



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Budget 2021-22:  
Mr Conor Murphy MLA, Minister of Finance

21 October 2020

# NORTHERN IRELAND ASSEMBLY

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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  
Mr Pat Catney  
Ms Jemma Dolan  
Mr Philip McGuigan  
Mr Maolíosa McHugh  
Mr Matthew O'Toole  
Mr Jim Wells

**Witnesses:**

Mr Murphy	Minister of Finance
Ms Joanne McBurney	Department of Finance

**The Chairperson (Dr Aiken):** Welcome, Minister and Joanne. It is good to see you again. It is like long-lost friends coming back. Conor, I would be delighted if you could make your opening statement.

**Mr Murphy (The Minister of Finance):** Thank you very much, Chair. I intend to make a few brief remarks because I always find it much better to get straight into questions and dialogue. Members are probably aware, at this stage, that the announcement was made this morning that the comprehensive spending review (CSR) would be for one year only. First, it was disappointing for us in the Finance Department to hear that on the media and not directly from the Treasury. I will have a conference call this afternoon with the Scottish and Welsh Finance Ministers and the Chief Secretary to the Treasury, so we will raise that with him. It is disappointing because, as members will know from the last couple of days in particular, when we debated the issues in the Chamber, not only was there a New Decade, New Approach (NDNA) commitment to get to a situation of multi-annual budgeting but, universally, I think, across the Chamber, Members were in agreement that it is much better for the planning and management of public funds than this idea of trying to spend out at the end of the financial year. It is disappointing that, for next year at least, we will have an annual Budget again. I hope that it is the last one that we have for the foreseeable future. However, that decision has been taken as part of the Government in London's response to COVID and the pressures that they face, and they have decided on one that is primarily focused on that response, with a one-year Budget. In turn, that knocks on into our issues.

As for the timing, the Chancellor announced today that the review would be in late November. Again, that is not ideal for us because, as you will know, we need to know what the funding envelope will be. We now know the time frame we are operating in, but we need to know what the funding envelope will be. We want to begin the consultation with the Finance Committee and other Committees. I am

beginning a round of consultation with Executive Ministers, I think, next week. I have a series of meetings scheduled in the coming weeks to meet individual Executive Ministers to hear the budget outlooks for their Departments. The Ministers will know that we will be having a different conversation with regard to the time frame, but, nonetheless, they are important conversations.

As regards getting the maximum consultation both in this institution and, importantly, in the community in developing a Budget, we do not have a time frame for that. November — on occasion, it has run into the first week in December — is not a good time for a consultation, as you are then into the Christmas break. It is fairly compressed, which is not ideal for any of us, including you and us in the Department.

We do not know yet what the funding envelope will be. I am sure, given the previous discussions that I and the Scottish and Welsh Finance Ministers have had with the Treasury collectively, that we will press for information as early as possible to assist with our planning. It affects those devolved institutions as well as ours. We will continue to press that today, and whether it gives us any more indication, perhaps, before the announcement remains to be seen. The Treasury is good at playing its cards close to its chest and holding back information until it makes the announcement. It is in all our interests to get the information as early as possible.

Chair, those are my introductory remarks. It is not ideal. Our situation was already not ideal, but the fact that we will have an annual Budget and a late announcement will really put pressure on our processes. We will press for information as early as possible and try to get the consultation going, both in this institution and outside.

**The Chairperson (Dr Aiken):** Thank you for the remarks, Minister. Have we had any indications about the one-year settlement? Are there indications that the baseline will be fairly similar to that for 2019-2020 or 2020-21? Even though we are not going to get a multi-year budget or an indication of a comprehensive spending review, we probably have sufficient information from the outworkings. We have heard evidence from your officials about the monthly feedback from the various Departments. We should be in a position, at least, to put a strong framework together for a one-year Budget.

**Mr Murphy:** That would probably be the case in any ordinary year, but remember that we have had a huge amount of COVID spend going through the Departments that may have skewed the figures. We have the uncertainty about COVID and what might be required in further spending, particularly for the Health Department and to support businesses and the economy, and we have the Brexit factor. While we will press the Treasury, we are in a different conversation since this morning. We will press for more certainty about what the baseline might look like. An early indication of the baseline, as you have suggested, would be helpful. There is a huge amount of uncertainty, so it might be difficult.

Joanne McBurney is one of the key people in the dialogue with Treasury officials. She might have some more information on that.

**Ms Joanne McBurney (Department of Finance):** Treasury has informed us what our baseline for the spending review would be, but it strips out a lot of things that we had this year, such as the COVID money that the Minister referenced and some of the NDNA money. If the starting point is our baseline, we are already more than £350 million down on what Departments would have had at the start of this year, regardless of the COVID money that came in. We were talking to Treasury at lunchtime today to press for information, and it does not have a lot to share with us at the minute. Treasury was working towards a multi-year spending review, and all that it could share with us was that, with it now being one year, it will be a very different settlement. I got the feeling that Treasury was starting from scratch to develop a spending review outcome.

**The Chairperson (Dr Aiken):** It is important. We asked how much was being asked for for Brexit preparations. I think £318 million was mentioned. We need to have that baseline within the system before the end of December, not before the end of the financial year. That is another factor that needs to be put in. Are there any indications that they are already looking at that, or have we had no response?

**Ms McBurney:** There is a bid with Treasury for that, and it is looking at it. We are going back and forward on that and answering queries on it at the minute. Treasury has not given us an indication of a timeline, but it is looking at it. Sometimes, these things tend to come together in the spending review outcome. We are hopeful of getting an agreement from Treasury before then, because some of the costs relate to this year. All that we can do is continue to press for that.

**Mr Murphy:** As you will know, it is also tangled up with negotiations. Treasury, on behalf of the Government, will announce that they are going to be spending x, y and z on protocol arrangements. We wish that a deal was worked out at this stage so that businesses and the population could have certainty about how things are going to look. However, given that the deadline is 31 December, we might not have a clear indication of what those costs will be.

There is an in principle commitment to meet the costs that arise from the protocol. DAERA and, I think, environment division have presented to us, and as Joanne said, we have gathered those and presented them to Treasury. There are questions going on about them, but it may be the case that some of this is held back in negotiating terms rather than in the strict analysis of the financial issues at stake.

**The Chairperson (Dr Aiken):** Another issue is the profiling of the moneys that we have at the moment. I asked you a question, yesterday, about how we were going to profile the money and whether we need to spend it and make sure that we do not hand anything back. One of the key factors about next year and the Budget is what ability we will have to transfer between capital and resource, if necessary, and to bring cash forward. In the Assembly, you have alluded, several times, to the fact that that is something you want to do. Do you have a figure in mind? What percentage would you like to achieve?

**Mr Murphy:** I will deal with the principle of that, and, perhaps, Joanne will deal with any figures. Even in an annual Budget situation — which is where we do not want to be — we can get to the last quarter of the financial year and the imperative is to spend the money to make sure that there is none left. It is, obviously, good that you can spend the money, and, undoubtedly, there are schemes waiting in the wings that can use it up, but it is not a good place to be in overall financial planning. If we had flexibilities to carry over and for capital-to-resource transfer, it would allow us to better manage in-year and longer-term spend. That would, perhaps, be of more benefit in a multi-annual Budget. In principle, we have looked for those. We do not have a sum in mind, or something that we are planning to do, but, in principle, it would put us in a better position. It is the same position as Scotland and Wales are adopting, and we have been pressing together for that.

**The Chairperson (Dr Aiken):** Have they got a figure or percentage in mind?

**Ms McBurney:** I do not think that they have a figure in mind.

**Mr Murphy:** It is more about the principle.

**Ms McBurney:** It is more about the principle of the flexibility to allow us to manage our own Budgets more effectively.

**Mr Murphy:** At the moment, we have a limited figure. It is less than 1%.

**Ms McBurney:** It is 0.6% of our final resource DEL. That is relatively small.

**The Chairperson (Dr Aiken):** I have one final question before I open it up to members. We had issues with the Internal Market Bill relating to Brexit, but we were told that a lot of the information was going to come through in a Finance Bill. I have seen no indication from Westminster about a Finance Bill coming through. Do you have any information about the supposed Finance Bill that will answer a lot of our questions, particularly on east-west trade and related issues?

