



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

Spring Supplementary Estimates:  
Department of Finance

20 March 2024

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance

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

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

**Witnesses:**

Mr Barry Armstrong	Department of Finance
Ms Joanne McBurney	Department of Finance

**The Chairperson (Mr O'Toole):** I welcome Joanne McBurney, head of the public spending directorate, who has been here a few times already, and Barry Armstrong, head of Supply division, who has also been with us a couple of times already. I ask Joanne and/or Barry to make a brief opening statement. Then, we will have some questions. Thank you.

**Ms Joanne McBurney (Department of Finance):** I will let Barry do that.

**Mr Barry Armstrong (Department of Finance):** It will not be quite as brief as the read-through that I gave just ahead of the Budget Bill, but, if you want to stop me, feel free.

As the Finance Minister explained when introducing the Budget Bill, the timing of the Executive's restoration meant that the Budget Bill and the spring Supplementary Estimates (SSE) could not be prepared until a very late point in the financial year. That meant that there was an urgent need to secure Royal Assent on the Budget Bill in order to ensure that Departments and other bodies could continue to access cash that they required from the Northern Ireland Consolidated Fund to deliver services for the remainder of the financial year.

In normal circumstances, the Estimates are brought to the Assembly for its approval by way of the Supply resolution immediately prior to the introduction of the Budget Bill. However, because of the exceptional timing this year, the delay that would have resulted from waiting for the work required to prepare the detailed financial information contained in the SSE document before introducing the Budget Bill would have risked Departments reaching the limit set by the previous Northern Ireland Budget (No. 2) Act 2023 before the new Budget Bill could have been passed and received Royal Assent.

You will be aware from the Finance Minister's written ministerial statement on 29 February that it was necessary to use contingency powers in the Financial Provisions (Northern Ireland) Order 1998 to make an advance from the Consolidated Fund in order to provide cash to the DOF pension scheme. Had the Budget Act not received Royal Assent, which it did on 14 March, two Departments — the Department for Communities and Department of Finance — would have reached their cash limits today.

**The Chairperson (Mr O'Toole):** Is that your way of saying, "I told you so"? *[Laughter.]*

**Mr Armstrong:** It was just timed perfectly.

**The Chairperson (Mr O'Toole):** There you go.

Just out of interest, what would have happened practically? Would pensioners not have got their money?

**Mr Armstrong:** As I mentioned, what we had to do with the DOF pension scheme, which is actually the Northern Ireland Civil Service pension scheme, was to use a contingency power in the 1998 financial provisions order, which is there as an emergency safety net. The amount that can be issued is strictly limited. Up to a certain amount, we could have fallen back on that power, but, once we had reached the limit, we would have been against a wall, frankly.

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

**Mr Armstrong:** Now that the spring Supplementary Estimates have been completed, the Finance Minister intends to bring them to the Assembly for its agreement, together with the 2024-25 Vote on Account, with a debate on the Supply resolution that is timetabled to follow the Easter recess, on Tuesday 9 April.

The Estimates set out the detailed spending plans that were legislated for in the Budget Bill, including the resources, capital and cash required. There are two types of Estimates; the Main Estimates, which are based on the opening Budget at the start of the financial year, and the spring Supplementary Estimates at the end of the financial year, following any in-year adjustments to budgets. Once agreed by the Assembly, the SSEs will form the Statement of Assembly Supply, against which the accounting officers of Departments and other bodies will account and the 2023-24 accounts will be prepared.

Following the passage of the Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022, the review of financial process has been implemented, with a number of changes to how financial information is presented in the Estimates and associated Budget Bill compared with previously. The most significant of those is clearer alignment of financial information between budgets, Estimates and accounts. Expenditure of arm's-length bodies, commonly referred to as non-departmental public bodies (NDPBs), which had always been included in the budgets, is now also consolidated in the Estimates and accounts so that they are aligned and financial information can be directly compared. Capital expenditure is now voted directly. Separate control totals are voted in the Budget Bill for departmental expenditure limits, which are generally referred to as DEL, for annually managed expenditure (AME) for both current and capital purposes and for non-budget expenditure, again, for both current and capital. Cash requirements continue to be voted. Rather than the Department of Finance laying a minute following the passage of the Budget Bill to authorise the use of accruing resources — generally referred to as receipts— the Assembly now authorises the use of income directly in the Budget Bill. The Department is very keen to take the Committee's views on the usefulness of the new format of the Estimates as well as the corresponding Budget Bill.

In normal circumstances, the Executive would have agreed a series of monitoring rounds over the 2023-24 financial year, resulting in a final plan position being agreed in early January, to which the Estimates would have been written. The uncertainty over the total quantum of available funding and the need to wait for the Chief Secretary to the Treasury to confirm the detail of the financial package that accompanied the restoration of the Executive meant that it was possible for the Executive to decide only on 15 February on allocations to Departments to address overspends and provide funding for public-sector pay awards.

**The Chairperson (Mr O'Toole):** To be clear, for the benefit of the Committee, will you explain how the Executive's decisions impacted on the spring Supplementary Estimates?

