



Committee for Finance

# OFFICIAL REPORT (Hansard)

First-day Brief: Department of Finance

14 February 2024

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Mr Matthew O'Toole (Chairperson)  
Ms Diane Forsythe (Deputy Chairperson)  
Dr Steve Aiken  
Mr Phillip Brett  
Miss Nicola Brogan  
Mr Gerry Carroll  
Mr Paul Frew  
Miss Deirdre Hargey  
Mr Eóin Tennyson

**Witnesses:**

Mr Neil Gibson	Department of Finance
Ms Joanne McBurney	Department of Finance
Mr Tony Simpson	Department of Finance

**The Chairperson (Mr O'Toole):** I am delighted to say that, in front of us, we have the permanent secretary, Neil Gibson, who has waited a long time to give evidence to the Assembly. Welcome, Neil. In addition, we have two directors from the Department with us: Tony Simpson — hello, Tony — and Joanne McBurney, who is no stranger to the Finance Committee. Joanne is the director of the public spending directorate, and Tony is the director of strategic policy and reform. First, thank you very much for promptly providing the first-day brief, for corresponding with the Committee Clerk and for being here in what is a very busy week for you. Before we get into questions, Neil, I ask you to give us an opening statement.

**Mr Neil Gibson (Department of Finance):** Thank you Chairperson, Deputy Chairperson and members. It is pleasure to be here. As you said, Matthew, I have waited for some time to get this opportunity, so it is great to be here, and I very much look forward to working with all of you on the Committee. Some of you were very much involved with our finance briefings during the period without an Executive, and I hope that you felt well informed and briefed during that period. We will continue with that full engagement with the Committee in answering any questions that you have today.

The finance portfolio is, obviously, an incredibly wide brief, and you will have seen from the first-day brief that there are a lot of detailed issues across a broad range of areas. I cannot do justice to those in any opening statement, but I want to put on record my thanks to Civil Service and public-sector colleagues across the piece for their work over the past number of years without an Executive. In particular, as the permanent secretary in the Department of Finance (DOF), I thank my senior colleagues who are here today and, indeed, all the staff in DOF for the work that they have done in the past two years. It has been a challenging time. The world has been changing during that period, which

has brought all the pressures that, I am sure, you are all very aware of and that, I am sure, we will discuss. That has put a lot of pressure on the Department and the services that it delivers to make sure that other Departments can function effectively alongside its role in central finance.

We have managed — I hope that this will help us going forward — to maintain strong relationships across all Departments and, indeed, with colleagues in the Northern Ireland Office (NIO) and the UK Government (UKG) in the conversations that have happened over the last two years. It is, obviously, very early in the new mandate, and it is important to say regarding some of the decisions that we have had to take and the urgency of some of the matters that we will have to consider — I am sure that we will speak about them today — that that is not how, we hope, things will operate in future. Timing is working against us in order to close out this year and get into next year's Budget.

From the Department's point of view, we continue to work on a number of strands of the sort of transformation journey that you would expect the service to be going on, whether that is around the estate that we manage, the shared services that we provide or the finance functions that we deliver. I look forward to engaging with you all this afternoon on questions and, indeed, over the coming weeks and months with all the officials. We tried to make the first-day brief as concise as we could on the most pressing issues, but it does not do justice to the work of the Department, and I am sure that we will pick that up in questions.

**The Chairperson (Mr O'Toole):** Thank you very much for that, Neil. Before we go to questions, as Chairperson of the Committee — I am sure that others will agree — I pay tribute to the hard work of your officials, who have had to deal with a political vacuum and all the vacuum that has flowed from that, with the resulting difficulties and, of course, stress as well as the stress for many of them from not having a pay rise. You are responsible for that, and we will come on to that in substantive policy terms. That has not been easy to manage.

We will go round and take some questions. I will ask a couple of questions first, but, if members are content and it works for you, Neil, I suggest that we have a concentrated series of questions on the financial package, which, I think, is the most immediate thing that colleagues will be concerned about. After that, we will fire a load of things at you. We will do it in order, but, if members are content with that, we will go round and ask about the financial package first and then have a second series of questions. That will probably be more structured and more useful for you.

First, Neil and others, were you surprised by the contents of the letter from the Treasury?

**Mr Gibson:** No, I was not surprised at the content in its overall structure. Much of that had been trailed in the engagement that occurred, particularly around the December period. There is always a bit that you are awaiting, however. We did not get it until yesterday, just before 11:00. There was particular language and the way in which certain elements and areas of it were phrased, and, as you will have seen, the Minister has already written back swiftly on some of the areas that caused her greatest concern. As always with these things, there is a bit more in the detail, but a lot of the overall components of the package were very familiar from the material that was provided in December.

**The Chairperson (Mr O'Toole):** There appears to be a bit of disagreement, or it may be a difference of interpretation, in the letter of 5 February from the Executive — or from the First Minister and deputy First Minister, I am not sure which; you may be able to clarify. Under the heading of 'Sustainability Plan', the letter states that officials will commence:

*"the process of developing a sustainability plan, which will include a focus on:  
A Productivity Plan;  
Long-term (budget) Planning;  
Additional Funding (Revenue Raising and other sources)"*,

but there seems to be a bit of disagreement among Ministers about whether they had committed to revenue raising as part of the package. You were in the room at Hillsborough before Christmas. Was revenue raising agreed to as part of the package between the then prospective Executive and the UK Government?

**Mr Gibson:** Certainly, revenue raising was always mentioned as one aspect of those conversations. The reference to a sustainability plan was obviously a big piece of that, as the Minister has written. The expectation was that any conversation on how Northern Ireland's finances could be put on a sustainable footing would require consideration of all matters of money coming in from whatever

source and decisions that were taken. It is only in the detail of the letter that it is spelled out as a revenue-raising component and there is separate mention of the sustainability plan.

**The Chairperson (Mr O'Toole):** The letter went from the Executive on 5 February, and a letter came back from the Treasury yesterday: that is an eight-day gap. The letter from the Executive mentions revenue raising, so were Ministers agreed, before yesterday's letter arrived, that a work programme would begin on revenue raising? I ask because the letter says that officials will commence:

*"the process of developing a sustainability plan that will include ... Additional Funding (Revenue Raising)".*

**Mr Gibson:** It is for Ministers to say how they interpreted it, but the language that is set out there is in the context of a sustainability plan. Of course, the Executive make revenue decisions every year on rate setting or whatever, so any long-term look at Northern Ireland's finances would have to consider all sources of revenue that come to it, whether locally generated or coming through the UK grant. You will notice that revenue raising is in the same bullet point as "other sources" of income, which would potentially come from other funding streams.

**The Chairperson (Mr O'Toole):** Borrowing and things like that.

**Mr Gibson:** Yes.

**The Chairperson (Mr O'Toole):** Just to be clear: at any point, have you or your officials been instructed by a Minister, directly or indirectly, to begin work on revenue raising so far?

**Mr Gibson:** No.

**The Chairperson (Mr O'Toole):** OK. That is useful.

I was slightly surprised that the letter from the Minister to the Treasury does not mention a new fiscal framework. The 5 February letter mentions a fiscal framework, but the letter that went from the new Minister to the Chief Secretary to the Treasury yesterday does not, so it does not get into the detail of Barnett or backdating Barnett. Is there a reason for that?

