



Northern Ireland
Assembly

Committee for Finance

OFFICIAL REPORT (Hansard)

Draft Budget 2021-22: Department of
Finance

20 January 2021

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
Mr Philip McGuigan
Mr Matthew O'Toole
Mr Jim Wells

Witnesses:

Ms Joanne McBurney Department of Finance
Mr Jeff McGuinness Department of Finance

The Chairperson (Dr Aiken): Team — Joanne and Jeff — I do not know who will lead off. Would you like to make your opening statement, please?

The Committee Clerk: Joanne, you may be on mute.

Ms Joanne McBurney (Department of Finance): Sorry, I was. Thank you, Chair. I will lead, and Jeff will jump in as necessary, particularly on the figures.

Thank you for the opportunity to brief the Committee on the draft Budget 2021-22. As you will be aware, the Executive cannot set their Budget without a funding envelope being set by HM Treasury in the spending review. Unfortunately, the spending review outcomes were not announced until 25 November, and they provide for only a single-year Budget. Excluding the funding provided for COVID, the spending review outcomes provided a broadly flat-cash position for normal departmental spending plus one-off funding for public services that had been provided in 2021 and factored in.

On the percentage changes from 2021 —.

The Chairperson (Dr Aiken): Joanne, we know each other fairly well now, so I hope you do not mind if we interject as we go through to keep the thing flowing.

Ms McBurney: Not at all.

The Chairperson (Dr Aiken): The Minister said that it was a flat-cash Budget, but there are uplifts in the Budget for last year that have already come through. We are not dealing with a flat-cash situation, are we?

Ms McBurney: We really are dealing with a near enough flat-cash situation. In 2021, we received one-off funding from the New Decade, New Approach (NDNA) agreement that was used to meet ongoing departmental pressures. As the funding was there for only the one year, it was removed in 2021-22, meaning that it offset any increases that we got in the spending review. In effect, our core DEL resource funding, excluding funding for COVID and any sort of financial packages, had a very slight increase of only, I think, 0.3%, which is about £50 million above the position of the previous year. For resource DEL, it really is a flat-cash situation. There was also a 6.5% increase in conventional capital funding between the years and a 6.2% decrease in financial transactions capital (FTC).

The Chairperson (Dr Aiken): OK. Thanks.

Ms McBurney: I will give you a little bit more background on the Budget. On the resource budget side, as I said, the outcome reflects an effectively flatlined position from the 2021 Budget. That is for Departments as well as the overall block. With increased demands on public services and taking account of inflation, it will be a challenge to deliver existing services at their current levels, which is something that the Minister referred to in his statement. However, the Executive have chosen to freeze the regional rate for domestic and non-domestic customers in light of the impact of COVID-19 on households and businesses.

You may have noticed in his statement to the Assembly that the Minister also called on councils to consider taking the same approach when setting their district rate. Of course, we have no control over how councils set their district rate. With the little additional funding that is available, the Executive prioritised allocations in order to provide key funding to continue welfare mitigations, Agenda for Change pay and special educational needs (SEN).

On capital, the draft Budget set out some £1.75 billion of capital spending that will help to deliver the Executive's flagship projects, including the A5, the A6 and the new mother and children's hospital. The capital allocations will enable investment in our infrastructure, while supporting the construction sector. Turning to —.

The Chairperson (Dr Aiken): Sorry. Just to go back to the mother and children's hospital, that build has already started, so a lot of that spend will be profiled. How much of it is additional profiling, or is it just a continuation of the profiling from the previous Budget?

Ms McBurney: It is a continuation of the numbers that were in the previous Budget, so it is really just continuing that project and ensuring that it can be completed.

The Chairperson (Dr Aiken): Is that also due to the cost overruns and the overruns that have been in the project?

Ms McBurney: Jeff may have more details on the actual figures that underpin that, but capital projects run over a number of years, and we expect to put funding into those flagships over that period, so it is that normal profile. There may be something in that if the costs have increased, but I do not have the figures on that with me.

The Chairperson (Dr Aiken): The A5 bit is our contribution, but it does not include the contribution from the Republic of Ireland or any of the £75 million or so that they pledged over the last decade, which we have not seen any of yet.

Ms McBurney: Jeff will correct me if I am wrong, but I think that we have factored in some of their contribution. However, we are reflecting the net position here, so it is net of any contribution from the Republic.

Mr Jeff McGuinness (Department of Finance): Yes, that is correct.

Ms McBurney: OK, Chair, I will continue. That reflected our normal day-to-day resourcing and capital DEL position. Turning to COVID, the spending review provided £538.2 million of resource funding for COVID support in 2021-22 and a small amount of capital. That compares with the £3 billion that we got in the current financial year. In their draft Budget, the Executive allocated £380 million to Health; £30.6 million to the Department of Education to support families who are on low incomes through holiday-hunger payments; and £0.7 million to the Department for the Economy for higher education

places after the uncertainty that surrounded the A-level results earlier in the summer. That leaves £126.9 million available for further consideration as part of the final Budget. It is important to say that that was held back for the final Budget so that we can consider how things are developing with COVID.

Another important point on the Budget is the financial packages that the Executive have in place. You will be aware that, due to legislative constraints, the Executive's Budget is restricted to the amount that was set out by the Secretary of State and notified to the Assembly by the Finance Minister's written ministerial statement on 1 December. In his letter, the Secretary of State did not confirm a number of previously agreed financial packages; therefore, those cannot be factored in as part of the draft Budget. They include confidence-and-supply funding and New Decade, New Approach funding. We fully anticipate that that funding will be provided in due course, and we hope that it will be prior to the final Budget.

The Chairperson (Dr Aiken): Part of that confidence-and-supply money was supposed to be out for the broadband project, was it not? Has that money already been allocated but we have not got it?

Ms McBurney: It has, yes. We have not got it formally confirmed so we could not put it in our draft Budget, but we fully expect that the money will be provided. It is a matter of timing rather than the money not being there. The Departments that were to receive funding from those packages are aware that that funding is anticipated. Hopefully, it will be provided if not in time for the final Budget, early in the new financial year.

The Chairperson (Dr Aiken): You are bringing the draft Budget before us now, but you expect that the confidence-and-supply money will be in it along with the additional that you are expecting for the COVID package.

Ms McBurney: We are hoping so. Confidence-and-supply and NDNA funding are dependent on the Secretary of State writing again to the Finance Minister to confirm that they are available. The Finance Minister would then need to make another statement to the Assembly to confirm that. Therefore, we are hoping that it will be done in time to allow it to be factored in to the final Budget. If it is not, it should, hopefully, be available early in the new financial year. We are certainly advising Departments to plan on the basis that that money will be in place.

The Chairperson (Dr Aiken): OK.

Ms McBurney: Finally, as you know, we want to go out and consult on the draft Budget. Unfortunately, the period is not as long as we hoped, but we have launched the consultation and replies are due by 25 February. Details of how to respond to that are available in the Budget document on the Department of Finance's website. Of course, we hope that the Committee will fulfil its usual role in consulting with the other Committees.

The Chairperson (Dr Aiken): OK.

Ms McBurney: That is really all that I have to say, Chair, but we are happy to take any questions.

The Chairperson (Dr Aiken): OK. Thank you very much indeed. We have all got a large number of questions, and, as you can imagine, we will chip in as we go through. I will take a couple of questions off the top, and then we will work our way down through as we get going.

First, we already heard the Department for the Economy say that it is somehow going to re-profile its £95 million for the voucher scheme into next year. We have asked the Minister these questions on several occasions: what is the mechanism for doing that? Has the Treasury approved it? Will you give us some detail about how moneys that are supposed to be spent by the end of this financial year are now being moved into the next financial year? What is the mechanism for doing that? If there is a mechanism for doing it, what, therefore, is the mechanism for the rest of the underspend? There will, no doubt, be questions from the rest of the Committee about what the last monitoring round is or what the degree of underspend is likely to be. Will you just explain that mechanism?

