

# Northern Ireland Affairs Committee

## Oral evidence: The funding and delivery of public services in Northern Ireland, HC 1165

Wednesday 3 May 2023

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Members present: Simon Hoare (Chair); Stephen Farry; Mary Kelly Foy; Sir Robert Goodwill; Carla Lockhart; Mr Robin Walker.

Questions 1-78

### Witnesses

I: Jayne Brady, Head of the Northern Ireland Civil Service, Northern Ireland Civil Service, Neil Gibson, Permanent Secretary, Northern Ireland Department of Finance, and Joanne McBurney, Public Spending Director, Northern Ireland Department of Finance



## Examination of witnesses

Witnesses: Jayne Brady, Neil Gibson and Joanne McBurney.

Q1 **Chair:** Good morning colleagues and good morning to our witnesses, a distinguished panel of Northern Irish public servants. We welcome you. Thank you for joining us this morning for this, our inquiry on the funding and delivery of public services in Northern Ireland.

Ms Brady, I suppose that the opening question is for you. What is proposed in operational terms is not something that civil servants signed up to or for, is it? Do you have any concerns about the impact on recruitment and retention within the NI civil service and morale among those who currently serve?

**Jayne Brady:** Thank you, Chair, and members. I am grateful to have the opportunity to be here today with my colleagues from the Department of Finance.

Just over a year and a half ago now, I joined up to serve the public and we will do that as civil servants in any way we can. However, I cannot overstate the position we are in at the moment. It is a difficult position for public servants but also for the public who we are committed to serve. There is difficulty, of course, within the budget that was outlined and I know that the Secretary of State presented that budget outline to this Committee last week.

There is also difficulty in the governance arrangements that are needed to deliver within that framework and to give effect to those statements. However, I would say—this is one of the reasons I joined the service—that Northern Ireland civil servants have always stood up to the objectives of delivering for the public service, and during the pandemic I saw that at first hand, as have civil servants across these islands and in the UK. I met with Patrick Vallance, who I had worked with previously on the innovation expert group, and I know his commitment to delivering through the pandemic. That desire to serve the public is very much still there in the Northern Ireland civil service.

Of course, there are difficulties in recruitment and retention when we have those difficult decisions and that gap in governance to provide them. Of course, these decisions should always be made by those who are democratically elected and who have the electoral mandate to make them. There will be decisions we cannot make. I also have to say that, with our public sector employers, we have engaged on the budget with our unions and with colleagues, and we had a day of industrial action last week. The ability to make sufficient pay awards that keep parity with the UK is also difficult.

Notwithstanding the challenges we have, I have no doubt that our public servants will do as they have always done and stand up and deliver for the service.



Q2 **Chair:** That is a helpful answer. The civil service are rightly renowned for political impartiality—you are implementers, rather than originators or devisers. Clearly, you are involved right the way through the process in the evolution of policies, but you are not the instigators per se. There is a risk, is there not, of either the precautionary principle taking over and no decisions that could be described as bold, brave or landscape-changing being instigated—which is not good for anybody at a time when we need rapid change post-covid and because of Ukraine, the cost of living and so on—or civil servants, by circumstance rather than by choice, politicising themselves and seeking to accrue in pretty short order political antennae that will not be as sharp as those of directly elected politicians, probably with a residual fear at the back of the mind of judicial review on a very basic argument of overreach or acting ultra vires. Is there not a real risk of the precautionary principle being taken to the fore at a time when quick order change is really needed, and the stasis of the status quo continues?

**Jayne Brady:** I guess, to be very clear, Chair, that officials should have absolutely no role in political decisions. We are there to support the political process, but not to be involved in it. Our input and analysis should be to advise, and should be impartial and balanced in that provision.

Where decisions have been made, we have provided analysis, data and input as to the budget implications and the cost, and we have provided analysis to the NIO. The Secretary of State has made the decision in terms of the budget, but I have to be clear that within those areas, there are decisions that cannot be made by civil servants, for the very reasons that you set out, in inference in the code of ethics.

Also, we are in Parliament here, and we must obey the laws of the Parliament. The laws of the Parliament set the Northern Ireland (Executive Formation etc) Act 2022, and the Secretary of State set guidance alongside that. There is very clear guidance in statute that confines us in terms of our decision making. In that guidance, we have identified the budget envelope that the Secretary of State has set.

In the guidance that applies to that decision making under the EF, which is now extended to January, in paragraph 8, it refers to us to stay within that budget envelope. In paragraph 9, it says clearly that the decisions, in terms of public interest, that would have “a major change of an existing policy, programme or scheme, should normally be left for Ministers to decide or agree.” Paragraph 10 restates the inference that we should keep within the budget. It also says that if there are indications between those that are statutory or safety-related, they should not be made by civil servants.

As we analyse the figures, we obviously welcome that the repayment of the £297 million will not be taken in the first-level repayment. There will be some level of amelioration of that, through repayment and Barnett consequential. We need to look at those impacts, but there are likely to be decisions that cannot be made for the reasons in law that are stated.



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Q3 **Chair:** In shorthand terms, how much of an understatement—tell me if it is an overstatement—is it to say that the modus operandi, as proposed, is fundamentally unsatisfactory, as far as the communities of Northern Ireland are concerned, in meeting their contemporary daily needs?

**Jayne Brady:** I would perhaps ask for clarity on what you mean by mode of operation. Is that as defined in terms of the recent budget bill, or in the absence of a functioning Executive?

Q4 **Chair:** Both, because they are two sides of the same coin, aren't they?

**Jayne Brady:** I guess that in all decisions of this nature, we operate under the direction and control of Ministers. That is what we joined and signed up for. Equally, I would expect that the people should decide whether the decisions that are made are the right decisions. We are not democratically elected, so those decisions should not be within our confines.

In the absence of a functioning Executive, that power sits with the Secretary of State to define the budget, which he has done. It is very helpful that we now have a budget outlined to analyse, in terms of being an accounting officer and perm sec within Departments. It is very helpful that there is amelioration of the £297 million, so that we do not have a V-shaped recovery, which could be strategically very damaging to our finances.

Equally, that puts us in an area where there are decisions that will be beyond the bounds—this is quite likely, as we analyse these figures—of our officials to make. Those would be having a detrimental impact to services, terminating services, again with the inferences to paragraph 9, which I referred to.

I guess that this is not a value judgment. Civil servants will not be bringing their value judgments into this. This is in terms of adhering to the laws of the provisions of this Parliament, and the guidance that has been identified, of which we will take those decisions very clearly to abide by our accounting officer responsibilities, and also the responsibilities to deliver the full effects of the legal institutions.

Q5 **Chair:** The Government is fully signed up to support in full the Belfast/Good Friday agreement. The Secretary of State, on the Floor of the House here, has relatively recently explicitly ruled out direct rule, as one would have known it, and has likewise ruled out the other option of joint authority. That has literally left Stormont functioning as the only option for Northern Irish governance as far as the Government of the day are concerned. What is your professional assessment—in terms of meeting the changing mosaic of challenge from the communities of Northern Ireland—of how sustainable the process for delivering public service currently before us is? When does it cease to be unfit for purpose?

**Jayne Brady:** I reflect that two weeks ago I was, I think, in your company at Hillsborough Castle as the Prime Minister was there and we celebrated the anniversary of the Belfast/Good Friday agreement. While



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today is a difficult discussion in terms of budget, I have to say that, having worked in the private sector, the transition over the last 25 years has been quite remarkable.

We have almost full employment; we have closed the unemployment gap by 6 percentage points. We have doubled the number of people in our population who have degrees. We have put 200,000 people into employment. And from an energy perspective, 50% of our energy supply last year was supplied by renewables. However, there are enduring areas that you linked to that are impacting our people, our citizens and our businesses. Those are things where Northern Ireland, particularly, has been more vulnerable to the crises that have hit.

We have the lowest levels of productivity—20% below the UK average and 40% below the south of Ireland. Our areas in terms of economic inactivity are substantially higher than other areas—28% versus a 22% average in the UK. That proportion is entirely with people with disabilities, many of those with mental health issues that can be linked to our post-conflict society. For our young people as well, we have the highest proportion of people over 16 who have no qualifications and the lowest number with a third-level education.

So while we have made progress, we still have enduring issues that are the challenge, I would say, for the next 25 years. To deal with those, we need sustainable institutions, but we also need a transformation plan that addresses those areas. If I look to where we are today, another crisis has hit us, and that has been caused by the war in Ukraine, the economic crisis, the conflicts of the pandemic. And, of course, we have no institutions. All those things need to be factored in.