**Mr Gibson:** It is largely expediency, due to the timing of when the letter came in and the most immediate questions that the Minister wanted to raise specifically. The key part of the letter was to ask for an urgent meeting in which all matters would be considered and discussed, including the fiscal framework that was previously laid out. As you can see, the letter went back swiftly that day, given that the Executive papers were being discussed tomorrow. In order to get the papers in a position to issue for the Executive to consider, a couple of important and pressing points needed to be made, specifically on public-sector pay and the revenue on it.

**The Chairperson (Mr O'Toole):** So it is without prejudice to the Executive taking a position on the fiscal framework that they are asking for.

**Mr Gibson:** Yes.

**The Chairperson (Mr O'Toole):** OK. That is helpful to know.

For clarity, it is important to get the sequencing right. The letter from 5 February has a section titled:

*"Fair funding with a fiscal floor",*

which starts: "The financial package states". Was there a financial package at that point? I am interested in finding this out: from the Department's perspective, when did a financial package exist? A paper was presented before Christmas. At no point was that published. I understand that you were legitimately asking the Treasury to publish it, but, on 5 February, the letter says, "The financial package". There appears to be a period in which it is Schrödinger's financial package: everyone seems to be aware of something, and it is being called "a financial package", but nothing had come from the Treasury. From your perspective, on what date was the financial package agreed?

**Mr Gibson:** Our only confirmation of the figures in any detail was provided yesterday just before 11.00. That is when we got the official confirmation from the Chief Secretary to the Treasury. As you rightly point out, many numbers were raised in discussions in December, and we certainly had working assumptions, but, until that letter arrived yesterday, there was nothing. Indeed, that is why the Executive papers only came when they did last night: we were still awaiting that formal clarification of what the package contained.

**The Chairperson (Mr O'Toole):** I will move on to let others in, but, briefly, from your perspective as officials, would it have been better to have had it written down earlier? I am not asking you to make a judgement on the politics of when or if an Executive reformed, but would it have been better to have had it nailed down a bit earlier?

**Mr Gibson:** It is difficult to answer that in a way, because, obviously, what goes into it is a political negotiation. We can react only to what we are given when we are given it. We are all aware, from statements that Ministers have made, of the number of issues that were being pressed, debated and discussed in those meetings. In one sense, of course, it is always good to have as much time as you can, but you have to recognise that it is a political negotiation and, therefore, items are changing all the time. We certainly did all that we could to press at official level for clarity on any of the items that were already being mentioned.

**The Chairperson (Mr O'Toole):** I have a final question, and then I will bring in the vice chair and others. Presumably, your first item of business with the new package is sorting out public-sector pay. Do you have a sense of a target date for when you will be able to strike that deal in the negotiations for which you are directly responsible?

**Mr Gibson:** The Minister has put forward Executive papers for discussion tomorrow, so it is not appropriate for me to talk about that, but, once that conversation is complete, we will be able to provide you with more information on that.

**The Chairperson (Mr O'Toole):** Thank you. I will bring in the vice chair, Diane Forsythe.

**Ms Forsythe:** Thanks, Mr Gibson and officials, for being here today. I turn to the letter that came through about the funding set-up for Northern Ireland. My party colleagues — predominantly our deputy leader, Gavin Robinson — have been speaking a lot over the past year about the need to change the funding model for Northern Ireland. It is good to see that being addressed. When it was coming through, did you have an expectation in the Department that it would be backdated to the beginning of the comprehensive spending review?

**Mr Gibson:** We provided data and analysis as to the implications of that, but there was no expectation that that would be the case. The important piece of the evidence that we provided was on the implications of that different level of need for the overall financial position.

**Ms Forsythe:** I want to follow on from what the Chair said. That was not explicitly mentioned in the Minister's letter. Will the Department follow that up again as we look at the model?

**Mr Gibson:** We might think of it as baselining in terms of a fiscal floor; in other words, it is about being certain, as a devolved region or Administration, that your available funding never falls below that level of need. That is an important part of any conversation about what a legitimate fiscal floor would be. There are one-off pots of money in the deal. If you add them in, that makes a difference to the funding that Northern Ireland has, but it still does not commit to any long-term level of funding at any agreed fiscal floor.

A debate remains about what a legitimate fiscal floor would be, but, assuming that you had a fiscal floor, the acceptance in the deal, as it is being presented, is a recognition of Northern Ireland's higher level of need. That precise level can be debated, but it remains a possibility in the way that the deal is set out. In fact, as it is currently set out, Northern Ireland would slip below that level of need once the one-off package runs out. Ensuring that a proper fiscal floor is in place and is baselined in, so that Northern Ireland does not fall below that, is something that the Minister will want to engage on during the conversation around a fiscal framework.

**Ms Forsythe:** To be clear, is it your understanding that, once we go beyond the combined effect of being funded to the 124% definition plus the two financial years with the one-off payments, we will see a significant plunge for financial year 2026-27?

**Mr Gibson:** Yes, that is the case. Amplifying the challenge of that is the fact that, because those are one-off pots of money, the Executive's ability to make long-term funding decisions is hampered by knowing that those pots will end. Without any further top-ups, the data that we have at the moment suggests that, at the end of those two years, Northern Ireland would fall below a level of need as defined at 124%, which, as I said, is open for discussion.

**Ms Forsythe:** In the light of that, is it the Department's view that perhaps revisiting the significant underfunding in the previous two years, going back to the beginning of the comprehensive spending review, could bring us forward in addressing the position for 2023-24 at the appropriate rate and put us in a better position as we hit 2026-27 and beyond?

**Mr Gibson:** Certainly, in the deal, the figures for this year provide funding towards the overspend from last year and this year. It is for the Minister to decide the extent to which that is a key component of the debate and discussion. It is definitely fair to say that we all have experience — I am sure that you will have it through your constituents — of what it has been in the past two years, so there is a discussion to be had about what happens in an economy in which funding falls below its level of need. That perhaps gives a little insight into what it could look like if that situation were to arise again.

**The Chairperson (Mr O'Toole):** I will move on, but should we not have put that in the letter? If the core point is that we need to backdate the 124%, I worry that some Treasury official reading that letter will say, "Well, your first letter back didn't even mention 124%, so you're now asking us to concede this point". Given that we know that they — not necessarily the Treasury officials but certainly the Tory Government — are not to be trusted, are you worried that there is a risk that they will say, "Well, in your very first letter back, you didn't mention 124%, let alone backdating it"?

**Mr Gibson:** A fiscal framework is mentioned in the original letter. It is important to state that, in the first letter, the UKG have said that they are willing to engage on a fiscal framework conversation, and, certainly at official level, we have been clear that a fiscal floor or the level of funding would be part of that conversation. While there may be an argument about whether we should take anything as a given, a conversation about a fiscal framework cannot not involve a conversation about what a reasonable fiscal floor would be.

**Mr Carroll:** Thanks for your presentation. Raising additional revenue is a wider debate, but it is mentioned in the letter from the Treasury. I am concerned that it is a one-way street and that the only measures that have been considered or suggested are water charges, tuition fees and other forms of pain for working-class people. Corporate taxes are at record levels here, but tackling that is rarely discussed. I will come to that with a wider question.