**Mr Murphy:** No, is the short answer *[Laughter.]*

**The Chairperson (Dr Aiken):** I knew the answer, but I wanted to make sure.

**Mr Murphy:** You mentioned the particular issue with the Internal Market Bill. Regardless of the view on Brexit as a policy, concept and a decision that was taken against our wishes, the Executive agree that any replacement of the EU funding to which the Government have committed must be replaced in kind. The Executive would have responsibility for designing and allocating funding under programmes that they design to meet their priorities and needs. The Internal Market Bill has created a power for Whitehall to do that. That is completely against not only, I suppose, the commitment that we understood it to be as regards Brexit but the devolved functions. Scotland and Wales have the same issue as we have in relation to that, so that is another issue that we have been jointly pressing on.

Certainly, alarm bells are ringing with us on the idea that individual community projects here will have to apply to Whitehall. People over there will set funding programmes without any knowledge of what the situation is on the ground here. Obviously, we still have PEACE PLUS here, which we will administer and allocate ourselves, but I think that we want certainty on the quantum of all of that funding and the administration and distribution of it.

As an aside, I think that there are also concerns about the replacement of the agriculture funding. I saw communication today from the Welsh Government that shared the same concerns that we have highlighted with Treasury in relation to certainty about the replacement of common agricultural policy (CAP) funding. So, these are worrying times, not only because of Brexit but because of what has been committed to in terms of replacing EU spending in the devolved Administrations.

**The Chairperson (Dr Aiken):** Finally, I have put in a question for written answer about looking at bids that come from the Department for the Economy in particular on profiling of support and, specifically, what we are trying to do for excluded companies and people who have not managed to get any financial support so far. Looking through the bid, it seems to be that an awful lot of money that has gone through the Department for the Economy has gone to things like supporting consultancy, work within Invest NI and the rest of it. It seems to be that precious little cash has gone from the Department for the Economy to businesses and people who actually need it.

I note that the Department of Finance, in making its decisions and getting cash out to people who actually need it, has demonstrated that things can be done quickly in government, but I also note that we have not had any response yet from the Department for Infrastructure on a bid to be able to pay for haulage, coaches or taxi drivers. I do not see anything in the correspondence that you gave back to me that makes it look as if the Department for the Economy has gripped what it needs to do.

Do we have an indication of the quantum that is available still to support business? In my rough bit of maths about what has already been calculated and what has already gone out, I think that there is a figure of not far off £300 million that needs to be allocated. If we assume that some money will come back from Health — I am not privy to the detailed working out — £300 million could make an enormous difference to Northern Ireland businesses in the short period of time in which we have to spend it, unless we can carry it forward. We have to get this money across the line before the end of the financial year. I am not trying to pick holes in other industries or whatever, but this is a lot of money that could be used for business support, bearing in mind what we have heard over the past 24 hours. Would you care to comment on that, Minister?

**Mr Murphy:** There are a number of, if you like, pots of money. They can all be merged into one, but essentially, we had been holding back roughly £55 million, because it has been a topic of conversation at the Executive for some time — and, obviously, in the Chamber and Committees — that a number of sectors had received no support at all, and for a variety of reasons. Some of that was because of a dispute between Departments about who had responsibilities, and some of it is about data issues and finding schemes to support people. I have always been determined to try to adopt, as you have suggested, a can-do attitude about getting support out onto the ground as quickly as we can.

I spent most of this morning, right up to just before the meeting, engaging with various business sectors, and they will tell you that it is cash they need. They need job support, and they need cash. I do not think that they need consultants to tell them how their business is doing in the middle of a pandemic and a Brexit crisis. I have been very clear about that. We have held back £55 million, and I think that the issue is all the more acute for people who have not yet received support that we are now into the second round of support for some businesses. Some of the applications that we are receiving and the money that we will be getting out, hopefully, by the end of this week are for businesses that have already received support, so I think that the need is more acute among those who have been left out, and we should address that.

I mentioned this in the Assembly as an aside: it struck us last week that the small B&B sector, which has missed out, could have been picked up and should have been picked up. It was simply a matter of the Tourist Board's verifying the existence of those B&Bs because they are on the domestic rates base, not the non-domestic rates base. We managed to pick them up, and therefore, they will get support from this scheme that they did not get previously. There is a question of addressing the lack of support that they got earlier. We want to do that.

Of course, we have the £200 million from last Friday, which you know about. There will also be a return of moneys from Health. While it is significant with regard to the money that needs to be spent, it is still not enough with regard to the overall issue that faces the economy. A key issue in the middle of

all that will be job support. The job support scheme, which now recognises that people are in restrictions and shut down again, is still restricted and limited in the support that it can offer to employees. That will be a big challenge for us in the time ahead. In our terms, there is a significant enough pot. As regards the damage to the economy, however, it will not answer every question, but the sooner we can get it out to people, the sooner we can, at least, offer them some level of support.

I am waiting for schemes to be brought forward by other Departments. Even today, I have been told that there is some suggestion that schemes are on their way through. The earlier they can come through, be assessed by the Department and recommended to the Executive, the better for those people and for all our sakes.

**The Chairperson (Dr Aiken):** All MLAs here have heard lots of discussions about how some Departments have managed to move on using Land and Property Services (LPS) data — some have been able to access HMRC data very well — while others are complaining that they are not getting access to the data. There seems to be a breakdown in communication among Departments. One suggestion is that there is best practice. I do not know we encourage that. Maybe we, as a Committee, must make it very clear to the other Committees that, if best practice is being followed by the likes of LPS and the Department of Finance to get money out the door, other Departments need to do the same.

**Mr Murphy:** We are fortunate in the sense that it is fairly straightforward. We have LPS in the Department. It has cross-checked data. When it comes to various services, particularly close-contact services, it will use council environmental health data to verify whether it has certified those people. It is now using the Northern Ireland Tourist Board data to verify the small B&Bs. Therefore, it cross-checks with other data systems. You are right: the sooner we have that kind of data sharing among the various Departments and arm's-length bodies to ensure that we can pick up those people, the better.

**The Chairperson (Dr Aiken):** Part of our study into the reform of the Northern Ireland Civil Service, then. Thanks for that, Minister. OK.

**Mr Frew:** Minister, you raised the important issue of B&Bs being on the domestic rate. It was a massive issue, the last time round, that they had dropped out of any support scheme. You mentioned that the Tourist Board is being used to register those B&Bs. Is that being advertised, or will the B&Bs that are involved be notified so that they are aware of it? Some of them are cash-strapped, but their heads are so down that they may see a new scheme opening and think that it is not for them.

**Mr Murphy:** It is not the Tourist Board that is being used; it is the data that it holds. As the Member will know, it relates to any B&B that has six bedrooms or fewer. I know that Ian Snowden is coming in after us. He will have much more detail on that than either Joanne or I would have. Anybody who has six bedrooms or fewer will come in under the domestic rates system. LPS was not able to differentiate between small B&Bs and ordinary domestic homes because there was no information with which to separate them out. When we met people from Excluded, some of them represented the small B&B sector. They said that the Tourist Board certifies them and would have details on all of them. I would imagine that, if the Tourist Board gives them grant aid or whatever at certain times, it certainly, at least, verifies that they are fit for habitation by tourists. That data would then come through. We told the representatives who came to us that they would now be included. I hope that they will spread that message. I imagine that, at the very least, the Tourist Board's data will have contact details, so people can be advised that they can avail themselves of the scheme. When Ian Snowden comes in later, he will probably be able to give you more certainty about that.

**Mr Frew:** A couple of weeks ago, you made a statement about the need for flexibility with the other devolved regions. Whilst I understand the requirement, need and want for that flexibility, I was surprised by the level of concern that it raised in the private sector. People get concerned when Ministers start to talk about removing capital. Can you reassure those companies that it is just about being able to afford to be agile and flexible, and that there is not some master scheme in tow at present with regard to how you will spend that money?

