



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Review of Financial Process:  
Department of Finance

4 November 2020

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance

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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:**

Ms Pamela Galloway	Department of Finance
Mr Jeff McGuinness	Department of Finance

**The Chairperson (Dr Aiken):** I welcome Jeff McGuinness and Pamela Galloway. We seem like old friends now. Jeff, over to you.

**Mr Jeff McGuinness (Department of Finance):** Thank you very much for the opportunity to talk about the review of financial process. As you will be aware, for many years Members have expressed frustration with trying to understand the differing sets of information on Budgets, Estimates and accounts. The previous Executive agreed that the main recommendations of the original review of financial process on Budgets, Estimates and accounts should be taken forward.

Following the decision by the previous Executive, the public spending directorate set up a project team to take forward work, alongside other Departments, to implement the review. There has been engagement with all Departments on the process and with the Northern Ireland Audit Office (NIAO). The original plan was for the 2021 Main Estimates to be presented on the new basis. However, due to a lack of a functioning Assembly, it was not possible to progress the legislation necessary to enable implementation of the 2021 year. As a result, the implementation date was put back to 2021-22. Since the restoration of the Executive, plans had been progressing to meet that new timetable. However, COVID-19 has made that increasingly difficult. The added challenges of providing the critical services necessary for our citizens in this environment have rightly taken priority.

In that context, the Executive have agreed to put back the implementation for another year; it is now planned for 2022-23. As I said, that delay has been due to the impact of COVID-19. The need to undertake a second Vote on Account and a delayed Main Estimates this year has meant that there is no capacity in departmental finance branches to undertake the preparatory work necessary for implementation in 2021-22.

Additional work by our Department on the response to COVID-19 has meant that our resources have also been diverted from the review. The additional year's delay to implementation means that dry-run processes for 2019-2020 can be dropped to allow focus to remain on key service delivery in this financial year.

The overall aim of the Executive's review is to create a financial framework that is effective, efficient and transparent and which enhances scrutiny by, and accountability to, the Assembly. The first phase of the review will deliver on the following key recommendations: Assembly controls will change to align Budgets, Estimates, and accounting boundaries; the Assembly will vote the Budget controls, the Estimates, Supply, and the Appropriation Act; each Department's resource DEL, capital DEL, resource AME, capital AME and, if necessary, non-Budget expenditure will be presented in the Estimates document in a format that is easily reconcilable to the Budget document — you will appreciate that that is not quite the case at this time — to approve —.

**The Chairperson (Dr Aiken):** That is what is known officially in the Civil Service as an understatement.

**Mr McGuinness:** Possibly so. *[Laughter.]* To provide transparency, all income expenditure in Budgets that was not previously covered by the Estimates will be brought within their coverage. Non-departmental public bodies (NDPBs) will be consolidated within the Estimates and accounting boundaries, thereby providing alignment with the Budget boundary. That proposal will increase transparency and address the criticism and frustration of Members and others when trying to understand the different sets of financial information. The Assembly will vote net controls in the Estimates and in the Budget Act. That reflects the presentation in the Budget document. The levels of income will be shown in the Estimates under each Budget boundary, and appropriate safeguards will be put in place to ensure that the control over the use of income by Departments is maintained, but it will not be a voted control. The structure of the Estimates will be redesigned to provide a more user-friendly document, with suitable transparency agreed with each Department. As far as possible, all misalignments between Budgets, Estimates and accounts will be removed.

While good progress has been made to date by all Departments, there is still much to be done for the review to be implemented. The key activities and associated deadlines as we move towards implementation were provided to the Committee in the briefing paper.

A technical piece of legislation will be required to enable the consolidation of NDPBs into departmental Estimates and, by extension, the accounts. Work is progressing with the Office of the Legislative Counsel to finalise the draft Bill, which will be brought forward in the Assembly. A paper will be brought to the Executive to agree the future departmental structure, alongside, and as part of, the process to set the Budget for 2021-22. A paper will also be brought to the Executive to agree the future Estimates structure.

The previous Committee for Finance and Personnel played a proactive role in liaising with other Statutory Committees and coordinated a detailed response on behalf of the Assembly at the time of the initial review. Therefore, we plan to engage with the Finance Committee on a number of key areas, which I think are detailed in your briefing paper. The most relevant area will be to update the Committee after each dry-run in the process, which will allow it to feed back and understand the process in the dry-run and the lessons to be learned. In addition, the Committee will have a key role in looking at and scrutinising the legislation as we pass it through the Assembly.