Just for clarity, I have been in discussion with the Chairperson of the Economy Committee, and she is as blindsided as I am about the mechanism and how that is going to happen.

Ms McBurney: I can try to explain the process, but I do not know whether that will provide clarity. As you will know, there is limited scope under the normal arrangements for us to carry forward funding from one financial year to the other. That is provided under the Budget exchange scheme and is limited to a percentage of our final resource and capital DEL.

I think that, off the top of my head, we are able to carry forward this year about £85 million. Obviously, that is not enough for the proposals that are in place, so our Minister, along with the Finance Ministers in Scotland and Wales, has written to the Chief Secretary to the Treasury seeking further flexibility to carry forward further COVID funding. We are awaiting a response on that, but we hope that it will be provided shortly.

In the interim, we have been in discussions at official level with the Treasury, and the indication that we have received is that it would look quite favourably on requests to carry forward funding that we received very late in the year, so we are hoping that that —.

The Chairperson (Dr Aiken): Is that the £200 million that was received just after Christmas or in that period?

Ms McBurney: Yes, exactly, and anything else that comes out between now and the end of the financial year. As I say, we are getting very positive feedback from the Treasury on that, but, again, we are waiting for it to be formally confirmed. If that was the case, the £200 million would be enough to honour the commitments that we have made, and we hope for further flexibility once we get a reply.

The Chairperson (Dr Aiken): One issue that has been raised and that has been given a great deal of consideration, particularly for health workers, are commitments that were made in NDNA on the change programme and safe working practices. Looking at the Finance Minister's statement, I see that there has been no definitive discussion about how that is going to be paid for apart from the fact that they will have the first call on any monitoring round or any monitoring round in June.

Bearing in mind that we are already talking about potentially moving over £200 million, why can that £200 million not be profiled towards Health so that it can have a much stronger commitment, particularly since our health workers will be saying, "Look, we have put everything on the line for COVID. We have worked way and above the arrangements"? It is part of NDNA, and part of the COVID approach, so why has some of it not already been ring-fenced for Health, and, indeed, some areas of Education?

Ms McBurney: The Executive have yet to make decisions on how that £200 million will be allocated. There are proposals for further rate support and DFE's proposal for a voucher scheme. In addition to the £200 million, we expect to have our normal carry-forward from this financial year into the next, and that should be sufficient to honour a commitment to Health that it can have first call in June monitoring for its safe-staffing bid. So, we fully anticipate that funding should be available.

The Chairperson (Dr Aiken): What do you anticipate that carry-forward is likely to be?

Ms McBurney: We will not know until we get nearer to the end of the financial year. As I said, we are able to carry forward in the region of £80 million to £85 million. It may not be the full amount, but, in general, we carry forward a significant level of what is available under the Budget exchange scheme each year.

We do not have the definitive figures. Departments are still working towards the end of the financial year, and it is early days to be able to say what those figures will be, but we fully anticipate that it will be sufficient to cover the commitments that have been given.

The Chairperson (Dr Aiken): My final question is about the victims' pension payment. We have had figures bandied around all over the place going from £800 million, but I think that the Justice Minister — I will be careful about this because I have not seen the Hansard transcript — told her Committee that she expected it to be closer to £120 million. There is a huge delta between £800 and £120 million. Over a 10-year period, if it is £120 million, although this year it would be a higher figure, that probably works out at a baseline of about £10 million each. So, what figure are you actually working to for that process? We have got to have some sort of definitive figure on this because it is something that we are committed to legally. If it is in the realms of £120 million over 10 years, it is something that we should progress fairly rapidly. Can you give us an idea of what the figures are and where we are in bottoming them out?

Ms McBurney: I do not have a definitive figure for it over the full lifetime of the scheme, and the Executive Office is working on refining the costings for that. Unfortunately, I had not heard the £120 million figure. I had heard a median figure in the range of £400 million, but, again, I cannot stand over that, and it is not my figure.

For planning purposes, the Executive Office submitted a bid in the Budget that was in the region of, I think, £21 million. It also bid for the preparation costs, and we have funded the preparation costs bid in full, which allows work on that to progress. That allows time for the ongoing discussions that are happening with the UK Government on the funding of the payments.

The Chairperson (Dr Aiken): Did the Executive Office put in a bid for £21 million and the set-up costs?

Ms McBurney: Yes.

The Chairperson (Dr Aiken): Could we be using the £21 million for paying the victims' pension now or once it is agreed?

Ms McBurney: It put in a bid for that, but it was not allocated. What was allocated was £6.7 million for the preparation costs. As you will be aware, we are firmly of the view that the UK Government have a responsibility here, and discussions on that are ongoing with the First Minister and deputy First Minister, the Justice Minister and the Finance Minister, who are seeking to meet the Secretary of State to discuss it.

The Chairperson (Dr Aiken): Thank you. Jim is next. Sorry, that is Jim Allister.

Mr Wells: Clever Jim.

Mr Allister: I notice that the one Department that has had a major hike in its resources is the Executive Office. What is that for?

Ms McBurney: Jeff may have more detail on that than I do, but, as I said, there is £6.7 million for the preparation works for the victims' payments. There is funding in there for historical institutional abuse (HIA) and funding for tackling paramilitary activity.

Mr Allister: Can you give us some breakdown of how that extra funding requirement is allocated between those?

Ms McBurney: Yes. The £8 million for tackling paramilitary activity is the Executive's element of that funding. We are still waiting for confirmation from the NIO that it will provide the match funding that is necessary on that.

Mr McGuinness: Sorry, Joanne. That £8 million is allocated to DOJ.

Ms McBurney: Sorry.

Mr McGuinness: The TEO uplift is based on the £6.7 million for victims and the £8.7 million.

Ms McBurney: Thanks, Jeff. Sorry about that.

Mr Allister: What is the £8.7 million for?

Ms McBurney: The HIA.

Mr Allister: The Department of Justice has been nominated as the relevant Department for the victims' pension, so why is that still being channelled through TEO?

Ms McBurney: Those are the arrangements that are in place. I think that TEO is responsible for providing the funding to DOJ. I am sorry; I am not completely over the detail of the funding

arrangements, but it was TEO that submitted the bid for that, and my understanding is that it will then provide the funding to the Department of Justice.

Mr Allister: The Executive Office put in a bid of £21 million for actual pension funding. Is that right?

Ms McBurney: I am trying to check the exact figure. I gave you the figure of £21 million off the top of my head. I will see if I have the exact figures from the bid, or perhaps Jeff has it. I will see if I can find it. Sorry; the problem with not working with paper is that you can never find the right electronic document.

Mr McGuinness: Yes, you are correct, Joanne. It was victims' payments. There was a bid of £21.6 million from TEO.

Mr Allister: The Finance Minister rejected that.

Mr McGuinness: The Executive rejected that.

Ms McBurney: Yes, the Executive made the decisions on the overall allocations. It is not a case of rejecting bids but of looking at the overall funding that is available. As I said, there are discussions ongoing with the Northern Ireland Office and the Secretary of State on that.

Mr Allister: I understand that, but I want to be absolutely clear. The Executive Office asked for £21 million to be able to pay pension funds, and, presumably through a recommendation from the Department of Finance, that was rejected. Is that correct?

Ms McBurney: Not entirely. It was not rejected as such. Departments identify their pressures as part of the Budget process, and, as opposed to a bid, that was a pressure that was identified by the Executive Office. The Executive are agreed that there is a responsibility on the UK Government to provide funding for this. Discussions are ongoing. Therefore, the bid has, in some ways, been deferred while those discussions take place.