**Mr Murphy:** If people are concerned that there is an intention to raid the capital budgets just to supplement the resource budget so that we can spend on programmes and things, that is not the case at all. You will know, and most MLAs will know from having been here for some time, that capital programmes can often get tripped up through no fault of their own. There can be a planning issue, a judicial review (JR) can be taken against them and they can get held up. It is much easier to transfer

resource to other areas than it is to capital. So, it is not a plan to try and raid, and I am sure that the Department for Infrastructure and others would not tolerate such a plan to try to raid capital budgets to supplement resource. It is simply to say, at the end of the year, where issues have happened with capital, it is much more difficult to spend. People will be aware that, at the end of the financial year, a lot of money is used for Roads Service. The money for the patching that Roads Service does comes out of resource, but resurfacing comes out of capital. Those things are much harder to get going, particularly in the winter months at the end of the year. Capital is harder to spend out and harder to shift. It is not some plan to raid capital budgets to supplement resource budgets. It is to ensure that there is flexibility so that, if there is no possibility of spending the capital, we can do something with it.

**Mr Frew:** Can you assure us that, since your statement, Departments will not be looking out for reasons to not spend all their capital funds in case it may turn into resource, and then they may use it?

**Mr Murphy:** First, we do not have any certainty or assurance that we will be able to do that, so it would be very foolish of a Department to have that in the background, because it might not materialise. Secondly, Joanne can keep me right on this, if the Department does not spend that capital, it has to surrender it back to the centre for reallocation. It cannot decide that it will not spend on capital projects so that it can transfer the moneys into resource and spend it elsewhere.

**Ms McBurney:** That is right, and, as well as that, our capital budget is fully allocated, but we are aware that there could be potential issues, so the supply teams are keeping in close contact with the Departments and are asking them to inform us as soon as possible if they think that there is any slippage, with the idea that it could then be diverted to other capital programmes, not to transfer it to resource. As the Minister said, that would be a fail-safe if we could not transfer it to useful capital programmes.

**Mr Frew:** OK. Monitoring rounds are privy to that flexibility and agility. We have been told that the October monitoring round has been delayed. Can you give us any information on when we can expect that?

**Mr Murphy:** It was simply the case that, when the Executive decided — only a week ago yesterday morning — to move with restrictions, we already had in place the Derry city and Strabane scheme to try to assist those areas. Then we knew very quickly that we were going to have to move that to an 11-council scheme. Quickly after that, we learned that we were getting £200 million from Treasury, so we were able to increase that amount. That all happened in the Department in the space of a couple of days. We talked about a week's delay in the monitoring round, so it was really to give us the space to get an emergency response out the door and to park the monitoring round for a week, but the intention is to come next week with it.

**Ms McBurney:** Yes, it is. Because we commission monitoring rounds in advance, Departments had submitted bids for COVID funding before the restrictions had actually been put in place, so it was important to give them a chance to review those bids. We allowed them to do that over the weekend, and they are coming in now with a revised position. As the Minister said, we hope that it will only be a short delay.

**Mr Frew:** Joanne, you said in answer to a question from the Chair about the funding envelope being £350 million down. Can you explain that for me again because my mind is a bit primitive?

**Ms McBurney:** There are a lot of figures flying about. Part of New Decade, New Approach gave us £350 million this year just for Budget pressures. That went into the overall pot and was allocated to general budget pressures in Departments, which means that Departments have that funding being spent on things that are recurrent, and those pressures will still be there next year, but our baseline has that £350 million removed because it was a one-off allocation. In order to just stand still, we need to get more than £350 million additional funding in the spending review.

**Mr Frew:** I am clear now in my mind. Thank you.

Minister, I want to raise an issue that is not related to finance but is an issue that the Committee has around transparency and confidence, and that is around emails that were eventually supplied by your Department to the Committee around the PPE order. It is clear that officials from this jurisdiction helpfully sent your press statement to the Department down South, and it came back quickly to say that the announcement was unhelpful and did not reflect where we were. I could read it out, but I think

that I have read it out three times in the Committee so far. My question is this: what happened to that email exchange and what was its impact in the Department? There was a clear process there in that the government official down South wanted something to be corrected immediately, and the official here said that she completely understood and that she would speak to the press office. When did the press office find out and what did it do about it? When did you or your permanent secretary find out and how was it rectified?

**Mr Murphy:** It was from an official, as a consequence of hearing the press conference that we did; I think that it was on a Friday evening. There was a view that, perhaps, we were not as far down the line with the contract as we had hoped, even though we had jointly agreed to operate a contract together. The advice was that, perhaps, we should be more circumspect about where this might go. Earlier that week, I had spoken in the Assembly a number of times about it, in which I had caveated my remarks with all of that *[Inaudible.]* It is fair enough, and you are entitled to follow these things wherever you wish to follow them, but we delivered an order for PPE. We spent £60 million. The PPE that staff in Altnagelvin and all the hospital systems that are now under pressure are using is that order, alongside the order that we assisted the Department of Health, at its request, in getting. It asked us for help. It is not our Department's role to procure PPE for anyone else, but we offered help to another Department in stress, and that is the PPE that staff are currently using.

As I said, you are entitled to pursue that issue if you wish to do so. I am more pleased that my Department's officials continued, for weeks and weeks after that, to get back on track in placing an order successfully in a very challenging commercial situation in China, where half the world was, basically, turning up on their doorstep looking for PPE. They successfully delivered that, as well as successfully assisting the Department of Health in securing the necessary PPE supplies from NHS England that were brought over as a stopgap measure. The Department is to be congratulated for the work that it did. It is an important issue to you, but, for me, it is a sideshow in the overall scheme of things.

**Mr McHugh:** Tá fáilte romhaibh tráthnóna seo arís. You are very welcome again. A lot of the issues that I was going to come in on have been touched on already. PPE was not one of them. I thought that that was dead and buried a long time ago.

Minister, I am sure that your comments on the transfer from capital to resource will be welcomed by the Construction Employers Federation, because, in its letter, it expressed concern that it might affect capital projects per se. It even went so far as to nearly imply that some Departments would use it as an instrument for that movement of money and so on. Your answer has reassured everyone in that area.

The Chair reflected on the Internal Market Bill. As much as it is being held as a threat at present, in the event of it being instigated, Minister, how do you feel that it might undermine the powers of the devolved Assembly?

**Mr Murphy:** First, we talk to the Construction Employers Federation regularly. It is represented on our procurement function in the Department as well, and there is ongoing engagement with the construction sector. I am not surprised that people raise questions, when we are trying to have flexibility, about what that means for capital programmes, but the Executive have agreed that we want to pump-prime economic recovery with capital spending and to try to get capital programmes out. In the middle of the pandemic, when lockdown happened and construction was shut down, we advised Departments to bring forward all the necessary preparatory work so that construction contracts could be awarded right away, as soon as construction was able to start working again.

All our efforts have been bent to trying to make sure — at Executive level and in the Department — that we can get capital spend done. We recognise its importance to economic growth and to sustaining jobs. The approach is never to downgrade capital spend or to raid capital budgets. It is just that there is always an in-year difficulty in getting things spent, and that is for a variety of reasons. Those are not necessarily to do with the construction side but are often due to the approaches, planning issues and regulations around it. A whole range of issues can intervene.

I think that you asked about the EU funding and the —.

**Mr McHugh:** It was about the implementation of the Internal Market Bill.

**Mr Murphy:** The Internal Market Bill, yes. The implication for us relates to EU funding. As I said, we have continued — outside of the negotiations — with PEACE PLUS, which is the Peace funding plus the INTERREG funding. That will continue. There is about €650 million in that at the moment, and we are working through the programmes with the Southern Government, Europe and London. We hope that there is the possibility of an increased contribution, but that has yet to be worked through, and dialogue is going on between London and Dublin.

On all the other EU funding, with the social fund, ERASMUS and all of that — the CAP funding is a separate issue, although there are also concerns there — we were operating on the basis, as was promised by the British Government, that any EU funding loss would be replaced like with like to the devolved areas and that we would administer and design the programmes for that. We have the knowledge on the ground about what is needed and where it is needed, and the Executive have our priorities. Besides which, any money that is spent on areas such as communities, through the Department for Communities, is a devolved responsibility. Any money that is spent on the local economy or local infrastructure is a devolved responsibility, so it should not be the case that somebody who is sitting in Whitehall decides which border road might benefit from an upgrade.