**Mr Armstrong:** That is what I am about to go on to. Given the time required to prepare the financial details to be included in the Budget Bill and for it to be ready to be introduced in the Assembly, delaying the preparation of the Budget Bill until after that decision was not viable, due to the risk of Departments reaching their cash limits before the Bill could be passed and Royal Assent secured. With the Executive's agreement, the Finance Minister decided to prepare the Budget Bill and the corresponding spring Supplementary Estimates to include headroom to ensure that Departments have the authority to spend the budget that will be subsequently allocated to them by the Executive. The SSEs were therefore written to a position that includes headroom based on Departments' forecast expenditure and their estimated cost of potential public-sector pay awards.

Since then, the Finance Minister announced the outcome of the Executive's decision on in-year allocations in a written ministerial statement on 15 February. All Ministers have committed to constraining their Department's expenditure, including pay awards, to the budget allocation agreed by the Executive and not by the amount of headroom included in the SSEs, if it is higher. Table 5 in the SSE document sets out the provision that is included in the SSEs and Budget Act beyond the outcome of the Executive's 2023-24 final plan.

**The Chairperson (Mr O'Toole):** Is that table 5 in the main Supplementary Estimates document?

**Mr Armstrong:** That is correct. It is on page 19.

This is a highly unusual situation, which was driven by the timing of events, and the Finance Minister has been clear that she does not anticipate that we will face this situation again. The Executive now have the opportunity to agree their 2024-25 Budget and for Ministers to set their expenditure plans accordingly.

I highlight the use of sole authority of the Budget Act (Northern Ireland) 2024. As was simply explained during the debate on the Budget Bill, Departments are delivering a number of functions under sole authority of the Budget Act (Northern Ireland) 2024. That includes some functions for which expenditure is greater than that which the Assembly would normally be asked to approve. That is a result of the absence of an Executive and a functioning Assembly, which prevented the Assembly from legislating for those functions in the normal way. Details of those functions are set out in table 6 of the SSE document, and they were also provided to the Committee in advance of the introduction of the Budget Bill.

As well as the spring Supplementary Estimates, a Vote on Account for 2024-25 is being laid in the Assembly for approval. It corresponds with the 2024-25 authorisations in the Budget Act (Northern Ireland) 2024. As the Finance Minister explained to the Assembly during the debate, while the normal level of the Vote on Account was to be set at 45% of the previous year's provision, the Vote on Account for the 2024-25 year is being set at approximately 65%. That is to recognise that the timing of the Executive's restoration and the time necessary for the Ministers to determine spending priorities within the funding envelope set by the Budget mean that it is possible that the Assembly may not be able to complete its consideration of the Budget (No. 2) Bill before the summer recess. We are happy to address any questions that the Committee may have in order to assist its consideration of the SSEs and the Vote on Account.

**The Chairperson (Mr O'Toole):** Thank you very much, Barry and Joanne. You mentioned table 5, which is titled:

*"Provision Included Beyond the Outcome of the Executive's 2023-24 Final Plan".*

Is there normally a table like that in the spring Supplementary Estimates?

**Mr Armstrong:** There has not been in the past, but, if there is ever a need to include headroom in an Estimate, to be transparent, we intend to do so again. We want the Assembly to directly see any Budget announcements and Budget figures that are presented and be able to read those directly across into an Estimates document. In a situation where that happened again, we certainly intend to include a table like that.

**The Chairperson (Mr O'Toole):** If I understand this correctly, the numbers in table 5 are non-ring-fenced resource DEL, one tiny amount of ring-fenced resource DEL and a bit of capital DEL for Communities. They represent the difference between what Departments said that they thought that

they would need prior to 15 February and what was actually agreed as their allocation on 15 February, so they cannot spend that money.

**Mr Armstrong:** That is correct, yes.

**The Chairperson (Mr O'Toole):** So, that is not money that is just sitting there for them to spend.

**Mr Armstrong:** No.

**The Chairperson (Mr O'Toole):** That is money that has been legally authorised but will not be spent by them.

**Mr Armstrong:** Yes, that is correct.

**The Chairperson (Mr O'Toole):** OK, that is useful. Is there any particular reason for the variance? Infrastructure's is £30 million higher.

**Mr Armstrong:** We could not pre-empt the decisions that the Executive were required to make, in that we could not pre-empt exactly how much money the Executive would decide to allocate to particular Departments. There were decisions to be made, so, for every Department, we had to include what we could assess to be the most that the Executive could allocate to that Department.

**The Chairperson (Mr O'Toole):** OK. Could you just set out for us in headline terms the biggest changes in the SSEs versus the Main Estimates? Where have the biggest movements been?

**Ms McBurney:** The biggest movements were around pay and the allocation for overspends, because the Main Estimates were based on the Secretary of State's Budget, which was announced at the start of the year. The main changes were around the allocations that the Executive agreed on 15 February.

As Barry said, we built in headroom for those. The bit that is in the headroom table is the bit that was not allocated, but the bits that were in the written ministerial statement on 15 February are the biggest quantum of the changes. There will also have been some transfers between Whitehall Departments and Northern Ireland Departments, which normally happen during the year, and they are reflected in that as well. There may also have been transfers between Departments.

**The Chairperson (Mr O'Toole):** There seems to be quite a big fall in resource spending in the Main Supplementary Estimates for the Department for the Economy. Is there a particular reason for that? If I am looking at the right number, it is nearly £200 million.

**Mr Armstrong:** That was changes in the student loan provision, which is generally acknowledged in annually managed expenditure. It is a ring-fenced purpose.