Mr Allister: Did that deferral happen on a recommendation by the Finance Minister?

Ms McBurney: It was agreed by the Executive.

Mr Allister: No, that is not the question, Ms McBurney. I am asking whether it was recommended by the Finance Minister.

Ms McBurney: It was not a recommendation that the bid be deferred so much as a recommendation on the overall Budget position.

Mr Allister: And the resolution was, "We are not going to pay it, even though the Executive Office has asked for it, because we want to put the pressure on the NIO".

Ms McBurney: We are not in a position to actually make payments yet. Our position is that the Department of Justice and TEO are progressing the preparation costs, so no payments can be made while those preparations are ongoing.

Mr Allister: Is the Secretary of State therefore correct when he rebukes your Department for playing games over the victims' pension?

Ms McBurney: I do not think that it is appropriate for me to comment on the political aspects of it. I do not believe that we were playing games.

The Chairperson (Dr Aiken): I accept that. We take that as well. However, there is a question of clarity here. If that were the case, why did the TEO bid for the £21.6 million, which is money that, I imagine, was to go to the Department of Justice to pay out in the first place, when it is a joint office and the bid was going to be rejected by the Department of Finance? I would like some clarity on that.

Ms McBurney: It is not so much a matter of bidding for the money as identifying that there is a pressure. We recognise that the victims' payments have to be made. Therefore, it is proper and correct to identify what those pressures are so that the Executive are fully informed of potential issues.

Mr Allister: Would it not be equally proper and correct, having identified that pressure, to then provide the money in the Budget given that the pawns in this are the innocent victims?

Ms McBurney: Sorry. We all fully sympathise with the victims. I do not think that there is any intention to delay payments to the victims. We have funded the preparation costs in full in order to allow that work to progress.

The Chairperson (Dr Aiken): Sorry; I am using the Chairperson's prerogative here. I am now confused about this: I can understand the £6.4 million being allocated to set up the system, but the information that is news to us is that there was also a bid for £21 million — we should bear in mind that that is towards the lower end of the cost — and there is also a court ruling that says that we must make those payments. I would really like to understand, if a bid had been made, the mechanism by which it was taken out. Maybe to move things on slightly, you could do a bit more research on that and come back to us fairly urgently with that information. We would like to see it.

Mr Allister: Chair, just before we move off —.

Ms McBurney: Sorry, if I could jump in, I think that it is partly my fault for referring to bids as opposed to just simply referring to Departments identifying their pressures. What I am referring to as bids were identified by Departments as part of an information-gathering exercise, and TEO bid for an estimate of what it thought the cost would be this year. It was not a direct bid as such. That was my sloppy terminology. Therefore, it was not rejected as such; it is just that discussions are ongoing and it has not been included in the draft Budget.

Mr Allister: Whatever the back peddling, we know that the Executive Office identified a need for £21 million so that pension recipients could be paid. We now know that it was then not provided, and, therefore, they will not be paid.

Ms McBurney: That is not entirely true. As far as I am aware, the Department of Justice is not at the point of making payments yet. The scheme has not opened yet. Once that scheme opens, there is, of course, the requirement for funding to be provided for it. In the interim, discussions are ongoing at a political level with the UK Government.

Mr Allister: Tell me this: as far as your Department and Minister are concerned, is it now just a question of who pays or is it still a question of who gets?

Ms McBurney: Obviously, I cannot speak for the Minister on political matters. As far as I am concerned, there is an obligation to pay the funding to victims under the scheme that has been legislated for.

Mr Allister: Are we not now into the territory to which the Secretary of State referred of the Department playing games by trying to mix who pays with who gets?

Ms McBurney: Honestly, again, I cannot comment on political aspects, but I do not think so. I do not think that there is game playing in trying to get the UK Government to uphold their statement of funding policy, which states that the Department that introduces a policy pays for that policy.

Mr O'Toole: Thank you both. It is slightly confusing — I am sure that it is for the Department, too — when trying to keep track of the various pots of Fresh Start, New Decade, New Approach and confidence-and-supply funding. Just so that I am absolutely clear, is the Department's position that it is flat cash for 2021-22, because 2020-21, which incorporates New Decade, New Approach, is your baseline and that that will continue, so you have not lost the additional —?

Ms McBurney: Yes.

Mr O'Toole: OK. It is just that —.

Ms McBurney: When Departments' baselines are set, we use the previous year's Budget position. The 2020-21 Budget position included £350 million of funding from New Decade, New Approach. That funding is not available to the Executive this year, but we have not reduced Departments' baselines by that amount, so the Executive, before the spending review, started with a hole in their Budget of that £350 million. There were other baseline adjustments through the spending review process where Treasury removed some of the funding. The net effect of that was that, when we got our spending review allocation, although Treasury would say that we got extra money, when you take account of what was already in our Departments' baselines that they already planned on spending, you find we were actually replacing flat cash.

Mr O'Toole: There is, in a sense, an automatic £85 million carry-forward of DEL overall under the Budget exchange scheme. Is that factored in to the baseline?

Ms McBurney: No. We cannot factor any carry-forward under the Budget exchange scheme in to the draft Budget document for two reasons. First, we do not know what it will be until we get to the end of the year and we get Departments' provisional and final out-turn figures; and secondly, the draft Budget can reflect only Treasury funding that has been set out in the Secretary of State's letter and that our Minister has laid out in a statement to the Assembly at least 14 days before he sets out the draft Budget. None of that has been factored in, and it will be taken account of early in the financial year, either in the June monitoring round or earlier if need be.

Mr O'Toole: You cannot do that in the tables that are officially submitted to the Assembly in the draft Budget, but you could insert text in to the document. You said that there is £85 million of carry-forward under the Budget exchange scheme. It sounded like there was relative confidence that £200 million would be added to that. That makes £285 million. Would it have been useful to have additional text in the document or in the ministerial statement to say, "We are relatively confident that an additional £285 million will be added to this"?

Ms McBurney: Until we have it confirmed, it would be misleading to tell people that it will definitely be there, which may have happened if we had put it in the document. I hope that we will have confirmation of the £200 million of COVID funding quite soon. Hopefully, that can be reflected not in the final Budget figures but in the text by the final Budget.

The £85 million is the limit that we can carry forward from our Budget exchange scheme. As I said, it is my feeling that we will carry forward a significant amount of level under that. I do not have any degree of certainty about that other than past experience and feedback that we are getting from Departments. Again, it is a bit early to factor that in to any Budget plans other than to say that I think that we will carry forward a significant amount.

When I answered the question, it was about safe staffing for DOH. I think that its ask for that was around £15 million. If you compare £15 million with a maximum carry-forward of £85 million, I think that we can be relatively comfortable about getting enough carry-forward to cover that.

Mr O'Toole: That is fair enough.

This is, obviously, completely inseparable from the monitoring round position. Do you know when we will get the final January monitoring round?

Ms McBurney: We hope to get that tabled at the Executive tomorrow. Obviously, there is no certainty about that, but we hope that it will be with you very shortly. We are, obviously, working to timescales for the spring Supplementary Estimates (SSEs) as well, so it has to be completed quite soon.

Mr O'Toole: Can you give us a sense of your global number in resource underspend at the minute? The most dramatic adjustments seem to be in the Department for the Economy. I know that I am asking you to compare apples with pears, but can you give us a rough sense of what the global underspend might be?

Ms McBurney: I do not think it would be appropriate for me to comment [*Inaudible*].

Mr O'Toole: Fair enough. OK. On reinvestment and reform initiative (RRI) borrowing —.

The Chairperson (Dr Aiken): Sorry, Joanne, but you will know that we have a quantum figure through monitoring. Are we talking about tens of millions or a hundred million? We are already being invited to look at £285 million that we may or may not have, and that will have a significant impact on how we look at any Budget process.

