



Northern Ireland
Assembly

Public Accounts Committee

OFFICIAL REPORT (Hansard)

Inquiry into the Northern Ireland Budget
Process: Department of Finance

25 November 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr William Humphrey (Chairperson)
Mr Roy Beggs (Deputy Chairperson)
Mr Cathal Boylan
Ms Órlaithí Flynn
Mr David Hilditch
Ms Cara Hunter
Mr William Irwin
Mr Maolíosa McHugh

Witnesses:

Mr Colum Boyle	Department of Finance
Ms Joanne McBurney	Department of Finance
Mr Jeff McGuinness	Department of Finance
Mr Stuart Stevenson	Department of Finance
Miss Karen Beattie	Northern Ireland Audit Office
Mr Kyle Bingham	Northern Ireland Audit Office
Mr Kieran Donnelly	Northern Ireland Audit Office
Ms Pamela Dugdale	Northern Ireland Audit Office

The Chairperson (Mr Humphrey): Mr Boyle, Ms McBurney and Mr McGuinness, you are all very welcome to the meeting this afternoon. I understand that Mr Stuart Stevenson, Treasury Officer of Accounts (TOA), is joining us remotely. Mr Boyle, will you please open with a statement? I will then open up the meeting to questions from members.

Mr Colum Boyle (Department of Finance): Chair, thank you for having us here today to discuss the Northern Ireland Audit Office (NIAO) report. We certainly welcome the report, and it is timely to look at this area given the establishment of the Fiscal Council and the Fiscal Commission and the work that those bodies are taking forward. The report compares the Northern Ireland Budget process with the 10 OECD principles of budgetary governance, and, while those principles are set at a national level, they are, nevertheless, all relevant to some degree in setting Budgets at a subnational level.

It is important for me to say at the outset that the Budget is a product of the Executive and is not merely the work of the Department of Finance. That said, my Department coordinates and facilitates the Executive in that important work, so it is right for us to be here to respond to the Audit Office report.

It is also important for me to assure the Committee that the Department of Finance adheres to its legislative requirements in relation to the Budget and that we have been and continue to be committed

to ensuring that public funding is spent appropriately in line with regularity, propriety and value-for-money requirements. The Budget must also adhere to the wider public expenditure rules set by Treasury, and, therefore, the freedom to enact some of the national principles set out by the OECD is somewhat limited. In that context, I acknowledge that, as with any process, the Budget process can and should be improved, and the report sets out a number of areas for improvement to align with best national governance practice.

I draw your attention to the progress that we have made in a number of areas since the period that the report covers. I am sure that we will cover those in some detail during members' questions, but, since the inception of the report, the Executive have re-established consultation periods for the Budget, and the Fiscal Council and the Fiscal Commission have been established. In addition, the review of financial process legislation is progressing through the Assembly. It has cleared Committee Stage and is expected to be enacted before April. We are not standing still, and, while progress in some areas may seem slow — indeed, it has been painfully slow in some respects historically — we are determined to move the Budget in the right direction so that it can be better suited to those who wish to contribute to, scrutinise or engage with the process.

The Chairperson (Mr Humphrey): Thank you. Do any of your colleagues want to add anything at this stage? No. Thank you very much for your opening comments. You mentioned the Fiscal Council and the Fiscal Commission. What changes do we expect to see them make to the budgetary process in Northern Ireland?

Mr Boyle: In terms of the Fiscal Council, the fact that we will have independent scrutiny should give a strong level of confidence in the future that the Budget is being managed fully and properly and that we are doing things in the way that they should be done.

With the questions that the OECD principles are asking, I fully expect that the Fiscal Council will reflect the best practice principles that it sees in councils elsewhere. We got a mention — probably more than one — in the report that Sir Robert Chote and the council published on Tuesday, stating that the transparency in the Budget process in Northern Ireland reflects well on us relative to other jurisdictions, particularly Westminster.

In terms of the stand-alone, independent nature of the council, we will have a permanent body that will be able to give us clear, independent advice on the assessment of revenue streams, spending proposals and how those allow the Executive to prepare a balanced Budget. Having that independent take is important. The public reporting on the sustainability of the Executive's public finances and the implications of that in the long term bode well.

A key issue for me on the work of the council is the fact that it is permanent, will look at the longer term for us, and that sustainability is key in that. One of the challenges of the OECD report prepared by the NIAO is the short-term, ad hoc nature of how annual Budgets are operated. The biggest thing will be the onus placed on us to look at the longer term. We welcome that with multi-year Budgets, particularly over the next three years.

The biggest benefit of the Fiscal Commission can be seen when you look at what happened with Scotland and Wales. After the introduction of fiscal commissions there, they assumed greater powers following the setting up of the independent commissions that examined the case for them to have greater devolution of taxation powers. I expect that we will see a greater level of independent thought process about the additional taxation options that are available and how we might leverage them. The Fiscal Commission is much more short-term in nature. It does not have the permanence of the council but will bring in important initial value that the council will be able to use.

Joanne, do you want to add anything to that?

Ms Joanne McBurney (Department of Finance): We are looking forward to engaging with the council. We engaged with it closely as it developed the report that was published on Tuesday. We look forward to engaging with it as it provides scrutiny of our draft Budget.

The Chairperson (Mr Humphrey): How were the commission and council populated?

Mr Boyle: How were they staffed?

The Chairperson (Mr Humphrey): Yes.