I would say that, on the communities we have left behind, we need to build the socioeconomic environment that deals with a 10-year trajectory to build systems that would include those communities, particularly for our young people, and to provide them with pathways to hope. We know we have a labour and skills shortage to deliver on the opportunity for green growth and to deliver on the opportunity for the economy. However, the first thing we need to do is to make sure that our services are stabilised.

**Q6 Chair:** The short answer is that unless sustainability is defined as the maintenance of the status quo, this is not a sustainable way of dealing with things in the medium to long term.

I am thinking of recent inquiries that this Committee has undertaken, which pointed to, for example—this is echoed by Queen's University, Ulster University and others—the need to have a proper look at the cap on student numbers if Northern Ireland is serious about retaining its young. If we are serious about skills and training, there needs to be a radical overhaul of how the apprenticeship levy is deployed, for example, rather than just going into the general Stormont revenue account. There is a huge amount of work still to be done with regards to integration of those new communities coming into Northern Ireland who have no tradition within that part of the kingdom but who want to play a full and active part.



None of those things are going to be looked at, are they?

That is not a criticism of you and your colleagues; it is just a statement of political fact. Those big, bold and necessary changes to address some of those systemic problems that you have rightly identified are just going to be parked.

**Jayne Brady:** Post the election in May, I brought the four parties entitled to form an Executive together to analyse. We looked at their party manifestos in the areas that combined, of which there were many. We identified those areas and we stood up work groups. I think we had more than 20 sessions—hundreds of hours of MLAs' time engaging on what those signature areas might be. So I think there is a substantive body of work that could form the initial programme for Government. These are not for officials. Officials will provide the data analysis; this is for our MLAs or Ministers to decide in terms of the restoration. I believe there is an ambition in that. However, there are probably three—

Q7 **Chair:** Without Ministers, that is a pie-crust promise—easily made and easily broken. This is not a criticism of you and your colleagues, but people down on the ground crying out for change, reform and better services are going to be disappointed.

**Jayne Brady:** That could be a pipe dream if we don't look at where we are at the moment. In my view, there are three key elements to this—three legs to the stool. The first is how we make sure that we are stabilising services. How do we make sure that we do no harm to the services that we have? We have seen recent announcements. Many of them are under pressure, so we need to provide a stable platform. That is a number of years programme. The second is how we provide the sustainable transformation. In that, there are a number of different factors that, in my view—as advice to an incoming Executive—may need to be looked at. I see the Fiscal Council is announcing the terms of the fiscal floor and the Barnett consequential that come from that.

Q8 **Chair:** But all of this is predicated on Ministers.

**Jayne Brady:** Absolutely.

Q9 **Carla Lockhart:** Thank you Jayne, Neil and Joanne for coming to the Committee. Obviously, there is a big issue—it has been spoken of already today—around the restoration of Stormont, but the reality is that if Stormont were back in the morning, there would be no change in terms of the funding envelope, or in relation to how Northern Ireland is funded to make the transformation that is needed. Do you agree that there needs to be a serious conversation around the Barnett formula and how it is applied to Northern Ireland? Look at the figures around what we get per head of population in comparison with what the Fiscal Council has brought forward. I think in Northern Ireland we get £1.21 for every £1 spent in England, despite our assessed need of £1.29. Can you give me a flavour of how that is impacting, and have you looked at any models that could be applied to Northern Ireland that would allow us to do what we need to do in the future?



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**Jayne Brady:** Thank you, Ms Lockhart. These problems are not a product of the current situation; they will be there whatever the Executive. While it is a very challenging budget for the Secretary of State, it would also be a very challenging budget without any amelioration for an incoming Executive. You are quite right in that regard. I am lucky enough to have the former chief economist for the island of Ireland beside me in Neil Gibson, who can talk to the particulars of that, but I guess the underlying position that we are in, in terms of the need and the one to four percentage, speaks to the need for that policy intervention and a longer-term perspective, so that our rurality, our need and those aspects are filtered into that position.

A key part of moving towards a sustainable devolution—that transformation plan—needs to look at key assets, such as Barnett, potential for revenue and fiscal sustainability, our digital transformation, building and innovation, and looking towards our real estate. Those are factors that we need to consider holistically about how we get into a level of sustainability. I will perhaps ask Neil to talk about the specifics of the Fiscal Council.

**Neil Gibson:** Thank you, and good afternoon everyone—*[Interruption.]* Oh, it is not quite afternoon yet.

**Chair:** It may feel like it, but don't wish the day away.

**Neil Gibson:** The short answer to the question is yes, a conversation is required, as the Fiscal Council evidence suggests. We are rapidly if not already at the point at which the funding per head is not at the level of measured need. There is a debate to be had about that measurement of need. The Fiscal Council has rightly used the same methodology used in Wales in the Holtham commission, and tried to replicate that analysis. Northern Ireland has some other differences that might need consideration above and beyond the situation in Wales, but it is important to set even that empirical assessment in the context of how rapidly we are approaching that point, and the context in which we are doing it.

If your level of funding per head is coming closer and closer to measured or objective need and potentially dipping below it, and you are doing that at a time of a significant cost of living crisis and inflationary pressures, it would be the worst and most challenging time to be on that particular trajectory. As Jayne has said, though, it is not the only conversation that needs to take place. The funding of public services and the measurement of need open up the conversation about other sources of revenue that might be available, as Jayne has mentioned—looking to other sources, investment from elsewhere, looking at a long-term economic trajectory.

If you look at the analysis of need, many of the components of need are, if you like, fixed, such as rurality or sparseness of population. But some are not, such as benefit dependency levels and long-term illness levels, and you want to be investing your money in ways that reduce that need in the future. While a discussion about a potential fiscal floor, if you will, as Wales has in place, is certainly one of the conversations, it must not be



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framed in a narrative of the long-term vision being to have perpetual need. The long-term vision is to invest well so that the level of need might, in some areas, be less in the future, but to do that by dipping below that need in the teeth of the crisis we are facing is incredibly difficult, getting on to the transformational trajectory that you might want to get to.

So yes, to answer the question, a conversation about the public sector funding formula is absolutely right, but it is one of the many conversations that need to take place about funding.

- Q10 **Carla Lockhart:** I think it is important to put the figures around that. We currently get £1.21 per head. The need that has been assessed is £1.29. You have said that there needs to be a conversation around need. I absolutely agree with that, but the Fiscal Council has done a significant piece of work, which we can all appreciate and put value to. Scotland, for instance, gets £1.25 for every £1 spent in England, despite its assessed need of £1.05. Whenever people say that Northern Ireland is getting more per head and that that shouldn't be the case, I have to point out that there is a very different need in Northern Ireland and we are coming from a very different position with respect to the past. I appreciate your response on that.

In relation to the Barnett consequential and the repayment of the overspend, obviously the legislation brought forward by the Secretary of State says that it will be taken from the Barnett consequential in year etc. Can you give me an idea around the healthcare workers, for instance? Obviously we are all keen to ensure our healthcare workers are rewarded appropriately, and a deal was struck yesterday for England. I am interested in this. The Barnett consequential from that will come to Northern Ireland. Will the Barnett consequential have to be used for paying back our overspend? Will we then have to find the money for our healthcare workers from within our budgets? How do you see that playing out over the coming weeks?

**Neil Gibson:** Yes, it is our understanding at the moment that there will not be exceptions, so any form of Barnett consequential would be used to repay that overpayment. We would have to find that elsewhere. That is our current understanding. This is only recently in place, but our understanding is, yes, any Barnett consequentials, for whatever purpose they might come, would have to be used first to repay the £297 million.

- Q11 **Carla Lockhart:** That will impact. Has an assessment been done? Can it be achieved on the back of yesterday?

**Jayne Brady:** We have the revised budget from last Thursday. The permanent secretaries of all Departments are working through the implications of the £297 million amelioration that will be factored into that, but keeping parity with public sector pay overall within the UK will be extremely challenging with the budget settlements provided. We will be able to brief further once that analysis has been done.

- Q12 **Carla Lockhart:** The legislation that is coming to give you further clarity





and powers does not allow for a step-in on the part of the Secretary of State. Would it be beneficial if an amendment were tabled that allowed the Secretary of State to step in on those issues, which would allow a degree of flexibility around, in particular, the Barnett consequential and how it would be applied in Northern Ireland?

