cuts of at least 5%. In consequence of that, has there been any discussions or requirements from Treasury to these devolved institutions?

**Ms McBurney:** Not yet. Not so far.

**Mr Allister:** Are you expecting that if that policy stands.

**Ms McBurney:** It will depend because, again, we would not be asked to identify savings or reductions in that way. If a Whitehall Department identifies a saving in its budget, we will get a Barnett consequential of any reduction to their budget.

**Mr Allister:** A Barnett consequential only as a negative?

**Ms McBurney:** A negative, yes.

**Mr Allister:** So, we would be setting a Budget anticipating a certain level of expenditure, which could be upended by negative Barnett consequentials.

**Ms McBurney:** That is true. If those negative Barnett consequentials were to fall out of the spending review, the hope would be that the spending review would focus on 2021-22, not 2020-21. The key fiscal event for the Chancellor relating to this Budget for 2020-21 will be the 11 March Budget and the changes that come out of that.

**Mr Allister:** When a Chancellor says that he requires cuts of 5% across Departments, it does not directly apply to the devolved institutions but, indirectly, the same effect applies on the negative Barnett consequentials.

**Ms McBurney:** It does. A lot of it will depend on whether it is 5% across the board or which Departments make greater savings and what our comparability is with those individual Departments. If savings were to be made in the Ministry of Defence, for example, it would have no impact on us because we are not comparable. If savings were to be made in the UK Department of Health, we would have almost 100% comparability, and we would feel the full impact of that. We will get a population share of the comparable reductions in Whitehall Department budgets.

**Mr Allister:** We do not build in, and you have not built in, headroom for any of that.

**Ms McBurney:** We have not yet set a Budget for 2020-21, so they will not affect 2019-2020 and this Budget Bill. In setting the Budget for 2020-21, we will have conversations with Treasury. As I am sure you may be aware, Treasury is not always forthcoming on its future plans.

**Mr Allister:** After 11 March, it will.

**Ms McBurney:** After 11 March, we will know the outcome of the Chancellor's Budget and, hopefully, any impacts on 2020-21.

**Mr Wells:** It is worth saying that his successor made exactly the same demand immediately when he was appointed, so it is not just Javid's opinion.

**Ms McBurney:** There is no doubt that we will be hit with the outworkings of that.

**Mr Lynch:** The situation is not ideal, but we do not have another option. Is that what you are saying?

**Ms McBurney:** Basically, that is what I am saying.

**Mr Lynch:** Departments could not spend the money allocated.

**Ms McBurney:** It would be a bad outcome for Northern Ireland Departments if the spring Supplementary Estimates could not proceed because Departments could not then spend the

allocations that they have been given late in the year. Ultimately, if Departments were to put the brakes on and not spend that money, we would end up handing money back to the Treasury.

**Mr Lynch:** The money would finally go back to the Treasury.

**Ms McBurney:** Yes, because we are restricted in the amount that we can carry forward. If we underspend this year, only 0.6% of our resource DEL can be carried forward. We can carry forward only up to about £60 million of resource DEL, so if we do not spend the money and we exceed that limit of carry forward, that money is lost to Northern Ireland.

**The Chairperson (Dr Aiken):** We could spend the next week with all the Committees scrutinising it properly and then doing consultation.

**Ms McBurney:** There are issues around the timescales for getting Royal Assent.

**Mr Armstrong:** Yes, to actually be able to get this through. As you are aware, there is a Standing Order in the Assembly that means that, even with accelerated passage, the Bill cannot proceed in any less than two weeks. To get it through that and then still be able to achieve Royal Assent before 11 March, we are at the wire, to be honest.

**The Chairperson (Dr Aiken):** You say that we are at the wire. It is very clear to us from what we have heard and the information that we have been given that we cannot do adequate consultation. I do not think that any Committee here can say that they have done adequate consultation and have had the chance to scrutinise this in any detail. It is just not possible. When is the last possible date for us to do this?

**Mr Armstrong:** The engagement that I have had with the Bill Office is that, in order to be able to get the Bill passed by the Assembly and to allow Royal Assent to be achieved, the Bill needs to be introduced on Monday 24 February. It needs to go through Second Stage next Tuesday, which is 25 February, for the Bill to complete its passage by 9 March.

**Mr Allister:** Why was it not brought a week sooner?

**The Chairperson (Dr Aiken):** Particularly bearing in mind that we are just being told to rubber-stamp it.

**Mr Armstrong:** In the time from when the Assembly and the Executive were able to get their January monitoring decision made, this is as fast as we could produce this document and the corresponding Bill to get them to you. We were working round the clock to do that. I can say that personally because I did that. We could not have got the Bill and the Estimates on which it was written to you any quicker.

**Mr Frew:** To be fair, even an additional week is nowhere near enough time for scrutiny. We require a consultation period.