Mr Boyle: The process that we went through predates me. I was not there at the time, but best practice processes were followed. The initial look was to both Governments — Westminster and Dublin — for people with the credibility, standing and expertise at an international level who could fulfil the roles on the council and the commission.

A long list was provided. We went through a process of adjudicating and looking at that, whittling it down to those who were best placed, available and wanted to do it. That was the process. I am pleased to see that we have people of the calibre of Sir Robert Chote and Paul Johnson, and other members as well. It was a good process.

The Chairperson (Mr Humphrey): What are the main areas of the Budget process that need to be improved?

Mr Boyle: I will draw my colleagues in on that in a moment, but I want to reflect on something.

I have been interim permanent secretary for just over six months. I do not come from a finance background. I am a non-financial professional. HR and psychology are my main areas of functional expertise, so I like this report and the way in which it asks good, searching questions.

Sorry, could you repeat the question?

The Chairperson (Mr Humphrey): I am asking what the main areas of the Budget process are that you think need to be improved on.

Mr Boyle: I will just finish that wee piece. Part of the issue for me was accessibility and an understanding of the process, what the terminology is and to what extent people who are not accountants and not skilled or experienced in the budgetary process from a government perspective can understand it. Being on this side of the table, with colleagues from the public spending directorate (PSD), I have been very impressed with the extent to which documents such as Budgets and explanation notes are prepared and made available on the internet, whether that is the Budget itself or the Estimates. All those documents are made as simple and accessible as possible. That accessibility is a key piece.

Another key piece is, I suppose, outside our control to a large extent. That is the fact that many of the Budgets over the last number of years have been annual Budgets and the need to move to multi-year Budgets. In this instance, the multi-year Budget is very welcome. That is another major factor.

There is a tone and a thrust about incremental and sustainable change to the overall process. Can we do things better, faster and easier and engage people better in the process? Can there be more transparency so that people have an opportunity to be consulted for longer, more appropriate periods? Due to the nature of what is outside our control, such as getting the spending review outcome when the timescale and consultation process get squeezed, there is an onus on us to try our level best to maximise that time.

Those are some of the main things for me. Joanne, as Budget director, may have something to add to that.

Ms McBurney: Colum touched on the main three areas. We would like more time for consultation. Unfortunately, we are constrained by the UK spending review timetable, but we are aiming for 12 weeks this time; we are very keen to see a full 12-week consultation. That would mean publishing a draft Budget 12-week consultation before the final Budget, which is not always within our control.

Similarly, we are very keen on multi-year Budgets, but we cannot move outside the period of the spending review. There is a multi-year spending review this year, and we would like to see a three-year Budget set in place by that.

Transparency and accessibility are considerable issues for us. We fully accept that government financial information is complex. Some of that is driven by requirements to which we have to adhere, such as legislative requirements, Treasury budgeting guidance and international financial accounting standards. We provide a range of information by way of documents and information that are published on our website and what we provide to the Finance Committee. There are Budget documents and Estimates documents that accompany the Budget Bill. There are statements on the in-year monitoring rounds, which are also on our website. We provide the Committee with monthly forecast out-turns, and

there are departmental reports and accounts. Taken together, those provide a comprehensive view of public finance, but some of the information in those documents is very technical. We are hopeful that the review of the financial process will help to alleviate some of that difficulty through the transparency of allowing you to track figures easily from one document to another, but we need to go further in that respect and are very keen to hear from you and the Finance Committee about how we can help to make that more transparent and more easily accessible.

The Chairperson (Mr Humphrey): I was just coming on to a point that follows up on the question I asked a few moments ago. What actions have you taken to address the issues, and what more needs to be done?

Mr Boyle: It is one thing to say that you need multi-year Budgets, but I have very closely watched the pressure that the Minister has been applying on his counterparts across the water to make sure that we get multi-year Budgets and to stress the importance of that. The Minister has also been stressing the importance of making sure that we get communication as early as possible when a spending review comes across and that there is no undue delay, giving the Executive the maximum time to agree the Budget as quickly as possible and, beyond that, allowing the maximum time for the consultation process. There is a strong relationship management piece between us and our colleagues in GB to manage that. Relationships have been built very well over the last number of years, and I think that those relationships continue to be sustained.

Joanne, do you want to pick up on some of the other practical pieces such as the review of the financial process?

Ms McBurney: The review of the financial process should help to align Budgets, Estimates and accounts, meaning that you can more easily track figures between the three documents. That will be a major improvement. Unfortunately, it has been some time in the doing. It has been a complex piece of work, and it was delayed by the lack of an Executive and Assembly. Hopefully, it will be in place from 1 April next year, so, for the new Budget period, we should be working under the alignment set out in the review of the financial process. The legislation has just passed Committee Stage, so we are hopeful about that. We are also keen to build on some of the areas that were identified by the Audit Office report and to consider the Fiscal Council's views of our Budget and how we can improve transparency.

The Chairperson (Mr Humphrey): Those are things that you are doing. Where are the gaps and the things that you need to do?

Mr Boyle: One of the big challenges has been operating the process as it currently stands. The report flags up the complexity. I watch the level of resource that is required for people to frame and prepare the Budget and to do the monitoring piece. It has not left a great deal of space in which to have a dedicated focus on driving a programme of reform around that. That is why I stressed in my opening remarks the need to be able to — I will not call it "duck and dive" — blend in when times get a bit quieter, which they do not normally do because of the pace with which monitoring rounds come around. It has been difficult to find the space and time to really push that forward. Things take longer to change in the process. The process is very much legislatively set, so it provides only a limited degree of scope for changing that in the way in which we would like. There are limitations in that regard.