Neil, you were at many or all of the discussions about forming a Government and a financial package. Did parties make it clear that they were opposed to revenue-raising measures such as water charges and prescription charges? Was it made robustly clear to the British Government that the parties were against those suggested ideas, or was it vague? Was there much challenge at all to those ideas?

**Mr Gibson:** In any of the conversations or meetings that I was in, very clear positions were taken on a recognition of the conversation that needs to take place about long-term financial sustainability. We have mentioned fiscal floors and other aspects of that. I certainly was not at all of the meetings, but, in the meetings that I was at, very strong positions were taken about cost-of-living impacts and the situation that households and businesses find themselves in.

**Mr Carroll:** I appreciate that that was a very diplomatic answer. Was there no opposition raised to those measures?

**Mr Gibson:** This is a somewhat personal reflection on those conversations: there was a robust debate about what sustainability looks like, what a fair funding arrangement is and what is fair and reasonable. There were a lot of debates about levels of fiscal floors etc. In that sustainability conversation, UKG and Treasury officials gave a strong perspective about what they expect from a sustainability point of view. All of the parties put back robust evidence about what, they felt, were the important components, hence the important piece in the first letter on 5 February from the Executive to

say what components would be in a sustainability plan. That is not only one part of the jigsaw; it is the whole piece.

**Mr Carroll:** I appreciate that you were not at all the meetings and that you are not here to speak on behalf of parties, but you were there and it is important to get some clarity. In the meetings that you were at, was there any suggestion about increasing corporation tax? In the DUP/Tory agreement — the full name escapes me at the moment — there was agreement to devolve corporation tax, presumably for parties to reduce it. Were you part of any conversation about increasing corporation tax?

**Mr Gibson:** I have to respect the conversations that took place in the political negotiations. It is not for me to repeat all the conversations that took place in those — but not in any meeting that I was in.

**The Chairperson (Mr O'Toole):** It is fair to say that there are limitations to what civil servants are able to disclose. I appreciate the permanent secretary being as fulsome as possible.

**Miss Brogan:** Thank you, Neil and colleagues, for attending this afternoon. It is good to see you at our first Committee meeting.

For me, it is very clear that the package of £3.3 billion will not cut it, and all parties agreed with the motion put before the Assembly last week that called for the British Government to put us on a more sustainable footing moving forward.

In previous roles, I worked very closely with the Education Committee, and, in the absence of the Assembly in the last couple of years, I worked with the Department. I have seen at first hand how devastating the underfunding of the North has been on education. For example, Mark Browne had to step up to ensure that he got funds for the pathway fund in the summer. However, projects such as Healthy Happy Minds have been scrapped, which has had a real impact on families. Services across the board in the Health and Infrastructure Departments have been badly affected. Can you give me an insight into the impact that the historical underfunding, which the British Government have actually acknowledged, has had on services?

**Mr Gibson:** It would not be fair for me to comment in detail on the impact across different areas, because it would always be a question of what I left out. From the Department of Finance's perspective, we see the figures from the out-turn data. I could take you through every Department and reflect on the level of pressure that each is facing, and each and every one of those pressures has an impact on citizens, businesses and communities. The examples that you gave are just some of many that we are seeing across the system and the piece. I will say that, in some of the conversations that I have been involved in, in the absence of Ministers, this problem is not unique to Northern Ireland. I have listened to colleagues in other devolved regions who are very much facing very similar challenges with public service delivery in the current climate. You gave some very powerful examples — many more, across all Departments, could be provided.

**Miss Brogan:** It is clear to see that all the Departments have been attacked by that, and, unfortunately, it is for us to pick up the pieces now. The British Government publicly acknowledged that they have underfunded the North for many years, and there have been 13 years of their policy of austerity. Has the Department conducted any analysis on the true level of need over recent years? Are there plans to do that moving forward?

**Mr Gibson:** I cannot speak for all the other Departments. On an overall assessment of need, the work that was done by the Fiscal Council — Tony Simpson may wish to speak to that — set out some of the ranges of where you might measure that. It is quite a difficult science in many ways, because "need" in itself is a term that is quite difficult to defend. The fiscal floor that you have heard narrative around is in order to provide a similar level of services to that being provided in the rest of the UK. There are discussions about whether that is the right level. It is not, in a sense, a fulsome assessment of need, if you think of it from the perspective of the individual or the community or how they are being affected. What you need is a level of public services, and that is a slightly different question from what the level of need is in a fiscal context. Work has been done by the Fiscal Council and others. The predominant approach being used at the moment is that of trying to replicate the Welsh methodology, partly because that is already accepted and in place. There are, however, very clear reasons, as a number of parties and others have put forward, why Northern Ireland's slightly different structure or nature and issues specific to Northern Ireland might affect the need calculation. That was a fairly lengthy way of saying that I cannot speak for other Departments, and even by doing that aggregate type of

calculation, we are simplifying a very complex issue. Certainly, the estimates provided by the Fiscal Council have been quite important in providing independent evidence around the picture. Tony, I do not know whether that is a fair summary.

**Mr Tony Simpson (Department of Finance):** Yes, the only thing that I would add is that, obviously, the Fiscal Council report provides its main estimate of need at 124%, but then it provides a number of sensitivities that show where need could be much higher.

It is highly subjective material. It is based on a small number of indicators, and then it depends on the data that you use and how it is aggregated. The council report shows that need could be as high as 129%, depending on the use of a particular set of indicators, and since the Fiscal Council provided its report, there have been some discussions and parties have been involved in other aspects of it, such as how, in particular, you factor in the additional costs associated with policing and justice here. The Fiscal Council used one approach, but there has been some discussion that shows that you could take different approaches to policing and justice. There could be an aggregation of these different approaches to different aspects, which could justifiably suggest that the need could be materially higher than that main estimate.

**Miss Brogan:** Those indicators are specific to the North. The stats are similar to the Welsh model, but the like of policing and justice are affected by living in a post-conflict society, and that should be taken on board.

**Mr Simpson:** Yes, and there was no basis in the Holtham commission's approach to take account of that, so the council had to do something unique for Northern Ireland. Again, a range of different approaches could be taken, and that has been recognised by the Fiscal Council. If there is a discussion on the appropriate level of need for the region, that should be a key part of the debate.

**Dr Aiken:** I have just a couple of questions. Hi, Joanne. You see that you are not getting away that easy. Where are we in our Budget position at the moment? I notice that, yet again, we are rushing away to do our Budget Bill on Monday. How is the account today?

**Mr Gibson:** I am delighted, Steve, that you knew straight away where to go for the answer to that question. *[Laughter.]* There is a limit to my knowledge. Joanne.

**Ms Joanne McBurney (Department of Finance):** There are two things. Obviously, the Budget Bill is being taken through much faster than we would ever have hoped to do it. That is purely down to timing. Those of you who have been on the Committee before will know that we would normally have introduced a Bill by now. We cannot wait, unfortunately, for decisions on the Budget. We need to prepare that Bill and get it through because there is a significant risk this year that Departments will exhaust their cash limit in the first Budget Bill for 2023-24. Usually, we are safe enough if we get Royal Assent by mid- or the end of March, but the additional spending by Departments — their trajectory towards overspend — was not included in the Budget Bill at the start of the year. That Bill was based on the Secretary of State's Budget for 2023-24, and we all know that that did not provide enough funding to Departments. It has become clear that, if we do not get a Budget Bill through quickly, some Departments will start to breach those cash limits in early March. In fact, the Civil Service pension scheme is already there and has had to be given an advance for contingencies.