**Jayne Brady:** It is not for us to advise in terms of the political institutions and how they should run. However, it is for us to say that there is a gap in terms of giving effect to the governance vehicles. As we understand it, there has not been any progress in terms of any step-in power within that. We have the extension of the EF, and now we have the guidance that was provided under the EF Act 2022, which identifies a gap for decisions that will need to be addressed at ministerial level. It is for political representatives to decide the best mechanism to address that gap, but there is a gap.

Q13 **Carla Lockhart:** Thank you, but it would ultimately be helpful to have some sort of buy-in from that. In relation to packages and priorities, I am conscious, particularly on the back of the Good Friday agreement discussions, about inward investment and the potential around that. If you look at the budget for Invest NI, it made, I think, in-year savings of around £70 million last year. That has now been taken as a given in relation to the budget allocation going forward. Given that we want to attract inward investment, which is vital, what discussions have been had around giving Invest NI a package of money to go after that inward investment? If it is our main economic driver in bringing that investment to Northern Ireland, surely there needs to be a conversation with the UK Government around doing something creative in relation to Invest NI and the Department for the Economy.

**Jayne Brady:** Yes, and I guess it is broader than Invest NI, but that would be one specific example. In terms of the implications of living within the budget, civil servants have certain vires that they want to make decisions on. Of course, the first thing is that statutory services need to be protected, so the implications of some of the decisions are the things that are strategically long-term and important, which I would suggest include investing in our young people, investing in the economy, skill provision, FE and HE colleges, and so on. They are vital to our long-term sustainability, as indeed is investing in green growth, which is a big opportunity for us as well as a legal obligation. Some of those are very difficult options for decisions and have to be made as part of that, so it is a reflection of the budget position that we are in. Again, in that case, the Department of Education will be evaluating the budget envelope that it has been provided, and what is within the vires of decisions that it can make within that envelope.

Q14 **Carla Lockhart:** But the reality is that if we want to bring about change, we need to rethink and relook at our entire funding envelope, how it is funded and the way that our public services are funded. We are very different in Northern Ireland, in that we have our own civil service. We cannot benefit from the economies of scale that the likes of England, Scotland and Wales have.



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**Jayne Brady:** If I look back objectively, there has been a propensity to respond to the crisis, which means you may then not look towards how we need to support and protect the long-term areas such as our economy, Invest NI support or skills provision. That is a key part of the discussion for that transformation agenda: how do we ensure that we are focusing on prioritising the areas that will give us better opportunities for our economy and our young people and will also deliver on the green growth ambitions? Such is the budget that some of those decisions are very difficult, but they are ultimately decisions for political representatives to make.

**Neil Gibson:** I just want to reassure all members, though it probably does not need saying, that all my permanent secretary colleagues and teams are working diligently to provide the NIO and the Secretary of State with exactly the information that would be provided to an Executive. There is no slowdown, if you like, in our work and effort to make sure that all those options are laid out. There may be decisions that are not within our powers to make, nor should they be, but all those options still need to be on the table and available.

You have picked up very particularly on Invest NI and the Department for the Economy, but as Jayne said, as we look through the list of Departments, each of them has a set of very challenging decisions and many of them are very interlinked, as they depend on each other. We stand fully ready to make sure that all that information and evidence is available to make the decisions necessary, but you are right to draw out the financial reality of some of the choices that sit before us.

- Q15 **Carla Lockhart:** Thank you, Neil. I was just using Invest NI as an example. The early years pathway fund is a huge concern for me: that is a minimal amount of money for the impact that it has on the ground with things like breakfast clubs, after-school and early years support for many, many kids. It is those types of things that will really impact people.

**Jayne Brady:** I know that the IRC presented here, and I chair the tackling paramilitarism group. With those things, once the elements of that are ringfenced, the integration of those areas is with the education authorities in how they join up and deliver for those voluntary youth groups, which have been such a key enabler for those communities.

- Q16 **Chair:** First, may I thank the Fiscal Council for the initial budget summary documents that have been published? Ms Brady, you have highlighted the areas that require attention, and Ms Lockhart has picked them up. Education and communities have been mentioned quite a lot. We know the importance of investment in infrastructure, and we know the importance of agriculture as far as the NI economy is concerned.

In the 2023-24 budget, it is proposed that health gets 51.4%; education, which I am sure Mr Walker will come on to in a moment, gets 18.1%; agriculture gets 4.1%; and communities, which are absolutely vital, particularly at a time of increases in tensions and concerns etc, have just 6.1%. I do not understand why the lion's share goes to health—it is not ideal.



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You can give me the Francis Urquhart answer if you think this is a slightly cheeky politician's question, but how concerned are you, knowing full well that difficult decisions have to be taken? Politicians realise that difficult decisions have to be taken, but they are not always good at taking them, because they have political ramifications. Is there any evidence or fear of people being slopy-shouldered, letting the civil servants and Secretaries of State take the difficult decisions and then, when they get the flak, saying, "Nothing to do with us, gov'nor. It was those faceless civil servants and Mr Heaton-Harris who did all this. We just have to play the hand of cards we are given"? It is not political leadership, is it?

**Jayne Brady:** I have great respect for the political parties I work with. I have worked with them while they were in office and since then, in terms of restoration of the Executive. It is not a role that I personally could do, if I am being very frank, but I admire their endeavours in doing it. I believe that they all want to serve the best interests of the people in Northern Ireland.

You have talked about those areas, and I have talked about the stability of the institutions, first of all, but also the transformation of our services. In those areas, and particularly in health, education and justice, there is a level of unsustainability in those services unless we address the transformation aspects. We have numerous reports that have identified those areas, but the ability to deliver on those transformations requires stable fiscal planning, not cuts. It also requires sustainable institutions to be in place.

- Q17 **Chair:** Fundamentally, the prognosis is one of unsustainable models continuing to be delivered in a more unsustainable way as the budgets get squeezed. That is not in the interests of the general UK taxpayer and certainly not in the interests of public service users. In terms of morale and professional satisfaction, it is deeply depressing for professional practitioners who are seeking to serve their communities in whichever discipline they are called to do so. It is not a very optimistic picture, is it? This is a spiral of ever-decreasing decline.

**Jayne Brady:** I would remain optimistic—that is why I took the role. We were there two weeks ago when great optimism was expressed on the stages regarding the Belfast/Good Friday agreement and the opportunities. Those have been achieved and they have been hard-won: 25 years ago it was a very different scenario.

- Q18 **Chair:** We know all that. I am looking at today and tomorrow.

**Jayne Brady:** Looking forward, I would argue that we are at an inflection point where we need a reset of what has worked well and where the enduring issues still are. My advice to an incoming Executive is to look at the stabilisation plan and the transformation. Looking at the matter in its entirety, there will be hard decisions to be made about what the fiscal floor may mean for Northern Ireland, but also how we fund those services and commit to delivering on those transformations. They will require stable institutions, long-term decision making and long-term budgeting.



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Q19 **Chair:** As necessary, urgent and pressing as they clearly are, I suppose that bold decisions are by definition not going to be taken without direct democratically elected involvement. We are working in an arena of democratic deficit.

**Jayne Brady:** Absolutely. These decisions should be made by people who are democratically there, not officials.

Q20 **Chair:** They can only be made by those people, if they are to have resonance and legitimacy across the communities of Northern Ireland, surely.

**Jayne Brady:** Of course. These are decisions that officials can only advise on—it is only our role to advise. The decisions on the restoration of the Executive and what the policy approach will be are for an incoming Executive to make, absolutely.

**Neil Gibson:** While I would never turn to an economist for any optimism, one thing I would add is that you mentioned in your question the scale of difficult decisions that are required now, but the sort of transformation that we are talking about will require a series of decisions over a protracted period. It is not as if there are two, three or four levers that simply need pulling but that there is no one to pull them. It is a more systemic change that is required. We want to give all members an assurance of the work we are doing with all parties to talk about what that transformation journey looks like. I know that that is an easier word to say than to implement.

The questions are how you would govern a proper transformation programme and what choices you would take. It does not take an economist; any basic analysis of the data will show that the trajectory of health and education spending is not in keeping with the trajectory of tax incomes. That is not just a Northern Ireland problem.

We have to start somewhere. Our job as public servants is to ensure that all of that material for a higher transformation programme would work and be governed, delivered and monitored—that is our job.

This morning we have picked up on elements of things like fiscal floors, but there is a whole gamut of things, such as the Digital Transformation Service, delivery transformation, and proper research to transform what we do. We are working very diligently with the parties to have that transformation plan ready for a returning Executive.