That said, we have no intention of sitting on our hands. We understand that the link-up with the investment strategy for Northern Ireland (ISNI), for example, has been problematic. I think that there is an onus on DOF, TEO and colleagues in the Strategic Investment Board (SIB) to develop that relationship in a different way and get those two cycles to align better. That will not be easy. There is no wave of a magic wand that will make that happen. ISNI runs on a 10-year cycle, and Budgets have been either three years or one year, so there is a problem in that regard. It will take more than 12 months or a couple of years for us to change that; it will be a longer-term piece. There is a lot of culture change behind that as well.

The Chairperson (Mr Humphrey): OK. Everyone knows that single-year Budgets are problematic across government. The people who are most affected by one-year Budget cycles are probably those in the community sector. Practically, what will be the difference with the introduction of multi-year Budgets? Perhaps more importantly, will the taxpayer see a difference in efficiencies, effectiveness and whatever when it comes to the distribution of government moneys across Departments?

Ms McBurney: The main benefit of a multi-year Budget is that it allows Departments to plan more effectively. That should allow them to deliver efficiencies. If they have certainty over their budget, they can plan for the next three-year period, which should help them to start programmes that will deliver efficiencies. I am not entirely sure how that will play out for taxpayers, other than that you would hope that they will see improvements in public services if Departments are able to plan more effectively. The issue for us has been that it is not always within our gift to have multi-year Budgets, but it is this year because the UK spending review has set a three-year plan. I think that Departments would prefer to have a longer-term plan, such as five years or beyond, but that is simply not possible when we are working within the constraints of funding from Westminster.

The Chairperson (Mr Humphrey): Is your Department driving the other Departments to make those efficiencies? The Committee has touched on the issue of being joined up before. We hope to meet the head of the Civil Service soon in that regard. Are you working with Departments — I will put it no more strongly than that — to get them to identify efficiencies in government that will benefit Northern Ireland plc?

Mr Boyle: I read the NIAO report on major capital projects, and I was interested in the extent to which multi-year Budgets were the factor for many of those projects being in difficulty. It is a factor, but there are probably about 10 other factors that are as big, and maybe even bigger, multipliers. When you scrutinise that report, you see the reasons for delays, some of which are within our gift and some of which are outside it.

You asked whether we can make efficiencies. Yes, we can. In terms of judicial reviews (JRs), for example, can we change that overnight? Again, it is very difficult to do that. With those efficiencies, yes, we all recognise the different roles that different Departments have to play, and we work together on those, but there is a focus on what we can deliver and what we can change, and the easiest part of this are aspects that are in our control and the things we want to change.

The Chairperson (Mr Humphrey): I will finish with this and then bring colleagues in. The point that I am trying to make is that, previously, when we have had the head of the Civil Service here, we have been horrified to see that there has not been the power — I will put it that way and be diplomatic — to bring permanent secretaries together out of the silos to work in a corporate way.

Mr Boyle: OK. I understand your question.

The Chairperson (Mr Humphrey): Therefore, we want to see more joined-upness across the senior levels of the Civil Service — at your level, Mr Boyle — including the head of the Civil Service, to ensure that there are efficiencies across government that hitherto have not been there.

Mr Boyle: What we are endeavouring to do, particularly through construction and procurement delivery (CPD), which is a part of my remit, is to look — for example, in terms of capital projects — at how the head of the Civil Service and the Civil Service board can get a common view. There are so many big projects and programmes across the piece. With the major ones that will make a huge difference, we need to develop a dashboard based on key performance indicators that will allow a single view as to where those are on at least three or four points in the year so that we, the head of the Civil Service and the board will know what is on track or not on track. That will mean that we can deliver what was promised and, if there are efficiencies associated with that, deal with those in a similar way.

The Chairperson (Mr Humphrey): You mentioned the report on major capital projects. We brought in representatives from the private sector and listened to their concerns, and I am glad that some of the issues that they raised, which we and the Northern Ireland Audit Office report mentioned, were then followed through. The private sector was listened to, and some representatives were put in place. That is good. That is progress. That is the sort of thing that we want to see — the private sector being listened to and government being proactive and addressing the issues. The Committee and I will entirely agree with your point on judicial reviews and how that can at times lead to inertia in Northern Ireland, particularly in government contracts. We share that view. I might come back and ask about CPD at the end, if there is time.

Ms Flynn: Thanks to the panel for your attendance at the Committee today. My first question is about effective scrutiny of the Budget process. It is my view that we need to raise the level of knowledge among MLAs and, indeed, among the public. What are your thoughts on how we could do that a bit

better? That might be a question for the Fiscal Council later. It could maybe play an active role in that regard. What are your thoughts on how we can effectively scrutinise the Budget process?

Mr Boyle: Thank you. That is a very good question. I have been involved in various Departments over the years, and you believe that you have an understanding of how your budget works, what the pressures are and all the rest of it, but, when you stand back and look at the entire Budget at Executive level to see how it all works, it can appear quite difficult to penetrate and understand. The language can be very technical and specific. Nothing takes away from the fact that, at Executive level, the Budget is a complicated thing. That is why we have so many highly qualified people with the various qualifications that finance people need to have. It gives the assurance that money will be properly and well spent.

