



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Priorities and Budget Update: Dr Caoimhe  
Archibald MLA, Minister of Finance

13 March 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:**

Dr Archibald	Minister of Finance
Mr Neil Gibson	Department of Finance
Ms Joanne McBurney	Department of Finance

**The Chairperson (Mr O'Toole):** We have the Minister, who does not need an introduction: Dr Caoimhe Archibald. Thank you very much, Minister, for joining us. We also have the permanent secretary, Neil Gibson, and the Budget director and head of public spending, Joanne McBurney, who was with us earlier.

Members, the Minister is here to brief the Committee on her departmental priorities. She will also provide members with an update on the Budget 2024-25 and the Executive restoration settlement package. I invite the Minister to make some opening remarks before taking questions.

**Dr Archibald (The Minister of Finance):** Thank you. Good afternoon, Chair, Deputy Chair and members. I welcome the opportunity to meet the Committee today. I want to update you on my first number of weeks in office, address some of the most pressing issues and discuss how we can work together. My opening remarks might be a little bit longer than usual, but I am keen to give the Committee an overview of the early challenges and actions.

**The Chairperson (Mr O'Toole):** That is OK. We have plenty of time, so that is fine. Thank you for seeing us. Go ahead.

**Dr Archibald:** Having held the role of Chair of the Economy Committee, I understand and value the important role of scrutiny Committees. Many of you will have had the opportunity to meet the permanent secretary, Neil Gibson, and officials such as Joanne during the absence of an Executive. I thank the DOF team for their visible leadership, unstinting commitment and continued delivery during the political hiatus.

I entered politics, as I suppose we all did, because I wanted to help people. I believe that the Department of Finance has a massive role to play in finances but also in helping and enabling other Departments to deliver. The challenges that face us are big in scale and complex, but I will work collectively with ministerial colleagues North, South, east and west. I have met my colleagues Ministers Donohoe and McGrath in the South, my counterparts in Scotland and Wales and the Chief Secretary to the Treasury. With the Committee and the Assembly also working together, we will be better placed to make a positive difference.

I want to build relationships and be in problem-solving mode. Workers are essential to that. Our public-sector workers are at the heart of our service delivery. That is why the Executive were united on the need to resolve the issue of public-sector pay. Some of my first meetings after taking up office were with Civil Service unions and wider public-sector union representatives. One of the first actions that I took was to seek flexibility from the Treasury around available funding for the financial package to deal with departmental overspends and public-sector pay. Getting that flexibility meant that the amount that the Executive could allocate for pay was over £100 million more than was originally provided for in the financial package.

I was pleased that the Executive supported the proposal to allocate £688 million to public-sector pay and £380 million to departmental pressures. It was important to me that we went as far as we could on pay. That is what we, as an Executive, did, signalling that we appreciate and rely on our public-sector workers. Gaining Executive agreement on those departmental allocations meant that Departments could immediately begin to take forward negotiations to agree public-sector pay awards for 2023-24. I hope to see those negotiations concluded as quickly as possible, so that workers can get the pay awards that they are entitled to.

I moved quickly to secure the Assembly's agreement on the Budget Bill. Unfortunately, having to deal with the outworking of the Secretary of State's Budget, which I inherited, and with the timing in the financial year meant that I had no choice but to expedite the Bill at pace to avoid Departments running out of cash. That is not my preferred way of doing business, nor is it a sign of things to come. I thank the Committee for approving the Budget Bill within the time frame. The alternative, which is Departments running out of money, would have been catastrophic. I assure the Committee that it will be provided with as much time as is feasible to scrutinise the 2024-25 Budget Bill.

I have shared with the Committee my correspondence with the Chief Secretary to the Treasury, which sets out my concerns about the conditionality attached to the financial package. I had a constructive meeting with the Chief Secretary to the Treasury on 28 February. The Treasury's position remains that the write-off of the £559 million is conditional on raising income through local revenue and the production of a sustainability plan. My strong view, which is shared by my Executive colleagues, is that the £559 million debt exists primarily due to the underfunding of public services. However, starting the 2025-26 Budget in a deficit of that quantum would do lasting damage to our public services. We must ensure sustainable finances so that we can deliver high-quality public services. I am very firm in the view that that must be underpinned by a commitment to funding on the basis of need.

In our discussions, the Chief Secretary to the Treasury recognised the challenges of developing a rushed sustainability plan. I am, therefore, pleased to have secured an extended time frame for the initial scoping and structuring of that plan; that is to be carried out by May, with the final plan to be produced by August. Getting it right is more important than getting it done. Recognising the challenges of raising £113 million of additional revenue, given how close we are to the start of the financial year and the limited financial levers at our disposal, the Chief Secretary has agreed that it can be generated over 24 months instead of 12 months. The enhanced time frame for the development of a sustainability plan and the generation of locally raised income is contingent on the Executive delivering a balanced Budget. That will not just be a matter for me as Finance Minister; it will be the Executive's Budget. All those issues remain for discussion between the Executive and the Treasury.

The Executive want to transform our public services, and we need investment to do that. As part of the development of a new fiscal framework, we want to look at all options to deliver efficiencies, generate revenue, seek alternative funding sources, enhance borrowing powers and examine fiscal devolution. To support that, we need a fiscal framework that reflects our level of need. The Treasury has agreed to commence work on that immediately.

I will identify and resource the teams internally in my Department to progress the sustainability plan and fiscal framework. I have written to the Chief Secretary to the Treasury to arrange a face-to-face meeting to accelerate work on the sustainability plan and fiscal framework. Separately, Treasury

officials are liaising with my officials on the application of the needs mechanism, which will increase the Barnett consequential from £99 million to £123 million.

One area in which there has been keen interest from the Committee is rates, and rightly so, given the instrumental role that they play in funding our public and council services. Recognising the acute pressures on households and businesses, the Executive decided to keep the regional rate in line with inflation. That is a clear demonstration that we acknowledge that we need to place our finances on a more sustainable footing. I thank the Committee for considering the Rates (Regional Rates) Order 2024 at pace. Your approval and the subsequent Assembly approval means that rates bills can now issue on time, giving households and businesses certainty with which to plan. So far this year, Land and Property Services (LPS) has collected a record £1.5 billion in rates. That is the largest amount collected by LPS within a rating year, and it is over £140 million more than last year.

There has been a lot of interest in rating debt. Rating debt has increased for a number of reasons, including the impact of the COVID pandemic, the cost-of-living crisis and the cost-of-doing-business crisis. I assure members that it is being addressed proactively and that proportionate action is being taken. LPS works with ratepayers who experience difficulty in paying their rates. That is evidenced by the almost 11,000 ratepayers who have an agreed payment plan in place to pay their rates over a longer period. When there is persistent non-payment, legal debt recovery actions are taken. Approximately 40% of all rating debt prior to 31 March 2023 has been subject to legal proceedings.

I have already touched on the wide remit of the Department of Finance. It looks after everything from cyber and IT services, legal and audit services, registrations of births, deaths and marriages, mapping, procurement, the government estate and the provision of official statistics through the NI Statistics and Research Agency (NISRA); that is to name just a few. The Committee has shown an early interest in specific areas in recent weeks, and I want to touch briefly on those.

A consultation on domestic and non-domestic rating relief concluded last month. Over 1,400 responses were received. I want to take time to consider those, and I will shortly engage with my officials on their initial analysis, which, of course, I will share with the Committee. Our rating system must be fair, equitable, progressive and aligned with the Executive's economic vision by expanding our tax base and supporting businesses to grow and to create jobs. The consultation responses will provide a fresh evidence base to help inform possible next steps.

I will shortly hold bilateral meetings with all Ministers to discuss the 2024-25 Budget. We all want the best public services. When you listen to Ministers around the Executive table and in the media, you will hear that the current projections indicate an extremely difficult and worsening financial position. To allow time for Ministers to collectively agree priorities, we have agreed a short extension to the timescales, which should see the 2024-25 Budget presented to the Assembly at the end of April.

On procurement, there is, understandably, significant interest in the Horizon/Post Office scandal. It is important to set out that public procurement here is regulated by the Public Contracts Regulations 2015, which outline the procedures for public-sector tendering and awarding of contracts. My officials are working closely with the Cabinet Office regarding the issues raised in the public inquiry into the Horizon contract between Fujitsu and the Post Office. The situation will be reviewed following the outcome of the inquiry.

My Department has commenced an ambitious programme of work to reduce the office-estate footprint by 40% over the next five years. I know that the Committee recently heard from Sharon Smyth on that matter. An example is the co-location of DAERA and the Department of Finance at Clare House, which maximises our building usage and offers opportunities for collaborative working. I am, obviously, delighted to have my friend the AERA Minister, Andrew Muir, as my near neighbour.