**The Chairperson (Mr O'Toole):** Steve, we agreed that we would go through the specifics of the financial package, and then we will have time to come back afterwards and discuss things like the Budget Bill. It will be useful for us to focus on the financial package for now, as was discussed, then we will have time to come back and do the Budget Bill, if that is OK.

**Dr Aiken:** I am going to ask the other one. What has happened to the consultation processes? I have just noticed that the media are saying that the First Minister and deputy First Minister have just said that they have ruled out rate rises. If they have ruled out rate rises, water charges, tuition fee rises, they have almost ruled out everything. What was the point of doing the consultation process across the board as we said that we would do?

**Mr Gibson:** The consultations were requested or directed by the Secretary of State. There was a lot of paperwork involved with different Departments, back and forwards, as to when they could launch those. Some have launched. Indeed, I can speak for my Department. The Department of Finance consultation concluded last night at midnight. We have officials looking at the responses. Close to



1,400 people or organisations responded to it, and officials are looking through that information as we speak. For the other consultations, it will be for individual Departments as to what they do now, but that one concluded last night.

**Dr Aiken:** Just one tiny one. So, we indulged in this consultation process to help inform the process for us getting through to 1 May, when we were going to negotiate how we would do the sustainability package and all the rest of it. Now, have we taken large chunks off the table before we have started?

**Mr Gibson:** It is not be for me to answer on what the Executive will want to include in their considerations for a sustainability package, but, from the perspective of the Department of Finance, we will have the information from the consultation to feed into that, if required.

**The Chairperson (Mr O'Toole):** To be fair to the Executive Ministers, they did not agree the consultation; it was not their direction. The contents of the letter, in which there is a commitment to explore revenue raising, is a separate matter because that was signed off by the Executive. The NIO-directed consultations were not their work, but that is fair enough. Next is Paul Frew, but we will have a chance to come back to other issues afterwards.

**Mr Frew:** On the question of need, which is subjective, of course, is it the need of a people of a certain region, or is it the need of the Departments of that region?

**Mr Gibson:** Technically, it is considered to be a measurement of the level of need to provide the equivalent level of public services in the comparator jurisdiction. In that technical sense, it is not really a need as in what an individual thinks that an individual or a community might require. It is really a comparator: whether you have enough money to deliver the comparable level of services to the comparator region, which is the UK in this case.

**Mr Frew:** I think that I heard you say in your answer to Diane that the 124% needs-based factor is a temporary measure. Did I hear that right?

**Mr Gibson:** No, sorry; apologies if I was unclear. As the letter is phrased on that recognition of need, it says that 124% would be applied to any future Barnett consequentials. The point that I was making was that the 124% is not necessarily a level that everyone would agree with. For example, it took Holtham quite some time to agree the relevant metric and approach. We have already mentioned some of the areas in which Northern Ireland may be unique, so, as to whether that would be a settled number or a true reflection, if you want to call it that, of objectively measured need, Tony mentioned other ways in which you could measure that that might be different. The deal as set out, however, commits to a 124% uplift or factor to be applied to future Barnett consequentials.

**Mr Frew:** You mentioned 129. Does the Department have a settled view on that percentage, or is it a negotiation game?

**Mr Gibson:** No, we do not. Indeed, the work to provide some of those ranges was carried out by the Fiscal Council, giving a level of independence. It is important to state that the Treasury or the UK might bring other perspectives to the table to talk about aspects that were not in the Welsh assessment, such as the treatment of agriculture and other matters that might need to be considered. There would be a "body of work" to be done if the exercise were to say, "How would you independently assess?", but the Department has not done that work.

**Mr Frew:** The letter is very clear on conditions, but it is not clear what conditions meet what criteria. What I mean by that is —.

**The Chairperson (Mr O'Toole):** Paul, do you mean the letter from the Treasury to us?

**Mr Frew:** From the Treasury, yes. It states that it is willing to pause the repayment of a reserve of £559 million. Is that only on the condition that revenue of £113 million is raised?

**Mr Gibson:** One reason for the letter's asking for an urgent meeting is to clarify some of the language points. While we could all speculate about what that means, it is fair to say that there are areas — the Minister did not cover in her letter everything that she wants to discuss — that we want to clarify, including, certainly, some of the detail on that conditionality.

**Mr Frew:** The Department issued a consultation on the financial context for revenue raising in January 2024. Where are we on that with regard to revenue-raising options?

**Mr Gibson:** The two consultations that our Department ran, one on rates options and the other on overall financial sustainability, are concluding. Again, officials will look at the results; the consultations concluded only yesterday.

**Mr Frew:** This is my last question on this point. The letter from the Treasury also mentions a long-term strategic infrastructure plan. That sounds really nice and like something that we should have done years ago. The letter states that the Executive are "expected" to publish the plan. Is that a condition of any package of money coming?

**Mr Gibson:** You have the same letter as me, and the word is "expected". There is a lot of ongoing work on a capital programme: it is investment strategy for Northern Ireland (ISNI) work that the Strategic Investment Board (SIB) has been involved in. I am sure that we will bring that forward in due course, but I do not have any other insight into what exactly "expected" means in that context.

**Mr Brett:** Thank you all for coming along. Have you had a reply to your letter yet?

**Mr Gibson:** No. I paused for a moment there because I thought, "It has been such a busy day that I do not want to say no, in case I have missed it in the past hour or two". Not to the best of my knowledge.

**Mr Brett:** I think that we all realise that this is a political negotiation between the Executive and the UK Government; the UK Government will set out their lines, and Ministers will set out their lines. When is the crunch point at which you need certainty on this in advance of setting the Budget for next year?

**Mr Gibson:** It is important to have very urgent conversations about what the Budget position for next year will look like, so that the correct evidence can be presented to the Executive for consideration. Joanne can correct me if I am wrong, but I think that there is sufficient clarity to allow us to conclude on the 2023-24 position, because nothing on that is a variable or likely to move. In fact, the decision to present separate Executive papers was taken for exactly that reason: we now have enough detail on everything that we are going to have for 2023-24 to close out this year. Some elements — most specifically the one that you raised — still require a little bit of clarity for us to have the full picture for the setting of the 2024-25 Budget. At the moment, we are in the foothills of that process. We are trying to get the 2023-24 year finished. We have enough clarity to do that, but there are still a few items to tighten up. Hopefully, the urgent meeting will help us to do that.

**Mr Brett:** What is the ideal date for closing out this Budget year, so that you can sort out the 2024-25 Budget and bring that forward?

**Ms McBurney:** Ideally, we would like to have a Budget in place for 1 April, but we have to recognise that Ministers are only just in post, and it is important to give them time to consider what pressures are on their own Departments. It will be for the Finance Minister and the Executive to decide the timescale for bringing forward a Budget for 2024-25. That may depend, to some extent, on how quickly the Chief Secretary to the Treasury agrees to meet. Ultimately, it is for the Executive and the Finance Minister to decide, but, ideally, it would be as soon as possible.