You have told us and you are doing monthly updates and keeping a careful eye on the flow and expenditure on both, particularly resource, so you should have a rough estimate. Are we talking tens of millions or more? If that is the case, we are looking at close on half a billion difference between what has been put forward from a draft Budget and what is likely to be the outturn.

Ms McBurney: First, the monitoring round relates, as you know, to this financial year. The £200 million that we hope to carry forward relates more to next year. In terms of global figures, yes it would be at the higher end of the Estimates. As you say, the Department for the Economy is looking to carry forward the funding for its high-street voucher scheme, which is £95 million. That gives an indication of the funding that has been returned to the Executive for reallocation. It will certainly be at the higher end of those figures.

Mr O'Toole: May I?

The Chairperson (Dr Aiken): Go ahead, Matthew.

Mr O'Toole: I have a couple of other things to ask, but I will try to be brief. Are any conversations going on about novel ways of getting the money out the door in extremis?

Ms McBurney: Throughout COVID-19 there have been discussions between Departments and *[Inaudible]* officials on the best way to provide support and to use that funding. Those discussions will continue between now and the end of the financial year.

Mr O'Toole: Thank you, Joanne. That was a very good Whitehall answer. *[Laughter.]* I respect that.

On EU income, CAP moneys have been replaced by UK Government moneys, although we do not know what the UK Government's long-term commitment to farm payments is, but there is lost structural funding. In a sense, the flat-cash position is, in part, a product of lost EU funding as well.

Ms McBurney: Jeff will correct me if I am wrong, but not really, because EU funding would have come in as receipts, whereas we are looking at a net position.

Mr McGuinness: Correct.

Ms McBurney: So, yes, there is a huge impact from that lost EU funding. Our Minister and the other devolved Ministers have made no secret of the fact that they are not happy with the way the shared prosperity fund is being managed, or is intended to be managed, and there are huge impacts from that. However, I do not think that you could say that there is a direct read-across to the Budget figures as such because of how that EU income would score basically as a negative in our Budget.

Mr O'Toole: That makes sense, although it is worth saying that it scores as a negative but you factor it into your spending plans, so knowing that you are not going to have that receipt to score means that you are going to allocate less money to Departments, so it is reflected.

Ms McBurney: It is not so much a case of allocating less money to Departments. If we were getting EU funding, Departments would spend more and that would be offset by a negative amount to the UK income so in the figures we show that you would not really see it because it would be a plus and a minus, which would cancel each other out, so it does not really show on our figures, as such.

What it does mean is that behind those figures, say for the Department for the Economy, while we have a net figure for the Department for the Economy there, if it was getting EU income it would spend much more than that net figure. They are now not in a position to do so. It impacts on the spending plans of Departments but it does not directly show itself in our figures, as such.

Mr O'Toole: I know what you mean. It has an impact, but it does not *[Inaudible.]*

Ms McBurney: It does not show clearly.

Mr O'Toole: My final question is —.

The Chairperson (Dr Aiken): One of the things that we have been trying to bottom out is the figure from the Department for the Economy that it is short of £45 million for Invest NI. Can you confirm that figure? Is that roughly the figure that we are looking at?

Ms McBurney: I do not have those figures in front of me, but we can come back to you.

The Chairperson (Dr Aiken): OK, please.

Mr O'Toole: My final question, unless I can squeeze back in at the end, and this particularly frustrates me, is that, every year, we spend £2.5 million subsidising flights that have not existed for three years.

Why does the Department not ask the Treasury to discontinue that subsidy, since there have been no flights from Northern Ireland to North America, or indeed anywhere else, in band B air passenger duty (APD) for the past three years. Even if there were, very few of them would have taken off in the past year because the aviation industry has collapsed.

What is the disbenefit of going to the Treasury and saying, "Can we have a look at this again so that we do not have to take £2 million out of the block grant every year for literally nothing?"

Ms McBurney: You make a fair point. Our Minister has gone on record — I may be wrong — to say that he is happy to look at that. That is something that we can consider.

Mr O'Toole: OK. Thank you.

The Chairperson (Dr Aiken): Philip, can you hear us? Philip?

The Committee Clerk: Can I ask Assembly broadcasting to add Philip McGuigan back into Spotlight? There he is.

The Chairperson (Dr Aiken): There we go.

Mr McGuigan: *[Inaudible]* now? Am I good to go?

The Chairperson (Dr Aiken): Yes, you are good, Philip.

Mr McGuigan: Thanks. In summarising this meeting, essentially, what we have been given, courtesy of the British Government purse for the North, is flat cash. There is no increase to the Budget on last year. It is a single-year budget even though the Executive and all of us would like a multi-year budget to allow us to have certainty in our planning. There is still money that has not come, or been committed to, from the British Secretary of State for NDNA commitments, for the EU structural funding that Matthew and Steve talked about, or for city deals. That is essentially where we are. The Executive, as the Minister said in the Assembly, cannot prepare for kick-starting our economy as we come out of COVID-19 as we would like.

On the back of that, can I ask a number of questions? Matthew and Steve touched on EU structural funding. The British Government said that we would not lose out on funding as a result of leaving the EU. Already, however, that has proven not to be the case. I have seen figures, and we have heard of the £45 million Department for the Economy, but in either the Minister's statement or the Budget consultation, there is a figure of £69 million. Perhaps I can get some clarity on that. Is that £69 million in total or is that for the Department for the Economy, or, what would the impact be across all Departments of the loss of EU structural funding?

Joanne, you touched on this in your introduction, where are we in discussions with the British Secretary of State for the money for NDNA, confidence-and-supply money, and city deals? When can we expect those talks to conclude and how positive do we expect the result to be?

Ms McBurney: OK. Taking your first question, you are absolutely right in your summary of what is and is not in the draft Budget. It was a very clear summary. On the EU structural funds, my understanding, and Jeff might correct me if I am wrong, is that the £69 million is the global figure for all Departments. Whereas the Department for the Economy has been set aside £45 million. However, we can correct that if I am wrong because I do not have the EU funding numbers in front of me.

Mr McGuigan: Sorry to interrupt, where is the other £24 million out of the £69 million from?

Ms McBurney: Sorry, I do not have the breakdown of the EU funding in front of me. Jeff may have, but he is not nodding at me so —.

Mr McGuinness: One of the issues here is that there is a broadly similar amount. I think that the Minister was talking about £69 million for the EU protocol, which is a slightly different issue: it is funding specifically for implementing the protocol. We had requested £69 million for 2021-22. To date, only £35.3 million of that has been agreed. That might be where the £69 million comes from.

Mr McGuigan: OK.

Ms McBurney: We will come back to you with clearer figures on the EU side of things, as we do not have the definitive figures with us.

On NDNA, as I said, the Secretary of State did not, unfortunately, confirm that funding in his letter to us in December when he confirmed the spending outcome. Discussions are ongoing, so I do not have a firm date for when we will have an answer. We hope to get it in time for the final Budget. We certainly anticipate that the funding will be provided next year. We have no reason to doubt that, but it would be good to get clarity on it sooner rather than later.

Mr McGuigan: OK. That is affecting city deals and confidence-and-supply money as well, then? It is the same issue.

Ms McBurney: It is the same issue. It was not included in the Secretary of State's letter in which he set out what our funding envelope was for this year, so we could not include it in the draft Budget. We do not anticipate that that means that the funding cannot be spent. It is a matter of getting the confirmation so that we can include it formally in our plans.

Mr McGuigan: OK. I have a couple of other, very brief, questions. How much money has been allocated for the completion of Casement Park? Will that project commence this year? Lastly, how much money has been allocated in the Budget to welfare mitigation?