At a time when public services are under pressure, we must ensure that we maximise the buildings that we have. You will have seen that significant sites are for sale, including Netherleigh, Clarence Court and Victoria Hall. During 2023-24, we will have exited 12 owned and leased buildings, and we plan to continue exiting leased buildings at the earliest opportunity. That will ensure that we have an office estate that meets the changing needs of the Civil Service while reducing our carbon footprint.

I also want to mention the work that is under way to enable the transfer of documents between the various parties involved in the registration by telephone of deaths and stillbirths without an informant's signature. Those changes, which were introduced during COVID, have been extended on a temporary basis under the Coronavirus Act 2020. In the absence of an Executive, it was possible only to extend

those changes on a temporary basis. With the institutions now restored, I have provided my officials with permission to proceed to make the changes permanent.

Before I turn to my closing remarks — I am sure that you will be glad to hear that — I assure you that I want to make sure that the Department is not always about reacting and responding. I am personally committed to placing the Executive's finances on a sustainable footing and to transforming how we deliver our public services for all our people. We want to look at issues such as waiting lists, childcare, public-sector pay and the protection of the most vulnerable. I want to make sure that, in developing Budgets, my Department not only fulfils its role in relation to our equality duties but ensures best practice in promoting equality. I am also keen to explore the gender impact of Budgets.

I hope that these remarks, which are a quick run-through of some of the ground that we have covered, provide an overview of where things are at this early stage. There is no doubt that the financial outlook for public services remains very challenging, but I want to focus on what we can do to help people and not just on what we cannot do.

While additional money is always welcome, the extra £99 million that we will receive from the Chancellor's spring Budget will not make a dent in the challenges that we face in delivering our public services. As an Executive, Ministers will, collectively and individually, have to make many unenviable decisions. We all know people and families who are facing many pressures, and it is those people whom I am most concerned about. I want them to know that the Department of Finance and the Executive are in their corner. We do not have all the money that we would like to do everything that we need to do, but, working together, we will be better placed to maximise the limited resources available to us.

**The Chairperson (Mr O'Toole):** Thank you very much, Minister: that was comprehensive. Thank you for coming to see us early in your tenure. I hope that you are feeling a bit better. Thank you also for making your statement in the House yesterday: it is not easy when you are not feeling 100%.

When will we have the 2024-25 Budget?

**Dr Archibald:** My officials are engaging with Departments around their levels of need for what they want to do in 2024-25. My Department has received returns from most of the Departments. In the next couple of weeks, I will have one-to-one meetings with individual Ministers to talk about their bids.

Obviously, the Budget for the incoming financial year will be very difficult. We are looking at last year's baseline for the beginning of the financial year, and the additional £520 million, plus other individual pots of money such as the £37 million for waiting lists. It will be very challenging. We have committed a significant amount of money to public-sector pay — we will, hopefully, have made pay awards early in that financial year — and that will have to be recurrent. Difficult conversations will be had with Ministers around their priorities. We hope to have the 2024-25 Budget to the Executive in early April so that it is able to be presented to the Assembly by the end of April to give you the time to properly scrutinise it.

**The Chairperson (Mr O'Toole):** So, the intention is that we will get the 2024-25 Budget at the end of April.

**Dr Archibald:** Yes.

**The Chairperson (Mr O'Toole):** OK. Obviously, the legislation is not being introduced before the end of the financial year, but I totally understand. It is reasonable that it is taking a little bit longer, given when the Executive were restored.

I have a couple of points on the restoration package. The overall number of £3.3 billion has, as always with such things, been added up in the most optimistic way possible and with the most topspin. First of all, does the Department agree that it is a £3.3 billion package? Do you agree with that number?

**Dr Archibald:** If you break it down into individual parts, you see that some of it is due to overspends over the past couple of years, because we were underfunded, and some of it is repackaged money, so it is not new money.

**The Chairperson (Mr O'Toole):** Just to be clear, the repackaged money is part of the £3.3 billion.

**Dr Archibald:** Yes. There is £708 million under the broad banner of transformation, and some of that is repackaged money.

**The Chairperson (Mr O'Toole):** OK. Good. I am glad to have that confirmed, because there was a bit of disagreement about it. The Fiscal Council thought that, and now you guys are saying it. That is useful.

On the reallocated money, there has been a lot of discussion, particularly around shared and integrated education. Is it the Department's view that that £150 million should go back to being ring-fenced?

**Dr Archibald:** The ring-fenced money — obviously, the decision about what to un-ring-fence and include in the financial package was taken entirely by the Treasury — has been provided to the Executive as resource funding. Some funding that was previously capital is now resource. It will be for the Executive to decide how that money is spent. What was un-ring-fenced came from a number of sources. There are projects that Ministers might want to take forward, and they will bid for those through the 2024-25 Budget. We will ask them to identify whether the money was previously committed to certain areas and whether those projects are being taken forward under that banner. It will then be for the Executive to agree the allocations.

**The Chairperson (Mr O'Toole):** Subject to the Education Minister making his bid, were it up to you, would you be minded to agree to going back to ring-fencing the £150 million for those projects? If you could get agreement on it being capital, would you be minded to agree to that?

**Dr Archibald:** From what the Education Minister has said — obviously, I am not the Education Minister — my understanding is that the 10 shared education and integrated education projects have been placed within the Department's capital programme. The Strule project is the one for which the Minister is talking about earmarking the £150 million. That will be considered as part of the 2024-25 Budget. Obviously, there are huge pressures on not only our resource money but our capital spend. We got no additional capital allocation from the Treasury in the spring Budget, so we are under pressure on both.

**The Chairperson (Mr O'Toole):** Fair enough. The Executive position is not that the ring-fencing of the £150 million for shared education and integrated education should be restored, unless the Education Minister says that he wants to do that.

**Dr Archibald:** Yes. That is the case. The money will have to be bid for as part of the 2024-25 Budget process. We are still receiving bids, and all those will have to be considered in the round.

**The Chairperson (Mr O'Toole):** On the Programme for Government (PFG) and the multi-year Budget piece — I understand that it will be a one-year Budget this year — is the Department working on a multi-year Budget to be aligned to a PFG?

**Dr Archibald:** I will say a couple of things in respect of that. As I mentioned, we will, very shortly, be in the process of developing a sustainability plan and scoping out what that looks like. It will involve a productivity plan and a capital plan and will have numerous components. That will be the framework for moving forward on the Budget and the delivery of public services.

The multi-year Budget will be dependent on the spending review. We understand that there will not be a spending review until after the general election and that it will be for an incoming Government to decide how many years that spending review will cover. We will be tied to that in setting our budgets to align with the spending review period. It goes without saying that we certainly want a multi-year Budget, but we want it to be aligned with a Programme for Government, because that is how we will get the best delivery. This year, we will be guided in the allocations that we make by the priorities set by the Executive.

**The Chairperson (Mr O'Toole):** Those will be one-year priorities, though, rather than a kind of multi-year —

**Dr Archibald:** I am not sure that the Executive have taken a position yet on whether priorities will be for one year or for the mandate, but we will be guided by the Executive's priorities.

**The Chairperson (Mr O'Toole):** OK. Is there an agreement to raise revenue as part of the sustainability plan?

**Dr Archibald:** There is not agreement on what the sustainability plan is, but it will have several components. Having a balanced budget in the sustainability plan will be part of how we move forward. Neil, do you want to add anything?

**The Chairperson (Mr O'Toole):** Is the sustainability plan part of delivering the £113 million?

**Dr Archibald:** No. There are two separate components. The £113 million is tied to the £559 million —

**The Chairperson (Mr O'Toole):** Of debt forgiveness.

**Dr Archibald:** — of debt. As I said, we, as an Executive, do not accept that conditions should be attached to that; the Treasury, obviously, takes a different position. We have achieved some flexibility on that. The sustainability plan is a separate piece. We, as an Executive, want to deliver on that, because it is part of our being able to deliver transformation. We are keen to get that work under way.

**Mr Neil Gibson (Department of Finance):** The Department and the Minister are keen to make the move to long-term thinking. The sustainability plan is one component of that. Multi-year Budgets is another. There is no possibility of resolving in one-year chunks pressures on the scale that we are seeing come through in the bids. Regardless of whether the sustainability plan was a requirement of the package, long-term thinking and setting out the long-term transformation and funding of public services are the right way forward. The longer time will allow us to do that more fully.