**The Chairperson (Mr O'Toole):** Can I clarify, Joanne, that you are talking about a Budget rather than a Budget Bill? Everyone on this Committee will have to explain to their colleagues that those are not the same thing. You were talking about an actual Budget?

**Ms McBurney:** Yes, I was talking about the actual Budget in which the Executive set out the funding allocations for each Department for the incoming financial year.

**Mr Tennyson:** Thank you all for coming along and for the support that you provided during the two years that we did not have an Executive; it is really appreciated.

I come back to Mr Frew's point about conditionality. Does your Department understand there to have been any change between the conditionality that you were informed of at the conclusion of the process in December and the conditionality now? Are any areas that were previously clear now unclear, following the Treasury's letter?

**Mr Gibson:** No, I would not say that anything has been made less clear, but, while there had been conversations in December and subsequently, there was no precision of language around what number would be required and at what date until yesterday's letter was received. It is only as of 11.00 o'clock yesterday that we have had the formal position of the Chief Secretary to the Treasury and therefore enough clarity on exactly what that means for setting the Budget.

**Mr Tennyson:** The Minister's response refers to public-sector pay and the desire that the financial package would cover the totality of public-sector pay demands. Effectively, the UK Government had access to the Executive's figures while the Executive were not functioning. Can you speak to why there would be a differential between the number that is included in the package for public-sector pay and the actual public-sector pay expectation?

**Ms McBurney:** You have to bear in mind that the figures that the Northern Ireland Office was working off were provided through a routine forecast out-turn. Some of those figures included costs of pay awards that Departments were planning. If you strip that out of the overspend and put it into pay, it increases the pay number.

Also, that happened at a point in time. Those figures will have been based on the out-turn to the end of October. They were provided to the Northern Ireland Office in November, prior to the talks in December. We are further through that process now, and things have been refined. Some movement in the numbers is absolutely to be expected at this point, as is the stripping out of some of the pay awards from the out-turn to put it into the pay where it correctly sits.

**Mr Tennyson:** That is perfect. I have one final question. Originally, the details of the package that were released by the UK Government included, I think, £15 million for the PSNI data breach. As far as I can see — I might have missed it — that is not referenced in the Treasury's letter. Do you have any insight into whether that is an oversight or intentional on the part of the Government?

**Mr Gibson:** That is definitely one for Joanne.

**Ms McBurney:** The funding was no longer required by the PSNI. Reserve claims for items such as the data breach are for that financial year only. Things move on, and, ultimately, the PSNI required only £6 million in the 2023-24 financial year, and that could be funded.

You will recall that the Treasury agreed a switch from capital to resource. We could get a Barnett consequential from that for flooding, as well as some for the PSNI data breach. All of that could be covered within that funding. As it was no longer required, it was not included.

**Mr Tennyson:** Was there no suggestion of rolling that into next year?

**Ms McBurney:** Reserve claims do not roll forward into subsequent financial years. If a new pressure emerges next year, we will have to consider whether to go for another reserve claim.

**Miss Hargey:** Thank you very much for coming along. To echo what others have said, it is a nice distraction, on the one hand, to focus on the £113 million figure that has been put out there over the past couple of days when we are looking at a much bigger package and at what has been said in the Fiscal Council report about the historical underfunding here. It would be useful if this Committee were to send a clear message to the British Government that the Treasury urgently needs to engage with the Finance Minister and the Executive as a whole about the fact that it has publicly recognised, through the Secretary of State, that we have been underfunded. I know that the figure of 124% has been bandied about. For me, that is a baseline, because, as you said, we can look at certain indicators of need, and, particularly as our unique circumstances mean that indicators here are not the same as those in England, Scotland or Wales, I am keen to see where the conversations on that will go. It is important that the Committee does not detach from or look in isolation at one figure without considering the overall budgetary situation and the fact that it has been publicly stated that we are historically underfunded. I know that we will get into this as we get into Committee sessions, but I am keen to get even a brief overview of the impact that that underfunding has had on our public services. We can see it daily, but I am keen to hear the officials' response to that, because I know that parts of the conversations before Christmas looked at the social and economic impact of that historical underinvestment.

In the context of the £3.3 billion, the Fiscal Commission also did work that looked at additional powers and levers. If we are going to look at a sustainability plan, revenue raising is, of course, a certain aspect of that, but, again, you cannot look at that in isolation from needs, poverty and other indicators. I am keen to get an update from the Fiscal Commission on those additional powers. What conversations will then be had with the Treasury as part of that broader engagement with the Executive?

Indeed, as we are moving through the process, I will also be keen to look at the sustainability plan on engagement with staff. It is good that papers have already gone to the Executive on public-sector pay and other issues. That is really positive and a good indicator. There should be a keenness for the Department to keep staff, trade unions and others up to date and informed as we move through the process.

Chair, I am not sure how we could indicate this from the Committee, but it would be good if a strong, resounding and collective voice came from the Committee today saying that we call on the British Government and Treasury to urgently engage with the Minister and the Executive on all these issues without further delay.

**The Chairperson (Mr O'Toole):** Actually, we have a proposal to talk about that in Chairperson's business, so we can talk about it then.

**Miss Hargey:** I will make that proposal too. Thank you.

**The Chairperson (Mr O'Toole):** Do any of the officials want to respond?

**Mr Gibson:** I just want to give a little reflection on that point. You mentioned two things that, given the past two years, are worth reflecting on. It is worth mentioning trade union colleagues. It has been an incredibly difficult time, and, certainly, as the person with responsibility for personnel matters, the way that they have conducted themselves in engagement with us, as officials, and through a very difficult time, is a credit to them and their members, to be fair. Industrial relations are very strong, and that is a very good platform. The second reflection is that, respectfully, this job is very challenging, but it is about dealing with spreadsheets and allocations of money, so a lot of that impact is felt in Departments. You will hear a lot of that, so it is very important to stay very close to colleagues and to listen to conversations in other Departments. Although we have a very challenging job dealing with the numbers, a lot of my colleagues, your colleagues and those in other Departments are seeing that at first hand in the services, so there is absolutely a story to be told. It is about whether a Department of Finance official is the best person to tell it.

**The Chairperson (Mr O'Toole):** Deirdre, do you have any more?

**Miss Hargey:** No.

**The Chairperson (Mr O'Toole):** Thank you for giving evidence. I realise that it is a fast-moving situation. I am glad that you confirmed in broad terms where we are. That is really helpful. We do not want to get hung up on the revenue-raising picture, but, clearly, we need to understand that this has been in the ether, and, as you said, it was there. It did not come out of a clear blue sky, as has been depicted.

Before we move to the next item, my slight worry is that we now have a situation whereby we are taking it a wee bit on trust that the current Chief Secretary to the Treasury, Laura Trott, and Jeremy Hunt will engage politically on the issue. Deirdre put it pretty punchily, but, given what we know about their lack of seriousness about this place and their commitment to austerity rather than to fair funding, it is not really in their political interest, nor is it really going to be at the top of their agenda, to engage. I therefore worry that the matter will now be taken forward by officials who may well, as Joanne discovers a lot, be in computer-says-no territory when it comes to negotiation. I hope that we have not missed the window for achieving progress, instead allowing them to close this off when we could have nailed it down. I hope that that is not the case.

