



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Budget Bill 2021, Spring Supplementary  
Estimates and Vote on Account: Department  
of Finance

24 February 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  
Ms Jemma Dolan  
Mr Philip McGuigan  
Mr Maolíosa McHugh  
Mr Jim Wells

**Witnesses:**

Ms Roisin Kelly	Department of Finance
Mr Jonathan McAdams	Department of Finance
Ms Joanne McBurney	Department of Finance

**The Chairperson (Dr Aiken):** I welcome Joanne, Jonathan and Roisin. Hi, Joanne.

**Ms Joanne McBurney (Department of Finance):** Hi, Chair.

**The Chairperson (Dr Aiken):** Hi, Roisin. She is muted. Hi, Jonathan.

**Mr Jonathan McAdams (Department of Finance):** Hi, Chair.

**The Chairperson (Dr Aiken):** First question: have you got any pigeons? *[Laughter.]* We are now trending, apparently.

**Mr Catney:** You would need to explain that.

**The Chairperson (Dr Aiken):** We are all amongst friends; it is OK.

I remind members that the session is being reported by Hansard. Joanne, do you want to make an opening statement, please? We can then get stuck into it.

**Ms McBurney:** Yes, thank you, Chair. First, I thank the Committee for agreeing accelerated passage for the Budget Bill. We also appreciate this further opportunity to brief the Committee on the 2021 spring Supplementary Estimates (SSEs) and the 2021-22 Vote on Account.

Following our session last week, the Committee wrote with a number of queries. I am not sure whether the response to that has issued, but I will try to cover that in my opening remarks in any case.

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

**Ms McBurney:** One of the questions asked was about spending areas in England that gave rise to the £300 million allocation to the Executive earlier this month. Unfortunately, the way in which the final amounts have been calculated by the Treasury means that it is not possible to determine which spending areas actually gave rise to the adjustment. The way that the Treasury has calculated it is that, basically, it has taken the difference between the amount that we got under the guarantee and the total additional funding provided across all Whitehall Departments for the full year. We do not have the breakdown of what actually arose in that last adjustment.

A further query was on whether the resource authorised under the Vote on Account for 2021-22 will or can provide support for funding under new services. While the Vote on Account can provide for funding under new services, I can confirm that, in this instance, no new services have been authorised under the Vote on Account. Had they been authorised, the Bill itself would have been footnoted.

The Committee also requested a breakdown, by Department, of spending related to public-private partnerships and private finance initiative projects. That information is collated by the Executive Office, and it is included in Treasury publication of PFI liabilities at a UK-wide level. The Executive Office has provided us with the latest published position, which is for 2018, and we will attach a table summarising that in the written response. By way of summary here, there is a total of 26 projects across six Departments, which have a capital value of about £1.2 billion, and the estimated unitary charge this year for all of those projects is £216 million. However, two of the projects that are included in that table have subsequently been bought out by central government, so the PFI company is now a wholly owned subsidiary of government. In a way, it is circular money for those two particular projects.

**The Chairperson (Dr Aiken):** The PFI project has been bought out by the Government.

**Ms McBurney:** It has been bought out by the Department. I do not have all the details, but the company itself has been bought over by the Department. The PFI, in theory, still exists, but it is circular money because the Department is paying its own subsidiary. There are two of those projects.

**The Chairperson (Dr Aiken):** Is that a bit like when Invest NI bought its own building and then put it on a different set of books?

**Ms McBurney:** Yes, that is it exactly.

**The Chairperson (Dr Aiken):** I could never get my head around that.

**Ms McBurney:** The other one is the water Alpha project. It is something similar.

One of the other things requested was a detailed explanation of the use of cash advances from the Consolidated Fund, including why and when those advances were required in 2020-21 and how the profile of spending from the Consolidated Fund for that purpose compared with previous years. So far this year, the Department of Finance has accessed £197.8 million: £90 million in January 2021 and £107.8 million in December 2020. That was to enable the Department to administer the localised restrictions support scheme (LRSS) and to take forward financial assistance schemes for Belfast International Airport and Belfast City Airport. In line with the normal processes, MLAs were informed of those advances in writing, and we will append copies of those letters to our written response for your information.