**The Chairperson (Mr O'Toole):** Given that it feels a bit like the Treasury is, for better or worse, demanding the sustainability plan, would it not be better for us to say, "Hang on. We want a sustainability plan that is based on our multi-year Budget and our Programme for Government, so we will tell you what we want to do over the next three years, we will tell you the Budget that we want in order to do it, and, as part of that, we will indicate our views on sustainability"? Would that not be a more front-footed way of doing it?

**Dr Archibald:** The Treasury initially asked for the plan by May. We made clear that that was unrealistic for what we wanted to achieve in a sustainability plan. We now have agreement to an extended time frame for its development. We are still in the process of scoping out what a sustainability plan should look like and what time period it should cover — a mandate, or a period to match up with this year, as you mentioned, or with the spending review. We are still working through some detail on that.

**The Chairperson (Mr O'Toole):** OK. Has the Department accepted that the Executive will have to raise £113 million, even if that is over two years? The concession is that it is over two years rather than one, but the £113 million will have to be raised.

**Dr Archibald:** The Treasury has told us that we have to deliver a balanced Budget, and that, within that, there is an expectation of revenue raising. This year, we increased the regional rate. We did it in such a way as to mitigate the impact of the increase and ensure that we deliver additional money for public services.

**The Chairperson (Mr O'Toole):** Does that come off the £113 million?

**Dr Archibald:** It comes off the £113 million —

**The Chairperson (Mr O'Toole):** How much comes off the £113 million?

**Dr Archibald:** — and it carries forward into the next year. If we were to keep it at that level, another £31 million would be added on for next year. As Neil said, however, the delivery of a balanced Budget will be very challenging for individual Departments. They will all have to look at how they achieve that. They will make bids in the Budget process, but it will be very challenging to live within the Budget that was set by the Secretary of State last year as the baseline and the additional £520 million that we have on top of that.

**The Chairperson (Mr O'Toole):** Chris Heaton-Harris is an extremely right-wing Tory — I think that we all agree on that — and he set a punishment Budget. Am I right that last year's regional rate was lower, in real terms, than this year's?

**Ms Joanne McBurney (Department of Finance):** Only the domestic regional rate was increased last year; the non-domestic rate was not.

**The Chairperson (Mr O'Toole):** It was below inflation. The rate set by the Tories is lower than this one, oddly.

I have a couple of things that I will come back to you on, but I do not want to hog too much time. I will go to Steve Aiken, who has to leave because there has been a family bereavement. Condolences to Steve. Steve will go first in asking our questions.

**Dr Aiken:** Sorry about that. I hope that you are feeling better, Caoimhe, because I am not. I feel fairly crap. I will stand so that you can hear me.

My question is on the sustainability programme. As we look at the figures, we see that we are chasing somewhere between about £250 million and £500 million if we are to get ourselves to a sustainable programme as we go forward. How radical do we have to be to achieve that? In your remarks, you did not mention differential income tax or any of the other proposals. No matter what we do, we are continuously chasing that £0.5 billion. How are we going to do that? How radical, as politicians, should we be?

**Dr Archibald:** On how we do that, I am not sure that, individually, I am in the position to answer that, because it will have to be an Executive effort to put our finances on a sustainable footing and to deliver the transformation that we clearly need. The transformation piece will be key to living within the financial envelope that we will have. I am very clear that the underpinning element is us being funded to need going forward, and that is not the situation that we are in at the minute. We have a financial package for two years. We have agreement to immediately commence the negotiation around the fiscal framework. That is an important piece of work because, if that element comes together, it will provide us with the way forward. We will resource the teams internally to take forward that work with the Treasury quite soon, and we will scope out our view on that. There are a few elements to that, such as the new fiscal reserve, additional borrowing powers and increased fiscal devolution. Obviously, the Fiscal Commission did work and made recommendations, and there has been a consultation on those recommendations. Officials will provide me with input on that. I will bring something to the Executive on that, because the parties will have different positions, and we need an agreed position on what we want to put to the Treasury. Clearly, improving the levers at our disposal will help us to better manage our public finances and to be able to deliver the high-quality public services that people expect and deserve.

**Dr Aiken:** Minister, thank you very much indeed. I have recently talked with Mark Drakeford. We have quite rightly talked about our level of need, which is very clear. However, on the Welsh burden, they pay substantially more tax per head of population than we do. The differential still comes down to that figure of about £0.5 billion. How do we get to the point where we have the realism to either shape and transform our services in a way that delivers £0.5 billion of savings — I do not think that that is possible — or look at how to raise that extra revenue? It seems that everybody is taking everything off the table. All the things that were proposed have been taken off the table, so how are we going to fill that gap? No matter how much we talk about it, unless we get to that point and fill that gap, we will never achieve our goal.

**Dr Archibald:** I agree, and most Departments will agree that finding more efficiencies will be challenging. Transformation takes time and investment. Obviously, we will continue to make the arguments about the relative level of need, but we have a Tory Government that underinvests in public services. We would get only the relative amount even if we were funded to the level of need. Those are ideological decisions that are made in London. Ministers here in the Executive have to try to deliver the highest quality public services that we can. That means that we have to look at the whole ambit of elements in trying to do that.

We were able to raise the regional rate this year, and we will look at the fiscal framework negotiation. We will be challenging Departments on any efficiencies that they can find and on that transformation work. We have a transformation pot of money, although it is not huge. We will shortly commence work



in relation to how we can start to move forward with projects that are going to deliver transformation, strengthen our public services and put our finances on a better footing.

**Mr Gibson:** I reassure the Committee that, whilst we, rightly, focus on the areas in which there are significant quanta of money, that does not take away from the fact that we need to be really careful about and precise with every penny that we spend. The scrutiny that the Committee will provide and the work that we get through our audit teams and external audit functions remains incredibly important. Sometimes, when the numbers seem so big, it can mean that you think of the smaller pots of money as being less critical or crucial. They are not; every penny matters. It is very important that we continue to scrutinise all the spending that we do. I assure the Committee that we are working on that.

**The Chairperson (Mr O'Toole):** It is funny that you should mention that, Neil. I am going to press you both on funding for the NI Audit Office (NIAO). It is very important that we get some of that on the record, because there are real concerns in that regard.

Again, our condolences to Steve.

**Ms Forsythe:** Thanks very much, Minister and your officials, for coming today. Rates is one of the most significant bills that our households face every year. Seeing the high levels of unpaid rate bills and rate debts being written off every year is extremely frustrating for those hard-pressed families who are struggling to pay their bills. The Minister noted record high collections in the year that we are currently in, but, when the acting chief executive of LPS was here, she accepted that that was related to the increased value of the rates bills as opposed to an increased percentage in the collection of rates. What steps is the Minister taking to ensure that maximum rates collection occurs?

**Dr Archibald:** I have engaged with Sharon Magee, who is the chief executive of LPS, around this issue. Rate debt has gone up for a number of reasons. People and businesses were in a really difficult position throughout the pandemic and because of the cost of living and the cost of doing business. It is important to emphasise that people who have payment plans are also included in the rate debt element, so a proportion of that is people who have bought in to plans to pay off their debt. Legal action is taken only when it is a persistent non-payment or when ratepayers fail to engage with LPS. I think that there were 7,000 Magistrates' Court proceedings this year to advise ratepayers of legal action that was being taken against them. Approximately 4,000 court decrees have been granted by Magistrates' Courts. The Department is taking that seriously. I will let Neil come in in a wee second in that regard. It is a piece of work that is going to take some time, because, as I said, people have been under significant pressure over the past number of years, and the Department has set itself targets to bring down the debt. It was one of the considerations in the level of regional rate that we set this year. If it had been too high, we would have forced more people into difficulties with paying, which would have increased that debt. That was definitely not what we wanted to see. It was really important to me that we struck the balance in the regional rate between trying to raise money to deliver quality public services while not putting too significant a burden on households and businesses.

**Mr Gibson:** We have new personnel and staff who are dedicated to that. I have been looking at some papers around targets and how we can drive down that number. As Minister has said, we are at the behest of courts and others in that process. An important point is that we have been very proactive in getting people to reach out to LPS and set up a payment plan. There are quite a number of people in that overall large figure who are paying the debt, just over a slower time. We are also looking at ways of better reporting that, so that it is explained better. If debt is too much, the first thing should be a phone call to LPS to have a conversation and see whether we can work out a plan or programme that allows us to collect that. We have more dedicated resources now to look at the collection of unpaid debts. As you can see, a significant component of that falls in the very near term, so that is where we focus most of our efforts to make sure that we can get that re-collected. If we can get people or business onto a payment plan, that is a better position than not collecting the money.