Q21 **Chair:** Of the decisions in health, education, justice, communities, and infrastructure, what decisions, if any, are affected or shaped, directly or indirectly, by the Northern Ireland protocol and the Windsor framework?

**Neil Gibson:** It would be wrong for me to try to list the full collection. You have listed some of the areas; almost every Department would feel some direct or indirect impact, not just from the Windsor framework but from the whole changing geopolitical landscape. I would not be in a position to provide a list of what would be most affected within each Department.



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**Jayne Brady:** As officials, we are working with Departments, once the Windsor framework is in law, to analyse its impact, implications and opportunities. We are working at that level to inform any decisions that may be required from an incoming Executive.

Q22 **Chair:** Transitions within allocation and/or the funding model for health, education, justice, communities and infrastructure can all be devised within Northern Ireland by those decision makers in Northern Ireland, without having any reference to, or constraint imposed by, the protocol and Windsor. Is that correct?

**Jayne Brady:** There are areas that it touches, such as medicines provision and DAERA, but it is not a single, departmental impact. You are correct that there are substantive areas that are not connected to the Windsor framework.

Q23 **Stephen Farry:** Good morning to our witnesses. I will pick up on the points that have been made around transformation and use a crude and imperfect analysis. If we were talking about a business whose business model was essentially unsustainable, it would need to restructure and to approach external funders or a bank and so on to try to get some degree of assistance or a loan. In order for Northern Ireland to break this cycle of cuts, we are going to need some degree of assistance from the Treasury, are we not, in terms of some degree of an ask at some point?

**Jayne Brady:** It would be for the parties entitled to form the Executive to come to that view. We will provide the data and information, but it would be an objective analysis—I worked in venture capital—that you would need an investment case to bring to see what the proposition is for any investment that you ask for. Any level of transformational change would require a funding envelope to deliver it.

Q24 **Stephen Farry:** That is something rightly batted back to us as politicians and the incoming parties to look at. I think there are three different elements as to how we address this: one is the issue of revenue raising, which is a difficult conversation to have; the second is the needs-based reassessment; and the third is some form of transformation plan.

To move on to the points made about the governance issue, if I picked you up right, Jayne, are you saying, in so many words, that the guidance that was put in place at the end of last year is not fit for decision-making purpose today?

**Jayne Brady:** That is not quite correct, Mr Farry. The decision making that was put in place allowed substantial decisions to be made. In fact, 250 decisions have been made to date by perm secs under that provision, so it does provide availability to make some level of decisions. However, as the budget settlement sits and as we analyse the implications, it is our understanding, having read the guidance and the law, that there will be decisions that will not be able to be fulfilled under that guidance—we would require some level of ministerial direction. That is the legal advice that we have received, so there is a gap between the potential of those decisions.



**Q25 Stephen Farry:** The problem is that the published Bill that goes before the House of Commons next Wednesday, as it stands, does not therefore address your concerns about having some degree of ministerial direction.

**Jayne Brady:** The Bill will give effect to the budget settlement. A key aspect was clarity in terms of the budget, and we are one month in, so we have the budget envelope and the numbers. A second one is the governance and decision-making model that allows us to give effect to those decisions. From our analysis of the guidance as it stands, there is a gap between the decisions that could be made to give effect to be within that budget settlement, potentially, as we work through it. We are still working through those areas, but there are decisions that rightly should be made by Ministers, because we have no democratic provision to make them.

**Q26 Stephen Farry:** If that is not clarified sufficiently over the coming weeks, will that lead to a situation in respect of certain decisions? To frame it another way, will there be a tension between your roles as accounting officers in terms of ensuring that Departments live within the financial constraints as currently set out, and the decisions that need to be taken to make that a reality? Is it fair to say that those two requirements are not currently aligned?

**Jayne Brady:** Accounting officers must fulfil all their legal obligations. You cannot pick and choose which ones you fulfil. There are those as accounting officers and those under the Bill to give effect to the budget, we must give due effect to the guidance, which is also statutory, and we must give effect to equality and section 75. So there is a gap that we have identified. As we work through those, in our view there will be decisions that we will not be able to make because they will not be aligned with the legal construct we are operating in. We will work with the NIO to identify those.

**Q27 Stephen Farry:** The longer we delay in taking what are inherently hugely difficult decisions, the greater the impact of the pain that will come later in the year. If we are trying to, say, spread a very difficult budget cut over 12 months, that is bad enough, but to do it over 10 months, nine months or eight months is even more painful.

**Jayne Brady:** Absolutely, and that is what we saw last year when the decisions were impacted over a quarter of a period, and the level that we could deliver those. I guess, if we look back, some of those decisions that were made to reduce the figures were one-off decisions to ameliorate that. Accounting officers and perm secs have made some really difficult and challenging decisions that have had significant impact within Northern Ireland, but those were within the vires and the legal framework that we operate in. When those decisions have been made, the idea of doing the least harm is put into them. But ultimately we need to follow the laws of Parliament.

**Q28 Stephen Farry:** I think Neil used the phrase "doing the least harm" last week. I want to drill down into that a bit further. Jayne, I think I am right in saying that you have to prioritise statutory functions, and that non-



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statutory functions are more prone to being cut. How does that sit with the notion of doing the least harm, in the context that a lot of what happens in the non-statutory capacity—both in Departments and arm's length bodies and in the community and voluntary sector—is often based on early intervention and prevention? That reduces the cost pressures on the Government from the health service, education and welfare payments. Although the approach of protecting statutory first may be something you have to do legally, it is entirely counterintuitive, in terms of good governance. Would that be fair?

**Jayne Brady:** Yes. Just to restate, the budget has been set by the Secretary of State, so he has made those priority calls. We have provided data, evidence and information against the priority calls that have been made. There isn't a one-size-fits-all approach for all Departments. You are right that areas such as education and, indeed, health have a very significant statutory element to them. To deprioritise the statutory element would need a political decision and a change in the legislative framework. We operate with clear legal requirements to fulfil those, so there are no areas of discretion where we can make moral judgments and choices. Where there are those areas, perm secs will evaluate the decisions, and it will be done on a case-by-case basis with legal.

Q29 **Stephen Farry:** In effect, what you are saying is that where there is a statutory legal commitment to fund something, you don't have the decision-making ability to go there under the current guidance. There are some Departments that, as things currently stand, are not able to live within the envelope given to them unless they cut statutory services.

**Jayne Brady:** Paragraph 10 of the advice, under section (b), refers to the provision of statutory services. Of course, those are legal obligations too. Those require challenging aspects.

Q30 **Stephen Farry:** So in effect—I am sorry that I keep trying to put words in your mouth—you are backed into a corner on this.

**Jayne Brady:** I just want to say that we have worked very proactively and supportively with the Northern Ireland Office, and have had significant engagement, as have my officials in the Department of Finance. We have in-depth engagement and are identifying areas where there are gaps with them. We have a budget envelope, and perm secs are now working through the analysis of the outworkings of that. We are looking at where decisions can be made and at what the legal requirements are for accounting officers and permanent secs to make those decisions. Where there are gaps, we are looking at how they can be addressed.

**Stephen Farry:** Thank you very much.

Q31 **Mr Walker:** I noticed that you talked earlier about some of the successes of the period since the Good Friday agreement. The Northern Irish education system is, in part, a great success story, but you also talked about the productivity gap and the fact that there are more post-16 people without qualifications in Northern Ireland than in other parts of the UK. It is striking, looking at these figures in the budget, that



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education is facing both cash and real-terms cuts. If I talk to my colleagues in the Department for Education for England, they would say that it is seeing a real-terms increase and coming up to its highest level since 2010—potentially its highest level ever. That is a significant disjunction. Is that the kind of political decision that you need an Executive in place, working with the Secretary of State, to address?

**Jayne Brady:** Yes. The Secretary of State has made those budget decisions about those envelopes. My advice to the Secretary of State, the NIO and, indeed, an incoming Executive is that we also need to focus not just on fulfilling the budget envelope but on the long-term implications of those decisions. We need to focus on those priority areas, including our young people's educational attainment. To make a value judgment, we are full, from an employment perspective, but we have a skills deficit. That is what our businesses would tell you. We need to provide pathways to hope and ambition for those people. We need to give them opportunities, and address that skills pipeline.

Ms Lockhart referred to support for business investment, and that is one of the areas that has implications for FE and HE colleges. The Chair referred to the discussions with colleges regarding skills shortages as well. It is about the balance between meeting the short-term objectives of balancing a budget but realising the unseen consequences of that in year 2 and year 3, and not losing the hard-won gains that the last 25 years have delivered for us.