When it comes to getting information and understanding to a wider population, be that the public, MLAs or civil servants, we need to use different approaches. The Fiscal Council has, in our engagement with it, commented on the very issue that you have just spoken about, so we know that there is a gap. As part of trying to fill that gap, we need to make sure that our education programme puts in place the type of information and support that MLAs require and the type of training that non-financial people in the Civil Service, particularly those in official roles, require.

A lot of that is already in place, but, for the purpose of further reaching out to MLAs and the public, we have a way to go to raise the level of understanding. Part of the issue will be that, given the complexity, the higher you want to raise the level of understanding, the broader you go, and you lose some of the detail. There is a trade-off to be achieved in doing that. I will bring in Joanne and Jeff, who have a closer feel than I do for some of that work on the ground.

Ms McBurney: Thanks, Colum. It is a very good question, and we are aware of it. We have worked — Jeff may want to say more about this — with the Assembly's Research and Information Service (RaISe) on helping it to develop training, and we are keen to build on that. Colum mentioned the skills for non-financial people in Departments. We have an e-learning course on public expenditure that helps to give an overview and highlights the important areas that cannot be ignored. We need to do a bit more, and we are considering that.

Mr Jeff McGuinness (Department of Finance): I will add to that. We have improved the in-year monitoring process and provided more granularity in information on changes to spending area levels in all Departments at each monitoring round. As well as that, the review of financial process will aim to align the Budget and the Estimates that MLAs vote on, and, hopefully, that will also provide greater transparency.

Ms Flynn: Thank you very much for each of those answers. I will finish with two questions. You spoke about the issues with single-year Budgets, and we know that issues arise as a result. The Chair mentioned this earlier. Colum, you mentioned that some of the problems were attributable to other factors. Given, however, that we know that single-year Budgets are problematic, is there anything that can be done practically to prevent some of those issues? Ideally, we will get to the stage of having multi-year Budgets, but in the scenario in which we do not have them, what practical steps can Departments take to reduce the number of issues that recur as a result of single-year Budgets?

Finally — I am not sure that you will be able to answer this — in recent years, there has been a failure to align our Budget with the Programme for Government (PFG). Do you think that there is a benefit to having that alignment? Is it possible to secure that alignment between the upcoming Budget and Programme for Government?

Mr Boyle: Two nice wee questions to leave us with. On the first one, about single-year Budgets, I have seen good maturity across Departments in in-year monitoring. With a single-year budget, the temptation might be for people to hold on to it and try to use it in their Department to do whatever they need to do. What works well in monitoring is that the money can be given up to other Departments to do something of greater value. We have seen that happen and work throughout this year, particularly in responding to the pressures on Health. That is the thing that has struck me most forcibly since I have come in. I will draw colleagues in on that in a second.

Your second question was about aligning Budgets with the Programme for Government. Yes, you need the Programme for Government in place first. If you have that in place first, the process of marrying the Budget to it could very well be done. We are at the stage of the process where the outcomes framework has been developed and consulted on. Final work is being done on the

preparation of a Programme for Government, and it will probably be in place for the next mandate. That process can be done, and I think that it is achievable. I have no question about that in my mind. I will draw colleagues in. They may want to add to that.

Ms McBurney: Yes, certainly. The single-year Budget is difficult for Departments in that they do not have that certainty going forward. They do not, however, have complete uncertainty on the resource side of their budget, where spend tends to be recurrent for things like salaries, utility costs and so on. Departments have a baseline, and, while that baseline could be reduced, it gives them a basis for planning. The nature of capital projects is that we go from a zero baseline, so there is slightly less certainty there, but we commit to providing Departments with enough funding to finish existing projects and to meet their contractual commitments. That gives a little certainty, but, obviously, it is not as ideal as their having a multi-year budget.

We have been engaging with TEO over alignment with the PFG, and we are very keen to align the Budget with Programme for Government outcomes. As Colum referred to, unfortunately, the Programme for Government was not developed prior to the Budget being developed. I think that that is quite simply because there is a legislative deadline for having a Budget in place before the start of the financial year. There is not the same deadline for the Programme for Government, which means that it sometimes slips beyond that period. We are very keen to work with TEO, and, once the Programme for Government is agreed, we will look at that. Aligning Budgets to outcomes is challenging, and other jurisdictions have struggled with that, so I think that it will be an iterative process as opposed to something that will happen with a big bang. We will work towards and seek to improve that. We are definitely very keen to do it and can see benefits from it.

The Chairperson (Mr Humphrey): Mr McHugh, have you rejoined the meeting?

Mr McHugh: Yes, Chair. Can you hear me?

The Chairperson (Mr Humphrey): Yes, the floor is yours.

Mr McHugh: The sound has been coming and going, so there are parts of this session that I have not been able to pick up. I welcome the opportunity to ask a question. Tá fáilte romhaibh, a Cholm agus Joanne. A Cholm, bhuaile mé leatsa inné fosta. It is nice to see you again, Colum, having met you yesterday at the Finance Committee. Can you still hear me, Chair?

The Chairperson (Mr Humphrey): Yes.

Mr McHugh: Colum, what is your assessment of how the Fiscal Council can play a role in reforming the Budget process? My question is in the context of what you said about your background and the difficulty that one might have even understanding Budgets. I have a background in economics and accounts, and I still find them very difficult to get my head around in every respect.