**The Chairperson (Mr O'Toole):** So, that is AME rather than DEL.

**Mr Armstrong:** Yes.

**Ms McBurney:** There may have been changes in the student loan impairment in DEL. Again, looking at the detail, it could have been either of those.

**The Chairperson (Mr O'Toole):** OK, so that would explain that.

**Mr Armstrong:** Yes. Certainly, the biggest proportion of any of the significant changes with the Department for the Economy is linked to student loans.

**The Chairperson (Mr O'Toole):** OK, that is helpful. You touched on the 65% in your opening remarks, Barry, and how we were asked to do, as it were, a larger Vote on Account. We are doing another Vote on Account at 65% but with a little more information than we had when we did a previous Vote on Account at 65%. Is that right?

**Mr Armstrong:** It is correct. In normal circumstances, that comes before the Budget Bill. The intention of having that Vote on Account is to inform the decision on the Budget Bill. I fully appreciate that this is not the normal sequence of events.

The purpose behind the 65% is that, if it is not possible for the Budget Bill to complete its passage through the Assembly before the summer recess, meaning that it would not receive Royal Assent before early autumn, this ensures that Departments will have the ability to continue to spend money on delivering services. I stress again, as I did when we were giving evidence on the Budget Bill, that this is not a substitute for setting a Budget. It is purely a mathematical formula that is applied to the cash and resource and capital requirements of the Departments to ensure that they can continue to operate until the Budget has been set and approved.

**The Chairperson (Mr O'Toole):** OK. Unless the Finance Minister lays the Budget in the next few days — we are due to be in recess from next week, and, by the time we come back, it will be the end of the financial year — the requirement in the Northern Ireland Act 1998 to have a Budget statement by the end of the financial year will be breached, because that will not happen.

Should we have a Budget statement, however, I think that the Minister said that it would be in April or May — I cannot remember, and I do not want to misquote her, but I think that she said that it would be mid-April —

**The Committee Clerk:** Mid-April, with the Budget by the end of April.

**The Chairperson (Mr O'Toole):** — how will that affect what is in the Main Estimates document? I will let you talk.

**Mr Armstrong:** The Main Estimates document will be written to the position that the Minister will announce following the Executive's decision on their Budget, which will, we hope, be in April. The Main Estimates will also show that, with each Department having received its overall budget envelope, that will allow each individual Minister to make his or her decisions on how they will use that and how they will allocate that across all the spending areas, the arm's-length bodies and the services that their Departments deliver.

When Ministers have made those decisions, all that financial information will be captured in the Main Estimates document and set out in a similar format to the spring Supplementary Estimates so that it corresponds to all the spending areas in each Department.

**The Chairperson (Mr O'Toole):** May I ask you, Joanne, whether the Budget document is ready or in draft?

**Ms McBurney:** We cannot prepare a Budget document until the Executive have taken decisions on their Budget allocations, but work is ongoing on that. The Finance Minister intends to bring a paper to the Executive after Easter.

**The Chairperson (Mr O'Toole):** After Easter? OK. We will look forward to that. That is good to know. We will get a Budget document after Easter.

I have one final question, on sole authority. I do not have the information to read across. Were Jim Allister here — I will try not to channel him — he would be asking about the black box and sole authority of the Budget Act. What is the relevant number for last year? Is it going up or down? There was a very big number in the last year or two, so, hopefully, it has gone down from that.

**Mr Armstrong:** I apologise: I do not have last year's figure to hand. The figure this year is £23,820,000.

**The Chairperson (Mr O'Toole):** A good chunk of that is welfare mitigations.

**Mr Armstrong:** Yes. There is £11 million in welfare mitigations: it is far and away the biggest piece. I have spoken to colleagues in the Department for Communities, and the intention is that advice will go to the Communities Minister on how to put that on a proper statutory footing. That will happen later this year, in the summer.

The other three areas of provision under the sole authority of the Budget Act are higher than would normally be the case in TEO. Those are to do with ending violence against women and girls, the truth recovery programme and Homes for Ukraine. The intention is that the truth recovery programme and Homes for Ukraine will be legislated for in a financial provisions Bill that the Department of Finance intends to bring to the Assembly this year. It had been intended to legislate for the ending violence against women and girls provision in a financial provisions Bill, but the advice from the legal advisers was that it warrants stand-alone legislation. Again, TEO will be better placed to give details on exactly what its intentions are. I know that that is being pursued.

**Ms Forsythe:** Thanks to both of you for being back again here today. Are the current and revised positions in the SSE memoranda substantially due to the restoration package settlement?

**Mr Armstrong:** Yes.

**Ms McBurney:** Yes.

**Ms Forsythe:** Were the effective write-offs to the different Departments applied evenly across the board, or were there assessments of individual Departments and financial governance before they were applied?

**Ms McBurney:** Departments provided forecasts of their financial position throughout the year. The funding that was provided on 15 February was based on their forecasts of their overspend. Given the point in the year at which Ministers returned, it was too late for them to make other decisions and too late to change that spending trajectory, so it was based on their forecasts.

**Ms Forsythe:** Does the Department have a view on all the different Departments' positions on their budgeting? Do they follow a consistent approach, or are there different approaches from different Departments?