**Mr Armstrong:** I agree entirely.

**Mr Frew:** It is really unfortunate that we are all placed in this situation, and it goes against my grain as a scrutiniser and as somebody who probably classes himself as a libertarian on the political spectrum. Jim Wells is looking at me all weird. I am looking at the timeline: Budget Bill introduced on 24 February; Second Stage on 25 February; Consideration Stage on 2 March; Further Consideration Stage on 3 March; and Final Stage on 9 March. It is a three-week process and — bang — this is through. I suspect that that time lag is the same in a conventional year because of accelerated passage.

**Mr Armstrong:** We would probably have got it to you a few weeks earlier. I stress, as Joanne explained, that the consultation is not just the consultation on the Bill and the Estimates; it is the consultation on the whole public expenditure process throughout the year that has run up to that. You would have had that throughout the year. Ultimately, we cannot bring spring Supplementary Estimates and that Budget Bill to you until the January monitoring round has taken place. It would be a few weeks. I was thinking last week that there have been quite a few years when we had the Second

Stage debate on Valentine's night. I remember sitting in the Officials' Box quite a few times. That is roughly the normal timescale.

**Mr Frew:** Barry, you are making me feel bad now. *[Laughter.]*

**The Chairperson (Dr Aiken):** I have one final question before I release you from your purgatory. It is about your departmental pressures. In assessing the resource requirements for next year, the Department has identified pressures totalling £24 million. However, there is no detail.

**Ms McBurney:** We do not comment in that way on DOF departmental pressures. In some ways, we see ourselves as removed from DOF departmental pressures. The finance directorate is better placed to comment on those. We tend to treat the rest of the Department of Finance like any other Department.

**The Chairperson (Dr Aiken):** You are applying the value-for-money scrutiny that you discussed earlier, and you were looking at the business case for it.

**Ms McBurney:** Yes, we will apply the same scrutiny to DOF bids as we do to those from any other Department.

**Mr Armstrong:** As a former supply officer with responsibility for DOF, I can say that that is 100% the case. The DOF supply officer does not have any involvement in the writing of a business case, for example, or expenditure on DOF departmental projects until such times as they are submitted for supply approval. It is independent.

**Ms McBurney:** There are Chinese walls there. We see ourselves as being separate from the rest of the Department.

**The Chairperson (Dr Aiken):** So, £24 million is a lot of money. What do you think that it is for?

**Ms McBurney:** There are probably pressures around the census and things like that. I would need to get a breakdown of it, but there are a number of pressures. The best person to talk to about those pressures is the finance director, who will love me for saying that.

**Mr Wells:** You are telling me that those bids are treated in exactly the same way as bids from the other 10 Departments.

**Ms McBurney:** Yes.

**Mr Wells:** Really?

**Ms McBurney:** Yes.

**Mr Wells:** Absolutely?

**Ms McBurney:** Absolutely.

**Mr Wells:** Even though you have to work with these people all the time?

**Ms McBurney:** Yes. They hate us as much as everyone else does, if not more. *[Laughter.]*

**The Chairperson (Dr Aiken):** Should the Committee ask the finance director what he is spending his £24 million on?

**Mr Frew:** Yes.

**Mr Allister:** Chair, page 27 of the brief gives us the breakdown. It is £8 million for the census, £4.5 million for land registration, loss of income etc. I think that we have it all there.

**The Chairperson (Dr Aiken):** How do you get round spending an extra £8 million on the census?

**Ms McBurney:** I am not going to do what I said I would not do and argue the case for DOF, but, given that the census comes around only every so many years, it will not have been in the baseline.

**The Chairperson (Dr Aiken):** I think that we can work that out, but you would have already worked out — it happens every 10 years — that you would have it in the process.

**Ms McBurney:** No, it is not in their baseline. Departments' baselines roll forward. If the money is not in their baseline, they have to submit a bid for it. That is why the census is a bid every 10 years.

**Mr Armstrong:** Likewise, again, not as a DOF supply officer, but, to be fair, the Northern Ireland block will have received a Barnett consequential for the equivalent expenditure in a Whitehall Department that is carrying out the census.

**Ms McBurney:** Of course, Barnett consequentials are unhypothecated and do not necessarily *[Inaudible.]*

**Mr Armstrong:** That is for the Executive to decide.

**Ms McBurney:** They have to bid for the money the same as anybody else.

**Mr Frew:** I have a quick question. If there are two subsections within DOF, should there not really be two scrutiny Committees: one to scrutinise DOF, and one to scrutinise the Budget process?

**Ms McBurney:** I will leave that as a matter for the Committee. I think that you wear a dual hat and do both.

**The Chairperson (Dr Aiken):** Joanne, Barry, thank you very much indeed for your time.