We have talked about the financial package for nearly an hour. I now want to give members the opportunity to talk about the range of what is in the first-day brief. There is loads in the Department's remit, not just public spending. I have a couple of questions, but, because I asked quite a few last time, I will bring in members first.

**Ms Forsythe:** At this point — we are in February — what is the projected overspend for 2023-24 across the block?

**Ms McBurney:** We are working through the latest returns from Departments. At this stage, it is circa £400 million, but some adjustments may be made to that. That will be something that the Executive will wish to consider when finalising their 2023-24 budget for each Department.

**Ms Forsythe:** Are any Departments looking at any underspend against any of their budget heads? Are we taking any action so that we are not handing back money to Treasury at the end of March?

**Ms McBurney:** We have been liaising closely with Departments on the latest forecast out-turn returns. Departments have identified a few, very small levels of underspend. We are working through them, and the Finance Minister will bring a paper to her Executive colleagues to set the final Budget for 2023-24. It will allocate the funding that is available in the financial package and set Departments' final plans for the year. We are doing everything that we can to manage that position tightly.

**Ms Forsythe:** To put it on record, in the current Budget situation, in which we are looking at overspends, to see under a different header that we are handing back any money to Treasury at the end of this financial year is not an acceptable position. Is there anything that we can do with six weeks left?

**Ms McBurney:** To clarify, there are separate funding categories. For some of them, money cannot be spent to meet other pressures. For example, student loans can be spent only on student loan impairments. We are therefore managing our capital and resource DEL positions very tightly to avoid any overspends or underspends. For some areas that are ring-fenced for specific things, that might be unavoidable owing to how we are funded. That is through Barnett consequential, which reflects what happens in England and does not reflect different systems here. Just be cautious. You may see it in certain areas but hopefully not in the resource or capital DEL.

**Ms Forsythe:** Absolutely. Thank you.

**The Chairperson (Mr O'Toole):** The £400 million is our DEL.

**Ms McBurney:** Yes.

**The Chairperson (Mr O'Toole):** From looking at the table in the Treasury letter, unless I am missing something, I see that that would eat up four fifths of the stabilisation money for next year, where there not —.

**Ms McBurney:** As I said, it is circa £400 million, and there are some decisions for the Executive to take on that, so you cannot just take money from one for the other.

**The Chairperson (Mr O'Toole):** It is a challenge. It is going to be big.

**Ms McBurney:** It is not an easy financial position for any Department to be in at this stage of the financial year.

**The Chairperson (Mr O'Toole):** Indeed. Well put.

**Mr Carroll:** I have three quick questions. The Department has 169 agency staff. Why is it that figure? Is any work being done to bring full-time staff into the Department?

**Mr Gibson:** A number of actions are taking place with agency staff. For example, we are doing a lot of reform of our HR services to speed up recruitment, but we often have a body of work that has a temporary period allocated to it, and, as such, it is not always appropriate to bring in full-time staff.

It is worth reflecting on the increasing challenge of recruiting to the public service, and that is not just predominantly a reflection of pay. The Northern Ireland economy is growing, employment rates are higher and the competition for labour is much greater, so it is becoming more and more difficult for a number of Departments, including my own, to fill posts. We are often looking to fill posts and struggling to do so, unfortunately, given the relative competitiveness now of our offer, if you will.

**Mr Carroll:** It is connected to pay as well. As a rule, we should be moving away from a reliance on agency staff in the Department of Finance and across the board, and certainly in the Department of Health. I have two other questions. The first is on industrial derating and the landlord allowance. I appreciate that that may be more of an issue for Land and Property Services (LPS). Is that being looked at by you and your team at the Department? Secondly, PPPs and PFIs are under the Department's remit as well. Given the scale — we are paying somewhere in the region of £300 million to £400 million in PPPs and PFIs every year — there is a question over whether that is value for money. I do not think that it is in the long term. Is the Department looking at those issues? Any updates on that would be useful.

**Mr Gibson:** Thank you. I will come back on that. I do not have any detail on the second point about PPPs; I do not know what the Minister's intentions are there. On industrial derating, it is more for LPS colleagues to speak about the detail. In the consultation, that was one of the areas that were asked about.

**Mr Carroll:** Thanks.

**Mr Brett:** I want to turn to your first-day brief. There is a section on decisions that are required within four weeks. We are almost two weeks into that. How is it going so far?

**Mr Gibson:** That is a good question. Again, I have felt a little fatigued over the past two days, so it depends when you ask me. Generally speaking, it is going well. I hope that Committee members will feel that the first-day brief was written in a way to be absolutely concise about what we absolutely urgently needed to do. The Minister has met and continues to meet individuals to make sure that we are progressing those matters. I am loath to say it on the record, but, although it is an incredibly difficult financial position — we have spent a lot of time talking about that — due to the leadership of the people outlined in those business areas, I am fairly confident that we are making progress against all those initial four-week tasks.

**Mr Brett:** I read from page 24:

*"Agree approach to pause ... Funding ... including Levelling Up Funding."*

Is it now the Department's position that it wants to pause those funding streams?

**Mr Gibson:** As a result of the package, we now have more clarity on what moneys were to be available for the Executive to reallocate as they see fit. That could include allocating them back to the purposes that they were originally for. When we were preparing that first-day brief, we did not have the clarity of what would be in scope for that. We now have that material.

**Mr Brett:** OK. I have two other quick ones. On the urgent decision on the Enniskillen bypass, you will see that there will be a debate on that issue in the Assembly on Monday, brought to the House by the Chair of the Infrastructure Committee, my colleague Deborah Erskine. Your brief says that the Minister needs to take a decision on that within four weeks. We are halfway through the period: is the Minister nearly in a position to make a decision on that?

**Ms McBurney:** The Minister has brought forward an Executive paper on that. The issue is tied into the removal of new deal funding. It was previously to be funded from that. That funding has been removed, and there is a risk that, if an urgent decision is not made, the procurement process will not start, which will lead to more delays and some of the funding that is already being spent being stopped. It is for the Executive to decide whether they wish to commit funding to that. Hopefully, that decision will be made soon.

**Mr Brett:** Perfect.

Finally, I want to ask about the Northern Ireland Civil Service pay offer. I am sure that all of us, as constituency MLAs, are contacted regularly by constituents who are civil servants and are looking their fair and equitable pay. How are those discussions going?

**Mr Gibson:** Again, there will be an Executive paper tomorrow. As I said, the important point is that, now, with the detail of the package, we know exactly what is available for 2023-24. The Minister has

been clear in stating the importance of all public-sector workers being considered, including Civil Service workers, and not treating any group individually.

**Mr Brett:** Perfect. Thank you.

**Dr Aiken:** I have a couple of questions. The first is about the 2024-25 Budget. When are we going out to consultation on it?

**Ms McBurney:** It is a matter for the Minister and Executive. Unfortunately, I do not think that the timescales will allow us to go out for consultation. As you know, usually, we would set a Budget in September or October, go out for consultation and have a final Budget in December or January. We need a Budget as soon as possible into the new financial year to allow Departments to plan effectively. That will not allow for the normal process. We may have to do things slightly differently to get a Budget in place to allow Departments to plan. There are more risks around not doing that. Departments will then be able to consult in slower time and do the proper equality impact assessments (EQIAs), which we can feed back to the Executive at a later point.