A number of other advances have been made this year to the Executive Office and to the Utility Regulator. However, those have been repaid and will not impact on the total resources available to be advanced at this time.

**The Chairperson (Dr Aiken):** Joanne, what was the advance to the Utility Regulator for, and why was that needed?

**Ms McBurney:** It was simply in anticipation of receipts. The Utility Regulator is primarily funded from receipts, and those receipts had not come in. Delays in getting Royal Assent meant that it needed that additional funding, but that has since been repaid.

**The Chairperson (Dr Aiken):** Where were those receipts due from?

**Ms McBurney:** Jonathan or Roisin might want to come in on this. The Utility Regulator charges for its services or has a levy, so it is primarily funded by receipts. It gets very little central government funding, and those receipts tend to come in later in the year. So, in the early months of the year, it requires funding in the Vote on Account, and the funding that was voted was not enough. It had to get an advance, but it has since paid that back.

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

**Ms McBurney:** In the lead-up to the SSEs in 2019-2020, only £19 million was advanced to Departments from the Consolidated Fund. That was due to a delay in receiving Royal Assent. The circumstances between 2019-2020 and this year are completely different, so we cannot really compare like with like by doing that. On the impact of the pandemic this year, for example, the £197.8 million for DOF was purely related to COVID support.

The final issue that I would like to talk about in my opening remarks is that the Committee asked us to provide an addendum correction slip to the current SSEs in order to provide a full and proper explanation as to the reasons for the use of sole authority of the Budget Bill. The level of detail previously provided in the Northern Ireland Estimates was, as you will probably be aware, the same as that included in Westminster Estimates. We have included additional information in the SSEs for 2020-21. It is disappointing that the Committee does not consider that to be sufficient. In our written response to the Committee, which should be with you shortly, we will provide further detail of each use of the sole authority of the Budget Act.

I would welcome the Committee's views on the appropriate level of detail to be included in the document. There is a balance to be had between making sure that the Assembly is properly informed and adding more detail to a document that is already very bulky. Once you have had a chance to consider the information that we have provided, I would welcome your views on how much of that, if not all, you would like to be included in the document.

I hope that my briefing has provided some information on the issues that were raised. We are happy to take any further questions.

**The Chairperson (Dr Aiken):** OK. I have a couple of questions. On the treatment of headroom, will the Department add further detail to the spring Supplementary Estimates — I think that this is a different thing because we are talking about the headroom — that sets out where the final COVID and other spending was made in order to make the SSEs a final and complete record of expenditure in 2020-21? We are fully aware of where we are and that it was £247 million and is now £300 million. Could you comment on that, Joanne?

**Ms McBurney:** The Assembly will be informed when allocations are made. It has been already, and announcements were made on 2 February and 10 February. The 10 February allocations were included in the headroom and are now final allocations. We anticipate further announcements on allocations in the coming weeks — hopefully, next week — and the Assembly will be informed. We do not intend to include those in the SSEs, which may be introduced before those allocations are announced. The Assembly will be completely informed of those allocations. If it would be helpful, we could probably include those for the Committee and reconcile them to the headroom.

**The Chairperson (Dr Aiken):** Yes, that would be helpful. Yes, please, Joanne. Thanks very much indeed.

**Mr Allister:** Good afternoon. Joanne, I want to ask again about the victims' pension. Obviously, we are about to embark on a Budget. Schedules 3 and 4 to the Budget Bill include expenditure for next year, yet, certainly in the draft Budget, there is no indication of expenditure for the victims' pension. How, therefore, will that expenditure be provided for?

**Ms McBurney:** OK. The expenditure that is included in the Budget Bill is a Vote on Account, which is based purely on a percentage of last year's expenditure and is intended to cover Departments in the first few months of the financial year, until the Main Estimates are brought. Those Main Estimates will reflect the Executive's final Budget. Between the draft Budget and the final Budget, the Executive can change the spending plans.