We have responsibility for those things. That is part of devolution and the agreement for devolution. So, the idea that the Internal Market Bill would usurp all that is very concerning to us, and we have repeatedly said that to the Treasury, but we have not got an explanation as to why that approach has been taken. Obviously, that legislation is still passing through Westminster. I had a conversation with the shadow Secretary of State the other day, and we raised this issue with her. I know that Scotland and Wales have the same issue. This is always raised at any time that we have joint calls with the Treasury. We have not had any resolution to it yet, but we are flagging up the concern to ask why they would take that degree of power if they have no intention of using it. That is a direct challenge not only to the promises that were made about the replacement of EU funding but to the basis on which this Administration and those of Scotland and Wales were set up.

**Mr McHugh:** Thank you, Minister. Finally, on the NI protocol, how confident are you that the Treasury will step up to the plate and deliver?

**Mr Murphy:** Again, the commitment was given that they would meet the costs. I am not surprised. There are two levels. First, they will do their due diligence to make sure that the costs are what they should be, and we have had to gather those costs in. Quite a lot of that work is done by the Minister of Agriculture, Environment and Rural Affairs. He is responsible for putting in place the regulations and checks that are needed at the ports. Other Departments have contributions. We have had to gather the costs from them, collate those, do our due diligence on them, I presume, as the Department do, and then send them on to the Treasury, and it will do that.

As I suggested to the Chair, part of that may be caught up in the negotiation in that they are not going to declare their hand on what they are going to spend on the protocol until they have finalised the negotiation. The sooner that we know about that, the better, and that is because there are in-year costs in relation to that. The commitment has been given that they will meet the costs — they have reiterated that to us — but they have just not said, "OK, we accept that that is the cost, and here is the money for it".

**The Chairperson (Dr Aiken):** Infrastructure is already being committed to, and again, Michael Gove has already said that this is being done through the Joint Committee —

**Mr Murphy:** Yes.

**The Chairperson (Dr Aiken):** — so we must already have seen contracts for the draw down of expenditure on the border control points that are being put at the ports. We should have already seen that, should we not?

**Mr Murphy:** Yes. The Minister of Agriculture, Environment and Rural Affairs is getting on with the work that he was obliged to do at the ports with putting checks in, so yes, that work has started —.

**The Chairperson (Dr Aiken):** So, the contracts have already been let from the Department of Agriculture, Environment and Rural Affairs to —.

**Ms McBurney:** The Treasury gave us approval, in principle, to commence that work because of the timescales that are involved. That was subject to a business case, and that business case has been submitted to it for final approval and agreement of the funding. However, it gave us an agreement to commence the work.

**The Chairperson (Dr Aiken):** The business case is already through, so they are already spending the money to start —.

**Ms McBurney:** They are spending the money. Treasury has yet to come back and formally approve the business case, but it did allow us to start in advance of that because it recognised the timescales involved.

**The Chairperson (Dr Aiken):** That has already started. Agriculture has already done what it is supposed to have done.

**Mr McGuigan:** Thank you very much, Minister, for the briefing. It has been very useful, and I have a couple of points to make and questions to ask. Following on from Maolíosa's question about the Internal Market Bill, it is clear from your answers that you have concerns about the impact of the Bill on replacement EU funding for the North and the impact that it may have on devolution, usurping some of the powers that Assembly has. Do you have any concerns about the ability of the Executive to act with state aid principles?

**Mr Murphy:** As somebody would say, that is probably an ecumenical question *[Laughter.]*

**The Chairperson (Dr Aiken):** Go on, go on, go on *[Laughter.]*

**Mr Murphy:** It is probably dependent on the negotiation outcome as well. I am not certain, to be quite honest with you. Our priority has been to secure a replacement and to secure authority over allocation.

**Ms McBurney:** As the Minister said, there are potential implications, but it depends on the differences between the state aid regimes. It might be a wait-and-see.

**Mr Murphy:** If Bill Pauley were here, he would be able to tell you about that in great detail.

**Mr McGuigan:** Fair enough.

**The Chairperson (Dr Aiken):** Sorry for cutting across. You said an interesting thing about state aid issues and concerns about whether the funding would come under state aid rules. Did I pick you up wrongly on that?

**Ms McBurney:** I was responding to the question that raised state aid. The Internal Market Bill has potential implications for PEACE PLUS, and any difference between British and Irish state aid regimes might cause friction. As the Minister said, it is not my area of speciality.

**Mr Murphy:** If you wish, we can have Bill Pauley send up a briefing to the Committee on that.

**The Chairperson (Dr Aiken):** Obviously, the significant issue, which Philip has touched on, about state aid and one of the issues that we have not bottomed out yet, either through the special committee to the Joint Committee and the various other streams to it, is quite important. Particularly when we are looking at how this is looked at after 1 January next year, a lot of these issues that previously would have been used as part of EU special funding and the rest of it may indeed now be deemed as state aid. That will have significant implications for how we do it and how we manage the process. I think that the Committee would like to see that, if you can make that commitment.

**Mr Murphy:** We can arrange for that to be sent up.

**The Chairperson (Dr Aiken):** Sorry, Philip, for cutting across.

**Mr McGuigan:** You are OK.

We have covered some very important topics today. There are a lot of big issues, including Brexit and the Budget. Obviously, it is a disappointment that we are now not getting the multi-year Budget that we were promised. As you said, the multi-year Budget will be very useful, and, hopefully, this is the last year without one. The bigger issue is COVID. When you are here, I want to congratulate you and your Department for the initiative that you have shown in getting funding out very quickly. I represent a constituency that is heavily reliant on hospitality and tourism, which are, obviously, deeply affected by the COVID pandemic and, more latterly, by restrictions. It has been welcome that the majority of those businesses have now been able to at least apply and will get funding to, hopefully, see them through. There is the issue of employees, and I welcome your support in trying to get some more certainty from the British Treasury on that. That is a big issue.

As an MLA, I say that the big issue facing this Committee and us individually is COVID and supporting businesses and employees. Whilst last week I was getting calls from the tourism and hospitality sector, those calls have now diminished because there is an element of certainty there. However, an awful amount of calls is still coming in from businesses and individuals, employees and self-employed, who missed out the first time and are unsure whether they are going to miss out this time. It is disappointing that other Departments have not shown the same initiative and speed of resolution that the Department of Finance has had. Do you have any kind of time frame for when other Departments will come forward? Do you have any kind of certainty of the range of businesses and individuals who will be able to benefit from other schemes? That is the major concern out there.

**Mr Murphy:** When the Chair asked about the overall pot that we had left, I should have said that the scheme that we have brought forward has taken about £35 million out of that, so that reduces it. On the immediate response to this, I have had conversations with the Economy Minister particularly about the close-contact services. Any that have premises — a barber, beauty salon, hairdresser or whatever they happen to be — will be able to attract support on the basis of the rateable value of those premises. Of course, quite a lot of them do not have premises. They operate from home, out of their shed out the back, or hire a chair in some establishment and operate from that. I have asked the Economy Minister to prioritise finding those people first and getting a level of support out to them.

We have a reserve of £55 million in the pot for the people who have not yet received any support. It has been at least a month since the arrangement was agreed for the Department for Infrastructure to pick that up, so I hope that something was forwarded in relation to taxis and coaches. Coaches are a particular difficulty. Anybody whose constituency has an interest in the tourism business will know that coaches are vital. They are and have been under severe pressure, having been effectively shut down since March. They have not been able to reactivate their businesses, where other sides of tourism and hospitality have, so there are particular pressures there. I am hoping that those schemes will come forward quickly. There are other areas, such as the self-employed. Travel agents, as well, have been making a case for support. We are due to hear from them in the near future about that.

The Economy Minister has said that she wants to look at issues around the supply side of tourism and hospitality; people who are not obliged under the regulations to close their business but who will suffer substantial economic damage because of the closure of another sector. None of these things exists in a silo, and there are knock-on effects for other businesses.

The sooner the schemes to pick up the people who have been missed come through, the better. The sooner we have schemes to deal with the immediate issues with this intervention over these four weeks, the better for us. Broadly speaking, the economy generally needs support, and we have to find ways to do that.