**Dr Aiken:** We have gone through the process before, time and time again, and we as a Committee have been asked, time and time again, to sign off on stuff that comes cascading out of the ether, expecting to be given due diligence and the rest of it. When will we see some of the information coming through?

**Ms McBurney:** The Executive have to agree their approach to the Budget for 2024-25. My understanding is that the Finance Minister will discuss that with her colleagues tomorrow and that Committees will engage with their Departments on the information that they are providing to us. In advance of those decisions being taken around timing, I cannot give you explicit detail, but I imagine that, over the next few weeks, Departments should engage fully with their Committees on the pressures.

**The Chairperson (Mr O'Toole):** Do you think that it will be tough to do that before the start of the new financial year?

**Ms McBurney:** It will be tough to do that, bearing in mind that Ministers are just in post and each Minister will want to consider their Department's pressures. The information that we have so far is based on permanent secretaries' view of things: Ministers may have different priorities.

**Dr Aiken:** I want to take us away from finance just for a second. Neil, we had lots of discussions about reforms that would be made by the Northern Ireland Civil Service after the renewable heat incentive (RHI) inquiry and about the senior leadership of the Northern Ireland Civil Service and what it would do. You have become the responsible owner of most of that. What is happening with it?

**Mr Gibson:** I will say a couple of things about that. It may be worth having a conversation at a later date — obviously, the Budget has dominated today — about the progress that we have made. Certainly, in my time, we adopted an approach of both trying to have a strategy to reform and making small, positive steps. Whilst it would be wrong of me — he says, as he is about to do it — to pick out a few examples, which may seem small, there have been little things such as the fact that we are trying to accelerate our estate strategy to save money where we can. We, in the Department of Finance, now share our building with DAERA. That was done at an accelerated pace and is now in place. We updated Managing Public Money, which was significantly out of date, to give you a better platform from which to discuss it and whether you want to look at it again, and we brought it more into line with guidelines elsewhere. We have made a lot of progress on how we structure our HR and our well-being and support services and learning and development. I very much encourage the Committee to engage fully with Jill and Catherine on some of those people areas.

I would also say that we have, unfortunately, been in a difficult financial position, so funding reform and transformation programmes has been a little challenging. You will see the reference to a transformation body potentially going forward. At the moment, we have nothing like that, of that structure, set up or funded.

**The Chairperson (Mr O'Toole):** Is that the public service transformation board?

**Mr Gibson:** Yes. We have nothing like that currently.

**The Chairperson (Mr O'Toole):** Have the Executive agreed to that? Is it the Executive's position that they agree to that?

**Mr Gibson:** That is to be discussed. It is part of the debate about what that would look like and how it would be shaped. There is no detail on exactly how that would look. That may be a vehicle for taking forward more change. However, we are certainly pushing hard on long-term people strategies and transformation agendas, as is the head of the Civil Service, Jayne.

It is worth potentially thinking about having a session on some of that reform and transformation journey, where, I believe, we have made progress with a limited budget. We have also started to get a lot more feedback and to spend a lot more time analysing what our staff tell us about their expectations of the changes that they would like to see. We have made some progress, Steve, but there is a lot more to go. Perhaps, the new organisation or group, if it is set up effectively, will give that a little more impetus.

**Dr Aiken:** Is there more space in the building to stuff anybody else into it?

**The Chairperson (Mr O'Toole):** Can you make it brief? I want to let others in before we move on. I will take it that that was a rhetorical question. I am sure that it will be noted by the officials.

**Mr Tennyson:** Further to the previous discussion, when we talked about the level of the fiscal floor and the different accounting models for policing and justice and about baselining the fiscal floor akin to Wales, looking to the next spending review, which is fast approaching, what is the Department's strategy to force a discussion on that issue with the UK Government? Has any consideration been given to appointing an independent commission to make recommendations for consideration by the Government?

**Mr Gibson:** It will be for the Minister to decide how to take that forward, but, certainly, what you have outlined is well within the scope of what a discussion about a fiscal framework might involve. We all refer to Holtham, which was an individual piece of work to look at that area, so it is reasonable, as part of that conversation, to consider whether Northern Ireland needs the same type of independent assessment of its need.

**Mr Tennyson:** I have a final question. Joanne, you outlined the issues for 2024-25, including the timelines and everything else. Is there an aspiration that, beyond 2024-25, we return to a multi-year Budget cycle at that stage?

**Ms McBurney:** That has been our aim for some time. We are tied to Treasury spending review periods, unfortunately, but, yes, we will certainly aim for that, subject to discussion with the Minister. I would be surprised if the Minister did not want to do that.

**Mr Gibson:** I will add to that. With long-term planning, we often think about what it takes to run our Departments in the year ahead. If we step back and take a helicopter view philosophically of what is happening now, with the cost of delivering services and the pace at which those costs are rising, looking longer-term will be incumbent on us all. There are the specifics of a multi-year Budget, but it is also about looking long-term at how you provide public services in a changing world in which demographics and the demands of citizens are changing.

**The Chairperson (Mr O'Toole):** I will just note briefly, in relation to the last question, that point 22 of the letter from CST says:

*"the funding set out in this letter will not affect baselines for the purposes of the next spending review."*

That will need to be overcome, but, obviously, whether there is a CSR in an election year is — OK, we will move on.

**Mr Frew:** You will know that this is a bugbear of mine, Joanne; we have spoken about it many times. Consultation on the Budget for 2024-25 aside, why on earth would you set a Budget without a fully priced Programme for Government in place to inform it?

**Ms McBurney:** Will I take that one?



**Mr Gibson:** I am happy with that, Joanne.

**Ms McBurney:** As I have also said many times before, yes, that is absolutely what should happen. Unfortunately, sometimes time works against us on that, and Departments need Budgets to enable them to spend money. We cannot have public services stopping. However, you are absolutely right, and, as I have said before, that is definitely what should happen.

**Mr Frew:** Do you have any inkling or indication from other Departments that they or the Executive as a whole are working towards a fully priced Programme for Government?

**Ms McBurney:** I will turn to Mr Gibson on that one. He may have been more involved in discussions. Sorry.

**Mr Gibson:** There certainly have been discussions about what the bones of a section 20 programme and a Programme for Government would look like, but, at this point in time, my Department has not been involved in detailed work around a costed Programme for Government.

**Mr Frew:** The way I look at this is that, whilst the Budget is the fuel, the Programme for Government is the car, and the two cannot operate aloof from each other. Therefore, to me, it is critical that we have a Programme for Government that is realistic going forward. I know that it is not your fault — I am just venting — but it is critical that the Executive have a fully priced Programme for Government in order that we spend money wisely. It goes back to my point about need: is it about the need of the people or the need of the Department? I will leave it there, Chair.