Mr Boyle: Thank you for that. For me, the Fiscal Council is a very welcome introduction at this time. Earlier, I mentioned its independence. It is more about setting out, first, what the baseline is and how all of this works in the background. The paper that the council produced this week sets out what the Budget process is like, where all the income flows into the Executive's finances, how that is used and how we compare with other regions. It is an easy enough read, and I do not think that you need to be particularly trained in any financial area of government to understand it. There are very some interesting pieces of data and comparisons with other parts of these islands. The next stage that the Fiscal Council will look at is its view of the Budget, not just from the point of view of how well it balances the books, as it were, but from the point of view of how sustainable it is for the Executive's finances. That will be an interesting perspective with regard to people's understanding of how public expenditure per head here compares with that of England, Scotland and Wales, for example. Those kinds of scenarios give people food for thought, and they bring into the public domain wider considerations that people may not have thought about particularly, whether that be expenditure on public services, social security benefits or pensions and so on.

Beyond that, and taking into account what comes through from the Fiscal Commission, are there other things that the Executive could do by way of revenue-raising powers to support Budget sustainability? What is available to them, what do they want to do, what should they do, and what additional financial leverage will that give them with regard to some of their future funding priorities? There is a lot to be gained from that for the ordinary person on the street, for people who are in government and for those

in a representative role, such as members of the Committee. The intelligence and comparative intelligence that that will bring are particularly critical. You might want to reflect on that as well, Joanne or Jeff.

Ms McBurney: I think that you have covered it. We are looking forward to the council's reflections on our Budget process. We hope to learn from those.

The Chairperson (Mr Humphrey): OK. Is that you, Mr McHugh?

Mr McHugh: I am sure that it will be a task for the likes of the Fiscal Council to present that type of information to MLAs and the general public. Given that there is an election in May 2022, and we do not yet have an agreed Programme for Government, will the need for the Budget to be aligned to the Programme for Government be an additional hurdle in many respects?

Mr Boyle: I did not catch the tail end of your question, sorry.

Mr McHugh: Will it be an additional hurdle for the likes of the Fiscal Council to present information if the Programme for Government needs to be aligned with the Budget?

Mr Boyle: I think that the Fiscal Council will be able to make its analysis on the basis of what it has. It will understand what the draft outcomes framework looks like as well. It will have all that information. Each Department has signed a memorandum of understanding for the Fiscal Council to get that information, so it will have whatever it needs to make that judgement. I have no doubt that it will have a positive view on the benefits of linking up the Programme for Government with the Budget so that people can see the process the whole way through to outcomes and understand what the money that was poured in actually achieved.

Mr McHugh: Thank you.

Mr Beggs: Thanks for your answers so far, Colum. I want to concentrate on one of the most critical aspects of the report with regard to how the budgetary process operates. OECD principles 4 and 5 are:

"Ensure that budget documents and data are open, transparent and accessible",

which indicates that substantial work is required, and

"Provide for an inclusive, participative and realistic debate on budgetary choices."

Again, the Audit Office report indicates that substantial work is required. Do you accept that there is poor public engagement in the process at the moment?

Mr Boyle: That is a really interesting question. The OECD principles are best practice principles. Do I accept that engagement in the budgetary process is poor? No, I do not accept that. A lot of energy and effort goes into it. Do I accept that there is a lot of scope for improvement with regard to the best practice principles? Yes, I do. That is a different thing and a different measure. Measuring against best practice, we have a way to go. How well are we doing relative to other jurisdictions? If I look, for example, at Westminster, I see that there is no public consultation. If I look at Wales, I see that there is no public consultation. I think that it is the same kind of scenario in Scotland, where there is limited public consultation. I am looking at where we sit relative to those jurisdictions. You can ask Robert Chote that question when you speak to him later. You will find that, in the paper that he issued on Tuesday, he commented that, in some ways, we are more transparent here than they are at Westminster.

With regard to the outreach here across Budgets over a number of years, I agree wholeheartedly that we can do more in relation to best practice principles. Relative to some of our neighbours, however, we are not doing too badly at all, so I would not go as far as you in that criticism.

Mr Beggs: Will you compare the process today with what it was like at the start of the Assembly? In the early days in particular, the draft Budget was usually made public in September. Then, after public discussion and debate, there was a take note debate in the Assembly in October, and the Budget was finalised in December. All along, the public had an idea of how the Budget was going to impact on

them, and they had an opportunity to lobby. Do you accept that that process enabled much greater scrutiny by Committees and the public of the Budget process? Furthermore, an advantage of the Budget being finalised by December was that non-departmental bodies had at least three months' notice of their new budget and could prepare. We have got into the habit of finalising the Budget very late, which forces others to make rash decisions that do not make good use of public money.

Mr Boyle: Our Minister shares that frustration, and, as officials, we share the frustration that we do not get the spending review information early enough to allow us to have the full level of consultation that we would like. We looked at what the report said about Budgets over a number of years, and the 12-week period that we would like has been significantly eroded.

I was not in this role at the beginning of the Assembly's life. My colleagues will have a longer-term view and may be able to give you a more lived reflection on how that has panned out.

Ms McBurney: I have been around that long, not in this role but involved in the Budget. The time frame that you set out is our ideal. We would like to get back to a draft Budget in September and a final Budget by Christmas. You are absolutely right in saying that that gives Departments and public bodies time to plan effectively.

Unfortunately, as Colum said, we are very much constrained by the UK spending review. In the days when we had the draft Budget in September, we had a spending review in the summer, usually around July. This year, the spending review was not announced until 27 October. Last year, it was on 25 November. That constrains the time available for the Executive to agree their draft Budget, and that has a knock-on effect on the time for consultation and the timescale within which the final Budget is agreed.