Ms McBurney: The Casement figure is, unless Jeff corrects me, £20 million capital. I would like to think that it will start this year; otherwise the Department for Communities would not have submitted a bid for that amount.

On welfare reform, we replaced the money that had been in DFC's baseline for last year. Jeff will correct me if I am wrong, but I think that that was about £41.8 million, and it was topped up with a further £1 million.

Mr McGuinness: That is correct, yes.

Ms McBurney: That is to provide mitigations at existing levels. Those are not new mitigations; they are being provided at the existing levels.

The Chairperson (Dr Aiken): Sorry, the line broke up there; I did not quite get the figures. Is it £20 million for Casement and £42.84 million for welfare mitigation?

Ms McBurney: Yes, that is right.

Mr McGuigan: OK. Thank you very much, Joanne.

Ms Dolan: Thanks, Joanne. The timeline for consultation on the Budget is tight. What strategy is in place to ensure maximum input from interested sectors? On the Budget, what is the timeline — forgive me; I should probably know this — or the process from the point at which the consultation closes?

Ms McBurney: The consultation closes on 25 February. The Budget document is in the public domain, and everyone is encouraged to respond to it. In addition, our team in the public spending directorate will do a number of consultation events with sectoral bodies such as Northern Ireland Council for Voluntary Action (NICVA). Jeff can provide you with the list of those bodies; that might provide more clarity. My mind has gone blank. Jeff, do you want to run down some of the people whom you will be contacting and offering consultation events to?

Mr McGuinness: Sure. Let me get the details. We will talk to NICVA. We are also approaching all the main unions, the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), the Equality Commission, the Construction Employers Federation (CEF), the Institute of Directors (IoD), the Women's Policy Group, which is, effectively, the Women's Resource and Development Agency (WRDA), the Northern Ireland Food and Drink Association (NIFDA), Public Sector Chairs' Forum, Social Enterprise NI, Trade NI, Retail NI, rating policy division, Hospitality Ulster, NICS non-executive directors, and the Human Rights Commission. We are open to talking to anyone who comes to the events and wants to understand a wee bit more about the Budget process.

Ms Dolan: That is great, Jeff. Thanks. I was worried about the women's sector. I saw a couple of tweets that concerned me. Thanks for that.

I know that the Minister has been looking for greater flexibility. If we are allowed to carry forward COVID-19 money — that is a big "if" — does it have to be spent on COVID-19-related areas or projects, or can it go to other Departments or projects?

Ms McBurney: So far, the Executive have looked at the COVID-19 funding separately from the normal funding. It is important to provide COVID-19 support. Our understanding is that it will eventually come through the normal Barnett formula, and that means that it could be spent on other things. Obviously, the Executive will want to consider what COVID-19 support is needed and will not want the money to go on day-to-day departmental pressures. If support is needed in another area that may not be strictly linked to COVID-19, that would be a matter for the Executive, and that flexibility would be available to them.

Ms Dolan: Thank you. I have asked all my questions.

Mr O'Toole: A have a couple of short but related questions. What is the final date to present the Budget to the Assembly? The closing date for the consultation is 25 February. Can it be any day before the end of the financial year?

Ms McBurney: Yes. It needs to be in place before 31 March. We would prefer sooner rather than later, but, then again, we would have preferred to do a draft Budget in the early autumn as we normally plan to do. Yes, any time before the 31 March, but sooner if possible to provide clarity. We need to allow time to work through the consultation responses. We need to give the responses our full consideration, and that cannot be turned round in a matter of days after the closing date.

Mr O'Toole: I presume that you will factor the UK Budget on 3 March into your planning ?

Ms McBurney: We will, but in the normal course of events, while we may get some additional funding after 3 March, it does not tend to be great amounts. It is also likely that we may not be able to factor anything that does come in on 3 March into our final Budget because of the requirement for the Secretary of State to write to confirm revised control totals, and for our Minister to make a statement on the controls to the Assembly at least 14 days before he lays the Budget. Funding coming out on 3 March may have to be factored into a monitoring round as opposed to the final Budget.

Mr O'Toole: I would not accuse you of this, Joanne; I have full confidence in the Department. However, we could have nearly £300 million being carried forward. I agree that the Secretary of State is not behaving well towards Northern Ireland. However, there will likely be some further permissions from him in a letter of funding and possibly further Barnett consequentials from the Budget on 3 March. Is it cynical to say that the draft Budget is quite a low number and there is a presentational

advantage because the number will inevitably be higher when the final Budget comes out? As I say, I am not accusing you of that.

Ms McBurney: I honestly do not think so. There are two things to be taken into account. First, is the level of COVID-19 funding. The carry forward of £200 million that we anticipate is for COVID-19 and should not affect normal departmental spending power. We are not being disingenuous when we say that it is a very challenging budget position. Moreover, on non-COVID-19 carry forward, we always expect to be able to carry forward some funding. With the best will in the world, Departments tend to underspend as it comes towards the end of the year, and there is always some funding carried over. We are not being disingenuous when we say that it is a very challenging budget position: Departments are being told that baselines for last year are being rolled forward and topped up a little bit to take account of inflation.

Mr O'Toole: I do not think that you are being disingenuous.

Ms McBurney: We are under pressure.

Mr O'Toole: It definitely is a tight spending settlement, including anything from the UK Government. However, it is also true that the numbers will probably go up from here.

Ms McBurney: We hope so.

Mr O'Toole: That will not be *[Inaudible.]*

Ms McBurney: We hope so.

Mr Wells: Joanne, when you finish at this Committee, you may wish you had done something simple in life like brain surgery or nuclear physics. I notice that you are taking most of the flack and your colleague —

Mr O'Toole: It was not flack.

Mr Wells: — is keeping quiet. Keeping a low profile, and only dipping in when he has it up on his screen.

The Chairperson (Dr Aiken): Joanne is a friend.

Ms McBurney: I am glad to hear you say that, Chair. Jeff is there to keep me right. He might say that he would love to do the talking, but he cannot get a word in edgeways.

Mr Wells: Well, we will have to give him priority in the next round of tougher questions. I am sure that you have missed this process over the last four years. Can I move you to the thorny issue of McCloud. What assumptions, if any, have you built into McCloud? Have you built in that the restitution will only go up to April 2022?

Ms McBurney: First, we are very aware of the McCloud issue. You are correct: it is not factored into the draft Budget position. The feedback from Treasury is that McCloud does not just affect Northern Ireland, and we will get Barnett consequentials on any additional funding provided to Whitehall Departments for that. When that time comes, we will need to consider whether that is sufficient to cover our pressures, and we may have to take action if it is not.

Mr Wells: You are making two assumptions. First, that there will be no expenditure arising in the incoming budget year of 2021-22 as a direct result.

Ms McBurney: Not necessarily.

Mr Wells: Secondly, you are assuming that any cost will be met through a Barnett consequential from London rather than from our block grant. The cost could be significant to the Northern Ireland Office budget and the Northern Ireland budget.

Ms McBurney: First, we are not assuming that there will not be any payments due in the next financial year. We have not built it into the draft Budget. At this point, we do not have a figure to build in because we do not know whether the Executive will be facing a pressure or whether Barnett will be sufficient to cover that. Our hope, of course, is that, if it is on a population share, Barnett, on the funding provided to Whitehall Departments for the same issue, would be sufficient. If it is not, then, yes, we and the Executive will need to consider that. You are right that it has the potential to be a significant pressure.

Mr Wells: But there is absolutely no way that, if it were taken out of the Northern Ireland Office block grant, that could be done without knocking a major hole in the block grant for 2022-23. I am a wee bit worried that you do not seem to have had confirmation that, in that year, it will be coming from Westminster rather than from the block grant.