**Dr Archibald:** Rate debt write-off happens in only a limited number of circumstances: where a business is insolvent, someone has died or a company has been dissolved. I reinforce that piece about engaging with LPS: that is the preferred course of action if somebody or a business is in difficulty. There are people there who are keen to help and support people who are in difficulty.

**Mr Gibson:** Yes. All write-off decisions are taken case by case and looked at in a detailed way. There is no mechanical process for that.

**Ms Forsythe:** Obviously, people deserve value for money for their rates and to feel confident that they are getting that. Will the Minister clarify whether the burden of the unpaid rates or the write-offs is being redistributed to homes or businesses that are already struggling to pay?

**Dr Archibald:** It is not my understanding that that is the case. Neil?

**Mr Gibson:** No, it is not.

**Ms Forsythe:** Businesses are facing a lot of pressures, and, when they are facing those crises, the rates bill is one of the biggest bills that they have. A temporary exemption from rates for certain types of businesses could give them huge relief and, in fact, save them when they are under extreme pressure. Has the Minister considered introducing a rates exemption for childcare settings in the short term as that industry is currently facing a crisis?

**Dr Archibald:** Clearly, that is a sector that is struggling at the minute. We see examples of that with settings closing. As part of the childcare strategy, supporting those providers will be important. We will be considering the responses to the rates revenue-raising consultation. I will meet officials next week for initial feedback on that.

It is important that we use that evidence base to look at the rating system going forward. Any changes to the rating system would require more consultation and legislation. I will be engaging with my officials about anything that can be done in the interim, but the longer-term piece that I am keen on is that we look at how we are aligning the rating system with the economic vision that we have. When we talk about increasing our tax base and having more businesses paying into the rating system and more businesses creating jobs as well, it is important that the two things align.

**Ms Forsythe:** I welcome the Minister's comments about working hard for a better financial package for Northern Ireland and putting it on a more sustainable footing. Is the Minister advocating to the Treasury that Northern Ireland is moved onto a similar funding model to Wales and afforded the same protections that it has?

**Dr Archibald:** I was really pleased that we got agreement from the Chief Secretary to begin that engagement on the new fiscal framework immediately. As part of the financial package, 124% was put forward as a level of need. Numerous parties, including mine, think that that could be higher. The Fiscal Council has done additional work in relation to that. If we are on the trajectory that has been set out currently, it is going to take well over a decade — maybe longer — to hit the level of need, and, in effect, it is a fiscal ceiling rather than a fiscal floor. We want to see that being baselined from the start of the next spending review. We are keen to engage on that but also on the level of need. For me, the most important component is getting it baselined in, because that is what will make the difference to our Budgets.

**Ms Forsythe:** I thank the Minister for sharing her correspondence with the Treasury and communicating well with the Committee on that.

**The Chairperson (Mr O'Toole):** Is there a timeline for the fiscal framework? Do you have a specific time, such as by the end of the year? Surely, the comprehensive spending review (CSR) would be —.

**Dr Archibald:** I have requested that we have another face-to-face meeting soon, and we are going to be putting forward some of our proposals on how we take forward this piece of work. We will then be looking for constructive and intensive engagement around that to achieve that as quickly as possible.

There is one point about the spring Budget that was announced.

**The Chairperson (Mr O'Toole):** There is still £24 million that you need to get.

**Dr Archibald:** Yes, we need to get that.

**The Chairperson (Mr O'Toole):** Surely, they will just give it to us as a gesture of goodwill. *[Laughter.]*

**Dr Archibald:** What do you think, Joanne?

**Ms McBurney:** I do not think that the Treasury operates gestures of goodwill. There is nothing to suggest that it is an issue at the minute. We just need to work through some of the mechanics with it, which we will do quite quickly.

**The Chairperson (Mr O'Toole):** You are presumably factoring that £24 million into your 2024-25 spending. It is not really very much money.

**Mr Carroll:** Thank you, Minister. You made a lot about public-sector pay deals, and you said it again in your opening statement. You said that the Executive want to make it clear to workers that they are in their corner. What is your assessment of the fact that Translink workers have rejected a pay offer that is a pay cut in real terms? We have had some deals in which workers have got 5% and a lump sum; others, such as teachers, have had 10%. That is obviously important, but we have to be careful about trying to pit workers against each other. I am not saying that that is necessarily a divide strategy, but who knows?

I want your assessment, Minister, of the fact that Translink workers have rejected the current offer. Junior doctors were out last week. FE workers may reject their offer. Certainly, I have received a few emails — you and other Members may have had them too — about an inadequate pay offer, so I am asking for your assessment of those disputes in particular.

**Dr Archibald:** I say, very clearly, that I do not believe that there is a strategy to divide or pit workers against each other: certainly not. I have responsibility only for the Civil Service workers, and a pay deal is being considered by unions at the minute. NIPSA recommended it to its members. Therefore, I am hopeful that workers will look upon that pay deal favourably.

Obviously, unions and employers will have a negotiation process. It is really important to me that that negotiation process is properly respected and that workers have the time to consider what is being put to them and where it falls short of their expectations. Clearly, they have the right to take that position and to take action, if that is what they choose to do. It will be for those individual groups of workers to negotiate with employers in respect of that. For Translink workers or whichever group of workers, it will be for their employers to put forward an additional offer if they are in a position to do that.

**Mr Carroll:** OK, thanks, Minister. I suggest that the Executive are not in the corner of those workers who are taking strike action. I appreciate that you will, obviously, disagree on that point.

**Dr Archibald:** I will.

**Mr Carroll:** Your Executive colleague John O'Dowd will be the relevant Minister if they take strike action in that dispute. Obviously, ministerial decisions must be taken individually, but you bring forward and allocate the Budget, so the responsibility is on you.

**Dr Archibald:** I will respond to that. The allocations that were made were based on what the Departments had indicated as being their pressures. There was a process in relation to that.

**Mr Carroll:** OK. Minister, I asked this as an Assembly question, but I may as well ask it while you are here: what legislation do you intend to bring forward in this mandate?

**Dr Archibald:** We have not finalised the extent of the legislative programme for this mandate. The Executive Office has asked us what we intend to bring forward for this year. We are looking at a number of pieces, not least of which is putting the Fiscal Council on a statutory footing. There is also marriage reform. I do not have the list in front of me, but there were three items.

**Mr Carroll:** Is there a rough timeline for when we will know what your intentions are?

**Dr Archibald:** There is still some work to be done. Sorry, can you repeat that?

**Mr Carroll:** Is there a timeline for when we, as members, will know what you intend to bring forward?

**Dr Archibald:** Yes. I will communicate with the Committee in relation to the legislative programme. There is still some work to be done in respect of all those pieces of legislation. A considerable amount

of work has been done in relation to the Fiscal Council Bill. Some considerations have yet to be decided.

**Mr Carroll:** I have a final question. Revenue raising is always touted out and suggested as a solution to, I would say, please the Treasury Tory dragon. However, what is never emphasised or addressed in revenue raising is the question of wealth. It is rarely talked about in these corridors. Corporate profits are up to record levels. Collective revenue of the top 100 companies is £31 billion — astronomical sums and figures. What is your general assessment of that? Do you have any plans to look at corporation tax? My understanding of Neil's previous comments at the Committee — it could be my interpretation — was that, in discussions with the British Government, there were no plans to increase corporation tax. Are there plans to reduce it? That would be very concerning. I ask for the Minister's view on that general question and specifically about corporation tax.

**Dr Archibald:** We have limited revenue-raising and, particularly, tax-raising powers. The ideas that are trotted out for revenue raising are, very often, charges that would be punitive on people, and some of those ideas have, rightly, been rejected. In relation to additional powers that we will look at, as I said, I will consider the recommendations of the Fiscal Commission across the full range of taxes and bring proposals to the Executive on the additional fiscal powers that we might seek. As you will know, the Economy Minister recently said that, in our economic levers, he does not see corporation tax playing a part any time soon, but you will also know that the legislation that devolved corporation tax — it has not been commenced — had fiscal sustainability and an affordability clause as a prerequisite. I do not think that that could be brought forward without having a fiscal floor that is properly funded in there. It is also my firm view that devolving corporation tax would be worthwhile only if ordinary citizens were going to benefit from it through the creation of sustainable, well-paid jobs and economic development. As I said, I will bring a paper to the Executive on general fiscal devolution, and it will then be for the Executive to take a position on all that.

**The Chairperson (Mr O'Toole):** I am conscious that we still have quite a few members to get through.

**Mr Tennyson:** Thank you to the Minister for her answers so far. I will return to our funding formula. Minister, what is your strategy on arriving at a view on what the appropriate level of any fiscal floor should be, and how will you evidence to Treasury officials that our view is correct and their view is wrong?