Just before coming to this meeting, I had conversations with people in retail about support for the high street and making the shopping experience safer. That has been done in other countries, where people feel a bit more comfortable with going out. Of course, we want people to adhere to the regulations and to have social distancing, face coverings, hand sanitising and so on, but we also want people, particularly in the season coming up, to feel comfortable about going out shopping and creating footfall on the high street. Are there things that we can do in town centres to support that and make a cleaner, safer environment for people to go out shopping?

There is a range of initiatives that the Executive can undertake across the various Departments. The money that we have to spend has to be spent by the end of the financial year, so the sooner those initiatives come through to us, the better.

**Mr McGuigan:** There is a pot of £55 million for people who have not been able to benefit so far, and a pot that money is now being taken from for the current — whatever you want to call it — circuit

breaker, lockdown or restrictions. How much money will then be available from Christmas to the end of the financial year should further interventions be needed?

**Mr Murphy:** We have to see what comes forward first. In that pot, I think, we also held money back for the airports, because a further intervention is needed in support costs for the three airports. It looks like a large pot, but there are a lot of calls on it already.

Over this four-week period, the Executive want to ensure that we do not have to get into a situation where further interventions are required. If we can get much-improved track and trace and isolation; if we can get the message out better; if we can get that level of collaboration back, perhaps, through the Department for Communities working with local community and voluntary groups and councils in getting the message out — all those things should be done over the next four weeks, so that, when this intervention comes to an end, we are not necessarily saying, "This will last us for a period of time; we'll need another intervention". That is the last thing that we want to see.

It is prudent to keep some money back to see how things pan out over Christmas, but it would have to be spent quickly in the new year before the end of the financial year. That is the Executive's call. I make recommendations to the Executive. It is their call as to how the money is spent. I would be thinking that it would be prudent to hold back something to see, because these are uncertain times. Brexit is also an uncertain time, and that is kicking in on 31 December. It would be prudent to hold back something to see whether we need some emergency interventions in the new year. The clear intention of the Executive in the COVID response is not to get back into that type of scenario, because it increasingly makes economic activity unsustainable. We do not want to have to get back there. There is an argument that — I will certainly advocate this — given the big uncertainty beyond Christmas, we hold something back to see what emergency support might be needed.

**Mr McGuigan:** Just for clarification, my question was not about what would happen in the case of another intervention. It was more about providing financial stimulation.

**Mr Catney:** Chair, I have a small point on the back of what Mr McGuigan asked. You were looking at the broader picture of close contact. There are hairdressers who do not own premises but rent a chair. I know that you will be familiar with that. Like, I am sure, everyone else, I am getting the same questions. I ask you to look at those people as a special case. Some beauticians cannot get the help that is coming through because they do not own a business. There may be 10 self-employed beauticians renting a chair in a salon. They feel as though they have not had any help, and it has taken a long time for that to come out. That is a small point. I hope that you do not mind, and thank you for bringing me in on that, Chair. Thank you to Mr McGuigan for bringing that up.

**Mr Murphy:** As I said, I have had that conversation with the Economy Minister. We, in the Finance Department, can do something for a business only if there is a premises attached to it. We can do that through the rates system. Clearly, there are people who work in that sector who hire chairs or travel to people's houses to cut hair, do make-up or whatever else and will not, therefore, have premises or a rates ID number attached to them. The challenge is identifying those people, verifying that they are in that business and trying to get some level of support to them. I have asked that that be a priority in the Economy Department's response.

**Mr Allister:** I wanted to probe a bit the idea of transferring from capital to resource. No doubt someone will correct me if I am wrong, but my understanding of fiscal theory on a national level always was that you funded your resource out of taxation and that you funded your capital, where you needed it, out of borrowing. If that is correct, and if we are given the power to transfer from capital, which is borrowed money, is it not likely — indeed, was this not always the reason why there was a prohibition on transfer? — that Treasury will say, "Well, if you're going to do that, you are going to have to pay the interest on the borrowings"? We have already been through that with the exit scheme: we have had to pay the interest. We are already going through that with the reinvestment and reform initiative (RRI). Is the same theory not likely to be applied to moving money from capital to resource?

**Mr Murphy:** It is not a hard-and-fast principle, because there already is a small allowance for the transfer of capital to resource. What we are seeking is more flexibility in that. Of course, that might challenge how Treasury approaches those issues, but I would argue that our overall spend, in terms of the British Government's overall spend, is very limited. It is not about a wholesale transfer, because the Executive's view and the Department of Finance's view is that capital spend is valuable spend that can stimulate further economic activity and growth and sustain jobs and, obviously, then lead to an improvement in infrastructure. There is not a wholesale desire to transfer huge chunks of capital

across to resource. Capital is the most difficult money to spend when you get to the end of the financial year. There is a flexibility there currently. It is about extending that flexibility, not on a vast scale but on a moderate scale.

**Mr Allister:** If you say to Treasury, "We want to transfer capital to resource" is there not a second danger that, if you ever have occasion to go to Treasury again and say, "Well, we need more resource money", it would simply say back to you, "Then take it out of your capital"? Does it not weaken your case in looking for more resource money?

**Mr Murphy:** Joanne has much more engagement with Treasury than me. I do not think so. In the conversations that I have had with Treasury, both individually as a Finance Minister and collectively with the other Finance Ministers — this is an issue that we have all raised collectively — it has said that it is prepared to look at the issue of flexibility, but it has not given us any hard-and-fast response on what that might mean. We have been pressing the Treasury on that issue. It has never come back and said, "If you need more resource, transfer it from your capital". The Treasury also understands that it is not about trying to change capital spend; it is about trying to manage finances at the end of the financial year. Is that the case, Joanne?

**Ms McBurney:** That is the case, and you are absolutely right that any capital borrowing, no matter who it is done by, scores against public sector net debt, and Treasury is interested in keeping that as low as possible. This year, with COVID, those rules may have gone out the window, even for Treasury, where it is borrowing to fund resource spend.

Interestingly, when the Executive were not in place and the Secretary of State was setting our Budget, a capital to resource switch was put in place to balance the resource budget at that time. We do not want it for that purpose; we want to have flexibility if there is slippage in capital programmes that cannot be used for worthwhile projects. We are not looking for an unlimited amount; we are looking for a small amount to give us additional flexibility.

**Mr Allister:** Do we know what amount?

**Ms McBurney:** No. That would be subject, I suppose, to negotiations with the Treasury on an acceptable level.

**Mr Allister:** An alternative option would be to focus on maximising end-year flexibilities.

**Ms McBurney:** We are seeking that flexibility as well. That one may be more worthwhile, if we can have it. Many years ago, it used to be —.

**Mr Allister:** There are likely to be fewer strings attached to that, are there not?

**Ms McBurney:** Yes.

**Mr Murphy:** There are two areas: one is the flexibility to change, and the other is the flexibility to carry over.

**Mr Allister:** Yes. That is what I mean: carry over.

**Mr Murphy:** We are pressing on both issues. It is not about trying to change the nature of our Budget or spend; it is about trying to manage the spend at the end of the financial year.

**The Chairperson (Dr Aiken):** Sorry, Jim. Joanne, you said that, previously, the Secretary of State utilised that facility.

**Ms McBurney:** Yes.

**The Chairperson (Dr Aiken):** What percentage was he looking at?

**Ms McBurney:** It was not a percentage. From memory — I need to clarify it — I think that it was £100 million in one Budget set by the Secretary of State.

**The Chairperson (Dr Aiken):** Is that where the 0.6 comes from?

**Ms McBurney:** No, the 0.6 is simply a percentage for carry forward. That was an amount of capital that was switched into resource to balance the Budget. The 0.6% is our budget exchange scheme limit that is carried forward from one year to the next in resource, and there is a percentage of capital.

**The Chairperson (Dr Aiken):** Was it a maximum of £100 million each year for the three years?

**Ms McBurney:** No, it was for a one-year Budget. From memory, it was £100 million. I need to double-check because my memory is not what it used to be, but £100 million, in one year, was transferred from capital to resource.

**The Chairperson (Dr Aiken):** Will you send a note on that to the Committee, as it will help to inform our discussions? If it has already been put in place, it may be something that we need to see.