Ms McBurney: We have confirmation that we will get Barnett on Whitehall Departments' allocations. We do not know whether that will be sufficient to cover all the pressure. We hope that it will be. At the very least, we anticipate that it would cover a significant amount of that pressure, leaving us with a smaller pressure to address through our own block grant.

Mr Wells: But Whitehall is only a very small proportion of the liability when you take in health service pensions, teachers' pensions etc. Whitehall would only cover MOD, NIO and expenditure like that. It will not cover 82% of the Budget. If it falls on the block grant, 82% of it falls on our money, not Whitehall's.

Ms McBurney: I am not a pensions expert. I am not completely over the numbers. As I say, it has not been factored into the draft Budget as yet, but I am aware of the discussions with Treasury. Whitehall Departments will be facing those pressures. We need to do a bit of work to estimate what our pressure is and what we can anticipate via Barnett. We will have those discussions with Treasury over the coming months.

Mr McGuinness: If there are pressures on the health service in England's pensions, we will get an equivalent amount through Barnett for our pressures here. It is not just about the narrow area of Whitehall. It is talking about all the GB Departments; health and so on and so forth. We expect that that number will be very close to covering the potential pressure here.

Mr Wells: OK. And we have that tied down already; that is confirmed?

Ms McBurney: At official level, Treasury has indicated that we will get Barnett. That is how the Barnett formula works. If a Whitehall Department gets an initial allocation, we get Barnett on it. We have no reason to doubt that. We have asked Treasury officials the specific question, and they have confirmed that Barnett will operate.

Mr Wells: In writing; not in the back of a taxi in London? Do you have confirmation in writing that we are getting it?

Mr McGuinness: I have an email from Treasury that says that Barnett will apply in the case of additional funding from Treasury to English Departments on McCloud.

Mr Wells: OK; that is very good news. Well done on that.

As you know, the major supermarkets have announced that they have either given, or that they are about to give, a refund of the substantial amount of money that has been given in the form of rate relief. Are we expecting a bit of a windfall in 2021-22 in the form of that; our 3%? Will that come to us or be retained by London?

Ms McBurney: It will come to us. Treasury is working on that at the minute. No timescale has been given for those supermarkets or other businesses to repay the rates. It is purely voluntary. They can do it whenever they want. With any funding that flows through Treasury — say, a large supermarket chain decides to pay the money for the whole of the UK as one lump sum and channels that through Treasury — it will make sure that we get our share of it. Alternatively, Treasury may decide to pay the element of support that was provided by the Northern Ireland Executive back through our own rates people; that is also a possibility. Either way, we will get the money. The issue is that, at the moment, we do not know when.

Mr Wells: Has that been built into the Estimates for 2021-22, or will it come as a very pleasant windfall?

Ms McBurney: We cannot build it into any of our Budget figures because we do not know which supermarkets are repaying it, how much they will repay, or when they will repay it. So, no, we have not factored it in. It will, hopefully, be a windfall, which would be very pleasant.

Mr Wells: At least three of them have announced that they will repay it, and they are all very big players in the Northern Ireland market, so it would be very pleasant to know that there is a wee bit of money to come through.

Finally, what assumption have you built in for health service pay for 2021-22?

Ms McBurney: I will see whether Jeff has details on the assumption, but we have covered the Agenda for Change pay. There is funding in NDNA for Agenda for Change pay, which we are anticipating will come, and the Executive, in their draft Budget, have met the difference between what the Department of Health will contribute to that and what will be funded through NDNA once we get confirmation of that funding.

Mr Wells: Do you have a specific percentage built into that?

Ms McBurney: I do not have it in front of me. We can probably get it. I am looking at Jeff, but I do not think that he has it either.

Mr Wells: Will it be 2%? Will it be 3%? Have you not —?

Ms McBurney: It will cover whatever the requirements in Agenda for Change were and the pressure that the Department of Health identified. We can find that out for you.

Mr Catney: I have a few questions. I may double up on what some members have asked already, because I did not really understand some of it. I know that the Minister's term for it is a "standstill" of last year's Budget. I do not know how you juggle the figures. To me, it looks like a shotgun Budget, because you are dragging so many people to the altar to get an "I do" out of them, and there is no guarantee that it will happen.

On the current funding position discussed with the Secretary of State on the remaining outstanding funding issues — NDNA, confidence and supply, and city deals — how reliable is the estimated cost for the victims' pensions? The Minister indicated a commitment to deliver victims' pensions but is yet to provide the necessary funding. Although we hear that it is £800 million, there is no guarantee. We do not see any guarantee of where that money will come from.

You referred to the DAERA money. I think that you said that it was £67 million for the baseline treatment of the common agricultural policy funding. That is coming out of the £126 million of COVID money that was held back. I have another question on the back of that. There is no guarantee that the £200 million that is meant to come back from the supermarkets will come back. Someone has already asked about holding money over. You have never really been able to hold anything over £80 million back from Budgets. How confident are you that, in these COVID times, we will be able to hold back money? I know that I have fired about five questions at you there, but if I were to have asked you all the questions that I have written down, we would be here all night. I am just trying to get some tie-in, please.

Ms McBurney: I am not sure whether I managed to capture all those questions, as I was trying to write some of them down. On victims' funding, we have funded the preparation cost, and the Executive are committed to providing funding for the payments, but there are ongoing discussions *[Inaudible.]* There is a range of figures that the Executive are doing some more work on refining. The figures range from *[Inaudible.]* We hoped that it would be less than that, but that is the cost over the lifetime of the scheme. The cost in the incoming financial year, which this Budget is looking at, is estimated by the Executive Office to be around *[Inaudible]* million. That is what we are looking at for this year.

On the DAERA funding, the UK Government have provided the replacement EU funding for CAP, and that is included in this Budget. I think that it is around *[Inaudible]* million.

Mr Catney: I know that that money has been earmarked, but how much of it has been spent by DAERA?

Ms McBurney: The funding in the Budget is looking at next year, so I presume that the amount that it has will be fully committed, but it has not spent any of that yet. This year, I assume that it will spend the amount that it has been provided with, but I do not have the details on its spend to date this year.

We have not factored in any of the money from the supermarkets, and we do not have a figure as yet. That is slightly different from the £200 million. The £200 million that we referred to is guaranteed COVID funding that the Treasury uplifted. It has said that we will get it for 2021-22 just before Christmas, on, I think, 23 December.

You are completely right that we have limited carry-forward under the normal arrangements, but, under the arrangements of previous years, if we are provided with notification of funding very late in the financial year — around December or January — in what the Treasury would refer to as its "spring Supps", there is a precedent that the funding that is provided to the devolved Administrations late in the year is permitted to be carried forward if they wish to do so. That is because the Treasury recognises that if it notifies us only in December or January that funding is available, that gives us very little time to spend that money effectively. We have discussed this with the Treasury and at local level, and the indication that we have is [*Inaudible*] that we would be able to carry forward that £200 million. The Finance Minister has formally written, along with the other devolved Finance Ministers, to the Chief Secretary to the Treasury seeking formal confirmation of that £200 million and confirmation that any funding received between now and the end of the financial year will be allowed to be carried forward. In addition, the devolved Finance Ministers are also seeking further flexibility to carry forward higher levels of funding if they choose to do so. We still have not got a response from the Chief Secretary to the Treasury. We are hoping that we will get that within the next week or so.

Mr Catney: Am I all right for another moment, Chair?

The Chairperson (Dr Aiken): Yes.

Mr Catney: Thank you very much. I still have great difficulty in understanding how you can do the Budget. I am basing that on my experience of how we budgeted in business. There are so many holes and loose ends, so I can see the difficulties in it. Is the £92 million voucher scheme likely to be delivered in 2021-22? Is that money allowed to be carried over as unspent cash from COVID funding? As the bottom line, for the £126 million of COVID money that is for the refinement of pressures, does the Department have any clear plans for that remaining funding?