**Dr Archibald:** I have had an initial meeting with the members of the Fiscal Council, and they have done a significant and useful piece of work on the fiscal floor and some additional work that has just been published. Clearly, a case can be made that it should be a level up, so I will continue to engage with the Fiscal Council on the work that it can do to help support any arguments that we are making. It will then be for us as an Executive to get into that negotiation with Treasury around, as I said, getting a fiscal floor baselined in for the beginning of the spending review, which is critical, and also around the level of need.

**Mr Tennyson:** Do you intend to commission any additional independent research to support that work?

**Dr Archibald:** I will take the view of the Fiscal Council on the work that is there, and we will be open to considering other ideas in respect of that. Neil, do you want to add anything?

**Mr Gibson:** Yes. Wales went down the route of the famous Holtham approach, and there may be some merit in the need for that. As the Minister says, we will deploy and use that, if required. If we were below a level of need and rising at £124 for every pound or £127, it would be important to get that figure right, but the more important thing is that you do not fall below the need in the first place, so it is about getting the floor right.

It is important to say something else about need. Putting my old economist hat on, I will say that you do not want it to come across in any negotiation or conversation with Treasury that there is a level of perpetual need. There are some areas of need — rurality or peripherality — that do not change, but, with things such as levels of inactivity or sickness, you want to make the right choices as an Executive to ultimately drive those levels down. You do not want it to look as though the question is to try to suggest that you are fundamentally economically struggling; rather, you actually have a sustainability plan and a vision to do better, but being below that level of need for any sustained period of time will do so much harm that, actually, it will have the potential to drive up the level of independently

measured need. It is about making sure that the arguments are clear that it is in everyone's interest, not just in Northern Ireland's interest, that you do not do a level of harm that makes the financial burden even worse because you have done so much damage that you have driven up inactivity rates or made the economic performance worse.

Clearly, there are models from Wales. The Welsh example was essentially saying that you could spend an almost infinite amount of time on detail, modelling and analysis. They ended up with a more straightforward and stripped-down model, but, obviously, it did not capture some of the aspects — policing and justice matters — that may be unique to here. It is certainly not ruled out. Whether the Fiscal Council could fulfil that role or whether a different independent badge would be needed, we will sit down with Treasury and with colleagues and work that out as part of the fiscal framework and the Budget. I think that the way to frame it is that the vision for long-term sustainability is a combination of Budget sustainability plans, fiscal frameworks and transformation. It is a whole combination, and we will make sure that we make the strongest case for how to correctly take the right evidence to get the right level of fiscal need. However, the first and most important issue is the potential risk of falling below it. That is so potentially damaging that we want to make sure that we do everything that we can to avoid that possibility.

**Mr Tennyson:** I want to ask for a point of clarity on the conditions around revenue raising, and I apologise if the Chair has addressed this point. Is it our understanding now that, in 24 months' time, we should be at a point where we are raising the equivalent of £113 million per annum, or is it that we have to raise £113 million over two years, which is approximately £50 million in each of the years?

**Dr Archibald:** My understanding is that it is the latter. That conditionality is attached to the write-off of the £559 million. I re-emphasise that we as an Executive do not accept that a condition should be attached to it. The UK Government have given us that extended time frame over which to do that.

**Mr Tennyson:** On two specific rating reliefs, I understand that you are considering the outworking of the consultations, but do you have an initial view in policy terms around the domestic maximum value cap and the reliefs available to student halls of residence?

**Dr Archibald:** No, I have not considered individual rate reliefs that were included in the consultation. As I mentioned earlier, the questions that were asked were binary. They were focused specifically on revenue raising and not on aligning better to what we are trying to achieve economically or socially. I have not considered those, and I have not seen the feedback from the consultation responses that would enable me to take a view on any of the individual rates reliefs at this point.

**Mr Tennyson:** My final question is on corporation tax, which Gerry mentioned. That was referenced in the 'Safeguarding the Union' document that the Government published. Do you have an estimation at this stage of what any reduction in corporation tax would mean for public finances, and do you think that any cut would even be affordable?

**Dr Archibald:** Our figures on the cost of corporation tax being devolved — Neil, you can keep me right on this — are quite out of date. As part of any exercise on considering its devolution, we would seek to get updated figures.

**Mr Gibson:** Yes, and there was a lot of contention at that time about how you impact on behavioural or secondary effects, so there would still be quite a conversation to be had on how that mechanism would work, whether the decision was to take the rate up or down. The mechanism is not clear enough yet, and it is true to say that the corporation tax picture, from the point of view of what Northern Ireland generates and of what happens across the UK, has changed quite substantially since those previous estimates. We will engage with Treasury, which has made the commitment that it will look at matters around that. We will engage fully with that at the official level as well.

**The Chairperson (Mr O'Toole):** You could, of course, save about £10.5 million a year by not proceeding with the tax that Sammy Wilson decided to impose on us for non-existent long-haul flights, but I will leave that one with you, Minister.

**Miss Brogan:** Thank you, Minister and officials, for attending this afternoon. I want to go back to something that you touched on and of which I know that you are fully aware. It is the crisis that is facing the childcare sector at the minute and the many parents who require childcare providers and services. There are two issues. First, there are the long-term solutions that we are looking at when it

comes to the ongoing work on a childcare strategy and what we want to see from that. Through the all-party group, I have done a lot of work with childcare providers, different stakeholders and parents who are involved with the childcare sector. From discussing this with them over many years now, I know that they need proper investment in the childcare sector, something that will drive down the cost of childcare for parents and families and ensure that childcare staff get the right pay and the right conditions. Are you supportive of proper investment in the childcare sector, and do you agree that this is a cross-departmental issue? There is a role for the Department of Health, the Department for the Economy and the Department for Communities, especially when it comes to the likes of the workforce strategy and ensuring that we get enough staff and enough people recruited into the childcare sector. Are you supportive of that?

**Dr Archibald:** The childcare strategy is a really important piece of work. I know that a number of Members are really engaged with it. You, Diane and Kate from Alliance have done considerable work on those issues. Clearly, the childcare strategy is an important piece of work in and of itself, but it is, as you say, a long-term piece of work. Childcare is a priority for the Executive. At our first meeting, we agreed that we wanted it to be looked at on a cross-departmental basis. It is really important that that work is done, and, as you said, it involves a number of Departments.

One of the things that we need to get right is the model of support for the childcare sector. Parties have done considerable work in the absence of an Executive. Hopefully, that work can be built upon. At the minute, the Education Minister is developing proposals on what we can do in stages, in the immediate to longer term, on the wider strategy. Investing in providers on the basis that they then cap fees for parents is a model that is potentially worth exploring further and taking forward. Work on the workforce strategy is really important. Childcare workers do a really important job in child development. It is not just a babysitting service; they do important work, and their profession should be recognised as such. It is important that we have a strategy to ensure that we train and support those workers and also support the providers to be able to hold on to those workers. I fully support a childcare strategy, and work on that, as I said, is looking at the short term and into the longer term.

**Miss Brogan:** Moving on from that, with regard to the short term, I am sure that all Members are receiving lots of phone calls and messages from parents whose fees are going up in the near future. Lots of childcare providers are also getting in touch with me to say, "We do not want to do this, but we have no other option". Their costs are ever-increasing. I know that there have been calls for the Education Minister to provide some type of interim support payments to childcare providers. Have you received any bid from the Education Minister yet? Can you go into that detail?

**Dr Archibald:** I assume that the Education Minister will put forward any bids that he wants to make in respect of childcare as part of the Budget process. He is one of the first Ministers with whom I will have a bilateral meeting. I am sure that he will raise that issue with me when we meet.

**Miss Brogan:** I have just one more point on that. As chairperson of the all-party group on early education and childcare, I have written to Treasury previously to ask for the removal of the cap on tax-free childcare and an increase in the threshold. Are you agreeable to making the same request for us, please?

**Dr Archibald:** I would be happy to support that, yes.

**Miss Brogan:** Great. Thank you.

I have one final question, Minister. There has been a lot of discussion today about fiscal sustainability. You said that one of your goals is to put the North on a sustainable footing. The Fiscal Commission recommended a suite of fiscal powers that should be devolved to the North. Do you think that those types of powers are important? Where do you see those powers falling, and how will they put the North in a fiscally sustainable position?