That summarises what we are doing in phase 1 of the review. I will now talk a little bit about phase 2. The original review made other recommendations that, while not being taken forward in the current programme of work, are recognised as very important. The recommendations that will be taken forward in a second phase will address some final misalignments, streamline the end stage of the Budget process by combining with the Main Estimates and look at Standing Orders to facilitate truncated passage of Estimates and related Supply and Appropriation orders through the Assembly. They will also look at the development of the Executive Budget in the context of Executive priorities and outcomes in the Programme for Government.

Pamela will set out some detail on project communication, the misalignment work that we are doing, the dry-run process, and the legislation.

**The Chairperson (Dr Aiken):** OK. Thanks, Pamela.

**Ms Pamela Galloway (Department of Finance):** Thank you, Chair. When we set up the project, we recognised that good communication with all the Departments would be key to successful implementation. While the project did not start from a zero-base position, and much work had been done when the review was first established many years ago, we recognised that things might have changed for Departments in the intervening years

Initial meetings took place with all Departments to ensure that the project team had a complete list of all current non-departmental public bodies and the issues that each Department recognised in its reporting structures. While some of those issues were common to all Departments, some were specific to a single Department, and we had to make sure that we captured everything. Guidance notes have been developed that give details of solutions to misalignments or issues as each was resolved, and those were shared with all Departments, not just the ones that raised the issue. Those rules are published on the Department of Finance intranet site, so they are visible to all at any point.

We sought and received quarterly progress updates from all Departments. We asked particular questions as we went through the whole process that we had embarked on, but the questions changed when progress was shown. Up until March this year, quarterly newsletters, giving the progress made across the Budget, Estimates and accounting strands of the project, were issued to all Departments. The newsletters also included departmental progress reports. We also had input from Account NI, given the work that it was undertaking on recording and reporting solutions to help with the production of consolidated accounts.

The Departments set up a working group, which, again, met quarterly up until March. It was attended by the project team, Account NI, the Northern Ireland Audit Office and internal audit, and it has proved to be a very useful forum for information sharing among Departments on the common issues that each is experiencing. The project team has also held workshops, at which it was felt that a common issue shared by more than one Department would benefit from more detailed group discussion.

I will now talk a little bit about the misalignments that we have worked through. All misalignments listed as part of the initial data capture with Departments are being worked through. In doing that, we are using Treasury guidance that is in place for Budgets, the existing guidance for accounts and the Estimates guidance that is in place in England. The alignment project has been in existence there for many years, so we can use its guidance to see what has worked and whether it is appropriate to apply the same solution here. We have consulted Departments on the practical application of any solution as we develop it, and we have worked very closely with the Northern Ireland Audit Office on any proposed solution.

The main misalignment that Departments have been working towards resolving is that of non-departmental public bodies. As Jeff mentioned, those bodies' spend has always been in Budgets but not in Estimates and accounts. Instead, the Estimates and accounts recorded the departmental transaction with those bodies. The key focus in Departments has been on putting in place the processes with their non-departmental public bodies to enable that to happen, and it is about how they capture the information from them at the key stages in the process.

Other misalignments that we have looked at include those where there is already separate legislation providing for the authority to incur expenditure and where that authority is not required through the Estimates process. We recognise that that particular spend will still need to appear in the coverage of the Estimates to provide the read-across from the Budget document and transparency, but it will need to be non-voted in nature. Notional costs, although they currently appear in Estimates and in accounts, do not currently appear in Budgets. That is another misalignment that we are trying to resolve.

**The Chairperson (Dr Aiken):** Sorry. Can you say that again?

**Ms Galloway:** Notional costs are currently in the Estimates and in accounts, but they are outside the Budget boundary, so we need to look at how we resolve that misalignment.

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

**Ms Galloway:** This is not so much a misalignment as another issue where a non-departmental public body has a different financial year end from that of Departments. For example, further education colleges work to an academic year as opposed to a financial year, so there are issues of timing, and that alignment has to be made clear for accounts. We are working through solutions to that as well.

**The Chairperson (Dr Aiken):** Do they not do their accounts on —?

**Ms Galloway:** For the academic year. Their financial year closes at a different time from that of Departments.

Although we have been working through them, not all misalignments have been resolved, and the project team is continuing to work through those that remain.

I will talk a little bit about the dry-run process. We completed the first dry run at quite an early stage in the overall timeline of the review, because we wanted to get early feedback on the processes that were being put in place. There was a dry run for the 2018-19 spring Supplementary Estimates, and that was completed by Departments in autumn 2019. We held a workshop with all Departments in December 2019. Although individual Departments had worked through the dry-run process and the output that came through from their Supply team, the workshop with all Departments present was very useful for sharing experiences and talking through common questions.