You will know that there has been a meeting with the Secretary of State and discussions are ongoing about how that should be funded. Hopefully, that will be included in the Executive's final Budget and reflected in the Main Estimates.

**Mr Allister:** Does it not need to be included as a provision in the spring Supplementary Estimates?

**Ms McBurney:** That would be a matter for the Executive Office. I am not sure whether it has included something for that. The timings and amounts are probably uncertain at this stage, and you need a degree of certainty before you can include a provision or an approved cost.

**Mr Allister:** Certainly —.

**The Chairperson (Dr Aiken):** Sorry, Jim. Can I come in there for one second? Joanne, when the Minister was on the Floor this week, he quoted figures of anywhere between £600 million and £1.2 billion.

**Ms McBurney:** Yes.

**The Chairperson (Dr Aiken):** The last time that we talked was last week, and you said that figures had come from TEO but that you did not have the details of those. Will you give us a bit more detail about the quantum? The Minister seems to be quite well informed, and there is a big difference between £600 million and £1.2 billion. Will you give us more of an outline of those figures? Sorry about that, Jim. I wanted to ask about that.

**Ms McBurney:** I do not have the detail of the figures in front of me. You are right: there is a range of figures. The Executive Office commissioned the Government Actuary's Department (GAD) to do a report on the figures, and that is the range of costs that it identified. Unfortunately, I do not have the report in front of me. Based on the GAD estimates of what the scheme will cost, the amount goes from the lower figure to the maximum figure of £1.2 billion.

**The Chairperson (Dr Aiken):** Can we see that report?

**Ms McBurney:** It is not my report. It is the Executive Office's report.

**The Chairperson (Dr Aiken):** OK. Jim, sorry.

**Mr Allister:** Joanne, do you have the spring Supplementary Estimates in front of you?

**Ms McBurney:** If I can find them electronically, I will have them. It may take me a minute. Sorry, it is not as good as having the actual old-fashioned document in front of you.

**Mr Allister:** I would like you to go to page 217.

**Ms McBurney:** I have the document; it just takes a while to get through to the pages. Yes, page 217.

**Mr Allister:** Under "Provisions", £430 million has been added. What is that for?

**Ms McBurney:** I cannot even find the provision on page 217. Maybe my version, being the electronic version, has slightly different page numbering.

**Mr Allister:** It is, obviously, under TEO.

**Ms McBurney:** Yes, I am looking under TEO; it is just that it is a —.

**Mr Allister:** It is "Part II: Changes Proposed", and it is under the heading "Resources". It is the first table in the TEO section.

**The Chairperson (Dr Aiken):** It is annually managed expenditure (AME).

**Ms McBurney:** Yes, provisions would be AME.

**Mr Allister:** Yes, I know. Before you turn to the next page —.

**Ms McBurney:** Sorry, I see that. I will turn to Jonathan or Roisin, who may have more detail on what underpins those provisions.

**Mr Allister:** It is a huge amount of money. I just wanted to know what it is.

**Ms McBurney:** That is OK. I am not sure whether Roisin or Jonathan have that information. I am afraid that I do not have it in front of me.

**Mr McAdams:** I do not. We can write, unless, Roisin, do you want —? You are nodding, but you are on mute. We will come back in writing on that one.

**Ms McBurney:** Yes, we will get you that information.

**Mr Allister:** Can anyone tell me whether it is anything to do with the victims' pension?

**Ms McBurney:** I would not like to comment at this time in case I give you the wrong information. We will confirm that very quickly. We will come back and include it in our response, which is —.

**Mr Allister:** Joanne, it is a phenomenal increase. Provisions at the outset were £19 million. There is now an extra £430 million. Maybe it is something to do with the historical institutional abuse —

**Ms McBurney:** It could well be.

**Mr Allister:** — but I would be interested to know — it is in to AME on the next page — whether it is anything to do with the pensions. Is that not where we expect to see the victims' pension provision being made?

**Ms McBurney:** Yes, all provisions would be in AME, so you are absolutely correct: if it were a provision for victims' pensions, it would be in there. Similarly, as you said, if there were a provision for historical institutional abuse, it would also be in there. We will get the breakdown of that increase in provisions for you.