**Ms McBurney:** It was for one year only, and it was just for that Budget; it was not a flexibility that was ongoing. I can check and confirm that.

**The Chairperson (Dr Aiken):** Somebody at the Treasury said yes, so, at least, that is a start. Jim, sorry.

**Mr Allister:** On the black-box issue, I suggest that the Department's Estimates document expands on the note to indicate why, in each case, there is reliance on the Budget only. That would go some way to providing transparency. Not that it takes away from the fact that there should be legislative authority for all that spend, but, where there is not, we are entitled to have more clarity in the Estimates about why it has been black-boxed.

**Mr Murphy:** I have no issue with that. As I said, when I explained it in the Chamber yesterday and when I spoke to you on Monday, we want to ensure that there is consistency about that approval. Those figures go into the Estimates and are given that kind of democratic authority by the Chamber. However, you are right: if people reading the documents can understand them, it will give more transparency. The financial review process is under way, and that is intended to make the Budget, Vote on Account and all those documents as accessible as possible. I hope to see improvements in that in the years ahead. I agree with you that they are complex documents and that the more transparent we can make them, the better. That is better for the scrutiny that is the job of the Committee and the Assembly generally and for the public's understanding of the spending and how and why it is done. I think that your question was about the welfare mitigation: there was a clear and logical explanation for it, but it might have been better to have it included in the document.

**Mr O'Toole:** Thank you both for coming. You have been discussing flexibilities that have been asked for from Treasury. Are they permanent flexibilities or just for this financial year?

**Mr Murphy:** We want to establish the principle of that going forward. As I said, it is not about a wholesale alteration of our finances. In all the devolved areas, particularly in an annual Budget situation in which it is more acute but even in a multi-annual Budget situation, we find that you end up spending out at the end of the financial year. Everybody knows that Departments will get a big kicking if they hand money back and it goes back to Treasury. The imperative is to spend the money; that does not necessarily mean that it is spent on priorities at any given time. The argument is to try to get some flexibility in conversion and in end-year flexibility that we can carry more over. It is not about vastly increasing that. It is not about changing the nature of spend but about making sure that we can spend it, as closely aligned to priorities as possible, rather than simply spending it to make sure it is not handed back.

**Mr O'Toole:** We discussed this in the Budget debate. The current Budget exchange scheme is 0.6% resource, 1.5% capital and 0.6% in resource DEL carried forward. Have you asked for a specific percentage increase in those thresholds?

**Mr Murphy:** No, we have not put a specific figure to them. We are looking for an increase in flexibility. We have talked around it, and the other Administrations have not put on a specific figure either. We are trying to establish the principle. It has not been rejected in any of our discussions with them, but we have not bottomed it out. Joanne could advise on this, but it might be different experiences from

year to year. We might want the principle of flexibility within a band, if you like. If things go according to plan, we will not need any flexibility at all in some years.

**Mr O'Toole:** Force the door ajar and then walk in afterwards. With outstanding unallocated, we know about the £600 million headroom in Health, some of which might come back, depending on what happens in the next few months and other pressures. Aside from that, what is the outstanding unallocated resource DEL at the minute?

**Ms McBurney:** There is £55.2 million. We are going into the monitoring round, which may change that. Before that, we have the £200 million that we got from the Treasury on 9 October. Of that, £35 million has gone to the DOF scheme that has been put in place. That leaves £165 million and whatever comes out of the monitoring round or Health manages to give back.

**Mr O'Toole:** So it is £165 million plus whatever comes out of monitoring. Basically, it is whatever Departments can hand back.

**Ms McBurney:** Yes, including Health's assessment of the £600 million.

**Mr O'Toole:** It is £165 million plus whatever comes out of monitoring.

**Ms McBurney:** Plus the £55 million, which is being held for other sectors.

**Mr O'Toole:** Is the £55 million being held not included in the £165 million?

**Ms McBurney:** No, that is additional.

**Mr O'Toole:** The £165 million does not include the £55 million or whatever comes back from the £600 million from Health.

**Ms McBurney:** That is right.

**Mr O'Toole:** Have you taken the view that the £165 million will primarily have to go on COVID-related mitigation, given the principle that you are trying to get Brexit-related mitigation from Treasury?

**Mr Murphy:** It is like Chinese walls between those issues now. It is a juggling exercise. If we were not dealing with COVID at all and this was a normal year, we would be dealing with monitoring rounds and what is coming back, and trying to reallocate it. Departments would surrender and then bid for their priorities and pressures. The Department would assess and make a recommendation to the Executive. In the middle of all that, we are trying to juggle the COVID money. It is possible that, if the COVID response becomes a bigger priority, monitoring round money will go to that. Some of the pressures that Departments may be experiencing are quite likely to be COVID-related so, to be quite honest, there is no clear separation between the two. As I said, it is like a Chinese wall. There will possibly be overlap between the two. We try to keep the two exercises separate because one is a surrender of money and the other is an allocation of money that we are trying to distribute. There may be overlaps.

**Mr O'Toole:** I think that there is £70 million unallocated on financial transactions capital (FTC). Out of the £100 million, I think that £30 million is going to Ulster University, and the remaining £70 million is as yet unallocated. When I asked the Department about that last week, it was clear that that is part of the flexibility being asked for from Treasury. Are you thinking about turning that into conventional capital — that would be quite novel — or is work going on to try to design a scheme whereby you use the FTC allocation to fund businesses, for example, through the creation of a business restart fund that can be allocated as FTC? Is work being done on that?

**Mr Murphy:** Joanne can keep me right on this, but I do not think that it is possible to transfer FTC into conventional capital.

**Mr O'Toole:** It is a different type of spending. I get that, yes.

**Mr Murphy:** In the absence of that, and the desire across the board — not only in the Executive but in the Assembly, where the issue has been raised many times — to ensure that it is utilised, we have

been pressing Departments to come up with innovative ways in which to utilise that money. The housing designation issue will, we hope, come to a head fairly soon. Whether it is early enough to allow the Department for Communities to avail itself of FTC in the remainder of the financial year will be a matter for that Department. We have been encouraging Departments to come forward with propositions on how to utilise and spend that money because, understandably, there has been criticism that, at a time when we have limited resources, that is a resource that is available to us and is not being fully utilised. We will encourage schemes and economic interventions to be brought forward. If Departments can avail themselves of FTC, we will certainly be happy to look at that. However, we cannot do that conversion into conventional capital.

**Mr O'Toole:** Should the Northern Ireland Tourist Board look at that? Is it too novel or ambitious for it to try to design a scheme? FTC is not spending but financing. It is classified in a different way by the Office for National Statistics (ONS), and that, obviously, constrains how it is spent. Public-sector bodies here are not as used to dealing with financial transactions as they maybe are in England. However, would you use the opportunity now — not that I am putting you on the spot — to say that, for example, the Tourist Board could come up with novel ways in which to think about how that is spent or financed?

**Mr Murphy:** Joanne will know better from experience over the years, but I think that there has probably been an additional burden to try to find ways in which to spend FTC. Therefore, if Departments are concerned about not handing cash back at the end of the year, they are focused on spending the cash that they have been allocated, not searching for new ways in which to avail themselves of other resources. It is a resource that we have not properly utilised. The Department, therefore, has been encouraging people to come up with ways in which to do that. We are pressing Departments. We cannot force them to do it, but we are pressing them to come up with those ways. I am sure that that is part of the rationale for our not utilising it fully.

**Ms McBurney:** Yes. I think that it is also about Departments stepping outside their comfort zone, because it is primarily for loans, and Departments are not used to managing those loan books. In some instances, there is a preference from recipients. Obviously, they would prefer a grant rather than a repayable loan, so that is also an issue. Departments do not have the expertise to manage those loans. We are working with the Strategic Investment Board (SIB) to try to come up with ways to support Departments to do that.

**Mr O'Toole:** Is that in the very short term?

**Ms McBurney:** It is in the short and longer term. We kicked off that work pre COVID, and we will continue to do that to try to encourage Departments.

**Mr O'Toole:** Has the SIB been asked specifically to try to think of ways in which to spend that £70 million in the next few months, not just in 'Brewster's Millions' way?