**Ms McBurney:** The circumstances of each Department are different. Different Departments have different arm's-length bodies and different mechanisms for funding, so every Department is very slightly different and will take a different approach. That said, the Supply teams — Barry is head of one set of them — work very closely with Departments to get a good understanding of what has happened throughout the year, and to challenge them. Now that we are in a normal process, with Ministers in post, there will be ongoing challenge, and the allocations in budgets and monitoring rounds will be based on that engagement between Departments and the challenge role that Supply carries out.

**Mr Armstrong:** I do not think that there is such a thing as an average or typical Department. Each Department faces its own challenges. Part of our job is to make sure that the team that works for me has detailed and regular interaction with Departments so that, as issues emerge, it is aware of them and can help to address them. That is probably as well as I can answer your question.

**Ms Forsythe:** That highlights the central importance of your role. It is important to pick up on the good examples from the Departments that are doing things really well and share good practice.

I noted the 17 public employer liability cases pending. Does the Department know when it is likely to be able to put a figure on those?

**Mr Armstrong:** Sorry, which Department is that?

**Ms Forsythe:** The Department of Finance.

**Mr Armstrong:** I am not sure. I would need to defer to DOF's finance team to answer that. Although we are in the Department of Finance, we sort of sit outside the Department's finance team. I can certainly take that question to the finance team to provide you with an answer, but I do not have that detail.

**Ms Forsythe:** That is grand. I was just wondering whether some of them are quite substantial and how they would affect the wider budgeting process.

**Miss Hargey:** Are you confident that the Main Estimates and the Budget (No. 2) Bill will be presented before the summer recess?

**Mr Armstrong:** Yes, subject, obviously, to the Executive having agreed that Budget.

**Miss Hargey:** What quantum of money are the Executive likely to carry over into 2024-25 under the Budget exchange scheme?

**Ms McBurney:** There is no carry-forward for resource DEL, because the additional funding in the financial package came from a reserve claim, and statement funding policy states that you cannot carry that forward. We will have the normal limits on all other expenditure categories, so we will be able to carry forward some capital DEL, some financial transactions capital etc. That is based on a percentage of the final plan. I do not have the figure off the top of my head, but I think that, for capital, it is £30 million or so, if there are underspends to that level, but the focus, obviously, has to be on maximising our use of resource DEL funding at this stage.

**Miss Hargey:** Lastly, how has the review of the financial process improved the budgeting process? Are any more changes likely to be made? If so, do you know where?

**Mr Armstrong:** We do not anticipate making any changes this year, unless there are, for example, comments from the Committee about something else that can be done. It was unfortunate that when the review of the financial process was implemented, it was at a point when the Assembly was not functioning. I hope that the 2024-25 year will demonstrate the improvement. We will be able to follow that for the cycle of having the Budget set, the Assembly seeing the Executive's Budget, being able to immediately read that across when it is voting on the Estimates and the Budget Bill and being able to clearly see what it is voting on. I hope that this year will demonstrate the benefit of it and that it might identify any further improvements to be made. I do not think that now is the time to change it, before having done that.

**Mr Carroll:** Thanks, Barry and Joanne. I have some questions that you will probably be able to answer and quite a lot that you might not be able to answer. I will ask some of them, and maybe you can email answers to the Chair, because there is quite a lot of detail.

I will start with the questions that you might be able to answer. Budget cover transfers, as I understand it, might be used as a mechanism to protect public services. Has Westminster indicated to you or to Ministers whether there is a hard limit on that?

The second easy question — hopefully — is this. In fact, it is more of a comment, I suppose. Barry, in your opening remarks, you said that Ministers have committed to constraining Departments' expenditure, including on pay awards. That is very, very concerning on any level but especially given that a lot of emphasis has been placed on public-sector pay awards in this new Administration. I presume that, for example, the Minister for the Economy has not factored in further education workers rejecting pay offers. As far as you know, has that been factored into the Department's estimates?

**Mr Armstrong:** The Executive did not allocate specific amounts for specific pay awards. An overall amount was allocated to each Department, and it is then for individual Ministers to determine how to prioritise that, including using it for pay awards. It is not correct to say that a limit on pay awards was set, but, obviously, there were assumptions that Ministers had made in bringing that information forward.

**Ms McBurney:** Effectively, it sets limits, and, with all funding available to the Departments, it is up to Ministers how to manage that funding. The funding that was allocated was the full amount available to the Executive, so we could not have gone any further on that. Within that, it will be for Ministers to manage pay awards as best they can.

**Mr Armstrong:** If you want, I can go back to the point that you raised about budget cover transfers. I will explain. Budget cover transfers are normally used when there is a function that Westminster or a Whitehall Department is holding money for and is delivering something but, here in Northern Ireland, it will use a Northern Ireland Department as a means by which to deliver that — or vice versa, because it can go both ways. In that situation, the Westminster Department will transfer a proportion of its budget to the relevant Northern Ireland Department. It really could be used for any function or anything that is



agreed between the donating Department and the receiving Department. In short, there is no limit really; that is what I am trying to get to.

**Mr Carroll:** OK. I am keen to go through that again another time, but time is a bit tight today.

There are some questions that stuck out to me. You might not have the answers, because it is hard to be over the detail of all this. I am sure that you have probably tried. There is £16.7 million projected DEL spend by DAERA on rural affairs. More information on that would be useful, because "rural affairs" could mean anything. That is just a general point.