**The Chairperson (Dr Aiken):** Did you identify some lessons out of that?

**Ms Galloway:** Absolutely we did.

**The Chairperson (Dr Aiken):** Rather than lessons learned.

**Ms Galloway:** Both. *[Laughter.]*

**The Chairperson (Dr Aiken):** Would it be possible to share the lessons identified with the Committee? If you have already done a dry run, that would give us an opportunity to read in and be aware of some of the outstanding areas.

**Ms Galloway:** Absolutely.

**The Chairperson (Dr Aiken):** Are we content?

**Mr Allister:** I would also like to see the templates.

**Ms Galloway:** The Estimates manual that was issued for that dry run and the template itself are currently being revised, because some of the feedback that we got through the process identified some points on which we needed to clarify more carefully what was required and to expand on some of the guidance that we provided. That work is currently under way so that we can provide revised templates and guidance to the Departments for the next dry run.

**Mr McGuinness:** We are happy to share them at a point in time.

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

**Mr McGuinness:** That is the position. We can provide them at a point in time.

**The Chairperson (Dr Aiken):** If you would be so kind as to lend us one of your experts to come and explain to us some of the more nuanced government-speak, we would very much appreciate that.

**Ms Galloway:** We are working towards revising the guidance so that we can issue it to Departments next month to facilitate the completion of the 2020-21 dry run for the spring Supplementary Estimates.

**The Chairperson (Dr Aiken):** Can you give me some more detailed dates for that?

**Ms Galloway:** Absolutely. We are going to issue the guidance next month for the 2020-21 dry run for the spring Supplementary Estimates to be completed —.

**The Chairperson (Dr Aiken):** By the end of December?

**Ms Galloway:** Hopefully before the end. The dry run itself is to be completed by the beginning of April 2021. The next step in the process is that, if there are any further amendments to that template and manual, or comments to be taken on board, those will be done in advance of reissuing it to Departments for the 2020-21 dry run of the Main Estimates, which we are working towards having completed by 1 September 2021. A further spring Supplementary Estimates dry-run process will occur for the 2021-22 financial year.

Alongside the dry-run Estimates, there has been a dry-run accounts process for 2018-19, and that has been completed by Departments and submitted to the Northern Ireland Audit Office. The Northern Ireland Audit Office has completed a high-level review of the dry-run accounts and provided feedback to Departments. That feedback was largely positive. That first dry-run process highlighted where further work was needed, and that is what its aim and intent always was. The project team in the Northern Ireland Audit Office is working to resolve any outstanding issues, and that work will continue throughout.

The accounts dry-run process for the 2020-21 year-end accounts should be completed in November 2021, and a further and third dry-run set of accounts will be completed the following year, in November 2022. The dry-run processes that are planned for Estimates and accounts, alongside what we have learnt from the initial early 2018-19 dry-run process, will provide the reassurance that we need going forward to full implementation in 2022-23.

I will provide a little bit of information on the legislation that we need to take through. In the very early stages, the project team started discussions with the Departmental Solicitor's Office (DSO) to take its view on the changes to legislation that would be necessary to implement the recommendations that the Executive had agreed. Once it was established that the changes necessary to Northern Ireland legislation were very much in line with those taken forward in 2010 in England, the project team began the engagement with the Office of the Legislative Counsel. We have worked with a drafter, and a draft Bill is very nearly finalised. It is a very small Bill, with only four clauses. That small piece of legislation will direct that an Estimate prepared for any Department will include any body that is designated as being related to that Department. A designation order will be created each year and reviewed ahead of the Estimates process. A body should be designated to only one Estimate and one Department, so we need to consult, as we currently do, with Treasury on its Estimates to make sure that, if a body receives a payment from more than one Consolidated Fund, agreement is reached on which designation order that body should be noted in. Once an Estimate is prepared including the designated bodies, the preparation of accounts follows, because the accounts follow the Estimates. That is why it is such a small piece of legislation. There are limited changes that it needs to make.

The next steps for the project team are that we are going to continue working through the remaining issues and misalignments to ensure that the revised Estimates, manual and templates are issued ahead of the 2020-21 dry-run spring Supplementary Estimates, making sure that that is as comprehensive as possible at this stage and that it addresses as many of the issues that we have identified as it can.

**The Chairperson (Dr Aiken):** Thanks very much. I have a couple of questions. Matthew, I apologise if I encroach on what you are probably going to ask. One of the things that we wanted to see was the fiscal council being in place. One part of the process is the fiscal council supervising the whole methodology and looking at the processes and procedures, particularly the budgetary process, and being able to do that in a timely manner, with the Departments and the Assembly feeding into it. The various Committees have particular roles to play in that as well.