**Ms McBurney:** It would not be for the SIB to come up with ways in which to spend that money; that would be for the individual Departments that have policy responsibility. The SIB would come into that in a supporting role to help Departments around the mechanisms of managing loans, doing due diligence and that sort of thing.

**Mr O'Toole:** On RRI borrowing, what is the likelihood of our using the headroom — the £200 million — in the next few months?

**Mr Murphy:** It is another resource that is available to us. I am not averse to looking at it. There is, obviously, a cost to using it. As we said earlier in the discussion, we have a not insubstantial amount of COVID money to spend before the end of the financial year. We have been focused, I suppose, for most of this year on emergency response mode. RRI tends to be a longer-term process, understanding how it is paid back and managed centrally. If we get the headspace to have five ways in which to use it, I am certainly not averse to using it. My priority is to ensure that the cash that we have in hand gets out onto the ground as quickly as possible and to provide as much support as we can.

There are other areas. We are encouraging people, because there is not only FTC but the investment fund and the International Fund for Ireland. We are trying to ensure that all those things are utilised. We are having conversations. The investment fund was largely based in and around Belfast. It did not

go out beyond that, so we need to make sure that there is an awareness of the fund. If those things are all available to us, we can try to shape them according to the Executive's priorities. There is also the International Fund for Ireland and PEACE PLUS, so these things are not done in isolation. RRI is available to us, but there is quite a lot to do in trying to spend the money that we do have.

**Mr O'Toole:** One last question, if I may, Chair.

**The Chairperson (Dr Aiken):** Yes, just one.

**Mr O'Toole:** On Brexit and the protocol, you mentioned possible emergency interventions. We all hope that there is a deal and that the protocol is made to work as seamlessly as possible. Is part of that intervention to mitigate the additional costs in the event that it is particularly burdensome in January, and have you set aside a specific sum for that?

**Mr Murphy:** As part of the protocol's implementation, there were promises, in my understanding from the Treasury, to assist businesses with Brexit costs. It is not as if we are holding back COVID money and saying that there will be a Brexit cost. I am saying that there is a whole lot of uncertainty and that the cost of Brexit is not just about the cost of implementing the protocol and whatever additional charges there may be to businesses to try to match requirements, but there is an economic cost, which is a general depressing cost on top of the economy. With regard to being prudent and not knowing what the new year will throw up, it would be helpful for us to have a sum that we can use as a rainy day fund. That is my view, but the Executive may disagree and say to spend it all now. My view is that it is not necessarily to meet the costs of Brexit with the actual costs of transactions or the protocol, but, in general terms, that the economy will ship some damage from the double whammy of COVID and Brexit. I think that it would be prudent to have something to try to give assistance, where it is needed, at that time.

**The Chairperson (Dr Aiken):** Thank you.

Joanne, I have a quick question before I bring in the other Jim. You talked about housing, particularly how changes in housing designation enable them to look at and attract FTC. Another area that needs a significant level of investment is water. We have a rather strange legal set-up in Northern Ireland Water, which is, somehow, a Go-co that is not a Go-co. I do not know how we ever managed to achieve that, but we did. Is the Department considering how we could look at that specifically, because we could use a substantial spend on a long-term programme that could help to revitalise the Northern Ireland construction industry? However, it is being based on the fact of the legal entity of Northern Ireland Water. Are there any views in the Department about helping to transform Northern Ireland Water's legal status so that it can borrow substantial chunks of FTC?

**Ms McBurney:** It is not Northern Ireland Water's legal status that is the problem; it is the ONS classification that puts it into the public sector, and that is basically related to water charges. It is primarily for the Department for Infrastructure to consider that and to come forward with proposals on how that can be addressed, but it is because it is within the public sector that it cannot borrow without it impacting on our capital DEL.

**Mr Murphy:** Ironically, the last time that a proposition was brought forward to look at that was when I was the Minister for Regional Development. It never got beyond Executive discussion as there was not a big appetite because it would have involved a substantial amount of work to change its status. Part of the reason was that it could not attract investment at the time. It would be for the Department for Infrastructure to bring forward the matter. As well as giving a significant capital budget to Infrastructure in the Budget in March, we gave an additional £15 million in the last allocation, which was specifically for Northern Ireland Water. That was for waste water, sewerage and those kinds of schemes. I think that the Department brought forward about 11 schemes.

**The Chairperson (Dr Aiken):** Northern Ireland Water's quantum is a few decimal points beyond that. Thank you for that.

**Mr Wells:** There is some interesting stuff here. I have a couple of questions. Although you have not been able to bring us the monitoring round figures, for reasons that you outlined, can you give us an insight into whether you expect a large amount of money to be forthcoming to meet the ongoing pressures in so many Departments?

**Mr Murphy:** Joanne has more detail on that.

**Mr Wells:** Would you have to strangle me if you told me?

**Mr Murphy:** Maybe Joanne can come in with more detail on this. Given the year that we have had and the fact that Departments would not have been able to spend on certain things that they had planned and for which they had Budget allocations, I would have anticipated more of a return in the monitoring round for reallocation. In general terms, it has not been out of the ordinary. I sincerely hope that Departments are not waiting until January to be sure that they are not going to spend money, because that puts added pressure on us to spend the money out. That is my overarching view. Joanne might be able to respond in terms of the figures and how much has come back.

**Ms McBurney:** I do not have the figures in front of me. It depends on your definition of "large", but it is not a huge amount; it is in the tens of millions as opposed to higher levels.

**Mr Wells:** Joanne, I am confident that, if you do not have the figures before you, you will have them in your head, as you do with all these figures. I am very interested in what you said about the form of funding for businesses that have been forced to close, and there was very welcome news on B&Bs. When Paul and several members were asking questions, I was not quite sure what you were saying. Will they be funded on the basis of the present restrictions? Will you go back and fund them as if they had been funded from 20 March?

**Mr Murphy:** Are you talking about B&Bs?

**Mr Wells:** Yes.

**Mr Murphy:** No. The schemes that we have put in place to assist businesses are for this four-week period. Prior to bringing that in, we had a conversation with people who had previously been excluded, including representatives of the small B&B sector. They made the point to us that they should have been captured in the £10,000 and £25,000 schemes and that, because they were on a domestic rates base, they could easily have been verified by the Northern Ireland Tourist Board. We took that advice, checked it and were able to include them in this scheme. It does not address the fact that they missed out before. We will need to continue to look at who missed out previously. We were able to include that area in the scheme.

**Mr Wells:** Will they be treated more generously because they missed out on the previous scheme?

**Mr Murphy:** This Committee has passed the regulations, which means that what you are entitled to is based on the rateable value divided into the three bands that you would have agreed as part of the regulations. We cannot pick one sector. I am not saying that they will be content with the money that they get, but they are certainly content to be involved in the scheme. This is the responsibility of the Department for the Economy, but I would not be saying to them, "Well, you've got that now so it doesn't matter that you did not get before". I still think that they should be considered as one of the excluded groups and receive some support to recognise the damage that they shipped during the early part of the lockdown.

**Mr Wells:** At least the B&B folk had a window of opportunity during July, August and September for some trade, albeit very disrupted. Coach operators have had nothing. I have three such companies in South Down, and they have new vehicles that have not turned a wheel since 23 March. A good coach will cost anything between £200,000 and £300,000 — the cost of those vehicles is extraordinary — and they are now having to pay the leasing charges or the repayments. Again, the same question: will any support that you or the Department for the Economy are able to give them take account of the fact that for seven months they have had absolutely nothing?

**Mr Murphy:** I agree with you on the damage that coach operators have suffered. They are a part of public transport, but, more than that, they are part of the tourism industry here, and a way should have been found to pick them up. All sectors suffered from the lockdown phase that we were in earlier this year, but that sector has never been able to emerge from that and they are in dire straits. We have had representatives of the sector in the Department; Sue Gray met them, and I called in to see them at the time, and there has been ongoing engagement.

My understanding is that the Department for Infrastructure has agreed to pick up some scheme in relation to that sector, so I do not know how that is being worked out. There is not a large number of them, as you know, but their costs are substantial. As I said, we have set aside part of that £55 million pot to try to capture some of those businesses. I have no idea of what the costs might be if a scheme were devised for coach operators, but the sooner we get one devised for them, the better, because many are in really serious financial difficulty. If we want the tourism industry to pick up again, hopefully next year, they will be a vital cog in getting people out and about to various attractions as well as the other inputs that they make.