Q32 **Mr Walker:** I notice that part of the logic of the money that has to be returned through Barnett consequentials is unspent commitments from previous areas. One of the things that struck me when I was at the NIO was the frustration in having unspent opportunities from things like the "Fresh Start" agreement still sitting there, with potential to help the education sector, but not necessarily being used because, even with an Executive in place, the political agreement had not been reached to use them. Are any of those still outstanding? Are there still opportunities from "Fresh Start", NDNA or other past agreements to spend money if the political decisions are made that enable it?

**Jayne Brady:** Yes. We talked about a proposal for the incoming Executive to consider in terms of the transformation agenda and how we look at the financing of it. There is one aspect that comes down via Barnett and the Barnett floor, but there are other funding interventions—the shared island funding, the shared prosperity funding, the levelling-up funding, the "Fresh Start" agreement funding. There are also non-devolved areas. I sat on the UK Government's innovation expert group until 2021, and I was a higher education commissioner as well. There is the ambition in terms of developing and investing in R&D to double the £11 billion investment by UKRI to £22 billion by 2024. But 48% of that investment goes to London, Oxford and Cambridge, and the missing prospective £4 billion is a £250 million shortfall, if you average it out.

That is not to say that Northern Ireland should get the £250 million, although I would make a case for it, but my view is that Northern Ireland





needs to look more entrepreneurially at how we bid for those things, be more proactive in engaging, use green growth funds and access further leveraged opportunities for any of our investment partners. That requires providing an investment case—what is our proposition for investment? Where can Northern Ireland support those overall UK agendas? We have areas of specific but very compelling skills in cyber and advanced manufacturing. We have Strength in Places investment. How can we make a proposition that adds value to UK Government and attracts those other non-devolved sums of money? I might ask Neil to comment on anything particular from the other agreements. Some of those are one-off, for doing specific things, but there is a need for funding to do more longer-term, systemic things.

**Neil Gibson:** That's right. We continue to engage with colleagues in Treasury to work out which of those moneys would remain in scope for that potential repayment vehicle. As Jayne has correctly outlined, our task is trying to make sure we explore every potential funding opportunity that exists, and some of those funding mechanisms require a very particular intervention set up in a particular way, some of which are not easily done quickly. I do not know if Joanne wants to add to this, but we are working on the clarification of all the different funding pots that could be within scope of that repayment vehicle.

**Joanne McBurney:** There is very limited funding left from the previous packages. There are some elements still left, but we are working through that with the NIO now. There are other packages, such as the NIO's new deal for Northern Ireland, which I am presuming would be in scope. We have to work through with it the detail of that.

Q33 **Mr Walker:** In terms of looking at all sources of funding, the draft legislation that we were looking at yesterday in private session partly enables officials to work with the Secretary of State for Northern Ireland on potential fundraising opportunities and ways in which money could be raised and to conduct the consultation exercises on that, but not to make the final decisions to give go-ahead. Based on your understanding of how that would work, who would come up with the list of potential fundraising opportunities? Would that be the NI civil service drawing up as broad a list as possible? Or would it be the NIO having to decide what it wanted to put within scope of that exercise?

**Neil Gibson:** It is a political decision as to what would be within scope for potential revenue options. However, we have some material to already be working on in terms of returns that would come in from Departments against questions they have previously been asked. We have the Fiscal Council reporting on items of, for example, super-parity measures, so we have some guidance there from the NIO in terms of areas into which to provide the evidence for what would be political choices. But it would not be for us to draw up that menu.

Q34 **Mr Walker:** The Fiscal Council included in its list things like extra council tax and water rates, which I know have been ruled out by some of the parties in Northern Ireland previously. Would you be in a position to draw



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up proposals for that and present them to the Secretary of State, if the legislation goes through as drafted?

**Neil Gibson:** Yes, as officials we provide the relevant material and information to the political decision makers at that time. It would also be the case that there are other reports. If you take the fiscal devolution commission that ran as well, there are other, already published evidence pieces about potential routes and areas you could explore as drafted. As officials, we would then provide the relevant briefing and information in relation to any and all of the questions that would be asked.

Q35 **Mr Walker:** I come back to the practical realities of the situation with regard to budgets. Before the budget was set, Northern Ireland Departments had informed grant holders that funding would only be available for a limited amount of time. The Education Authority indicated to youth work services, which you discussed earlier, that the important work they do would only be funded for one further month. I think the specific wording said that “your organisation should not make any expenditure commitments beyond 30 April 2023.” That was four days ago. Since the drafting of the budget and these discussions about flexibility, has it been communicated to those organisations that that situation has changed?

**Neil Gibson:** All our perm secs remain in close contact with all their stakeholder groups. We only just got the numbers a week ago. Even the change of treatment of the £297 million from the indicative figures—even small changes can be quite substantive, so that line-by-line review is ongoing and we are keeping in very close contact with all those who have been contacted in respect of the short-term funding decisions that were a reality of the budget situation we found ourselves in.

Q36 **Mr Walker:** So they have been told that they are able to continue with commissioning.

**Jayne Brady:** The amelioration of the £297 million does not stop our decisions having to be made, so the provision to extend to the end of April, and to the end of May in some cases, was because we did not have a budget settlement. We did not know how that would be delivered. Now that the analysis is happening, the perm secs will come to decisions and conclusions on what decisions can be made and, in fact, on whether they have the vires to make them, and then communicate those decisions.

Q37 **Mr Walker:** If they do have the vires to make them, they can do the allocation to different areas of that funding. What sort of length of time do you think it will take to communicate that to the organisations on the frontline?

**Jayne Brady:** We have engagement with the business community, the unions and obviously the party representatives, as you would expect. The perm secs are working through the detail of those figures, and they are very significant in terms of the implications for those organisations. Those are happening at the moment, and it will be within the next number of days.



**Q38 Mr Walker:** It will be in the next number of days. If we think of the work that we have been doing on tackling paramilitarism, and all the work around the importance of youth work in that space, it would be useful to have reassurance that there will be that communication on the shortest possible timescale.

**Jayne Brady:** There are also the implications of the third area we talked about earlier: section 75 and the equality screening that is required to be done on those protected groups. Some of those decisions will require a level of screening and, indeed, consultation. There is not one prescriptive timeline to say that we will have a date when we can give evaluation, because of the nature of those decisions. Are there vires there? Is there an equality impact that needs to be progressed as well? But we understand the importance of giving certainty to those stakeholder groups as soon as possible, because it also has a very significant fiscal implication if you cannot fulfil those decisions on the budget implications within a very timely fashion, as well as giving those organisations clarity in a very challenging environment, which we appreciate they are all in.

**Mr Walker:** Thank you.

**Q39 Mary Kelly Foy:** You have mentioned that you are carrying on in the absence of Ministers and the Executive not being there—you are carrying on with your job, and so you should. Can you say a little bit about the impact that is having on the work and the machinery of government? Are there any key pieces of work that have been put on hold that you can tell us about?

**Jayne Brady:** As we are officials, we can continue to deliver the policy direction that was set by previous Ministers—in fact, that is in the guidance—but no new policies are being developed or delivered. Of course, the overall coming together to agree a budget and agree the prioritisation of those aspects has not been done—that has been set by the Secretary of State. Then, within the decisions to live within those budgets and those decisions, there are decisions that perm secs will be able to make with their vires, but there are likely to be decisions that are beyond them as well. So the impact is at the policy level, and at the level of the budget, fiscal position and, obviously, the operation of the budget.

To talk about where the opportunity is for Northern Ireland, that requires sustainable institutions and a sustainable fiscal environment to deliver that level of transformation. In the absence of Ministers, we can develop the preparation work for an incoming Executive to advise them on that, but we cannot develop a programme for government, for example, until we have a restored institution. We are doing all the preparatory work we can with parties to support on that, but that ultimately will be a decision for an incoming Executive and those Ministers to take.

**Q40 Mary Kelly Foy:** How are you ensuring that the decisions that are made by the Stormont Departments continue to be transparent and open to scrutiny?



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**Jayne Brady:** You are right that the Committees are no longer in place. However, we are accounting officers—I will ask my colleagues to come in—under the accounting officer duties of managing public money. Obviously, there is reporting to Treasury, as there has been throughout the process, even when we did not have the Executive, in terms of that scrutiny focus. This is a very welcome opportunity to be scrutinised, although we cannot represent the policy environment for our Ministers, as we do not have them.