**Dr Archibald:** Certainly, the additional powers piece will be an important part of that wider fiscal framework. It is important that we have all possible levers at our disposal. Members will be aware of the letter that went from the Executive, on the day after we were formed, to the British Government. Additional fiscal powers were referenced in it. Clearly, increased fiscal devolution would give the Executive the ability to better manage priorities locally. From my perspective, devolving powers is not just about being able to raise more money or make decisions about how to raise more money; it is about policy goals and trying to achieve our objectives, influence choices, change behaviours and pursue greater economic activity, as well as, obviously, potentially raising additional money for public

services. Again, from my perspective, it is about doing that in a fair and progressive way. As I mentioned in response to a couple of previous members' questions, I will bring a paper to the Executive on the back of the responses to the consultation on the Fiscal Commission's work. It is really important that that is considered in a broader conversation around the fiscal framework.

**The Chairperson (Mr O'Toole):** Will the Fiscal Commission follow-up be a part of the sustainability plan discussion, the multi-year Budget discussion or just a stand-alone piece?

**Dr Archibald:** It will be part of the fiscal framework negotiations. A number of components will be included in the fiscal framework work, such as additional borrowing powers and a fiscal reserve. Those things will all be included in that.

**The Chairperson (Mr O'Toole):** OK. Good.

**Miss Hargey:** Some of my questions have been answered. Caoimhe, it was welcome that your first move when you went into the Department a short time ago was on public-sector pay, particularly with the Executive signing off your proposal for the additional £100 million. That was a good thing, notwithstanding some of the continued negotiations with the unions, which is a normal part of the process. Building more strategic relationships with the unions will be important, and I am sure that it will be a priority for you going forward.

Obviously, there has been a lot of conversation around the fiscal framework, and that is important. It is important that the council and the commission's work is tied in as part of the wider framework conversation.

We touched earlier on need, where that sits and the assessments around that. You mentioned that it will take around a decade to get to that, and I have heard that before. Where has that 10 years come from? Is it set in stone, or is it based on the Welsh example? What is your view on the potential to backdate once we get to the position of an agreed figure?

**Dr Archibald:** I will take that in two parts. On the level of need, currently, it would be through the Barnett consequential that the uplift would be applied, so the 124% would be applied only to additional Barnett consequentials. The level of need that we would be sitting at, at the end of 2025-26, would be below 124%. It would then be whatever in-year allocations we received that would lift us up, and that would take considerable time. Am I correct in that?

**Mr Gibson:** I was very impressed by that. I was thinking that I was going to get a chance to step in, but I do not need to.

**Dr Archibald:** That is why it is really important that we get that level of need properly baselined in, and we want to do that. The financial package covers us for the two years. We are hopeful that we will get a comprehensive spending review that will be multi-annual and that need will be baselined from the beginning of that spending review.

**Miss Hargey:** No worries. Thank you. The rating system has been touched on. There have been reviews looking at reliefs and caps. Do you hope to bring forward those changes? The Economy Minister set out his vision for looking at the economy and trying to rebalance the regional imbalance. How, under your leadership, can we use powers, such as that over the rating system, to align all these visions to get better outcomes?

Where there is a particular emphasis on potential reliefs, in line with the Economy Minister's aim to grow social enterprise, not-for-profits and the development of workers cooperatives under community wealth building, will you work with him in looking at these things going forward?

**Dr Archibald:** Yes. I am keen to look at the evidence from that consultation process to see the issues that are being raised. As I mentioned, I am also really keen that our rating system align with what we are trying to achieve economically and that it be fair, progressive and equitable in how it impacts. With regard to the regional balance and looking at this regionally, obviously, councils also have a significant role in that. My officials are engaging with the Ulster University Economic Policy Centre on research around the impact of the poundages across the different council areas. That will be an important piece of work in informing how we move forward.

I am keen to look at the rating system and at whether potential changes can be made. As I said to Eóin, I have not looked at the individual elements of that yet. I hope to get that update from officials next week, and I will then look at how we can take that forward, but, as I mentioned, additional consultation on and impact assessments of any potential changes to the rating system need to be done.

**Miss Hargey:** I welcome the work on the office estate, but there are other programmes of work, such as community asset transfer, on which cross-departmental work could be done. Some assets probably have a wide range of uses, but it is about trying to drive consideration of the broader social impact and need. Could some collaboration and work be done between your Department and the Minister for Communities to drive social value and community wealth by using government assets?

**Dr Archibald:** I am happy to engage with the Communities Minister and the Economy Minister on that work. The transformation of the office estate is an important piece of work. We want our workers to be in modern, fit-for-purpose buildings that have the lowest carbon impact. People's behaviours have changed somewhat over the past few years, given that hybrid working practices enable people to work more flexibly. That is a really important and positive thing, and I want to encourage it. I am keen to engage with officials on how we can maximise that and have workers from across different Departments being able to access different buildings and, essentially, to hot-desk across the Civil Service. I am keen to engage on that a bit more. There is great potential to develop the office estate.

**Miss Hargey:** You will be glad to know that this is my final question. It is about your discussion of Budget development and policy, which is a critical piece of work. We can all be downbeat about the Budget situation, but it is about looking for the opportunities and trying to present hope to communities, because that is really what they are asking for. It is important that we look at it through an equality lens, which you touched on, and think about gender, class and ethnicity. We need to look at other perspectives as well.

The big thing for me is that it is about not just equality of opportunity but equality of outcome. What outcomes are we driving? Looking at pressures in certain Departments, when considering how the Budget could be allocated, we have to ask, if we do not start to change those outcomes and do the transformation work, whether we are making a difference. That is important. A big area in that is the issue of siloed working and what we can do within departmental budgets to encourage more collaboration across government to reach the outcomes that we want to see. Cases, presentations and pressures are becoming more complex, whether that is in Health, Education or Justice, and it is more resource-intensive to overcome those issues. We should encourage collaboration and look at ways in which we can work more collaboratively. We should look at the opportunities to develop the office estate in order to allow cross-departmental teams to sit side by side and work together. We should look at opportunities around that.

We are also seeing the impact on the community and voluntary sector across the board. We had discussions about public-sector pay, but pay is a huge concern at the moment across all sectors, including childcare and others, when it comes to recruitment and retention of key workers. When societal shocks happen, like COVID or financial downturns and crashes, those sectors often work with government to sustain services and make sure that communities do not drop to a lower base. There is a concern that, in times of constrained budgets, they are often seen as low-hanging fruit and are the first to be cut. That policy development piece and looking at the equality issue will be crucial. Can your Department work with others to engage with the community and voluntary sector and others on not only the issues but the opportunities that it could present to those sectors?

**Dr Archibald:** That is an important piece of work, and it will tie in closely with a Programme for Government that will be outcome-focused, and that is important. The aim and objective of an outcome-based Programme for Government was that Departments would be brought together to decrease the silo-working mentality, and we continue to face that challenge to delivery. There is work for all Ministers and Departments to overcome that issue.

This year, we will be a bit challenged by the equality screening and consultation work that we normally do for the consultation period. The Departments will do their own equality screening and impact assessments as normal. We are looking at the best effort we can achieve to ensure that that is embedded in the broader process, given the constraints that we have. I am happy to engage with sectors on how we can better align the Budget-setting process with the outcomes and with the challenges that they face, particularly trying ensure that equality is properly embedded in the process. Joanne and I have discussed that. Do you want to add anything to that?



**Ms McBurney:** No, Minister. I absolutely agree. We are very keen to do that. We recognise that things can be done better, and we are very keen to work with the Equality Commission and others to embed best practice in the Budget process.

**Mr Brett:** Minister, I hope that you are feeling better.

**Dr Archibald:** Getting there.

**Mr Brett:** Minister, you will be aware that this year's Budget and the Rates (Regional Rates) Order (Northern Ireland) 2024 that passed yesterday were not supported by some parties and were opposed by others. Did your Department receive costed alternatives from the parties that opposed or did not support the passage of the Budget and the rates order? Obviously, I was keen to see the public-sector pay issue advanced, and that has taken place as a result of the work by the Executive parties. To place it on the record, can you tell me whether the Department received alternative costed proposals from those who opposed those positions or did not support them?

**Dr Archibald:** Not that I am aware of.

**Mr Gibson:** No

**Ms McBurney:** No.

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

**Mr Brett:** I will turn to some of your evidence. You said that all avenues will be explored to generate income. Will you tell me what avenues you are looking at, please?

**Dr Archibald:** There are very limited levers at our disposal for income generation in this financial year. The only real lever was the regional rates, which the Executive took a position on and the Assembly supported yesterday. It is important to provide additional money for the delivery of public services, and we want to mitigate the impact that the increase will have. I mentioned the huge pressures that Departments face to deliver and balance budgets. It is important that they look at every option that is open to them. There are no real new measures that can be introduced in time for this financial year, so Departments will have to look at what is at their disposal.