There is some other stuff. The Utility Regulator's net cash requirement is down by £163,000. To me, that seems astounding, given the energy crisis.

**Mr Armstrong:** I can explain about the Utility Regulator. The Utility Regulator receives a very tiny fraction of its funding from the Government, so the amount that is there is essentially just to cover some back-office administration areas. The bulk of its expenditure is funded by the licence fees that it levies on the energy companies and utility companies that it regulates. That change in the cash requirement is, to be honest, not really significant in overall terms. I think that it may just have been a change in, for example, a creditor or debtor from one year to the other. Sorry, I will just turn —.

**Mr Carroll:** I appreciate that you cannot know these things off by heart, but my reading of it is that a reduction in net cash requirement of £163,000 seems a lot.

**Mr Armstrong:** It is a change purely to that relatively small element of the funding that the Utility Regulator receives directly from the Government, which is taxpayer funding, as opposed to funding from the energy companies and utility companies that it regulates.

**Ms McBurney:** It certainly was not that a cut was applied to its budget. The changes that we are reflecting are changes that were put forward by the Utility Regulator itself when preparing its estimates.

**Mr Armstrong:** I will just put that in context. Turning to the Utility Regulator's estimates, the net resources that it receives from the Government come to £316,000, whereas it receives £13.1 million in income from the utility companies. So, you will see that the £300,000 that it receives from the Government is only the tip of the iceberg. The vast majority of its work is funded through those licence fees.

**Mr Carroll:** I have two other points. I do not think that a figure was put on the additional costs for DFC legal cases. I know that, obviously, legal fees can increase, but it seems strange that there is not even an estimate, as I understand it.

**Mr Armstrong:** We can certainly take that question to the Department for Communities for it to provide an answer.

**Mr Carroll:** My other point goes back to your point about the separated votes. Money for the active travel grant, which there is a lot of concern about, was reduced, if I recall correctly, and put into pothole repairs and other aspects of Infrastructure. Will there be a specific vote on that?

**Mr Armstrong:** That will be a decision for the Infrastructure Minister to make when prioritising his overall budget allocation. Again, I do not have the detail of exactly how much was reallocated.

**Mr Carroll:** I appreciate that, but, generally speaking, that will be part of the general vote on the Estimates, rather than a specific, stand-alone vote.

**Ms McBurney:** Any changes that the Infrastructure Minister made before the SSEs were produced will be reflected in that document, and they will be in the relevant lines. No, there will not be a specific vote on that.

**Mr Carroll:** OK. Thanks for that.

**Mr Brett:** Thank you for that. Matthew made a point about the spend under sole authority. I am new to the Finance Committee, so I am not 100% across it. Are those spends that have not been legislated for? Is that right?

**Mr Armstrong:** Yes, frankly. In the normal course of events, a Department needs two things to be able to deliver a function. It needs to have a statutory power to deliver the function, and it needs to have the money — the approval to spend. There are some exceptions. Normally, those are for relatively small areas of expenditure or things that will only be required for a relatively short time, in which case the Assembly would be asked to approve both the delivery of the service and the spend on it in the Budget Act. That is why those are highlighted to the Assembly in the Estimates document. We put a black-box symbol beside them, hence the term "black box".

**Mr Brett:** So, are they short term?

**Mr Armstrong:** Yes. Normally, —

**Mr Brett:** Has the first one, welfare reform mitigations, not been quite long running?

**Mr Armstrong:** As I explained, in the normal course of events, those would be for short-term items of expenditure or relatively small areas of expenditure. However, because the Assembly and the Executive have not been in place for the past two years, it has not been possible to introduce stand-alone primary legislation to legislate for those things. That left us with no other statutory means by which to authorise it. The risk was that, if it could not be done on the sole authority of the Budget Act, those services would have to stop, so that has been used. As I say, the Finance Minister explained it in the debate on the Budget Bill. Given the exceptional circumstances, she asked the Assembly to, on this occasion, approve the use of the sole authority of the Budget Act for those things. There were the welfare reform mitigations —

**Mr Brett:** How long has that been operating outside legislative authority?

**Mr Armstrong:** I am reluctant to speak from memory.

**Mr Brett:** It is probably since 2014-15.

**Mr Armstrong:** I believe that it began when the Assembly did not sit between 2017 and 2020. I am speaking from memory, so, if I have got that wrong, I apologise.

**Mr Brett:** OK. Why would DFI not have legislative authority to spend money on active travel? As Gerry rightly pointed out, it had an underspend in active travel.

**Mr Armstrong:** I have to put on a slightly different hat, because I briefly worked in that area in the Department for Infrastructure. I hope that my former colleagues in the Department will not mind my saying this, but, between 2020 and 2022, the Department for Infrastructure was developing plans for specific legislation. At the minute, there is no specific legislation for that. At the time, we were looking at an active travel Bill or a blue-green Bill, but, again, because of the collapse of the Executive, that was not able to progress any further. I do not speak for the Department for Infrastructure, but I assume that that will be picked up again, now that a Minister is in place and the Assembly is here to legislate.