Ms McBurney: Yes. I will start with the voucher scheme. It is for the Department for the Economy and the Executive to determine whether the voucher scheme will be delivered next year. The Department for the Economy has indicated a desire to have that money carried forward. We have not specifically approached the Treasury for a carry-forward for the voucher scheme, but we have on the £200 million if the Executive choose [*Inaudible*] along with £126.9 million [*Inaudible*] allocated money would be sufficient to cover those issues, if the Executive chose to do that.

On the £126.9 million, Departments have now identified further proposals for COVID spending as part of the draft Budget, and those will be refined as we work through them to get to the final Budget. As the money cannot be spent until 1 April onwards, there will be proposals in place for spending that money by the time that we get there.

Mr Catney: OK. I think that I will just send the rest of my questions in a wee letter or you two will be will be here all night. Joanne, thank you very much.

Ms McBurney: No problem.

Mr Frew: Thank you, Joanne. As you would expect with a draft Budget, this is a marathon session for you both, so thank you very much for your time. I really appreciate your answers. From your dialogue, one thing that I am confused about is when a bid is not a bid and when a pressure is not a pressure. You said in response to a question from Matthew that the Department for Communities' bid for its welfare mitigations is £48.4 million. Even Casement Park was mentioned at £20 million. To me, the welfare mitigations are something similar to, although not exactly, what we are trying to achieve with the victims' pension. We are talking about people who have been grievously hurt and who need

support and help, which they have done for all their life and will continue to for the rest of their life. When therefore is a bid not a bid and a pressure not a pressure? I ask that because, if the Department for Communities bid for that mitigation for welfare reform is a bid — it would know best what it requires — why is the Executive Office's bid of £21.6 million for victims not a bid?

Ms McBurney: You are absolutely right about the need for the funding. We have the utmost sympathy for the victims *[Inaudible]* something that will have to be provided, and those payments will have to be paid. I clarified the difference between bids and pressures. We had sought information from *[Inaudible]* as part of an information-gathering exercise on what the pressures were, as opposed to *[Inaudible]* bids.

Welfare mitigations have been in place for some time. They were due to come to an end this financial year. Given the situation with COVID, that seemed to be unreasonable, so, because there were mitigations in place and processes put in place to pay out that funding, the Department for Communities will need that funding for the mitigations to continue from 1 April.

The victims' payment scheme is still being established, so things will not flow as quickly as that. There are also ongoing discussions with the Secretary of State on the issue, whereas the welfare mitigations have already been undertaken *[Inaudible]* by the Executive.

Mr Frew: You were cutting in and out there, Joanne, so forgive me if I ask a question that you have already answered.

What we do know, because they have stated it, is that the Justice Minister, the First Minister and the deputy First Minister want the scheme to be opened in the next financial year. Notwithstanding the argument about who pays, if that has been a public utterance from more than one Minister, surely we cannot fail those victims any longer. We then need to mitigate that risk of failure by adding and accepting a bid, or by money being placed at the centre or with any Department, to fund that, notwithstanding an argument that we would have with the Secretary of State or the Government.

Ms McBurney: Absolutely. There is a *[Inaudible]* that should be done. We have provided in-year costs to allow *[Inaudible]* of the scheme. We are absolutely not holding anything up. That money was provided, and after July *[Inaudible]* that work will continue. *[Inaudible.]*

Mr Frew: That is a hollow promise, because you are using that money to build up the infrastructure, staff, setting and equipment to administer the fund. If there is nothing channelling through that infrastructure, however, it is not of any use. It strikes me as being really bad form that those victims need so much assistance and have been failed for so many years, yet we now are holding out.

What would have been wrong with factoring £21.6 million into the draft Budget in the hope that it would be drawn down to the victims? I accept that it is a political decision and that an agreement or arrangement was made with the Government to fund that in its totality or to part-fund it. To hold off smacks of brinkmanship. Ultimately, the only people who will suffer are the people who have been suffering for years and years because of terrorism.

The Chairperson (Dr Aiken): Sorry to cut across you. This is new information that we have had today about that £21.6 million that was bid for by TEO, as well as the £6.4 million. This is the Finance Committee, so we need a degree of clarity. I propose that we write to TEO and the Finance Minister for details of what was bid for and the intention of the bid from TEO. Frankly, I am confused. If it is a Justice issue, why did Justice not bid for the £21.6 million? Why did TEO bid for the £21.6 million and the £6.4 million, and why was the bid turned down?

As a Committee, we would like to see some clarity on that, if we are agreed. Are we agreed?

Members indicated assent.

The Chairperson (Dr Aiken): Joanne, I do not want to keep harping on about this, but it is new information for us.

Paul, have you any other questions?

Mr Frew: Joanne, why would the Department of Finance fund an office that cannot do anything? Why would you populate an office with staff and equipment if that office cannot do anything?

Ms McBurney: I do not think that the intention is that the office cannot do anything. The preparation costs were funded to allow that office to be set up to ensure that there are no delays. In the interim, discussions are ongoing on the most appropriate method of funding that. This is a draft Budget. There is a final Budget to come, when decisions could be taken. There is also, as we have talked about, the potential for further money to be available next year. It is important to allow space for the discussions to continue while allowing the work to progress to ensure that there are no delays to the payments being provided to the victims.

Mr Frew: What mechanism is in place to add money to this draft Budget and, in effect, the final Budget when it is passed early in the next financial year? If that £6.4 million is spent effectively and efficiently, an operation is set up with an office and a secretariat that can administer the pension scheme, and there is some sort of agreement one way or the other that we start paying out pensions, what mechanism is in place, other than monitoring rounds, I suspect, that means that money can be drawn down quickly to ensure that those pension payments go out as quickly as possible?

Ms McBurney: First, there is the final Budget. We have a draft Budget, which is out for consultation. The Executive will then make decisions on their final Budget, so that will provide one opportunity to amend the draft Budget allocations or whatever the Executive choose. Then, as you rightly say, there are the monitoring rounds. In addition, as we have shown this year with our response to COVID, if there is a need for urgent funding to be provided, the Executive can do so at any point.

Mr Frew: Who makes that decision? You have a draft Budget that is out to consultation, and we will be consulted also. All the findings then go back to the Department of Finance. Who then alters the draft Budget?

Ms McBurney: The Executive as a whole make decisions on their final Budget, just as the Executive as a whole have agreed the draft Budget that is before you today. The Finance Minister may make proposals, but it is for the Executive to make the decisions, and it is for the Executive to agree both the draft Budget and the final Budget.

Mr Frew: I get that the Executive must agree the draft Budget and the final Budget, but the Finance Minister always tells us that he can furnish only bids that come to him. What I am asking is this: what important and significant role does the Finance Minister have in bringing forward his best-guess Budget to the Executive, and how does that process work? It does not just appear at the Executive, and they then decide. He must produce a paper that looks like a Budget and then the Executive agree.

Ms McBurney: As *[Inaudible]* process with both the Budget and the monitoring rounds, Departments put forward their spending proposals, and the Department of Finance looks at the overall level of funding available. The Finance Minister puts recommendations to the Executive, and the Executive make decisions based on those. The Executive can make changes to the Finance Minister's recommendations.

Mr Frew: That is a very important point. When the Finance Minister brings his final proposals, the Executive do not just give a yes or a no. They can propose alterations. Can a Minister make proposals to alter another Minister's budget line?

Ms McBurney: Obviously, I do not sit on the Executive *[Inaudible]*, but, yes, the Executive will discuss those issues, and, if the Executive as a whole were to agree, I do not see any reason that they could not do that. I do not sit on the Executive, and I suppose that that question might be more properly put to the Executive Office on what is appropriate or not at the Executive. The Executive as a whole agree, however.

The Chairperson (Dr Aiken): Thank you, Paul.