**Miss Hargey:** On the last point about multi-annual funding, they were almost there in the last Executive and then things came down. I am keen, as, I am sure, the Committee is, to get back to that point as soon as is practically possible. It is not just about public services and public-sector workers. Certain sectors, like childcare and the community and voluntary sector, are now hitting a crisis point in the recruitment and retention of staff and people who are working in those sectors and in trying to attract new talent. Again, it is about taking a rounded view and making sure that the Department and all the other Departments look at those critical issues to see how their funding impacts on society more broadly, particularly around recruitment and retention in those wider sectors, which often support government on the Programme for Government and key strategies. I just want to point that out because I see, on the ground, that some of those sectors are hitting crisis point.

**The Chairperson (Mr O'Toole):** I have a final question or two before we wrap this up; thank you for your forbearance. Given that, in the coming days, your Department will, we expect, ask us to grant accelerated passage for the Budget Bill, I have to ask you why.

**Ms McBurney:** It is quite simply the timing. To be completely honest, we have been pushing the Northern Ireland Office since before Christmas that a Budget Bill needed to be taken through as a matter of urgency if Departments were not to run out of funding, particularly out of cash. You can understand why the Northern Ireland Office was reluctant to take a Budget Bill through Westminster when it looked like the Executive were coming back. It is great that that has happened, but it leaves us needing to get Royal Assent on an updated Budget Bill that includes the funding in this financial package before Departments exhaust their cash limits.

As I mentioned to Mr Aiken, those cash limits are set very low at the moment, because they are based on the Budget that was set by the Secretary of State at the end of April. It does not include any of the funding in this financial package, so Departments that are on an overspend trajectory are also on a trajectory to exhaust their cash limits, and that is happening more quickly than it would in any other year for that reason. Usually, we have until the end of March before that happens. This year, not only are we later in bringing a Budget Bill forward, but those Departments will start to exhaust those cash limits much sooner. The Civil Service pension scheme has already exhausted its cash limit and had to be granted an advance from the Consolidated Fund for contingencies, but we are limited in the amount that we can do for that, and that is why we are rushing it through. It is not something that any of us would have wanted to do, and I hope that we are not in this position again and can get back to normal processes. We know that it is a big ask of the Committee, and, if you want any additional information or briefings, we will do our best to facilitate that to help you reach a decision.

**The Chairperson (Mr O'Toole):** You mentioned that, for pensions, a claim has already had to be made from the Consolidated Fund. So that we can get the Department's position on the record, will you

tell us what happens and by what date? Is it literally the case that salaries will not hit pay packets or that lights will go off? Should I be indulgent, or should we be pushing back and saying, "Is it really that bad?". Could we wait a couple of extra weeks so that the public do not think, "They are straight back in and are just waving the Budget through"?

**Ms McBurney:** In my honest opinion, we cannot afford to wait a couple of weeks. If we could have afforded to wait a few weeks, I would not have put my team under the pressure that I did to deliver a Budget Bill on time. They have been working at pace over the last week to do that. Departments cannot access funds from the Consolidated Fund unless it is approved through a Budget Bill. Our advance for contingencies is limited to a percentage of last year's — it is very small. We do not have a specific date on which that will happen, because each Department will exhaust their cash limits at different times. It is hard to predict. We are asking for the Bill to go through because we want to avoid any risk of that.

**The Chairperson (Mr O'Toole):** I will ask one further question, then I will go briefly to the Deputy Chair. Do you anticipate that we will get a Budget Bill for 2024-25 around June, or will it be before then?

**Ms McBurney:** We hope that that will be the case, but there are risks in that, given the uncertainties in the details. We may ask for a larger Vote on Account to ensure that we do not have that, but we are certainly aiming to bring it through before summer recess. We do not want to get to that.

**The Chairperson (Mr O'Toole):** Would you be willing to give us a guarantee now that you will not ask for accelerated passage for that Budget Bill?

**Ms McBurney:** You can never say, "Never"; you do not know what will happen. We certainly will not aim to do that; we aim to have the normal process for that Bill.

**Mr Frew:** On that point —.

**The Chairperson (Mr O'Toole):** I will bring Diane in first, and then you can come in, Paul.

**Ms Forsythe:** Thank you very much. I will just echo what the Chair said: accelerated passage is ultimately not where we want to be, but, obviously, we will work with the Department where we can.

I want to ask about the conditionality of the financial package. You said that the Budget Bill for this year will take account of the financial package. On reading the letter, it seems to me that there is an ambiguous degree of conditionality that means that you will get money to apply to this year only by committing to other things, such as revenue raising. Until we see the response to the Minister, are we in a position to detail that? Will we have access to anything before the Minister receives that clarity?

**Ms McBurney:** We have access to the funding this year. The bit that is conditional is whether we have to pay it back in future years. We have access to the £1.045 billion now for this year and to repay the 2022-23 reserve claim. We have access to that funding in 2023-24. The conditionality is about the repayment of £559 million of that.

**Mr Frew:** On Matthew's point, what happens if we do not have a 2024-25 Budget by April? Does next week's Budget Bill resolve that to a certain degree?

**Ms McBurney:** It will give us a Vote on Account that will allow the Departments to spend on that basis. They will be able to draw cash from 1 April. It will be based on a Vote on Account as opposed to a specific Budget position, so it is a percentage of the previous year. Once they have a Budget position, they will be constrained to that.

It is a normal process. We normally have a Vote on Account, and it is normally set at 45%. If the Executive are agreeable, we will ask for it to be slightly higher to allow a bit of wriggle room so that we are not rushing a Budget Bill through and are not in this position again. That is why we asked for an increased Vote on Account, but we will still aim for the normal timescales.

**Mr Frew:** Something in my head says that there is a period around July that is connected to that 45% spend.

**The Chairperson (Mr O'Toole):** Yes, that is when you would usually require a Budget (No. 2) Bill.

**Ms McBurney:** Yes.

**Mr Frew:** Would that then be a set target for the new Budget for 2024-25 ?

**Ms McBurney:** Yes. We would ask for an increase in the Vote on Account to allow us a little wriggle room in case we could not get Royal Assent before, as you say, July, but we hope that that will not be the case. We need a Budget for 2024-25 to be agreed by the Executive before we bring forward a Budget Bill. It is all interrelated, but we will try to work to normal timescales.

**Mr Gibson:** Chair, I will add to that, as I do not want this to be on only Joanne's shoulders. As the senior official in the Department, I would definitely not be sitting here asking for accelerated passage if we thought that there was any other way to do this. It is an uncomfortable position, but we have only six weeks left for any decisions that you could meaningfully take, even if there was not the more pressing issue of cash. As permanent secretary, I just wanted to put it on record — I am happy to stand over this — that I do not believe that there is any alternative, because the risk of Departments running out of cash is too high.

**The Chairperson (Mr O'Toole):** It is worth reiterating that the Budget allocates money strategically; it is essentially a strategic policymaking document. The Budget Bills set the legal limits within which Departments can spend money. We are in a better position to scrutinise the Budget Bills if we have that strategic policymaking document. As Paul says, that should ideally be connected to a Programme for Government. Unless anyone has any more questions, I am going to release our prisoners for the afternoon.

**Mr Gibson:** Thank you so much.

**The Chairperson (Mr O'Toole):** You will be back with us, but that was really useful. We went through quite a few issues. There are a few questions still to ask, but I appreciate your all coming here today. Hopefully, this is the beginning of lots of engagement, sometimes testing but hopefully always productive. Thank you.