If it was up to us, and we were not constrained by the spending review, a September date for a draft Budget would be ideal. A draft Budget should still be published, and there should be a take note debate, led by the Finance Committee, to allow proper public consultation. We are aiming for 12 weeks' consultation this year. We managed only five and a half weeks last year, but we still had that consultation and engaged fully with key stakeholders and the Finance Committee. It is not an ideal timescale. Unfortunately, it is largely outside our control.

Mr Beggs: The Scottish Government still produced an earlier draft Budget with a warning that it would have to be adjusted and fine-tuned when the final figures were announced. However, they already had indications of what their Budget would be, and they published accordingly. Why do we not do that?

Ms McBurney: We do not know what our Budget will be until the Treasury tells us. We are also constrained by legislation. Under the Fresh Start Agreement, section 64 of the Northern Ireland Act was amended to state that the Finance Minister must, 14 days before he lays a draft Budget, set out the level of UK Government funding as notified by the Secretary of State. The Secretary of State does not notify us of that funding until after the spending review, so we cannot publish a draft Budget until at least 14 days after the spending review outcome. It is usually slightly longer because it takes a couple of days for the Secretary of State to write.

Mr Beggs: The Audit Office reports states:

"The Committee for Finance and Personnel highlighted in its 2008 report that there was a 'general difficulty in obtaining detailed information to enable sufficient scrutiny and prioritisation'."

Do you accept that that was a problem then and is still a problem today?

Ms McBurney: We engage fully with the Finance Committee, so I hope that that is not seen to be a problem now. We encourage Departments to engage fully with their Committee before and after the Budget. We cannot compel Departments to do that, but we make it clear that that is what we expect them to do. We encourage them at every opportunity, and we put in our correspondence that that is what should happen, so, absolutely, Committees should be getting full engagement from Departments.

Mr Beggs: The report states:

"An Assembly Research Paper in 2017 noted that three of the nine departments did not supply budget information to their respective Assembly committee prior to the 2017-18 budget announcement as required. A fourth said that it would not be able to provide any information on the budget until after the final budget had been issued."

If that is happening, how is there consultation and feedback with the scrutiny Committees and a taking on board of their views?

Mr Boyle: We cannot compel Departments to do that; they are legal entities in their own right. We can advise, recommend and guide them. We set a direction that we would like them to follow. There is scope for improvement. We acknowledge that, and we did so in the report and in my opening statement.

Mr McGuinness: One of the issues that Committees have come across is that it takes time after the publication of a draft Budget for Ministers to make decisions on exactly where the funding will go in their Department. It takes a little while for the detail of that spending to be sent to Committees. There is a little bit of process in there as well. On the in-year monitoring side of things, the legislation now requires Departments, within seven days of providing returns to DOF, to report those returns to their Committee. We have improved that element of the process.

Mr Beggs: There was a recommendation by the Committee for Finance and Personnel at the time. I might even have sat on the Committee at the time; it is that long ago. The current Finance Minister sat on it and may even have been its Chair; I cannot remember. The recommendation was for the Assembly and Department of Finance and Personnel to develop a memorandum of understanding, including a timescale for the provision of Budget information. However, 12 years and seven Budgets later, that still has not been provided. Will you be able to do that next year, when you will know well in advance what your expenditure will be?

Mr Boyle: I hope that we will be able to put that in play, and it is our intention to do so. When I read the report, I looked back to find out what had happened over those 12 years and seven Budgets. There had been a lot of difficulties in securing the agreement required for that memorandum of understanding. There were various attempts to do that over the years, and none proved successful. There is a challenge for us to put that right, and we accept that challenge.

Mr Beggs: My understanding is that the report was unanimously agreed by a cross-party Committee, so I am curious about why it did not make it through the Executive. I take it that the problem was at the Executive.

Mr Boyle: Joanne, you were there at that stage.

Ms McBurney: Jeff may wish to come in on this. Work had progressed, and we were close to getting the memorandum of understanding. It was to be a memorandum of understanding not only with DOF but between all Departments, which needed ministerial approval. Yes, that had to go to the Executive. We were almost there when the Executive collapsed. We have picked up work again since restoration, but, with the agreement of the Assembly Research and Information Service and the Clerk to the Finance Committee, we paused that pending the outcome of the Audit Office and PAC reports, because we hope to incorporate any findings from those in the memorandum of understanding. We want to progress it, and we aim to do so rather quickly now.

Mr Beggs: Thanks for that. Another of the 2008 recommendations was that there be a critical evaluation of all programmes and resources within the baseline budget of Departments and how they supported the Programme for Government. That was to enable people to prioritise. Will that happen this year? Has there been a critical evaluation of all current programmes?

Ms McBurney: That would be a very large piece of work. The starting point for that would have to be an agreed Programme for Government against which to prioritise when asking Departments for information. Getting into all Departments and looking at every programme would be a large piece of work, and we would need a Programme for Government to identify the outcomes that we were prioritising against. Then, we would probably need to do that on an iterative basis, looking at it Department by Department. We are not resourced to be able to do that quickly, but it would be worthwhile.

Mr McGuinness: That is from a DOF perspective, but, because Departments require more funding than they have, that critical evaluation sometimes happens in the Departments as they prioritise their top spending and try to reduce costs where programmes may not have been as effective as originally suspected. A little bit of critical evaluation goes on in Departments as well.

Mr Beggs: If we have a Programme for Government and an outcomes-based Budget, however, should we not assess what the outcome was by looking at previous expenditure and programmes, if those are still being included?