We are also having still substantive engagement with those parties. Yesterday, we met party representatives to give them a briefing of what the budget outlines and the key areas are, and we met the business communities as well as the trade unions and our chief executives and the chairs of all our ALBs in each Department. They will then meet the representatives from those political parties to brief them as to the implications.

So while there are not formal structures, there are formal structures that are still outlined, which I will ask my colleagues to reference. We are making sure we are communicating those areas. It is also important for me to be here in this public forum to speak to people in Northern Ireland as well and to provide that level of clarity on the approach that we are taking, and putting them at the centre of that under the guidance. I will ask Neil to comment on that.

**Neil Gibson:** While, as Jayne says, there is a different situation and circumstance without the Committees, the engagement programme remains very full. I meet finance spokespeople from all the parties monthly to keep them abreast of all the decisions relevant to my Department, and colleagues across all the other Departments do the same with their spokespeople. We publish any decisions that have been taken under the EF legislation. We are also doing a lot of stakeholder engagement to ensure that those groups, business organisations and voluntary organisations know and are spoken to in terms of where the position is. As you would expect, we also answer all queries and questions that come to us as Departments.

There are also some new processes in place with particular regard to how we track our budget and spending decisions. We are currently working with the NIO on the way we will report monthly and what extra detail we will provide on our spending and the outworkings of that—I will let Joanne speak to the detail. So there are some new governance mechanisms there to ensure that transparency remains.

**Joanne McBurney:** We have the normal processes in place whereby we report our monthly out-turn and forecast out-turn to the Treasury, but in the absence of an Executive, we have also been reporting that to the Northern Ireland Office, along with any explanations and answering any queries they have on that, and we will continue to do that going forward this year. As part of that, we will probably also track the decisions that are being taken in relation to that budget spend. Also, when the Secretary of State set the budget last year, we did the usual detailed estimates



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document to accompany the budget Bill, which broke that down into a further level of spend.

When the budget was published in the written ministerial statement last week, we published some additional DoF analysis tables on the intranet, and we continue to work with any stakeholders to answer any queries that they may have on that. In the background, we are also working with the Fiscal Council on how to make any publications that we do more transparent, and to provide additional analysis that they think would be helpful to the public and to themselves.

- Q41 **Mary Kelly Foy:** On the new structures in place, has there been a dialogue with yourselves and the Northern Ireland Office? Is it adequate, or are there other measures you could see being implemented that might strengthen that scrutiny role?

**Jayne Brady:** I think some of the structures have been put in place because we understand the value of scrutiny and consultation. In terms of engagement and preparatory to a new Executive, obviously the Fiscal Council has been advising in those areas as well. We are working with the NIO to fulfil their requirements and also with the Treasury in terms of making sure we give those assurances. We are very open to any other areas in terms of providing that scrutiny, and transparency of information as well.

**Mary Kelly Foy:** Thank you.

- Q42 **Chair:** Can we talk a little bit about income generation and revenue raising? It is always difficult, but it is another way of helping to bring the budget back into some semblance of balance. What are your processes? What is under active consideration at the moment for identifying new revenue streams?

**Jayne Brady:** I will ask Neil to come in, but I guess that will be the proposition in terms of an overall transformation agenda. Just to call out some of the decisions that have been made by perm secs, particularly in the area of rental increases, there was a 7% increase in the Housing Executive rental increases. There was an increase in fares and providing transit, again using the budget that was set by the Secretary of State, and an increase in parking. While they give a small level of impact towards the overall budget, those steps have been made by perm secs.

- Q43 **Chair:** But in March 2023, the briefing from the Department of Health highlighted the impact of the introduction of prescription charges and charging from domiciliary care. Those are big-ticket items both in terms of money but also in terms of political impact and public response. Those things realistically could not be delivered under the system that we have envisaged to come into play.

**Jayne Brady:** I guess those are ultimately political decisions. It is not for officials to make those decisions. Ultimately, they are balancing those. But in the areas that are identified through the Secretary of State's direction



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to consult on them, and indeed the Fiscal Council's area, they have identified a number of areas.

**Neil Gibson:** Yes, and we are currently working on making sure we have the relevant material for the NIO—the material that you would expect. What is the legal position in respect to charging in this area? What legislation would be required? What timeframe would that take? What might be the potential revenue raised? What issues might you need to consider so we are providing the same information as you would expect. As Jayne has said, we have implemented any levers of revenue raising that were already within Departments' gift to do so. An example would be on the domestic and non-domestic rates system. We provided full briefing and detail and information on rates levels to the Secretary of State for him to be able to make the decision, which he made, and all the rates bills went out on time. Our job remains the same—to provide all of the material for political decision making to be taken on all of those revenue-raising options that are available.

Q44 **Chair:** That is fine in theory. I am looking for reassurance on this. I think we all recognise, irrespective of which end of the telescope you're looking at, there is a requirement for pretty dramatic systemic change in the way that the public finances of Northern Ireland are run and administered, and what is charged for and what is not and so on and so forth, to try and engender a greater degree of permanence, stability and sustainability in the whole thing. That requires big decisions to be taken in a transparent and accountable way. The mechanisms and the constraints are not married up to the size of the task, are they? By definition, they never could be.

**Jayne Brady:** I am not sure about the mechanisms and constraints. The options are there. There are clearly—

Q45 **Chair:** You identify an option—let's say, raising some revenue—that has political impact connotations. You do your consultation, and so on; you make recommendations to the Secretary of State. Everybody is scrutinising those. But then a person actually needs to put a piece of paper in front of them; they need to sign it and say, "Right, as of 1 June, this or that is coming into play." That is just not going to happen, is it? This is not a criticism of anybody—you, the Secretary of State or whoever—but these are sticking-plaster remedies when the physician is calling for radical surgery.

**Jayne Brady:** I think that my colleague mentioned that any substantive revenue-making implications would be in a longer-term strategy because they would need consultation and delivery.

Q46 **Chair:** I get that. The point is to try to engender a certain degree of energy, not from you but on the political side. The scale of the problems and the endemic instability and unsustainability of the public finances in Northern Ireland require well-informed, accountable but swift decisions, not long-term horizon gazing, and by definition there is nobody who can do that swiftly in the absence of the Executive.



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**Jayne Brady:** I entirely believe in democracy. All these decisions should be made by the democratically elected representatives.

Q47 **Chair:** They should be made but can only be made by them. That is my point. You can have as many consultations as one wishes. You can put as many options in front of a Secretary of State as possible. But at the end of the day, to have legitimacy and local buy-in, the final decision—the imprimatur—will have to be taken by a functioning Executive. Mr Gibson is quietly nodding in agreement at that analysis.

**Jayne Brady:** I guess these decisions are for those who have a democratically elected mandate—in this scenario, the Secretary of State has a political mandate and he is making those decisions. But for sustainable government, of course, we need an Executive up and running to develop those policies. We are a devolved institution.

**Neil Gibson:** I just wanted to add that it is important to reassure all Members that there is no lack of relevant information from the official side.

Q48 **Chair:** Exactly! You can provide the Mount Everest, if you will, of statistical analysis, data, options and so on, but it is only a functioning Executive who can act on those submissions made by professional civil servants.

**Jayne Brady:** I agree, and I guess I would also propose not looking at the single issue of potential revenue raising while not also looking at the totality of service transformation—how we can deliver improvements in health waiting lists and better outcomes for our communities. It needs to be looked at in a transformation, so it is not a zero-sum game that you are expecting. My advice would be that we need to build a package that looks towards how you are bringing our citizens on a journey to show how investing in those things will give them better outcomes, so that you are not paying more for poorer services. That would be the advice that we would be giving to an incoming Executive, who ultimately—you are correct, Chair—would be the decision maker for those aspects.

Q49 **Chair:** You told us that you are engaging with the party spokesmen and the parties' leaderships on all sorts of issues. Is there any anxiety that, if the process of politics and the doing of politics continues to fail to deliver, the political class, either in Northern Ireland or here, should not be at all surprised if swathes of the community start to opt out of political processes, because they are patently not delivering for them, therefore creating a tremendously damaging democratic engagement deficit?

**Jayne Brady:** That is inherently a political question and not for me to comment on.

Q50 **Chair:** Is it one that has been raised with you as something that politicians are seized of as a "need to avoid", or is it not registering on the Richter scale of concern?

**Jayne Brady:** It hasn't come up in any discussions with my engagement with the party.



Q51 **Chair:** Did you say it has or it hasn't?