Mr Frew: I have one wee question on COVID funding, Chair.

The Chairperson (Dr Aiken): Be quick.

Mr Frew: You have this money left over, and I have every sympathy, Joanne, for you and your team when you get a windfall of money in December or January. I have absolutely no problem with that, but we know that there has been money sitting in the centre from the very first monitoring round, and that money still equates to the same amount of money. Ultimately, when we ask for money to be carried

over, what we are really saying is that, even in this hour of need and these days of great challenge for businesses, the Executive have failed. In all the years that I have been here, I have never yet heard a Minister say that he or she has too much money. In fact, I hear Ministers say all the time that they have not enough money and that the big, bad British Government are not providing for them. Is it therefore not a failure that, in this hour of need and these days of great challenge, we have not been able to remove that money from the centre quicker in order to support businesses that the Executive have prevented from working? They are preventing those people from earning a living. It is the Executive that seem to have trouble getting support to those very people. To me, that is failure.

The Chairperson (Dr Aiken): That was a short point and a political polemic in one. I will give you latitude as my able deputy to do that, but that is an unfair question for Joanne to answer.

Mr Frew: OK.

The Chairperson (Dr Aiken): Jim, did you want to ask a very short question?

Mr Allister: Is there no answer to that?

The Chairperson (Dr Aiken): No.

Mr Allister: Very quickly, I will take you back to the Casement project. We know that the cost of the project has gone through the roof and that several extra tens of millions are required. Is all that extra commitment coming from the taxpayer or is the GAA going to increase its modest contribution?

Ms McBurney: That is a question for the Department for Communities, which is in charge of the Casement project. The funding that we have provided to this point is, to the best of my knowledge, within the original amount agreed for Casement Park. Beyond that, as I say, the ongoing discussions between the Department for Communities and the GAA are for that Department to comment on.

Mr Allister: You know nothing about that.

Ms McBurney: No. I am not over the detail of that. I know that the funding that we have provided to date is within the overall limit agreed originally for the project.

Mr Allister: Thank you.

The Chairperson (Dr Aiken): I have one final thing to ask before we let you go. You will be glad to hear that and will be pouring yourself a large, hopefully duty-free scotch to deal with the pressures of this.

I want to get this right. The draft Budget is £23 billion: £11.5 billion in resource; £1.6 billion in capital; and £0.7 billion in FTC. Is that correct?

Ms McBurney: Yes. There is £1.75 billion in total in capital handed out, because we have accessed some borrowing for that.

The Chairperson (Dr Aiken): Yes, but based on what the Minister has said, for NDNA, confidence and supply, and city deals, we are also expecting an extra £164 million in resource and £90 million in capital.

Ms McBurney: Yes. That is right.

The Chairperson (Dr Aiken): We are also expecting to be able to carry over £200 million from COVID moneys that we have not been able to spend because they came in at the end of the previous quarter. That is an extra £454 million expected on top of what is in the Budget. Am I correct in that assessment? It is an extra half a billion pounds.

Ms McBurney: Yes. The £200 million has yet to be confirmed with Treasury, but we are anticipating it. You are correct that the NDNA, confidence and supply, and city deals money is not reflected in the Budget figures, but Departments anticipate that they are getting that funding and have factored that into their plans.

The Chairperson (Dr Aiken): The envelope that we should looking at therefore is the £23 billion plus the £454 million?

Ms McBurney: I would not include the £200 million in the Budget envelope just yet. That will come in in-year. Although we know that we are getting it, I would not add it to the Budget envelope at this point. *[Inaudible.]*

The Chairperson (Dr Aiken): We could profile that over quarter 1 and quarter 2. The suggestion is that pay awards, particularly for health service workers and others who have put themselves on the line because of COVID, are to be met from in-year monitoring. There must be an expectation that that £454 million will profile over quarters 1 and 2.

Ms McBurney: We anticipate that the £200 million will come in in the new financial year. If Treasury confirms it, we expect to be able to carry that forward. It will be for over the next financial year — 2021-22 — and hopefully it will be confirmed at the start of that.

The Chairperson (Dr Aiken): OK. Where does the £126 million that the Minister has said that he is keeping for extra COVID resource fit into all of that?

Ms McBurney: That is available, but it is not in the departmental figures in the draft Budget. That is something that the Executive will consider as they undertake their final Budget deliberations.

The Chairperson (Dr Aiken): That is therefore £23 billion, plus £454 million, plus £126 million?

Ms McBurney: I will ask Jeff to give you the figures, because he may have them in front of him.

Mr McGuinness: That £126 million is already included in the draft Budget. It is sitting centrally and has not yet been allocated to Departments.

The Chairperson (Dr Aiken): All right. It is therefore £23 billion plus £454 million, roughly.

Mr McGuinness: Yes, of which £11 billion of that is annually managed expenditure (AME), over which we have limited control.

The Chairperson (Dr Aiken): I am just using my chief financial officer's head to look at the big-picture stuff.

You have given us an enormous amount of food for thought. I appreciate the length of time that you have spent on the conversation. We know each other well enough to be open and frank in our conversations. Some issues have arisen on which we need to get answers. We will write to TEO and, obviously, the Finance Minister about those.

There is a significant differentiation between the draft Budget and that when it is due to go through. Bearing in mind the short consultation period, one of the things that the Committee will no doubt be asked to think about is granting accelerated passage.

Ms McBurney: Chair —.

The Chairperson (Dr Aiken): Bearing in mind that you are not expecting to spend some of the profiled money until later in the year, we are going to have to take cognisance of the question of whether we grant accelerated passage as we are kept informed of how the process is going. A lot of loose ends need to be looked at, to say the least. We need to scrutinise the Budget very carefully. I suggest that most other Committees are going to have to spend a lot of time going over it with a fine-toothed comb, particularly considering the amounts of money that are involved.

I raise that point with you so that you are in no doubt about my current thinking, but we will discuss it with the rest of the Committee as we move on. I want that to be part of your thought process as you consider the chances of our rubber-stamping the Budget and it going through. I am looking very closely at my able deputy, and I can already see his brain ticking over. I want you to be aware of that.

Finally, thank you very much indeed —.

Ms McBurney: Chair, may I respond on the point about granting accelerated passage for the Budget Bill that will be introduced in February? That Budget Bill does not relate to the Budget that is before us today.

The Chairperson (Dr Aiken): Yes. We know.

Ms McBurney: It is the Vote on Account for 2021-22, and it is purely a percentage of the final figure that you are voting through for 2021. The Vote on Account bears no relation at all to the draft Budget that has been published or to the final Budget. The Budget Bill for that will be introduced in May or June. It is important to differentiate between the two.

You will need time to consult fully on the Budget for 2021-22. We hope that, between your seeing the draft Budget now and the final Budget in March and the introduction in May or June of that Budget Bill, there will be sufficient time for the Committee to consult on the 2021-22 Budget. The Budget Bill that will be introduced in February will, as I said, reflect the final position for 2020-21, which will be the outcome of the January monitoring round. The Vote on Account is for 2021-22, and that is purely a percentage of the 2020-21 figure. It is not in any way based on the draft Budget that you are considering today.

The Chairperson (Dr Aiken): We shall take that into advisement and take advice. Many Committees will want to send out a message about making sure that they get ample time to scrutinise, examine and look at the Budget. What has happened in the past year is no fault of yours. We can all say that that is down to COVID, or whatever it happens to be, but we do need to set the process for what we need to do. I lay that down now so that it does not come as a surprise.

Ms McBurney: We are happy to come back and talk more on that.

The Chairperson (Dr Aiken): Joanne and Jeff, keep yourselves safe. No doubt, we will be spending a lot of time talking to each other in the coming weeks. Give our best to everybody back in the building. Thank you.