**Mr Allister:** The victims' pension should be, I suggest, in as a provision, because you know that it is going to be due and that it is a debt that is to be paid. Is that not the criterion for putting in a provision, once you know what the amount is going to be?

**Ms McBurney:** It is about how certain the Executive Office is on its figures. I think that the issue is that it needs to have some degree of certainty over the likely cost and the timing, but we will find out whether it is included in that provision.

**Mr Allister:** It has had an actuary report. The Minister has told us that. The Government have put a figure on that, so I do not understand —.

**Ms McBurney:** The actuary's report gave a range of figures. I think that that came in after the SSEs were prepared.

**Mr Allister:** Yes, but not before the Budget goes to the House.

**Ms McBurney:** Yes. I will get the information from the Executive Office about what is included in that provision.

**Mr Allister:** Will the Minister amend the Budget to include the pensions, or how does he intend to legally provide the funding? Is he just going to hide it in an Excess Vote next year?

**Ms McBurney:** The provisions do not actually give rise to a cash requirement; the provision is an accounting treatment, so there will be no cash requirement for that. It also does not provide the funding for the payments themselves; as you said, that would have to be included as a DEL cost in the Budget. Hopefully, when the final Budget is published, those payments will be included in it, and that will be reflected in the Main Estimates. If not, it would have to be reflected in next year's spring Supplementary Estimates.

**Mr Allister:** So, within less than a week of the Budget debate and the Votes on Account, you, as the Department of Finance, do not know what, if anything, is being put in for the victims' pension.

**Ms McBurney:** I am not clear about what is in that provision in the TEO account. You will appreciate that it is a very large document with a lot of detail, and, unfortunately, I am not over the detail of everything that Departments have included. They are Departments' Estimates, and Departments decide what goes into those Estimates. We will get a breakdown of what is included in that provision. I am not clear whether the Executive Office has included a provision for victims' payments. It may not have because the amounts are as yet uncertain. However, that does not relate directly to the Budget and the need to include funding for those victims' payments as a DEL cost in the Budget.

**Mr Allister:** Surely schedules 3 and 4 to the Budget Bill indicate what is going to be paid in the next financial year.

**Ms McBurney:** They are simply a Vote on Account. They are a bridging mechanism; they do not reflect what is in the Executive's Budget. They just give the Departments the authority to spend cash in the first few months of the year. Provisionally, what you are talking about is in this year's — in 2021 — SSEs.

**Mr Allister:** I appreciate that, but would you not need a Vote on Account to start paying the pension in the new financial year?

**Ms McBurney:** You would need it to be covered in the ambit of the Department that is going to be paying the pension. Again, I would hope that it is, but I would need to check that. You do not need to have the money there. The Vote on Account is not based on the Budget; it is only a bridging mechanism that represents a percentage of the previous year's expenditure. Provided that an item is included in a Department's ambit, that Department can spend the Vote on Account on it.

**Mr Allister:** What if it was not included in a Department's ambit?

**Ms McBurney:** Then that Department could not spend any money on it.

**Mr Allister:** So, the Minister would need to ensure that provision is made in the ambit for schedules 3 and 4 for the payment of the victims' pension.

**Ms McBurney:** Yes. The Department that is responsible for that payment would need to make sure that it is included in its ambit, but we also check the ambits.

**Mr Allister:** Yes. It is your Minister who brings the Budget.

**Ms McBurney:** He brings the Estimates and the Budget Bill on behalf of the Departments. Each Department informs us of what they need to be included in the ambit and in the detail of the figures in both of those.

**Mr Allister:** Without an ambit, there is no legal payment.

**Ms McBurney:** Without an ambit, there is no legal authority to pay because it would not be included in the Vote on Account.