I note that, in a recent report from the Northern Ireland Audit Office on projects and project management, there were issues about the fact that permanent secretaries did not have full responsibility for their particular capital budgets in those areas. I also note that the Minister is intent on forming a project procurement board and a project recruitment board that all Departments will feed into but that may not have permanent secretaries involved as part of the procurement board. That raises a substantial issue. The role of the permanent secretary is to be the accounting officer for the Department, and I am not seeing here how we are managing that, because not only do we have to have the Budget process but we need to have accountability and responsibility that flows through the process. What we seem to be doing here is achieving a degree of process, but I do not see how we are getting the spectrum that we need to make sure that we have a proper, accountable, responsible and timely budgeting and auditing process. I will have to look closely at the legislation to see the change, but that is more to do with the process, and it is the top-down approach that we need to see change.

**Mr McGuinness:** This piece of work is designed to do a very narrow clarification. It is designed to help translate the legislation that underpins the Budget and allow an easy read-across between the two so that when, you are looking at it in the Chamber, a Budget is not radically different from the Estimate that you pick up three or four months later when you are doing the underpinning legislation. It is therefore designed to do that.

The accountability bit comes a little bit before that and is to do with how accounting officers manage their budget. This is not designed, and will probably never be designed, to address that element. That is a different piece of work that needs to be done or to be addressed by the Committee. The process is very much about looking at the Budget that has been decided and at how we then make the Assembly scrutiny of the underpinning legislation as clear and transparent as possible so that the man on the street can pick it up and do a comparison between the two, thus not limiting it to those of us who understand the dark art of public expenditure.

**The Chairperson (Dr Aiken):** The point that the Committee is interested in is how we look at the overall process, not just this bit of it. It is about how the other bits marry. There are non-departmental public bodies and five health trusts, and the Department of Health has its budget. It disaggregates its budget down to its sub-budget holders, and that is it: it is gone, and the Department does not have any oversight or control over it for that particular period.

That means that it becomes particularly difficult for, say, the Health Committee and the Department of Health to look at that. There is no accountability and responsibility in the process, because we have not properly tied in — I do not know whether it is a legislative framework — the ability for the Committee to do that degree of scrutiny in order to understand. It does not understand where the pressure points are and does not understand all the other issues, because they are not formally laid out in any process.

From what I hear, this is tinkering with a bit of it, not looking at the overall piece. I may be wrong, but I strongly suspect that this is why we really need to get the fiscal council in place: we need to look at how we join the bits together. You are doing particularly good work at the moment, but you have been doing that since 2008 and have not quite managed to get there yet. That is probably frustrating for you. From an Assembly point of view, we need to be part of the accountability, responsibility and oversight processes much earlier, and there needs to be a formalised mechanism for doing that. That is my perspective.

**Mr Frew:** Thank you. That was very interesting. If we ever get to a multi-year Budget cycle, I presume that monitoring rounds will be more important than they are at present. Who makes the decision on a monitoring round?

**Mr McGuinness:** The Executive make decisions on monitoring rounds.

**Mr Frew:** Should it not be the Assembly?

**Mr McGuinness:** The Executive make decisions on monitoring rounds, and the revised position is ultimately brought to the Assembly through the spring Supplementary Estimates. The Assembly votes on the revised position as an accumulation of the three monitoring rounds, or whatever the number is, in a financial year.

**Mr Frew:** Which is late winter, when the money has been spent.

**Mr McGuinness:** That is correct.

**Mr Frew:** You are striving to get more transparency into our Budget process, but you are not striving for it to have more democratic accountability. Imagine a scenario in which the Finance Minister has to bring all three monitoring rounds to the House to get approval. How would that affect your processes?

**Mr McGuinness:** I guess that initial time would have to be built into the processes to allow for that to happen and for the Assembly to debate and vote on it.

**Mr Frew:** Would it not be more useful to do that than to have the Assembly vote on what is a fait accompli for the spring Supplementary Estimates?

**Mr McGuinness:** There would be no getting around the need for the Assembly to vote at that last period of the financial year, simply because there will have been a number of technical changes and internal adjustments that may ultimately affect the overall position. The Assembly would still have to vote at the spring Supplementary Estimates stage.

**Mr Frew:** What duty is placed on a Department — any Department — to bring forward its monitoring round position to the relevant scrutiny Committee before submission to the Finance Minister?

**Mr McGuinness:** That is a matter for individual Departments, but we encourage all Departments to approach their Committee. Pamela will correct me if I am wrong, but that is in our guidance.