**Mr Wells:** Just to give you one shocking statistic, 121 cruise liners were booked to call into Belfast this year. One made it. One company that I am dealing with specialises in taking those tourists to the Giant's Causeway, County Fermanagh or wherever. That is how dire the situation is, so we will watch with great interest to see what can be done for them.

**The Chairperson (Dr Aiken):** Jemma?

**Ms Dolan:** I am OK now. My question was on coaches as well, so thanks very much.

**The Chairperson (Dr Aiken):** Just a few final bits and pieces, Minister.

**Mr Catney:** Sorry, I had indicated. I know that you let me in earlier, Chair, but that was just a small question.

**The Chairperson (Dr Aiken):** So that was just a little one. You have a bigger one now, have you, Pat? OK.

**Mr Catney:** My question is fairly small, believe me. I thank the Minister for always making himself available.

In September, you provided the Committee with a planned timetable for the Budget. I understand that these circumstances are outside your control. Due to the absence of a UK Budget, that timetable is no longer valid. The Chair asked when you would be bringing forward the Budget for 2021-22. This is one of the first times in 10 months that you got to speak to us about multi-year Budgets, and you said that that was outside your control. If we are serious about how we are going to plan, we need to find a way to break that cycle. Does your Department have a plan to do that?

I agree with you that our tourism and hospitality sector is second to none. It comes down to where we are from and the people out there, the general public and how welcoming they are to tourists. If we want to grow our economy, we need to be fit for purpose when this situation lifts. It will lift, Minister. You and I know that, and I know the good work that will be done, and those people will be ready, hungry and keener than ever. The tourists will come back, Mr Wells. We will get them back.

**Mr Wells:** Will the coach companies be there to take them out?

**Mr Catney:** Let us hope that they are there. We welcome the £55 million that is sitting there for that.

**Mr Murphy:** I think that the tourists will come back. This is about ensuring that we have a coach industry to take them to all the attractions that we need to take them to, otherwise they will be wandering around the docks in Belfast, and that will not be of benefit.

Our Budget timetable is fixed. We know when we have to bring the legislation. The question is how much consultation we can do, how much information we can put out, how much engagement we can do with the Committees as part of the Budget exercise, and public consultation.

We now know the time frame; it is disappointing, but we know it. The later we get an announcement on the quantum, the more compressed the consultation exercise becomes. We will have to bring legislation here.

**The Chairperson (Dr Aiken):** We are expecting to get the legislation at the end of November.

**Mr Murphy:** On occasion, that has run into December. The end of November is an indicative date. If it runs into December, the level of consultation in the latter half of December is fairly null and void.

In normal circumstances, we would hope to bring legislation early in the new year, and certainly by February. The legislation has to run its course, which is a consultation exercise in itself, because people can have their input. You are fairly at the latter end of that and are at the stage of tinkering round the edges rather than full consultation. The issue is not the date of the Budget itself but the run-up to it. That gets compressed, and we do not get the input that this democratic institution or the general public would like to have.

The earlier we have certainty about the amount, the earlier we can go out to consultation. We are already beginning to engage with Departments on their pressures and priorities, so some work is being done in anticipation.

**Mr Catney:** Are you hopeful for an eight-week consultation period?

**Mr Murphy:** That is the minimum, but it is not ideal if part of that covers the Christmas holidays. People feel that it is sleight of hand and that they are being short-changed in some way because we run it over Christmas and that people are not paying attention. If we were to get that announcement now, we would get the public consultation going very quickly. That is the difficulty.

**The Chairperson (Dr Aiken):** Conor, thanks very much indeed. I have three very short ones.

The first is about October monitoring. I think that you said that you expected to be in a position to make a statement next week.

**Ms McBurney:** Yes, we are hopeful for next week.

**The Chairperson (Dr Aiken):** Conor, will you make a statement?

**Mr Murphy:** Yes, I think that we normally do that on monitoring rounds, so, if I am, I will be in touch with you and the Deputy Chair before that to have a conversation.

**The Chairperson (Dr Aiken):** Obviously, the Assembly is not sitting next week.

**Mr Murphy:** Is there no sitting next week?

**The Chairperson (Dr Aiken):** No.

**Mr Allister:** No.

**Mr Catney:** It is Halloween. We are going out to frighten people.

**Mr Murphy:** You have an extended break as well.

**Ms McBurney:** It might depend on when it gets to the Executive. If it were on the Thursday, the statement would be made on Monday 2 November, when you are back.

**Mr Murphy:** Yes. It obviously has to go to the Executive first for approval.

**The Chairperson (Dr Aiken):** Is it going to the Executive this Thursday?

**Mr Murphy:** Yes. There is an Executive meeting this Thursday.

**Ms McBurney:** That is tomorrow. It is not going to the Executive tomorrow; it will be the following week.

**Mr Murphy:** The statement will be made on Monday 2 November or Tuesday 3 November.

**The Chairperson (Dr Aiken):** OK. Thanks for that.

Quite a few questions have been asked in the Assembly about setting up a procurement board. Obviously, we welcome the idea of a procurement board, but where are we with getting a fiscal council up and running?

**Mr Murphy:** The proposition about such a board is further advanced because the Procurement Board exists; we want to reconstitute it. I brought a paper to the Executive, I think, last week, and we have had significant feedback from Departments. All the Departments had a stake in the Procurement Board. The Executive are the ultimate procurement policymaking device. There is an interest in the board. Departments such as Health and some others have significant procurement functions as well. It is a significant exercise. There has been a fair degree of very useful feedback from Departments on the paper. We want to amend the paper and bring it back to the Executive.

There is a paper from officials on the fiscal council and the fiscal commission. I think that that was due to come through this week for me to look at and to provide some ideas on it. We had a meeting on, I think, Monday morning — I am losing track of the days because of all that is going on — with officials, during which we were told that the paper would be with us this week, so I expect to be able to move that on in the fairly near future.

**The Chairperson (Dr Aiken):** Can we get that in front of the Committee at some stage, because we have a lot of interest in it?

**Mr Murphy:** The fiscal council part of it was, of course, an NDNA commitment. That slipped, like a lot of other commitments, because of the COVID response. We are trying to get that back on track as quickly as possible.

**The Chairperson (Dr Aiken):** We would like to see that.

Finally, one of the things that have impressed the Committee over the last couple of weeks is your Department's ability to start spending money and to get it out there. The one thing that I have a concern about is — I do not know whether this has been echoed by Committee members — that, from my quick maths, while Philip was busy scribbling away, I know that there is about £220 million that we need to get out to people who vitally need that. I can see that the Finance Department and some other Departments are pushing the envelope hard to get that money out there. There is a relatively short time in which to get the money out to the people who need it. Can you encourage, particularly the Department for the Economy and the Department for Infrastructure, to get on with it, because it is well beyond time? It will not be long before we are in a situation in which the money will not have been spent and we will have come to the end of the financial year. Time is running down rapidly.

**Mr Murphy:** We are acutely aware of all that. Some of the money that we have held back that forms part of the pot to which you refer is reserved for those who have previously not received support. Obviously, some schemes and interventions have been brought forward to meet the immediate issues. Yes, absolutely, we are aware of that. There is the question of whether we keep something back for the new year to see what shapes up. Those are all questions that will have to be resolved very quickly, because we only have that four- or five-month time frame in which to spend the money. From our perspective, we have been told very clearly that there is a need, through economic interventions, for cash support and wage support. Wage support has to be done by London, but we will do what we can do to provide cash support for businesses. There are various other interventions. Health, as you know, has signed off on its needs for the rest of this financial year. Communities has a role as well. We need council support, and we need support on the ground for vulnerable people. We are encouraging all the Departments to come in quickly to let us know what they need so that we can get that allocated as quickly as possible.

**The Chairperson (Dr Aiken):** What people do not need is more consultancy. They need fiscal support, money in their pockets. Conor, thank you very much indeed.

**Mr Murphy:** Thank you.

**The Chairperson (Dr Aiken):** Thank you very much for your time. Thank you, everybody.