**Mr Brett:** Dead on. Moving to the Fiscal Council, Ministers committed to putting it on to a statutory footing, so that covers that. The truth recovery programme through TEO: is that the outworkings of the proposed legacy —

**The Chairperson (Mr O'Toole):** It is mother-and-baby homes.

**Mr Brett:** OK. We will, hopefully, soon have a strategy on ending violence against women and girls. Most of those programmes will be closed off at the end of the year.

**Mr Armstrong:** Certainly the four big ones that I highlighted — welfare reform, ending violence against women and girls, truth recovery and Homes for Ukraine — will be closed off for the combination of stand-alone legislation, or two of them in the financial provisions Bill that the Department of Finance plans to introduce.

**Mr Frew:** Who fights on behalf of the independent, non-ministerial departments such as the Utility Regulator?

**Ms McBurney:** The Audit Committee sets the budget for those independent departments.

**Mr Armstrong:** Sorry, just to correct that: that is not the case for the Utility Regulator. The three truly independent ones — the Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman — are dealt with by the Assembly's Audit Committee. The other three have relationships with ministerial Departments. The Utility Regulator has a relationship with the Department for the Economy; the Public Prosecution Service (PPS) has a relationship with the Department of Justice; and the Food Standards Agency has a relationship with the Department of Health. They have a greater degree of independence than an arm's-length body, so they were established as non-ministerial bodies.

**Mr Frew:** The Utility Regulator needs to be better funded in order to protect consumers from the worst excesses of the managed markets, including in electricity. Where does it go if it needs to plead poverty or is looking to its plans for growth and expansion? When it needs more money, who does it go to with its cry?

**Mr Armstrong:** As I explained, the Utility Regulator has a close relationship with the Department for the Economy. If that were the situation, I would be surprised if it did not have that conversation with the Department for the Economy. Certainly if it needed legislation to be introduced, I would expect the Department for the Economy and the Economy Minister to do that.

**Mr Frew:** So, the Utility Regulator has that relationship, but it is independent. You sit above and beyond in the Department of Finance, and you see a widespread, aerial view, probably more so than the individual Departments. Has anything worried you about the communication link or relationship between non-ministerial, independent bodies and the Budget process?

**Mr Armstrong:** I do not think that there has been any worry.

**Ms McBurney:** They can participate in the exercises, albeit they have a link with the Departments. They have Supply contacts in Barry and Patrick Neeson's team in the same way as a Department has, so they can contact us in that way as well.

**Mr Armstrong:** During the Budget process and the in-year monitoring round process, they are invited to submit bids, and those bids will be assessed.

**Mr Frew:** Is that a direct link or relationship between your office and them?

**Mr Armstrong:** Yes, sorry. I probably was not clear about that. Yes, absolutely. In the same way that we have Supply teams that have direct relationships with each of the ministerial Departments, those Supply teams have direct relationships with each of the non-ministerial bodies.

**Ms McBurney:** Yes. I suppose that what Barry was referring to was that, if they need a ministerial advocate, they have that link to the Departments.

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

**The Chairperson (Mr O'Toole):** I have a couple of further questions. We will not detain the witnesses too long, but, if anybody else wants back in, please indicate.

As you have said, the biggest changes since the Main Estimates have been the return of the Assembly and Executive and the financial package, which in most cases, thankfully, means increased resource. It also means the removal of the ring fence, which was most notably around the shared and integrated education capital funding. I was looking for that here. Where should I see it? I cannot see it in the Education line.

**Ms McBurney:** It is not in this year. It is from 2024-25 onwards. The £708 million that was included in the financial package is where the *[Inaudible]* —

**The Chairperson (Mr O'Toole):** OK, sorry that flexibility is —

**Ms McBurney:** — but it does not kick in until 2024-25.

**The Chairperson (Mr O'Toole):** OK. The flexibility will be in the Main Estimates. So, you will see £150 million off capital —

**Ms McBurney:** No, because that will be spread over a period, so it will not be £150 million in 2024-25. Education would not have planned to spend that in the one year.

**The Chairperson (Mr O'Toole):** It will be profiled over a number of years.

**Ms McBurney:** It will be profiled over a number of years.

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

There are a few mentions, including in the SSEs for Education, of the Shared Island income. In a sense, we do not get that money, because it comes in in different announcements from the Irish Government, and then is allocated by Northern Ireland. Have you guys got written down somewhere what the overall income from the Shared Island Fund is for, say, 2023-24? It is just an interesting number.

**Mr Armstrong:** It is not something that we would have immediately to hand. Any income to any Department will show as a receipt, but it would not necessarily be badged as the source of that receipt. Again, it is an answer that we can provide for you.

**The Chairperson (Mr O'Toole):** It would be useful to see. In addition to the block grant, there are other discrete areas of funding that come in, such as shared prosperity income. It would be interesting to see what the Shared Island income is.

We have been historically terrible at spending financial transactions capital (FTC). Is that picture getting any better as a result of what you see?

**Ms McBurney:** We still have challenges in spending it. To offset that, we have an arrangement with the Treasury. You will be aware that 80% of the FTC capital funding is repayable to the Treasury. Any of our underspends count against that repayment, which means that we do not have to repay money that we have not spent. That helps to use that up, but we can always do better on FTC. There is also uncertainty over how much FTC funding we will get going forward. It has been tailing off in Barnett consequentials. We will not know until the next spending review whether it will grow, stay steady or drop off again.