**Ms Galloway:** It is.

**Mr Frew:** Is it a legislative duty?

**Mr McGuinness:** Not that I am aware of.

**Mr Frew:** Do you see weaknesses there?

**Mr McGuinness:** I can see that there would be a weakness if there were times when Departments did not come to Committees.

**Mr Frew:** Do you envisage engagement between the Department and the Committee being the Department simply informing the Committee, in a transparent way, of what the Department is submitting, or do you think that the relationship should be the Committee informing the Department of what it should submit?

**Mr McGuinness:** That is a matter for Departments and Committees. I am not sure that I am best placed to make a judgement call on that.

**Mr Frew:** Is there a duty on the Finance Minister to bring forward a report on monitoring rounds to the Assembly?

**Mr McGuinness:** I am not sure whether it is a duty, but any Finance Minister whom I have worked under has brought either an oral or a written statement to the Assembly, depending on timing and circumstances.

**Mr Frew:** Has that always been done in a timely fashion?

**Mr McGuinness:** I recall one year when that may not have happened, because the Assembly was in recess over summer. There was a delay with the June monitoring round at that stage. It is done in a timely manner 99% of the time, however.

**Mr Frew:** When you say "timely manner", do you mean days or weeks after an Executive decision?

**Mr McGuinness:** Usually, once the Executive have made the decision — at the minute, that happens on a Thursday — we aim for the Minister to make a statement in the Chamber on the Monday or the Tuesday.

**Mr Frew:** As quickly as that. Within days.

**Mr McGuinness:** Yes.

**Mr Frew:** On the occasion when you did not get that timely statement to the Assembly, how did it affect your working parts in the Department?

**Mr McGuinness:** I cannot quite remember. It was quite a long time ago. At that stage, we would either have arranged for a written ministerial statement to be provided or, if it were delayed beyond that, we would have informed Departments of the Executive's decisions on a draft basis before the announcement so that they would be able to understand the outcome that the Executive had agreed

and would be able to work off a draft position to ensure that there was no kind of delay in what Departments were trying to achieve.

**Mr Frew:** If the Minister had to come to the Assembly, on behalf of the Executive, to gain approval for a monitoring round, surely that could be done by a simple vote. It would not require going through a legislative process but could be worked out through a simple one-off vote on the monitoring round.

**Mr McGuinness:** I am not aware of the specifics, but I assume that that is correct.

**Mr Allister:** As an MLA, one of my biggest concerns is about the lack of transparency in the expenditure lines in Estimates and Budgets. If you look at this year's Budget document, you will see, by way of example, that the Department of Education received £2 billion. There is no breakdown of how much is for primary schools, how much is for preschools, how much is for secondary schools or anything like that. Why is that?

**Mr McGuinness:** I believe that those were Budget structures that were agreed by previous Ministers.

**Mr Allister:** Is there a ministerial advantage in doing that?

**Mr McGuinness:** Not necessarily. There is an ability to transfer within spending areas.

**Mr Allister:** To move money about. If you keep it pretty vague, you have a pretty free hand when it comes to moving it about. Is that the idea?

**Mr McGuinness:** I am not sure that that is the idea.

**Mr Allister:** Is that the practice?

**Mr McGuinness:** I imagine that the lack of a large number of lines would help in that area, yes.

**Mr Allister:** Yes, but the lack of detail in the budget lines does not help with transparency: quite the reverse. Is that right?

**Mr McGuinness:** Yes, but it will be for individual Ministers to determine that.

**Mr Allister:** It is not that the Department does not have that information; it is just that it takes care not to publish it in the documents that it asks the Assembly to approve.

**Mr McGuinness:** One of the issues might be the timing of budgetary decisions. For instance, we had the Budget a number of years ago on 7 March, which was practically three weeks before the start of the financial year. Ministers may not at that stage have made the decisions to allow that level of granularity.

**Mr Allister:** Is it not ironic that I, as an MLA, am asked to vote on £2 billion for Education and £5 billion for Health without knowing anything about the breakdown and that there is no Assembly document to tell me the breakdown? If, later in the year, I go to the public expenditure statistical analysis that is published by Westminster, I can find exactly how much was for preschools, for primary schools and for secondary schools. Why is that hidden when it comes to asking Members to approve the Budget?

**Mr McGuinness:** I am not sure that I would use the word "hidden", but, again, one of the issues may be that, at the Budget stage, it is difficult for Ministers to have made the final decisions on allocations, depending on at what stage the Budget was agreed. That is one of the issues that, potentially, Committees are able to look at with Departments when we are looking at budget structures and the financial process going forward.

**Mr Allister:** In your financial review, have you looked at why expenditure lines are kept deliberately vague and at why you do not give the detail? Have you looked at changing that?