**Mr Allister:** I have one other quick question about sole authority. I am still struggling to find information in relation to that. When the reason for relying on sole authority is that legislation has not been passed to authorise the expenditure, why does it not tell us why legislation has not been proceeded with? There is £40 million in welfare, but we have no explanation as to why that legislation has not progressed. There is £7 million for good relations, but there is no explanation as to why legislation has not progressed. It is just not good enough to say that no legislation has been passed. I want to know why legislation has not been passed.

**Ms McBurney:** In the welfare instance, the current legislation lapsed when the Executive and the Assembly were not sitting and, therefore —.

**Mr Allister:** Over a year ago.

**Ms McBurney:** Yes. They have been bringing it through and hope that it will be through for December this year. I cannot comment on the other instance, but, yes, that is something that we can include in the detail. You will see, when you get the written response, that we have provided quite a lot of detail in there.

**Mr Allister:** Yes, we already have it.

**Ms McBurney:** We will be happy to take your views on what exactly you would like to see reflected in the document.

**Mr Allister:** Thank you.

**Mr Catney:** The Department explained why the cash facility in the Consolidated Fund was used in 2020-21. The Executive have, generally, been in receipt of large sums of money that they have struggled to spend. Why was that?

**Ms McBurney:** Yes. This is where it probably gets very complicated and technical, unfortunately. The funding that the Treasury gave us for the COVID response was not cash; it is budget cover. The Treasury tells us what the limit is on the budget that we can spend. In order to access cash, we draw it down weekly, monthly or daily through the Northern Ireland Office, because it is voted in its Estimate. That funding is drawn down from the Northern Ireland Office and goes into the Northern Ireland Consolidated Fund. Departments can draw cash from the Northern Ireland Consolidated Fund only if it is included in a Budget Bill and when that Budget Bill has received Royal Assent. Unfortunately, timing was an issue this year. By the time that the Main Estimates and the Budget (No. 3) Bill were passed, DOF was not aware that it was going to extend the LRSS support, so it did not include that provision in its Main Estimates position. Subsequently, it was clear that it needed that support. The Budget cover was there, and the allocation was made to the Department, but it did not have the legislative authority to draw the cash from the Consolidated Fund. That is why it ran out of cash. It had the Budget cover, but it did not have the ability to access the cash. We used that contingencies mechanism to give it the cash to spend up to the level that was in its budget.

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

**Mr Wells:** This one?

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

**Mr Wells:** Not clever Jim?

**The Chairperson (Dr Aiken):** I do not think that anyone believes that for one minute.

**Mr Wells:** His questions in that performance were a lot brighter than mine will be. My questions will not be as searching. First, I know that DOF staff move in a sphere where £430 million is chicken feed — I understand that — but, to a mere mortal, it is quite a large amount of money. It would have been better had that addition to the Budget been annotated to indicate what it was. Far from me to ask an awkward question, but that is a substantive amount of money.

Secondly, on a different issue, there is a recommendation to reduce the independent advice sector's allocation, within the budget for the Department for Communities, by £1.5 million. You might not be across that matter, but, given what that sector has been through in 2020 and the vast amount of footfall that it will have with the unwinding of furlough, all the COVID grants, the huge increase in universal credit claimants and the fact that it is 8,000 cases behind in social security tribunals — that is a staggering number — is it not counterproductive to recommend a cut in that budget for the incoming financial year?

**Ms McBurney:** Yes, £430 million is a substantive amount of money in anybody's book, and we are happy to get you more detail on that. For clarity, the £430 million is an increase in a provision. That does not mean that the Department will be spending that money. That is the Department recognising that liability in its accounts. In order to spend that money, the Department will need to have DEL budget cover for it, and more details of the allocation will be included in a monitoring round.

**Mr Wells:** *[Inaudible.]*

**Ms McBurney:** From that perspective, £430 million is not money out the door at this stage. It recognises that the Department has a liability in that respect.

**Mr Wells:** I want to come back on that, Joanne. It is such a substantive amount, even at that level, that there should have been more detail at this stage, because it could be coming our way at that level. It is a huge amount of money, and bigger than some Departments' entire budgets.