Ms McBurney: Yes, as we move towards outcomes-based budgeting with an outcomes-based PFG, that is absolutely what needs to happen. It is an iterative process, however; it will not happen overnight. Other jurisdictions have struggled with outcomes-based budgeting and alignment with their Programme for Government, so we need to work through that. We are engaging with TEO on how to do that, and we will engage with them fully, once we have the agreed Programme for Government.

Mr Irwin: Thank you for your presentation. A number of members mentioned difficulties with single-year Budgets. Why is there so little flexibility to move resources between years? It seems that, by not being able to move some resources, Departments have to either spend the money or lose it. In my eyes, that is not the best way of delivering the best outcome for the finance.

Mr Boyle: We share the frustration behind that question, but a Budget exchange scheme has been set down for us by the Treasury. I will let Joanne explain some of the mechanics of that, but we really do not have much wriggle room with it at all.

Ms McBurney: Treasury controls our funding. We are allowed to carry forward only a percentage of our final resource and capital Budgets from one year to the next. That is very limited. It is usually around £60 million on the resource side and — I am looking at Jeff for confirmation — around £20 million on the capital side.

Colum is right: we absolutely agree with you that that does not lead to sound budgetary planning because the problem that we should use it or lose it is inevitable as we aim to get the Budget out. We aim to remove some of that through the in-year monitoring process, which allows Departments to give up funding that they cannot spend for the originally intended purpose and for us to direct it to higher-priority areas. That is one of the purposes of the in-year monitoring round, but, yes, it would certainly be easier if we did not have that restriction on moving money between years. That situation exists, however; Treasury has put it in place so that it can manage its own finances.

Mr McGuinness: The Budget exchange scheme for resource is limited this year. It is 0.75% of our overall resource DEL Budget, so it is a very small amount that we are allowed to carry forward.

Mr Irwin: OK. Thank you. It just does not seem rational in my eyes, however, and I have been in business all my life.

The Chairperson (Mr Humphrey): Is that you finished, Mr Irwin?

Mr Irwin: Thank you.

Ms Hunter: I hope everybody can hear me OK. You are all very welcome this afternoon. Thank you for being here.

A number of points that I wanted to raise have already been raised. I agree with Órlaithí's point about the need for improved education for incoming MLAs and things like that. If you are not from that professional financial background, it can often be difficult to break these things down.

My question refers to something that I touched on last week, which is also in the report. There can often be difficulties understanding Budget allocations given that some of the descriptions are at quite a high level. For example, for Health, £3.6 billion is allocated to hospital services, but, oftentimes, it can be difficult to understand which programmes and projects that money is going towards, whether that be mental health or cancer services, for example. How do you plan to improve the level of detail in Budget documents in order to facilitate more detailed scrutiny? Thank you.

Mr Boyle: Thank you for your question. Joanne, do you want to lead on that?

Ms McBurney: That is a very valid point. If you look at other Departments, you will notice that there is variance in the level of detail that they each go into. We call the detail that is published a spending area or the service level. As we work through the review of financial processes, we have been working with Departments to try to make them more clear. There is a balance between getting meaningful descriptions that show where the money is going and getting down to too low a level of detail, which results in large documents that people do not want or are not able to read. You are absolutely right that there is a balance there.

Jeff, you might want to come in about some of the changes that might happen.

Mr McGuinness: In the review of financial processes, where we are trying to align Budgets with Estimates, that will align the spending areas of each Department. As we do that, there will be increased transparency so that a number of Departments can provide a little more granularity in the detail. You will be able to see in the Estimates document that particular spending area broken down a little bit further by the different areas, whether it be a grant payment out or different elements of spending. Those two documents may not provide as much detail as some people want. That is why we encourage Departments to produce more detailed spending plans that they publish on their website.

The Chairperson (Mr Humphrey): Is that your questioning finished?

Ms Hunter: Yes. Thank you, Chair.

The Chairperson (Mr Humphrey): Mr Boyle, I asked a question at the outset about joined-upness across government. It is fair to say that when your predecessor appeared in front of the Committee, she expressed her extreme frustration about how the Northern Ireland Civil Service (NICS) worked, and you know that she has subsequently returned to the Imperial Civil Service in London. One of the impressions that we were left with was that that frustration was due, in part, to the lack of joined-upness. I note that, in response to a question from Mr Beggs, you said that your Department cannot compel Departments and that only six of the nine Department have returned figures and projections and so on. That is the crux of the question. You can move to three-year Budgets all you like, but what if the other Departments do not provide the figures? I asked the Comptroller and Auditor General last week about Her Majesty's Government and the block grant for Northern Ireland. The block grant for Northern Ireland is currently £5.8 billion, which equates to £8,400 per head of the population. It was stated that, due to the COVID pandemic, £1.7 billion of that is more than comes than usual. Her Majesty's Government provide the Northern Ireland Executive with £15.8 billion. The Committee's concern since the return of these institutions in January 2020 has consistently been that there is not sufficient joined-upness in the process that would to allow the efficiencies of government to actually work.

The former head of the Northern Ireland Civil Service gave evidence to us saying that he did not have the power to compel the permanent secretaries around the table, and many of us thought that that was extraordinary. I think that those powers reside with the head of the Civil Service in Scotland. We will put these questions to the head of the Civil Service when she eventually appears in front of the Committee, but surely it is absolutely imperative that someone in the Northern Ireland Civil Service takes responsibility for ensuring that those figures — nine sets of figures, returns or whatever — are produced to allow your Department to make those projections or whatever. Someone needs to take responsibility and have the power to compel, otherwise all the changes that we have talked about, which people welcome, in terms of multi-year Budgets will not amount to a row of beans if people do not cooperate.