**Mr McGuinness:** That is a matter for individual Ministers as to how they present their —.

**Mr Allister:** Is it? Is it not a matter for the Finance Minister to say, "This is how I want it"?

**Mr McGuinness:** One of the things we do is to encourage transparency.

**Mr Allister:** Tell me this: when you, as officials, sent round your proposed templates, did they ask for a breakdown?

**Ms Galloway:** Is that the templates for the dry-run process?

**Mr Allister:** Yes.

**Ms Galloway:** No, they did not ask for a breakdown in that way. We did not prescribe the breakdown that it should be on a row-by-row basis. It was to be based on the existing structure that was in place, because that was all that they had to work off.

**Mr Allister:** So you are only saying to the Department of Education, "Give us your £2 billion figure"?

**Ms Galloway:** Broken down by row in a manner similar to that in the current estimate. But that was for the first dry run. Obviously, as this evolves and Ministers are more involved in looking at structures —

**The Chairperson (Dr Aiken):** This is an important point for the Committee when we are looking at lessons identified and learnt. To be able to properly scrutinise and do appropriate accounting, we need to be able to see that granularity of detail and that next level down. At the moment, you are doing a dry run at quite a high level, but all that that is going to do is look at the totals. It is not giving you the tools — actually, it does not give us the scrutiny tools — to be able to identify the challenges.

**Mr Allister:** Or any transparency.

**Ms Galloway:** The dry-run process that we have completed at this point was more about the process — putting the processes in place for information-gathering and seeing that it can follow through into an Estimates document and into the accounts. Obviously, there is more work to do, as you say, and the templates and the manual will evolve.

**The Chairperson (Dr Aiken):** That may be an area that we —

**Mr Allister:** You feed in the information for the ultimate public expenditure statistical analysis that is published in July or whatever across the water. So you have that information, but MLAs never have it.

**Mr McGuinness:** We have that information at a slightly later stage in the Budget process, so we will do an aggregate for the actual Budget, and then we will ask for the detailed financial information that underpins that. That will be at the classification of function of government line detail, where —

**Mr Allister:** There is no reason why, when you are cumulating the needs of Departments, it could not be broken down. Instead of £2 billion for Education, it is £750 million for primary schools or whatever it is.

**Mr McGuinness:** That may be one of the considerations that the Committee might want to have a role in —

**Mr Allister:** That is the one that I would want.

**Mr McGuinness:** — and talk about with other Committees.

**Mr McGuigan:** Just following on from Jim, I do not disagree with anything he said; that information would be useful. Would it help to provide that information if we ever get to the stage where we are moving beyond one-year Budgets? I understand that you are saying that the Minister may not have decided. However, if we get to a point where a Minister is setting two-year or three-year Budgets, he or she would be in a better position to give that information to MLAs.

**Mr McGuinness:** Yes. Whether Budgets are set at one year or a number of years, they will be at the same kind of high-level position as we set them. There is no reason that, two or three months down the line, or two or three weeks down the line, that further detail could not be provided. It is certainly something that the Committee may want to raise.

**Mr McGuigan:** That is fair enough. At this stage, obviously, the dry-run process is internal and you are doing it within and, maybe, between Departments. You will be feeding information to Committees, but is there going to be a dry-run process through the Committee or the Assembly, or is it all internal?

**Ms Galloway:** It is intended that it be all dry runs within Departments and internal, but we can provide the Committee with the results of those dry-run processes, and we fully intend to inform the Committee at each stage.

**Mr McGuigan:** As a final point, I am curious as to how the Programme for Government is going to be detailed, or worded, within the budgetary process. How are you going to detail the commitments, the Programme for Government and expenditure? What format will it take?

**Mr McGuinness:** That is, in some ways, for the review of financial process. That is a phase 2 type of work, and we are not quite sure how that might align. How we marry those two is something we are considering within the wider Budget process. It is fair to say that we have no particular solution to that at this stage. It is very difficult even to understand how to do it. There are no key benchmarks across the system that will allow us to copycat something. A piece of work needs to be done on how we best align the Programme for Government and the Budget. I probably am straying outside the review of financial process, Chair, but if you permit me, that is probably an iterative piece of work, where we do something, and we maybe do not do it right or we get criticised, and we improve. It is certainly something we are considering.

**The Chairperson (Dr Aiken):** When people were looking at the PFG and outcome-related government and process, was not one of the recommendations that you should keep the number of outcomes low so that you could tie them against a budgetary line? That would be one of your measures of effectiveness.