**Ms McBurney:** It is a huge amount of money, and we will certainly get that detail. We must have a balance. It is already a very bulky document, and, if you go through every Department's Estimates, each one will have a lot of large numbers. If we were to explain every one, the document would probably be about 10 times the size that it is now. It is about deciding what information we give. The Department's accounts will give detail of what that provision is for when published, but I appreciate that that is somewhat after the fact here.

The matter relating to the independent advice sector is, obviously, one for the draft Budget, which is out for consultation. The Executive will revert to their final Budget, and COVID money is available to be allocated as part of that final Budget. Once the final Budget is announced, the Department for Communities will make a decision on how it will live within the funding with which it has been provided, and it will be for the Department for Communities to decide which areas it needs to reduce and whether it needs to reduce to live within its budget. I imagine that it is something that we will pick up on in our consultation responses, and the Executive will consider it as part of the final Budget.

**Mr Wells:** That is useful. You are saying that the independent advice sector is a hook on which you could hang the COVID money, because a lot of its extra work will presumably be directly or indirectly COVID-related.

**Ms McBurney:** It is for the Department for Communities to make that argument. You said that it is doing a lot of COVID-related work. It is for the Department for Communities to make that argument, but COVID money is available to be handed out in the final Budget.

**The Chairperson (Dr Aiken):** We are talking about large sums of money, and, as a member of the party that holds the Health Ministry, you can imagine that I want to look at the Health Estimates and the considerable delta between cash and resource of nearly £0.9 billion, if my sums are correct. That is a substantial sum. Is that because the Department has not been able to spend all the COVID money that was coming in? What is the explanation for that? If you look at the explanation on preliminary page xi, you will see that it stands out quite starkly.

**Ms McBurney:** It will take me a while to find that again.

**The Chairperson (Dr Aiken):** It is easier if we just look at table 1 of the summary of Estimates on preliminary page xi. It is the Department of Health line.

**Ms McBurney:** I will just find that. I have managed to lose it altogether.

**The Chairperson (Dr Aiken):** We are talking about big chunks.

**Ms McBurney:** Is it the change in provision that we are looking at?

**The Chairperson (Dr Aiken):** It is under "Resources" and "Cash", but the whole thing adds up to close to £0.9 billion.

**Ms McBurney:** Roisin will jump in and correct me if I am wrong, but that is the increase between its Main Estimates and this position. The increase would be due to additional allocations and additional spending. Just to be clear, you cannot add the resource and cash together because some of it will be the same thing. It is just a different way of accounting for it.

**The Chairperson (Dr Aiken):** I know, but we are looking at some significant differences, and that one really stands out.

**Ms McBurney:** The resources have gone down considerably there.

**Ms Roisin Kelly (Department of Finance):** The £430 million is the provision for the victims' pensions, and it is in its ambit, so just to clarify that. In terms of the Department —

**The Chairperson (Dr Aiken):** Sorry, Roisin, just to clarify that: it is in the provisions in what book?

**Ms Kelly:** It is in the TEO provisions and it is in its ambit as well.

**The Chairperson (Dr Aiken):** It is in its ambit, so it is expecting £430 million in AME. That is what it is looking at.

**Ms Kelly:** I am looking at the reduction in the resource requirement for the Department of Health. In the Main Estimates, the Department of Health was given headroom of £600 million at that time, which explains the reduction between the Main Estimates and now. It had that extra funding at that time.

**The Chairperson (Dr Aiken):** So, basically, that accounts for the headroom that it expected to have but did not need.

**Ms Kelly:** Yes.

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

**Mr Frew:** Thank you very much, folks. We are into the Yellow Pages and the multiple pages of detail and facts and figures. I do not know how you guys do it.

My question is similar to Jim's question. He picked out the "Provisions" subheading in the TEO budget pages. When is it acceptable to use the subheading "Provisions" as opposed to a more detailed itemised subheading?

**Ms McBurney:** "Provisions" is an accounting term, so Departments use it when they recognise that they have a liability but are not paying out any cash in the year.

**Mr Frew:** Is that in case something goes wrong in a court, or is it for some sort of payout, burden or liability on pensions?