**Jayne Brady:** It hasn't.

**Carla Lockhart:** The Chair is continuing to make the point around the democratic deficit, but the reality is that that has been created as a result, Chair, of your own Government in relation to the protocol and the fact that that was signed up to. I think it is important to put that on record. It is very clear that we want Stormont and devolution to work. We want to be back making decisions, but that lies within the gift of the UK Government, and I would throw out that challenge today to the Chair and his party in relation to—

**Chair:** I put my party affiliation at the door when I come in and take the Chair.

Q52 **Carla Lockhart:** Well, you are still a member of a party that signed up to the protocol, which is causing the problem in relation to decision making—particularly around health, with the current allocation, for example.

We continue to talk about the democratic deficit. I go back to the fact that we do not have the money. If there were politicians sitting in Stormont and in an Executive in the morning, it would not be the silver bullet that everyone thinks or that is being portrayed out there. Take health for instance: would we have the funding to implement Bengoa and to make the changes that are needed in health going forward?

**Jayne Brady:** The decisions that are in front of us would be equally challenging for an incoming Executive as they are for the Secretary of State in the current fiscal outlook.

Q53 **Carla Lockhart:** But would we have the money—

**Jayne Brady:** No.

Q54 **Carla Lockhart:** —to implement Bengoa? So this goes back to the fact that we need to look at our funding allocation. We need a financial package to actually make the transformation and the Executive work in any newly formed Government.

**Jayne Brady:** The fiscal envelope, as it sits at the moment, is extremely challenging to maintain the current level of service. In fact, there will potentially be a detrimental impact to those services as we go through the evaluation. That leaves very limited aspects to deliver on the transformation both of education and health.

Q55 **Carla Lockhart:** What is clear is that, if there was an Executive in the morning, they would not be able to do what they need to do.

**Jayne Brady:** It is for the Executive to decide what they need to do. It is not for me to infer, but the decisions that we have in terms of the budget outlook are very challenging, whether it is the Secretary of State or an incoming Executive making those decisions.





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Q56 **Chair:** Taking Ms Lockhart's point, my constituents—possibly Mr Walker's, Sir Robert's and Mary Kelly Foy's—might very well turn around and say, "What Department, what devolved authority, what council, whatever, wouldn't want more money provided by the Treasury?" But again, this is a multi-phased process, isn't it? You can get more direct money from the Treasury, but one can also raise more revenue and also reallocate funds and make in-house savings and so on and so forth. None of that bit of the equation can be dealt with under both the current model and what is proposed as a governance arrangement, can it? In other words, Northern Ireland cannot rise to the challenge.

**Jayne Brady:** I would say that Northern Ireland has risen to the challenge on many occasions over the last 25 years. I think the data and evidence is to identify the areas and if there is a fiscal need. In fact, the Fiscal Council has identified that. So it has to be validated by sound data and information, which has to be independent to inform those aspects of the—

Q57 **Chair:** There are clearly revenue-raising opportunities, which may, again, have political impact and sensitivities, but they exist, at least in theory. Let's imagine the Treasury turns around and says, "Okay, you want more money. Who doesn't? What are you guys doing to generate more revenue? You'll provide 50p and we'll provide 50p, and then we've got a pound." You are able to say—this is not a criticism—"Well, we have commissioned lots of data and consultation and we are going to produce a very elegantly worded and cogently argued report to somebody in Whitehall," which will then either sit on somebody's desk gathering dust or, in the warmer months, be used to prop open a window. But currently you are not going to be able to say, and Mr Gibson is not going to be able to say, to Treasury, "This is what we are doing," because you can't do anything.

**Jayne Brady:** That would ultimately be for an incoming Executive to decide. What we can do is build advice, propositions and evidence. Looking not just at the fiscal fundraising but towards other areas—we have the lowest median wage in these islands, and we have the lowest disposable income—we need to develop those—

Q58 **Chair:** Nobody is doubting or questioning the scale of the task. Before I go back to Carla, let me return briefly to the question that Mary was asking about scrutiny—*[Interruption.]* Oh, if you're done, Carla, that's fine. In that case I won't be coming back to you.

This Committee is obviously slightly fluid in terms of our remit, dependent on whether Stormont is sitting. What role or what engagement do you see yourself and your colleagues having with this Committee? As imperfect as we all are, we are at least all elected and can ask questions in the public realm.

**Jayne Brady:** I welcome the opportunity to be here. Obviously, civil servants are normally in attendance with their Ministers, because they are representing the policy decision, so this is an unusual area to be in. We are currently in a pre-election period for the local government elections, so I am mindful of not saying anything that may impinge on that.



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Q59 **Chair:** I am not asking for anything tomorrow; I'm just talking about casting forward to the near future—

**Mr Walker:** In the absence of—

**Chair:** In the absence of Stormont Committees and a Stormont Executive, we can step up to the plate, as we have done on previous occasions, to help—imperfectly—but nonetheless to make a contribution and to try to fill that public democratic deficit sphere. You may not have an answer to that; you may need to go away with colleagues and give it some thought.

**Jayne Brady:** We would need to reflect on that, but we do really appreciate and value the level of scrutiny and challenge—

**Chair:** Sure. We stand ready to do whatever we can to help the process along, focused as we are on trying to make things better for the communities of Northern Ireland. I will leave that with you, Ms Brady, and if you want to write to me about mechanisms that you and colleagues think may help, that will, I am sure, be of use.

I have now totally lost control of where I was. I wonder whether we might look to the man who exemplifies cool control—the Chairman of the Education Committee, Mr Robin Walker. Oh, that's on the presumption, Mary, that you have dealt sufficiently with the question about stakeholders—

**Mary Kelly Foy:** Well, not particularly.

**Chair:** In which case we are going to go to the primus inter pares of coolness and control—Mary Kelly Foy.

Q60 **Mary Kelly Foy:** I actually agree with what Carla was saying, in that, with or without the Executive meeting, there is a huge shortfall in the budget for delivering public services. In health alone, there is a £300 million gap—shortage—for delivering health and social care. Obviously, we have those voluntary sector organisations that quite often step in and fill the gaps where the public services can't deliver, but things are going to get worse. While Stormont isn't sitting and while the budgets aren't enough—there isn't enough there; there isn't enough money to go around—we will be seeing people in worse health. When people are not employed, their health gets worse. The criminal justice system is filled with more people—with young people who do not have those pathways to hope. But we have seen how fantastic the voluntary and community sector is at stepping in, and doing that extra social work, if you like. What sort of discussions are being had with those stakeholders in the voluntary sector, the trade unions and civil society, not just about the sticking-plaster solutions that we are seeing, but the longer-term plan for help and how they can step in? They need the funding to step in and deliver.

This is happening across the UK—fewer nurses, fewer doctors, lots of vacancies—but there is a special case in Northern Ireland, with the whole background of paramilitaries, criminal gangs and those young people who are not getting into employment and who are then being diverted along



the wrong path. It seems like the perfect storm, with such a lack of funding across the board. It is just going to get worse without the Executive meeting and without the real funding that is needed in those areas. Who is having those engagements with the trade unions and the voluntary sector going forward?

**Jayne Brady:** I agree. Those community and voluntary sector groups are the ones, as well as the civil servants, who allowed us to progress through the pandemic. They stepped in and did the impossible in many cases. They have been rooted in knowing local solutions to local problems. Many of them are on a very voluntary basis, though they do very substantive work in that engagement.

We listened to the briefing from the Secretary of State and then engaged immediately and stepped up with those organisations. We met the trade unions; I have had three engagements with trade unions over the period. It was a very difficult period for them to have industrial action on Wednesday and then to see this on Thursday.

We are engaging with our chairs of our chief executives' forum, our labour relations forum and so on. Departments—the Department for Communities specifically in that example—will be engaged. They have a very strong relationship with those community groups. That also comes on the back of the loss of European regional development fund funding and the shared prosperity funding, and the vulnerability of some of those groups as well.

It is a very difficult scenario, and I concur with some of your points. In the outline of a budget piece, we will need to lean in with those organisations and work with them where we can. Ultimately, there will be very difficult decisions that will have to be made. I guess it is about how we ensure that this does not have that sustaining and enduring impact, with potential scarring to the economy and society. It is one of the substantial risks of achieving the budget in this type of timeline, whether we have an Executive or not.

Q61 **Mr Walker:** You just referred to shared prosperity funding. What is your view of the mechanisms by which that is being delivered for Northern Ireland? It obviously differs for Northern Ireland, compared with other parts of the country. Judging by what you just said, there is a degree of disappointment about the outcomes. Can you expand on where you see the process for that and whether it can be improved?