**Mr McGuinness:** Absolutely. One of the issues with that is, for instance, how you tie down a GP. It is health, but maybe it is actually jobs, because they are getting people back into work. It is trying to understand how we disaggregate it sufficiently. Maybe the argument is that we do not disaggregate it sufficiently, and we have a Programme for Government that does not quite match the Budget, but there is criticism there too. There are a number of ways to understand how we present that particular piece of information. We have that on our list of things to talk about with our Programme for Government colleagues at TEO.

**The Chairperson (Dr Aiken):** The logical corollary of everything we do here is that everything is budgeted for within a Budget line, so the whole budgeting process is tied directly to output. That is how we measure our effectiveness. That is part of the process, and it goes back to what the Deputy Chair said. We need to be involved in that process right at the beginning so that we understand it. If we are going to make Programme for Government outcomes-related government work, it all has to be fully integrated. We cannot do it piecemeal for one section or another.

**Mr O'Toole:** This is a welcome strand of work. You said, Jeff, that the change being introduced, comprehensively explained by Pamela, is relatively narrow in terms of alignment.

**Mr McGuinness:** Yes. It is not meant to do everything, but it is to ensure that, when you pick up a Budget document and an Estimates document, or the legislation that underpins that Budget, the two are very easily reconcilable. You can look at one, and see where it correlates to the other.

**Mr O'Toole:** Commendably, although probably slightly optimistically, you said that the average man on the street might pick up those documents. I will let you down easily, but my experience in the House is that the average Member of the Northern Ireland Assembly —. If the average member of this Committee understands it a bit better, that will be a brilliant achievement. I include myself in that.

The question I want to ask is specifically around this legislation and the non-departmental public bodies (NDPBs). You said, Pamela, that that is basically a one-line Bill.

**Ms Galloway:** The piece of legislation that we will bring in? Yes, it is very small. There are only four subsections to the draft clause at this stage.

**Mr O'Toole:** It is primary legislation, but it is a draft clause. It is not a full Bill. It is just a — but it will be primary legislation, so it will have to come before the Assembly. Sorry?

**Mr McGuinness:** It is an amendment to the Government Resources and Accounts Act.

**Mr O'Toole:** When does that date from?

**Mr McGuinness:** 2007.

**Mr O'Toole:** Is that an Act of the Northern Ireland Assembly?

**Mr McGuinness:** Yes.

**Mr O'Toole:** What was its purpose? Sorry, I am going back in history slightly. That Act presumably would have been drafted —. We only restarted in the early middle of 2007.

**Mr McGuinness:** I am not quite sure of the timing.

**Mr O'Toole:** I just want to understand the broader historical context of the review. In a sense, there is something a little bit —. I am not knocking the process: there have been understandable reasons. The process has been in abeyance, there were no institutions here, and now there has been a pandemic, and you are getting it done. However, it has been slightly like *Jarndyce v Jarndyce*, in the sense that it started in 2008, the year after this Bill was passed. How confident are you that phase 2 can be done in an expeditious way, leaving aside the issue of political stability in broader terms?

**Mr McGuinness:** We have not been concentrating on phase 2, and anything I say will be caveated with that. I suspect that one of the things that the Department will want to do — and Pamela will correct me if I am wrong — is make sure that phase 1 is implemented and lessons are learnt from that before we start considering phase 2. There are further misalignments in there, and we are trying to marry up the Budget document itself and the Estimates document into one combined approach. However, if the Assembly and Committee are content with the phase 1 approach where they can see the two elements in the separate documents, then we will be able to do phase 2 relatively quickly.

**Mr O'Toole:** One of the questions has been —. You have been clear that is an important but relatively discrete piece of work aligning Budget, Estimates and account so that it is comprehensible, not necessarily to Joe Bloggs but to Joe Bloggs MLA, who is on the Finance Committee. The title of the project is "review of the financial process in Northern Ireland", which instinctively feels quite broad. It feels like a description of something broader. Do you understand why we might ask questions about linkages with the fiscal council, multi-year Budgets and all of the other, broader concepts? They are not concepts; they are agreed policy priorities, basically across every party here. There are not too many things that —. Do you see the importance for the Department of consolidating this work and coming up with an agreed work plan, basically, that includes fiscal accountability and financial transparency in the process?

**Mr McGuinness:** Yes. Again, Pamela will correct me if I am wrong, but the wording is a legacy issue. It mirrored the process in England where it was very much focused on aligning Estimates and Budgets. England used "review of financial process, or perhaps "review of financial processes", and we picked up that wording when we commenced the project in 2008. There was not really any regard at that stage to how wide that might appear to others. I appreciate that the wording is ambiguous at best.