Mr Boyle: That is an important point. I will comment on the view of my predecessor. I take a different angle on that, for two reasons. One of the things that I was very taken by in the Fiscal Council report that it issued on Tuesday was the extent to which Treasury and Number 10 call the shots, which they do. It is much easier in that environment, where the system of government is very different than it is here. Where you have a five-party coalition, the collaborative nature of what is required to pull a Budget together is a very different thing. I will maybe suggest that it would be worthwhile for the Committee to test the ground around that with Sir Robert when he is here. He has made that point to us.

The Chairperson (Mr Humphrey): Is it complicated not just by civil servants but the fact that it is a five-party coalition?

Mr Boyle: It absolutely is complicated, and, if you were sitting in Westminster, you would be able to call the shots and say, "That's where the money is going. We are the Conservative Government. We have the majority. That's the way it's going to be. Suck it up", but that is not the way it is here.

The Chairperson (Mr Humphrey): Yes, but that does not address the point about the Civil Service. That answers the question about the politicians.

Mr Boyle: It is the Executive's Budget at the end of the day. The Civil Service has to work within the constraints that that sets for it. Again, you cannot have a situation where we sit at the centre and say, "Well, let us have that back from that Department and that back from that Department". That is not our call. There has to be collaboration when doing that. That is how it has been framed. I understand my predecessor's frustration, given what she came from and what she sees, but it is a product of the system that we have.

The Chairperson (Mr Humphrey): From your knowledge and your Department's work, is there a similar situation elsewhere? There is a de facto coalition in Scotland.

Mr Boyle: Scotland does not have siloed Departments in the way that we do. Departments there are set up differently. They work off thematic bases, and accountability works differently there. They are able to work much more fluidly in trying to deliver outcomes. They will have a level of frustration with how some of that works as well, but they have a different level of government from us in how that operates.

The Chairperson (Mr Humphrey): You mentioned CPD. We are talking about efficiencies in government. Mr Beggs made this point, and I remember when your current Minister was the Chair of the Finance Committee and I sat on it that issues like the performance and efficiency delivery unit (PEDU) were discussed. PEDU went into Departments, or sections of Departments, in order to consider efficiencies, economies of scale and so on. I will give you an example that relates to CPD. I sit on a couple of school boards of governors. There is huge frustration out there with CPD. People are having to get tenders and quotations, but that does not necessarily mean that things are delivered in a much more efficient or cost-effective way; it actually drives prices up. That is the first point that I would like you to address.

The second point is this: how do companies that are not on the official list to be approached for competitive tendering get on to that list?

Mr Boyle: I am not involved in the day-to-day running of CPD. I am not pleading the Fifth —

The Chairperson (Mr Humphrey): No, I am not suggesting you are, but you are responsible for CPD.

Mr Boyle: Absolutely. In addressing where CPD has been and where it is going, we have had a bit of a changing of the guard in CPD. The report on capital projects was very important, and CPD sat up and took a lot of notice of it. The Minister came along with, I think, a very strong finance background, and you made comments about his chairing role in the Committee and so forth. He has been very focused on making sure that CPD really does focus in a different way on procurement. He set his stall out very heavily around how he wants the Procurement Board to work. He wants to make sure that the Procurement Board has the right people from the public sector, in terms of the centres of procurement expertise, but also has private-sector involvement and involvement from third-sector voluntary and community people. That is also very important. He is adamant that we will be more accountable than we have ever been before; that we need to reform; that we need to put in place the new set of key performance indicators that that report was looking for; and that we need to manage pipelines from procurement in a very different way. We are doing a lot of work with SIB to help us do that. Reputationally, there is maybe a view from some outsiders that CPD is bureaucratic and slow to act. There are criticisms of CPD that it is a beast that is changing. It will take a bit of time to change it.

I assure you that the change is being driven, and there is a new chief executive of CPD who is very hungry to drive that and is very able to do it. We continue to be locked in with Cabinet Office and Westminster best practice. For example, I am looking at the calibre of accreditation training that people are getting in procurement expertise. I am looking at the project delivery profession that is being built across the NICS to make people much more au fait with managing those projects and big programmes and so forth. I am also looking at commercially accredited training that people are doing so that we know we have the wherewithal to manage and deliver the big contracts with contractors

that maybe could have blinded us with science in the past. We think — it is not even think, we know — that we are on the right path to developing and building that sustainable knowledge inside the Civil Service. It will take a bit of time to get to where we want to be, but that is the path that we are on.

The Chairperson (Mr Humphrey): We are not the Finance Committee, and that is not my role, but I hope that the Finance Committee will pay particular attention to that. I welcome what I have just heard; it is long overdue and much-needed. Thank you for that.

All members who indicated that they wanted to ask questions have been given that opportunity. Mr Donnelly, do you have any comment that you want to make?

Mr Kieran Donnelly (Northern Ireland Audit Office): Not at this point, Chair.

The Chairperson (Mr Humphrey): Mr Stevenson, do have any questions or comments?

Mr Stuart Stevenson (Department of Finance): Nothing from me, Chair. Thank you.

The Chairperson (Mr Humphrey): Mr Boyle, Ms McBurney and Mr McGuinness, thank you very much for your time. I wish you well.