**Ms McBurney:** Yes. They have to be able to estimate the amount of funding, and there has to be a degree of certainty around it. There is also uncertainty around the actual timing and amount, which means that they cannot accrue the actual cost, but they recognise that they have a liability, albeit slightly uncertain.

**Mr Frew:** I do not need you to flick through this if it is problematic for you, but, in the Department for the Economy's Estimates, on page 45, there is a large increase in provisions. Is that in case the renewable heat incentive (RHI) court case were to be lost by the Department?

**Ms McBurney:** I am going to turn to Roisin again, who has more of the detail underpinning all the numbers than I do.

**Ms Kelly:** Sorry, could you just repeat that?

**Mr Frew:** Under the Department for the Economy, "Part II: Changes Proposed" — again, it is under "Provisions" — is a change, but it is an increase of £139 million. Do we know exactly what that is accounting for? If it is burdens or liabilities, that could well be the forthcoming challenge in the courts with regard to RHI. Is that correct? Am I in the right line?

**Ms McBurney:** Yes, that is the provisions line.

**Mr Frew:** That is what that could well be for.

**The Chairperson (Dr Aiken):** Paul, is that not the voucher scheme?

**Mr Frew:** It could be the voucher scheme.

**The Chairperson (Dr Aiken):** Yes, £140 million.

**Ms McBurney:** Yes, I think that you are right. We can confirm that, but I think that you are right. I think that that is the voucher scheme.

**Mr Frew:** The provision is £139 million for the voucher scheme. We know that the RHI legal challenge is coming, and I have a lot of constituents keeping an eye on that. Where is that within the Department for the Economy's budget line?

**Ms McBurney:** That is a matter for the Department for the Economy. It may feel that there is enough uncertainty around that that it does not need to take a provision for it yet. As I said, there needs to be a degree of certainty around payments before you take a provision for them.

**Mr McAdams:** We can compare those two matters. There has been an announcement about the high street voucher scheme, so there is some idea of the quantum and the timing. As Joanne said, there is certainty there, and the Department has to recognise that as a liability. The difference between the present provision and the changing provision shows that the Department is now expecting that to be all next year because of the restrictions, and it will not be able to put any of that money out this year.

The other example that you gave was RHI. That is subject to ongoing consultation, so it leaves an uncertainty around the options. When you go into such a consultation, any option could be chosen. As well as that, the options themselves might even be refined in light of feedback from the consultees.

When you compare those two issues in terms of certainty, there was a ministerial announcement about the high street voucher scheme. I am not an expert or an accountant, but there is more certainty around that, whereas consultations have to be open-ended. You have to be able to refine a position. It has to be a meaningful exercise, so the Department could not have determined at this stage how much it would cost in advance of consultation.

**Mr Frew:** Although, in the Department's consultation, it has a preferred option.

**Mr McAdams:** Yes. Some consultations are completely open, but it is normal enough to have a preferred option. At that stage, you are inviting people, if you like, to give you contrary evidence and views. If you think back to the first consultation on RHI, the Department had a preferred option about the tariff, and that was then increased in the original. I am not using that to say that that was good practice or the best outcome, but it is an example of how a preferred option could change as a result of feedback.

**Mr Frew:** Is it suitable and acceptable that that would be under your "Provisions" subheading and not be a distinct heading on its own?

**Mr McAdams:** As Joanne said, it is probably not in provisions because there is that uncertainty. It is a consultation on the future of the RHI scheme. One option is that the scheme carries on and another is

that it closes. That level of uncertainty is so big and stark that you have very different costs in those two scenarios for next year. The costs next year could be very different depending on whether the scheme is ongoing or is closed and compensation is paid.

**Mr Frew:** OK.

**Ms Kelly:** When the provision is initially made, it will be in the provisions line because it is under the AME section, which is where the provision will be recorded initially. It will sit there as opposed to being in one of the other function lines. I can confirm that the £140 million is for the high street voucher scheme.