We are limited in what we can do, and that speaks to the earlier conversation around the challenges that will face Ministers and Departments to deliver in this financial year. That is why it is so important that we have the conversation with Treasury around the future fiscal framework and ensuring that the level of need is secure going forward. At this point, we have a financial package for two years; beyond that, we are not funded at need. That does not give Departments and Ministers the surety and certainty to plan. In some respects, it undermines the transformation efforts that we want to try to achieve. It is important that that piece of work is taken forward and successfully negotiated.

**Mr Brett:** That is a shorter-term and longer-term piece of work, but you said that all Ministers will face "unenviable decisions". Can you enlighten the Committee on those that are in your remit?

**Dr Archibald:** Neil might be better placed to speak to some of the challenges. He faced significant challenges in order to live within last year's Budget, and he took difficult decisions to be able to do that. Like every Department, we will face a challenging Budget. There are pressures in there that we will have to make decisions around. I am sure that I will engage with Joanne and others about that. That piece of work is ongoing. I am not sure, Neil, whether you want to add anything about those challenges.

**Mr Gibson:** I will just say that each Department could lay out its case. To be fair to the Minister, the bids are coming in only now, so she has not been able to see them all, including those from our Department.

From our side, we are often in the background, providing the services to allow other Departments to deliver. Our big priority is very much about making sure that our services, shared or otherwise, are provided efficiently and effectively. The harsh reality of the scale of the Budget pressures, however, means that we are in a world of looking down things and saying, "Can we stop this?", "Is this no longer required?", or "Are we definitely the right people to deliver this?". At that level, it is important to say to

the Committee that the scale of pressures means that things are not achievable through belt-tightening. It is not about a little nip or a tuck; it is a more fundamental assessment of whether everything that we do is still a requirement and then presenting those options and choices to the Minister for her to make the relevant decision.

We are working very hard around the permanent secretaries' table — I know that the Minister is doing the same with her Executive colleagues — to try to reflect that the scale of the financial pressure means that it is a systems-wide problem. We have heard a little bit about silos in Departments here. The scale of this type of financial pressure is not easily solved by saying, "Take this Department in isolation from that one". It is better to look through the lens of what you can stop or what is no longer required to be done.

I am very grateful to my colleagues across the Department who did so much in the past year to take the level of cuts and absorb rates increases. However, if you were to ask me, as the accounting officer, to find some little savings or belt-tightening measures, I would say that they are not there. If significant cuts are coming to the Department, they will be aligned with stopping doing certain things.

**Mr Brett:** OK. There are two other points that I want to cover. The first is on additional fiscal powers. I am slightly confused, but I am easily confused, so do not worry. There was a joint letter from the Executive calling for additional powers. Earlier in your evidence, Minister, when you were talking about corporation tax, you said that the Economy Minister thought that that was a long time off. You may have been non-committal, or you may have been committal and I picked you up wrong, but on the one hand, we seem to be calling for additional powers and on the other, ruling out, from your perspective, corporation tax.

**Dr Archibald:** As I said, it will be a case of bringing proposals to the Executive across the range of tax powers. Different parties will have different perspectives on those, and it will be a case of trying to find a collective Executive position on them.

**The Chairperson (Mr O'Toole):** Presumably, you will be making a recommendation and it will be your job to make a recommendation.

**Dr Archibald:** At this point, I have not received a paper from my officials on the Fiscal Commission's consultation responses. That work is in progress, and I will be seeking to progress it further, because it is an important component of the negotiation that we are going to have with Treasury. At this point, nothing is being ruled in or out of that. The Fiscal Commission made mention of a number of powers and spoke about revisiting corporation tax, so all those things will be considered.

**Mr Brett:** Do you have an opinion on corporation tax?

**Dr Archibald:** As we have discussed this afternoon, we need to understand the costs. My understanding is that they are significant. We also need to understand the outcomes that we are trying to achieve with any of those powers. As I mentioned, with devolution and having the levers at our disposal to be able to make decisions and to align those with policy objectives, we should have the most powers possible at our disposal. It is about weighing up how we can take those forward.

Corporation tax has already been devolved, of course; it has just not been commenced. Work needs to be done on the affordability and sustainability piece in relation to that.

**Mr Brett:** Does that mean that you would not commit to supporting all-island harmonisation of the corporation tax rate at this stage?

**Dr Archibald:** As I mentioned, to me, cutting corporation tax has to align with the objectives that we are trying to achieve. It has to be about achieving sustainable, well-paid jobs and supporting businesses to grow further in economic development. There would need to be an evidence base to support that.

**Mr Brett:** Finally, on the Budget for both this year and next year, I want to try to get some detail on the fiasco around the Education Authority's attempt to submit a paper to your Department on non-teaching staff. It is my understanding that a paper arrived with the Department of Finance from the Education Authority in which it got the number of staff that it employs wrong. Has that ever happened before,

whereby an organisation of government does not even know how many staff it employs? Maybe Neil can give us some views on that.

**Mr Gibson:** There are processes. It is not unusual for headcounts, updates and figures to be provided, updated and refreshed over time. Sometimes, it is on the academic year. It would not be unusual for updated figures and estimates to come through. What is important, obviously, is that the correct financial information is provided to allow people to make the correct decision. While, of course, it is easy to say that we should all know to include agency staff and the time of year that the calculation is done. So no, it is not without precedent that we get updated figures and data.

**Mr Brett:** OK. This is my final one. Minister, you will know that I have tabled a couple of questions to you on this matter. You may not know the answer, but has the Health Minister submitted a bid for additional funding for the Northern Ireland Hospice, which he has now undertaken to do?

**Ms McBurney:** We have only just got Budget returns in from the Departments. We are still working through them, so it is too early for me to say whether there is a specific bid in there. There will be a range of bids from every Department. To be fair to the Minister, we have not worked through those bids, so she definitely has not had sight of them yet.

**The Chairperson (Mr O'Toole):** I am delighted that I have got Mr Brett's agreement that the Opposition will be able to avail itself of the full suite of Civil Service expertise. I will be setting up a meeting on Monday.

**Mr Brett:** I am sure that, as a former employee of Treasury, you have that expertise in-house, Matthew.

**The Chairperson (Mr O'Toole):** Sadly, we have not yet got our Opposition resource. If you can nudge your friends in the Assembly Commission, that would help. Indeed, if you could get the Communities Minister —

**Mr Carroll:** The smaller parties as well, Chair.

**Mr Frew:** It is a disgrace.

**The Chairperson (Mr O'Toole):** — to answer his questions, that would be a good start.

**Mr Frew:** Thank you very much, Minister, for being here. I am sure that it is not easy when you are recovering, as you were yesterday. Well done yesterday. You did very well getting to the Floor of the Assembly when you were sick. I know what it feels like.

My concern is around the positioning of the Department to challenge the Treasury and to know exactly what we are asking for and what we need. I know that the definition of need is really complicated. The Treasury has set a precedent with Wales by providing it not only with a fiscal floor at the Holtham definition of need but with an uplift. That uplift has benefited Wales to something like £1.17 billion. Some economists state that, even with that uplift, it is not going to hit the floor. Are we, as a Finance Department, in the position of asking or requesting from the Treasury that we be treated the same as Wales?

**Dr Archibald:** My understanding is that Wales was above need and that that is coming down. We are the opposite. Before the return of the Executive, parties looked at some of the levels of need and the different models, and the 5% uplift was included in the figures at that point. What we will put into our position to Treasury is still open for consideration.

The work of the Fiscal Council has been really important in informing that level of need. Obviously, there is more work to be done on that. As I mentioned, for me, the really important piece is that baseline, and I will have that in from the beginning of the next spending review. Work needs to be done quite quickly on the fiscal framework negotiation. Yes, we will seek to engage with whomever is in Treasury at that time on how to take that forward. Neil, do you want to add anything?

**Mr Gibson:** Looking at the quality of work that Sir Robert Chote and his colleagues have produced and the respect in which he is held at a UK level, I am very confident that we will not be wanting in the level of expertise to provide the quality of work that will be needed to present arguments. It is

important to say two things. One is about the Welsh kind of soft landing, if you like. Their level of need is not as demonstrably higher than the UK level as that in Northern Ireland. That means that there would be quite a strong debate on getting the level precisely right. It is important to reflect on the Fiscal Council's evidence that suggested that there are many reasons to argue why the level is higher than 124%.

However, arguments will be deployed to say that the level could move in the other direction, which means that you could not go into the process being guaranteed that it is simply a question of how much higher it would be. You need to go into it knowing that there will be a lively and detailed academic debate about the measurement of need, which, as you say, is an art as much as a science.