**The Chairperson (Mr O'Toole):** It is inevitably a product of policy decisions made in England about how to spend.

We are going to get increased reinvestment and reform initiative money but not until 2023-24.

**Ms McBurney:** Not in 2023-24; from 2024-25 onwards, the financial package increases it. I think it goes from £200 million up to £220 million per annum for next year.

**The Chairperson (Mr O'Toole):** So, it is £20 million per year. OK.

**Mr Tennyson:** I want to return briefly to the non-ministerial government bodies. Just as an absolute point of clarity for my own understanding: I understand that, if you are talking about the Utility Regulator or the likes of the Public Prosecution Service, any Minister can advocate, but can those bodies themselves be responsible for, for example, formulating a business case to go directly to the Department of Finance in relation to head count or any of those issues and other Ministers would not have a direct influence or say in those decisions?

**Ms McBurney:** They would not filter their bids through the Department with which they have the relationship. For example, the PPS will come directly to us with bids. I am looking at Barry in case he corrects me.

**Mr Armstrong:** No, you are absolutely right.

**Ms McBurney:** The Justice Minister would not say it should bid for more or bid for less. However, it has that sort of link because they are in similar areas, where the Minister could advocate for them.

**Mr Armstrong:** The reason I hesitated was your use of the word "influence". I am sure that the Justice Minister will meet the Public Prosecution Service; it is whether you call that influence. Joanne is absolutely right. Any bids, submissions or business cases are not filtered through another Department.

**Mr Tennyson:** They are direct. OK, I understand that. Thank you.

I have a final, general question. Post spring statement, what is the overall block grant outlook for 2024-25 and 2025-26?

**Ms McBurney:** You turn to me, and, because we are talking about 2023-24, I do not have the figure in front of me, I confess. We are up slightly on the resource DEL from where we would have been in 2023-24, excluding the financial package. We are up, I think, by a couple of hundred million on that. Then, we have the £520 million from the financial package to add in. Then, there is, potentially, £24.6 million out of the £708 million, because it is spread in equal tranches. So, there is additional funding, plus the £99 million that we got in the spring Budget. We are up slightly.

What I would say is that, despite having more funding, the pressures are greater, and I am comparing it to a starting position, not the position at the end of the year with the financial package in there. At the end of the year, we got, additionally, more than £1 billion from the financial package, but the financial package next year provides £520 million; that is a very challenging situation.

**Mr Tennyson:** Thank you.

**The Chairperson (Mr O'Toole):** I will bring in Gerry in a second.

I will just double-check with you on one of the points that we have all made and that the Fiscal Council has made. It is a political statement to our chaotic, stop-start politics and devolution that we have different agreed pots of money for different things. There was the removal of the ring fence for certain things — it is being called "additional flexibility" — that was agreed eight or nine years ago in the Fresh Start Agreement. We have pots from Fresh Start, and, in New Decade, New Approach, we got a pot that immediately turned out to be much less than everybody thought. I remember questioning you about that, Joanne. Are we now at a kind of zero base, year zero in which we no longer say, "We still have this pot for that thing"?

**Ms McBurney:** There are still a few tails from those things. For example, the Fresh Start funding for shared education and for housing was not removed, because of contractual commitments that will be funded, but there is certainly a tailing off, and we are now coming to the end of those individual pots of money. The Fresh Start money was due to end next year anyway. There are a few residual bits, but most of it will come to an end. As you realise, this time, how to spend the financial package, apart from the ring fence for transformation, is for the Executive to decide.

**The Chairperson (Mr O'Toole):** I would say, of course, that the Executive should put the ring fence back on shared and integrated education, and I hope that that happens in the Budget.

**Ms McBurney:** That is absolutely a matter for the Executive. One point of clarity is that, of the £708 million, only £463 million will be for the Executive to decide on; the remainder is ring-fenced for transformation. Also, the funding is now available in resource DEL, whereas the Fresh Start funding was capital DEL, so there are also decisions to be made by the Executive on whether to transfer some of the £708 million resource DEL into capital or to commit their capital DEL funding and keep the resource, given the pressures. There are a lot of decisions that the Executive will want to consider.

**The Chairperson (Mr O'Toole):** There is no obligation to make it resource. You can do what you like with it. It could be resource or capital.

**Ms McBurney:** The Executive can move any resource funding into capital DEL; unfortunately, they cannot move money from capital to resource, but they have the flexibility to move resource to capital at any time.

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

**Mr Carroll:** For clarity, I will ask about what you said, Joanne, and about my understanding of what the Minister said last week on pay awards. My recollection is that, on the transport pay offer, the Minister indicated, if she did not say outright, that the Infrastructure Minister did not request more than the 5%. I am trying to work out how the process and the policy work. Did the Executive agree on 5% across the board and did Ministers then base their estimate or bid on that? How that works as a process is unclear to me, as a member of a non-Executive party. I think that you said that it is up to Ministers to decide how to spend their money, but there is, obviously, Executive policy on whether to uplift or apply for more money and whether to have contingency funding for rejection of pay offers. I am trying to work out how that works in practice.