**Mr Frew:** On page 48 of your AME chart, there is £33 million for the renewable heat incentive scheme.

**Mr McAdams:** That will be the minimum.

**Mr Frew:** OK. That is where it sits, so it is nowhere near the "Provisions" subheading.

**Ms McBurney:** The actual payments out will sit on the AME line, whereas the provision is a liability *[Inaudible.]*

**Mr Frew:** The £33.5 million from AME is what is forecast for the scheme to run through to the following year if the scheme is up and running. It does not take into consideration any court challenges or changes to the scheme.

**Ms McBurney:** Jonathan will come in on that. It is what the Department plans to spend on the scheme for the year that is now coming to an end.

**Mr McAdams:** Yes, both schemes are in there. The domestic and non-domestic schemes might both be in the £33 million. I am not sure of the breakdown between the two, but the vast majority is the non-domestic scheme.

**Mr Frew:** I have another question that is completely unrelated to my first. In the DOJ lines on page 185, there is a big change in the Legal Services Agency Northern Ireland. There is a 50% increase. Do we know what that is for?

**The Chairperson (Dr Aiken):** Which line is it on, Paul?

**Mr Frew:** It is on page 185: Department of Justice, "Part II: Changes Proposed", A-14, Legal Services Agency Northern Ireland.

**The Chairperson (Dr Aiken):** A-14. Apologies, I was looking at A-8.

**Mr Frew:** What is the difference between A-8 and A-14?

**Ms Kelly:** A-8 is the DEL side of the Legal Services Agency, and A-14 will have AME cover as well. I am not sure what the £123 million is for. We can check that, but DEL and AME are the two. It is just a split of the expenditure.

**Mr Frew:** There seems to be a big increase for A-14.

**The Chairperson (Dr Aiken):** It is strange to put it in twice.

**Mr Frew:** One is DEL and one is AME. That is why it is factored in twice, but I do not know why there is such an increase. There is an almost 50% increase from its net provision. I will maybe bring that up at the Justice Committee tomorrow. Thank you.

**Mr Allister:** I want to come back to the provisions for the victims' pension. Now that we know that the £430 million is for that, it then appears in the AME expenditure. If it is in the AME expenditure, does that mean that it has been agreed by Treasury?

**Ms McBurney:** It is in AME purely because it is a provision and not the actual payment out. The majority of provisions score in AME because they do not represent cash payments. They are just the Department recognising the fact that it has a future liability. Almost all provisions will be in AME. It does not mean that the actual payments out will score in AME; they will be a DEL cost unless Treasury agrees otherwise, which is unlikely.

**Mr Allister:** Even though it appears at the moment to be scored as AME, it does not necessarily mean that it will be in AME. Is that what you are saying?

**Ms McBurney:** The provision is in AME because that is simply the Department recognising the fact that it has a future liability. It recognises that it will have to make payments to victims but, at this point, it is uncertain about the timing or the amount. It is not accruing the cost. It is basically saying that it knows that it has a liability and that it will have to pay this out in the future.

When that payment is made out, the cost will score in DEL, and the accounting and budgeting treatment will be that that AME figure will come down. There will be a plus/minus between DEL and AME when the actual payment occurs.

**Mr Allister:** The figure is £430 million. The Government Actuary's Department said that the top line — the absolute worst-case scenario — is £1.2 billion, so why is one third of a 30-year programme in a single year?

**Ms McBurney:** You recognise your total liability, not just that for the incoming year. At the point at which the Estimates were prepared, that was probably the best estimate. At the minute, £1.2 billion is the top of the range. There is a mid-range and lower-range figure as well. Yes, the Executive Office, on the back of that Government Actuary's Department report, may want to review whether it needs to change that provision. Obviously, if the provision that it puts through in its accounts is greater than the amount that is voted now, it will have an Excess Vote, and that will have to come back to the Assembly.

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

**The Chairperson (Dr Aiken):** Joanne, Jonathan and Roisin, as usual, thank you very much indeed for your evidence. You are not appearing next week, so you have a week off from us.

**Mr Wells:** They will miss us so much.

**The Chairperson (Dr Aiken):** Imagine that. Keep safe, everybody. It was good to talk to you again.