The second thing to say — we have tried to significantly point this out — is that this period of falling below need, which has demonstrably happened, causes particular harm. However, there have been periods when Northern Ireland has been in the more Welsh-like position of being funded above, almost always through one-off deals and package money, which does not really align with a sustainability agenda. There is the principle of knowing how much money you have and under what framework it is provided so that you can have the surety of making long-term decisions. That soft landing was provided because of the recognition that coming down sharply causes harm, so falling off cliffs obviously causes even more harm. The important argument that is being deployed is that the damage that could be done could be so expensive to repair. Indeed, many of the damages would not be ones that you could count in pure cash terms.

The important message here is to deploy the arguments to say that making sure that you do not fall into that sub-need funding position will avoid a significant future financial pressure. It is important to point out that the Treasury would remark that the way that funding is handled in devolved regions is unique to them. Funding in councils and other bodies is different.

That is not a straightforward argument to make, but through the work that we have seen from the Fiscal Council and the reputation that it has, and given the teams that I have internally, I am very confident that we have the expertise to debate effectively with the Treasury.

**Mr Frew:** Minister, you talked about having to get to that position quickly. Do you have a timescale for how quick that can be? Secondly — I will end on this point, Chair — is the Treasury accepting of the precedent that it has set for Wales?

**Dr Archibald:** Where time frames are concerned, I mentioned a number of different elements of the work that we are undertaking. There is work around the sustainability plan and engagement with the Treasury on the fiscal framework negotiation. We are securing a date for the next meeting with the Chief Secretary to the Treasury, and the time frames will be part of that conversation. At that point, we will put forward our initial plans on how we want to sequence the work. That is probably the best way to put it.

We are mindful, too, that there is going to be a general election at some point in the next number of months, and there are probably bandwidth issues, so it is important that we make as much progress as we possibly can in the interim. There is a May date for the scoping work on the sustainability plan, and then a sustainability plan by the end of August/early autumn, so there are a few points in time to consider. As I say, we will put forward, I guess, our proposals on how we take that forward when we meet the Treasury.

**Mr Frew:** Is the Treasury accepting of the two-pronged precedent of Holtham?

**Dr Archibald:** We have not got into detailed negotiation with the Treasury on the specifics of the fiscal floor piece of work, but we will be keen to do that in that future engagements.

**Mr Frew:** OK. Thank you, Minister.

**The Chairperson (Mr O'Toole):** When the Scots and Welsh were negotiating these matters, they did so from the position of having had stable devolved institutions for about two decades. If your devolved structures keep collapsing, you are not negotiating from a position of strength.

I have a couple of additional points, Minister, before we release you, and I thank you and your officials for giving us a substantive presentation and for answering questions in detail. I do not expect you to have a huge amount of detail on this one, but I will ask about it because it has popped up and is in

people's inboxes. An issue on limitation orders has been at the court in Belfast today, and it is to do with the period when people in defective buildings can claim against those who constructed the faulty buildings. I should say that this case concerns a very faulty building that is in Victoria Square, which is in my and Deirdre's constituency. There is a degree of consensus that we can move to align ourselves with Britain, where, in the post-Grenfell period, the period of compensation or the period when you can get recourse has been extended to 30 years. There has been a bit of back and forth between Departments — I think those are AERA, Finance, Communities — around getting that, and there is a genuine debate about who owns the situation. Can you ask your officials to take that away and try to expedite legislation?

**Dr Archibald:** We have had some communication, and my understanding is that it sits with the AERA Minister and his Department. Obviously, we are happy to communicate further with the Committee on it.

**Mr Gibson:** Yes, that is correct. We believe that, under the particular legislation, it fits with AERA and we believe that they are taking it forward, but we can come back to the Committee just to confirm that.

**The Chairperson (Mr O'Toole):** That genuinely was not a political question. It would be good if we could get it moved, because there are people, including a very important charity, Ulster Garden Villages, who have lost out substantially.

Another point that I touched on is the Northern Ireland Audit Office budget. The sums concerned in this are relatively trivial, even in our constrained context. However, it is regrettable that we are in a position where the Auditor General, given the importance of audit and scrutiny, which the permanent secretary mentioned, does not feel that she has a budget that enables her to recruit people like Diane Forsythe and Eóin Tennyson, who are talented people with accountancy and financial audit qualifications. I hope that they both stay on the Committee. Diane used to work in that area. It is really important. I know that the Minister has sent us a relatively robust letter back about the issue. However, it is important that the NIAO is funded. Its view is that, based on the Vote on Account that has happened, it does not have enough legal certainty to go out and do what it needs to. That would just be helpful. Do you want to take that, Joanne?

**Ms McBurney:** Chair, as I am sure that you are very well aware, the Vote on Account does not set the Budget for this year, and the process is that the Audit Committee sets the budget for the Audit Office. That is the process that will be followed.

**The Chairperson (Mr O'Toole):** Indeed, but there has not been an Audit Committee, so it is in a particularly challenging position.

**Ms McBurney:** Nor have we set a Budget for 2024-25. The Audit Committee, I understand, has undertaken to feed into that process. When the Budget is set for 2024-25, we will take on board the Audit Committee's advice.

**The Chairperson (Mr O'Toole):** OK. It is very important. The Audit Office is in a lacuna because it is an institution that you are right to say has funding that is agreed by the Audit Committee. I do not say this as an Opposition politician, but given the importance that its work has on public confidence in audit scrutiny— that includes its work on, for example, the renewable heat incentive inquiry — it is really important that we do not start off this half a mandate with its not being able to do its job, basically.

**Dr Archibald:** I am sure that you appreciate, too, that the 2024-25 Budget has not been set and that the process is ongoing. Obviously, we will take into consideration what the Audit Committee brings in.

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

**Ms McBurney:** Given that commitment to follow the due process by which the Audit Committee sets the Audit Office's budget, to be fair, the certainty that it needs comes from the Audit Committee, not the Department of Finance.

**Mr Frew:** On that principle, Chair, the same can be said for the Utility Regulator —

**Ms McBurney:** It is exactly the same process.

**Mr Frew:** — which does a tremendous, enormous piece of work that saves us all money in the long run in our water, gas and electricity, in particular. I can see, by the excellent work that it has done, that it is underfunded for what it could be doing.

**The Chairperson (Mr O'Toole):** It is great that you got that spake in for the Utility Regulator. I will just make one point. Obviously, part of the situation is because of collapse. I will reiterate that it is very important that the Audit Office can hire people in order to do a programme of work for the rest of the mandate.

My final point is on something that Máirtín Ó Muilleoir, one of your predecessors as Finance Minister and my and Deirdre's predecessor as South Belfast MLA, was talking about today. I declare an interest because I set up an all-party group on local media. There is a bit of an issue around funding local ads, including Civil Service job ads, that go into local papers and local papers getting ad revenue generally. The sums involved are relatively small, but they are vital to our local media. I have corresponded with you, Neil, about this.

**Mr Gibson:** Yes.

**The Chairperson (Mr O'Toole):** Your predecessor as Minister, Conor Murphy, was committed to that. The sums are relatively small, but they are a really critical lifeline for our local media. I will just leave that one with you to take away and find out whether anything can be done to ensure that those local papers get first call, whether on Civil Service jobs — I know that there is a consultation on that specifically — or more broadly. It is right that Departments look to get best value for money, but there is a big societal consideration if we start to wither at the revenue of the local media. If you are happy to take that away, it would be helpful if we got correspondence back on it.

**Mr Gibson:** Yes, and we have corresponded. I did not want to get into the specifics of that, but let me put on record again that it fits into the last conversation too and with the answers that I gave to earlier questions. Like others, we, as a Department, will be looking at stopping things. We will have to present opportunities — sorry, I mean options and definitely not opportunities — to the Minister about what difficult decisions need to be taken for all the services. We have to present all those sets of options on where we spend money and what value we will get for it. We will get all those options and bring them to the Minister.

**The Chairperson (Mr O'Toole):** I will leave that point with you. Those ads are critical. It is not just about the local papers. Those papers are community hubs. If we lose them, we will lose something very important that scrutinises all of us in our jobs. That is not always easy for us, but we need them to be there.

Although Steve Aiken, whose constituency this happens in, is not here, I will say again that we could look to the £2.5 million that we are using to subsidise non-existent long-haul flights as somewhere that we could save money.

Unless anybody wants to come in with a final point, I just raised a couple of final things there. Thank you, Minister, for your patience. We look forward to following up on those specific points and other things, particularly as we approach Budget time. I am sure that we will talk to you then. Thank you, Neil and Joanne. We appreciate your time and the fact that you answered so many questions.