**Ms Galloway:** The original review covered a slightly wider remit than our current work strand. At that stage, some of the recommendations —. The previous Finance Committee did a very comprehensive piece of work, and there is a report on that. It was the recommendations that could be taken forward in a timely manner at this point. The Executive [*Inaudible.*]

**Mr O'Toole:** Work had been done, there was a team already working on it, and it was ready to go when the institutions restarted, because the Department had been working on it. However, the second part is more ambitious, as it were. Not that this is not important.

**Mr Frew:** Can the officials repeat the Act that they plan to amend?

**Mr Allister:** What was the name of it?

**Mr McGuinness:** It is the Government Resources and Accounts Act.

**Ms Galloway:** It is GRAANI.

**Mr McGuinness:** G-R-A-A-N-I.

**Mr Frew:** Government Resources?

**Mr McGuinness:** And Accounts Act (Northern Ireland).

**Mr Allister:** Is that a Westminster Act?

**Ms Galloway:** No it is a Northern Ireland Act.

**Mr McGuinness:** I think it is from 2007, but I am not 100% sure of that. Do you think it is different?

**Ms Galloway:** I do not think it is that yet, but I could be wrong.

**Mr Allister:** 2007?

**Mr McGuinness:** Date to be determined.

**Ms Galloway:** There is a Westminster equivalent and a Northern Ireland equivalent. It directs how Estimates and accounts are prepared, amongst other things, and that is why this small clause amends the section on how Estimates are prepared.

**Mr Allister:** Is it possible to give the Committee sight of the proposed amendment?

**Mr McGuinness:** Absolutely. Yes.

**Mr Catney:** Thanks very much for your presentation. The statement highlights that there is currently an overcommitment of £12.7 million on the capital DEL. Do we know what projects they are or where that is, and is there a risk that that could be the position of underspend by the end of the financial year?

**Mr McGuinness:** We are maybe straying into the next phase of —

**The Chairperson (Dr Aiken):** Feel free. Let us stray. *[Laughter.]* Noting the time of day. Maybe, Pat, if we move on to the next phase, and then ask that question.

**Mr Catney:** I just thought that, while they were there, I would just ask that. I had been silent up until then. *[Laughter.]*

**The Chairperson (Dr Aiken):** Pat, you are never silent. The nice thing about this Committee is that you never have to ask anybody to say anything. Can we just move on to the next item —. Oh, sorry.

**Mr O'Toole:** Apologies; I have one really brief question. I am on legislation.gov.uk and cannot find for 2007 a Government Resources and Accounts Act (Northern Ireland).

**Mr McGuinness:** 2001.

**The Chairperson (Dr Aiken):** 2001.

**Mr Allister:** GRAANI is a bit older.

**Ms Galloway:** 2001.

**Mr McGuinness:** It is 2001, sorry. Apologies.

**Mr O'Toole:** Yes, that is what I am looking at. And that refers to —.

**Ms Galloway:** I think that Westminster was 2000 and Northern Ireland was 2001.

**Mr O'Toole:** Yes, and clause 20 refers to an advisory group. Does that still exist? Is the advisory group created by that legislation?

**Mr McGuinness:** I am not aware.

**The Chairperson (Dr Aiken):** Matthew, can you read that out?

**Mr O'Toole:** Clause 20. Perhaps it is unfair to detain us at this time, but we are talking about scrutiny. Clause 20 of GRAANI talks about an advisory group, and states:

*"the Department shall consult with and take account of all recommendations made by the group of persons for the time being selected by the Treasury for the purposes of section 24(1) of the Government Resources and Accounts Act 2000",*

that is, the UK Act. I do not know if that is a group that is supposed to exist. Sorry.

**The Chairperson (Dr Aiken):** No, no, it is interesting that that has raised the question of the advisory group, because one of the issues about fiscal council was whether it had been proposed before. If you are going back to the Department, can you find out what happened to the advisory group and maybe inform the Committee, and whether that is how the fiscal council is due to be shaped up?

**Mr Frew:** Sorry for cutting in, Chair, but is there a wider piece of work for RaISe to do with regard to which parts of this Act have been implemented and which have not? I am sure that it would not take them long to *[Inaudible.]*

**Mr O'Toole:** Sorry, I should say, because I have clarified myself —. The advisory board was appointed by the UK Treasury, and the Northern Ireland legislation refers to that, so I am sure that, buried somewhere in the Treasury, that advisory group does exist. It would be helpful to know, given that it is in the underpinning legislation, if it does perform some important function.

**The Chairperson (Dr Aiken):** Matthew, that is a good suggestion. However, maybe we use RaISe later when we have progressed and moved on a bit.