**Ms McBurney:** It is absolutely up to individual Ministers, and they were given pots of money, but the money that was available to the Executive was limited to what was in the financial package. The Finance Minister sought flexibility from the Treasury, and £100 million more went into pay than had been provided for previously in the financial package. As far as I am aware, there were no decisions on percentage increases. It was simply based on forecast expenditure throughout the year, the pot of money that was available in the financial package, with a bit of additional flexibility to give £100 million more to that.

The Executive allocated the full amount of money available. We could not set aside contingency funding in 2023-24, because that funding would have been lost. We cannot carry forward 2023-24 resource DEL into 2024-25. If the money is not spent in 2023-24, it goes back to the Treasury. We could not set aside contingency funding for that, so it was important that the Executive allocated all the money they could. They did that in the best way possible across the board, given the pressures in all Departments.

**Mr Carroll:** A final, final question, Chair. There is big issue with the pay and grading review of Education Authority (EA) workers such as classroom assistants and education workers more generally. If that is going to be processed, will that be a new application from the Education Minister or part of future budgets? How will that work out? People asked me that question this morning; it is a live issue.

**Mr Armstrong:** A business case for that was submitted to us, but there were errors and financial information missing from it. My team has been working closely with DE since then to nail down the cost. It is likely that it will be a 2024-25 issue, given where we are now. It will certainly be considered in 2024-25.

**Mr Carroll:** I appreciate the answer, but, obviously, the workers will say it has been going on for a long time. You are talking about another year, and it may not come then.

**Ms McBurney:** We are a couple of weeks away from the start of the financial year. It is important that due process is followed when we spend public money. I know that people get very frustrated with the business case process, but that is important.

**Mr Armstrong:** I stress the distinction between the point at which those costs accrue in the Department's accounts and they hit their budgets, and when something can be done. As Joanne said, it is 20 March now. Even if a pay award were agreed this very minute, I do not think that anything could physically be done to have something put into salaries by the end of March.

**Mr Carroll:** The point is that it has been going on for a long time.

**Ms McBurney:** Yes. It is unfortunate.

**Mr Carroll:** It will be "next year" in a few weeks, but it could be March next year. We just do not know. Thanks.

**Mr Brett:** On Gerry's point, is a revised business case with the Department?

**Mr Armstrong:** It is with us. I appreciate that it sounds frustrating, but it is still not clear that the costs in the business case are absolutely correct. I spoke to a member of my team this morning to get an update on that. We are very close to it, but there are still some points to be addressed.

**Mr Brett:** Will you advise the Committee whether the Education Authority has submitted another business case with incorrect information? A month ago, the EA did not know how many people it employed or how many people were waiting for a regrading and a much-deserved public-sector pay award. If the people who have been contacting me and, I assume, all Committee members knew that, four weeks later, their employer still did not know how many people it employed, they would think that a pretty shocking situation.

**Ms McBurney:** Before Barry comes in on the detail, I want to be fair to the Department of Education: business cases tend to be an iterative process. It is quite normal for a business case to come in, for us to ask questions and for there to be a back-and-forward exchange to make sure that there is a good understanding.

**Mr Armstrong:** I know that you are, understandably, focusing on the Education Authority, as everyone has. I just want to make the point that not all the staff involved are employed by the Education Authority. Other staff groups are also affected. It is about hammering down exactly which other staff groups are affected. That has been part of the issue.

**Mr Brett:** I assume that the overwhelming majority are EA staff.

**Mr Armstrong:** The overwhelming majority are employed by the EA.

**Mr Brett:** I want to check on this. Funding was awarded to each Department for public-sector pay awards. The Department for the Economy got £27 million, if I remember correctly. FE lecturers rejected their offer. As Gerry alluded to, there have been rejections of the DFI offer. So, there is money in this year's Budget for pay awards that will not be awarded this month. What happens to that? Is it able to be transferred?

**Mr Armstrong:** No, it does not transfer across. It is likely that the offer will accrue to this year. Even though the cash does not necessarily follow this year, the amount —.

**Ms McBurney:** It recognises the liability. If an offer has been rejected, the Department will say, "That will be the minimum. We can put it in our accounts, because it is a liability we will have".

**Mr Brett:** That is useful. Thank you.

**The Chairperson (Mr O'Toole):** I have a final question on something that is not entirely clear. We did not have conventional Budget statements. There was a form of Budget statement last year from the NIO. The year before, there was a draft multi-year Budget that the Finance Minister did not get agreement on. Do we still pay a block grant reduction every year for long-haul air passenger duty?

**Ms McBurney:** Yes. Those were the terms of the devolution of air passenger duty. I do not have the exact figure; it is a small amount.

**The Chairperson (Mr O'Toole):** I am not asking you to defend or sell the policy, but it is about £2.5 million a year for long-haul flights.

**Ms McBurney:** Yes.

**The Chairperson (Mr O'Toole):** OK. I will go on to Skyscanner and book my flight from Belfast to a long-haul destination, because we are paying for it. That is me being facetious.

Thank you very much, Joanne and Barry. I am sure that we will hear from you again in the near future.

**Mr Armstrong:** Thank you very much.

**Ms McBurney:** Thank you.

**The Chairperson (Mr O'Toole):** We hope that, after a busy few months and in advance of all the other Budget-related stuff, you get a break over Easter.

**Ms McBurney:** I would not bet on it.

**Mr Armstrong:** I suspect not.

**The Chairperson (Mr O'Toole):** Well, a break of some kind. Thank you very much.