**Jayne Brady:** I will ask my colleague Neil to come in, but I guess it is about the levelling-up structure, which I was involved in prior to this role, with Andy Haldane's work on the missions, and also the shared prosperity. In Northern Ireland there are many similar problems, but there are things specific to Northern Ireland, and we have policy interventions. I would say that the aspect of delivering the levelling-up and the shared prosperity funding to implement our policy priorities, where there is a very constrained sum of funding, in addition to the funding allocation for ERDF, which was smaller for the shared prosperity fund, had implications for



those groups and the timeliness of decisions. Certainty planning was also an aspect, but Neil can give some more of the specifics.

**Neil Gibson:** I think it is incumbent on us all to try not to make a complicated situation any more complicated where there is a finite amount of money. We recognise the complexity of funding streams that we are moving into now, with composites coming from different sources. Many of the organisations right at the pinnacle of some of the things that Northern Ireland should be proud of, as its voluntary and community sector, are quite small and do not necessarily have the machinery or the infrastructure to engage with a whole range of complex, different funding mechanisms and streams. From our side, we need to do everything that we can to make that seamless for people who are in receipt of the money. It is absolutely welcome that the money is coming to some organisations through whatever route, but we have a system whereby we cannot see whether it aligns with the strategic priorities that were set by the previous Executive, and we have not been able to provide any clarity on what might come when and how it might align with other moneys that we may have or may be bringing together.

As Jayne outlined, the world we cast forward into looks like one with many more streams of potential funding coming from very different sources. It is about trying to make that as simple and easy as possible, so one of the real challenges for me and my officials in working with colleagues in DLUHC is to try to make that process as seamless as it can be. There are different decision-making processes—I get that—but it is about trying to be transparent and clear about what is selected and what mechanism is used to pick up the priorities that are being set for the particular funding stream, so that we can feed into that with some of our own strategic thinking. If not, we can at least provide the best alignment that we possibly can.

Q62 **Mr Walker:** Do you feel that you get the share of attention and information from DLUHC that you would do in other circumstances, such as if there were Ministers advocating for these things? Are you able to have a direct line to get sufficient information?

**Neil Gibson:** I think it would be fair to say we are on a journey, because that was a new funding scheme in which we think the early engagement probably did not give us the level of clarity we felt we needed, particularly on things such as the mechanism against which projects will be scored and how we will be able to help those who might ring us and ask for advice, but we are working all the time to try to improve and deepen those relationships. But I go back to the point again that, in a fairly complicated and quite challenging funding environment, even having more and more lines of communication, and more calls to have to make, is a challenge. We all represent, so we want to make those engagements meaningful, and we are continuing at official level to do our very best.

Outgoing Ministers made very important points about the coverage of section 75 and other reasons why there was not more formal involvement with the funding mechanisms. The message from the outgoing Executive



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was that there are section 75 deficits, and there are gaps in the way that the money is being provided, which does limit the level to which we can engage fully. But it is something that I take very seriously, and we are trying to deepen and improve. If these things are not where they need to be, it is on all of us to try to make them a little bit better.

**Jayne Brady:** At the leadership level, I was with my colleagues in DLUHC yesterday and we discussed the areas for innovation zones and policy alignment, so there is a very engaged, proactive environment. It is about how we get into the level of detail on the impact of those in terms of the funding decisions that are made on the ground as well—that is the area in the implementation where there are opportunities.

Q63 **Mr Walker:** The levelling up Minister, Minister Davison, recently said that the Department for Levelling Up, Housing and Communities did not use existing structures in Northern Ireland to deliver the UKSPF economic inactivity competition, because the UKSPF was designed to be delivered by the UK Government and so required accountability to rest with DLUHC ministers. Does that make sense to you? I'm not sure I quite understand the reasoning behind that comment.

**Neil Gibson:** Yes, if the funding stream and mechanism is designed to come from the UK and then be sourced through that; otherwise, you would put it into the devolved bloc and let the devolved bloc make its own decisions with it. That is a UK-badged and named UKG scheme. I get the idea that there is a direct decision-making process that they are making and allocating. I go back to my point: we need to do everything we can to be aligned to that, or to be clear as to the processes and the decision making that it is doing, so that we can make sure we can complement or support it where we can.

Q64 **Mr Walker:** Given that economic inactivity is such a challenge for Northern Ireland, it seems to be an area that ought to be prioritised for Northern Ireland, rather than one where you could in any way be seen to miss out. I guess that would be the concern about that particular comment.

**Jayne Brady:** One of the critical areas we need to focus on is how we bridge the areas of economic inactivity. We have 28% versus 22%. That 6% is people with disabilities, and 50% of those are people with mental health issues, so we need to make provision specifically for the issues that Northern Ireland has. Some of those are about community engagement and post-generational conflict. Until we address those, we will still have systemic issues within Northern Ireland.

Q65 **Mr Walker:** May I ask one other thing in terms of cross-Government and inter-Government working? Looking back on my time in the Northern Ireland Office, I spent a lot of time discussing growth and city deals. At the time we had an Executive in place, and they were leaning into that. There was some very positive progress being made on those. I'm not so sighted on the ongoing progress of those. Do you feel that the necessary decisions to enable the NICS to play its part have been made, or are



there further decisions that need to be made in order to realise the full potential of the growth and city deals?

**Jayne Brady:** I had the great pleasure of being the innovation commissioner for the Belfast region city deal for a year, and I wrote the business case for digital innovation, on which there has been sign-off by the executive on the Belfast region city deal. Indeed, announcements have been developed. I guess, towards that point of being more entrepreneurial and focusing on the areas where Northern Ireland has strategic strength, the right things to focus on are our areas of advanced manufacturing, our GII and our advanced life and health sciences sector—those are the key areas. Those have been moved substantially. There are a range of city and growth deals, and they are at different stages.

Q66 **Mr Walker:** I guess that was always the concern—that the Belfast city region was leading the way, then you had the Derry and Strabane deals a few steps behind, and then the Mid South West and Causeway Coast and Glens deals were a little bit further back in the process. Are you comfortable that they will be able to deliver across Northern Ireland without further decisions having to be taken either by a restored Executive or a Secretary of State?

**Jayne Brady:** Our starting point is always to prepare for an incoming Executive—my role as secretary to the Executive is to prepare for that to be in place as soon as possible. There are implications for the city and growth deals, particularly as some of them are capital-based. The implications of inflation have had an impact for some of those deals, and that needs to be looked at. Neil, who leads on all the city and growth deals, can give an update on some of those areas.

**Neil Gibson:** It is good and bad news in a way. The city deals are another example of quite a complex funding arrangement. We are learning as we go. There are learnings for us as Departments and for the delivery partners. We are working at pace to try to make that as seamless as it can be.

I would say a couple of things on the really positive side. Firstly, on engagement, NIO officials are excellent at trying to navigate problems. We run an annual key stakeholder event, and we do that jointly with the NIO, taking on examples of good practice and trying to learn lessons from where it's been challenging. At that official level, I think we have all the right relationships and pieces in place to navigate any changes. If there should need to be changes in the future, we would be well placed to take them.

Q67 **Chair:** Is annually enough?

**Neil Gibson:** We have much more regular engagement, but we try to think about where this year is taking us and what the big lessons are. That is just an example. Jayne and I do that at the very top level and in terms of all our key stakeholders. We have full, ongoing engagement at the Department at the official level.



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The second really positive point I wanted to draw out is that there is a real collegiality developing among the deals. There is a lot of, if you want, second-mover advantage. Belfast are being very willing to share lots of their experience, whether it be of the business case process or the selection of projects. While everyone wants to put forward the case for their own area, I have been very encouraged by the level of cross-deal engagement and sharing of best practice. They certainly put challenges back to us, but I think it has actually created quite a healthy community of sharing best practice and learning lessons.

So although others are a little further behind, and as Jayne has mentioned, the capital envelope is becoming much more challenging, there is very generous sharing. They are asking things like, "Is there any way we can do this bit a bit faster," or, "Can we learn from the choices you made?" That is to the credit of the city deal partners. It is their engagement with each other that has been, I think, very encouraging. A lot of the groups that bring together those councils have done a tremendous job in starting to make it feel like a collection of programmes that can learn from each other, rather than ones in competition in any way.

**Jayne Brady:** I think that is really important to build the capacity we talked about and to be much more opportunistic in building technology and innovation capacity, as well as the capacity to bid for different funding streams and have a collective perspective.

- Q68 **Chair:** Can we just go back to the shared prosperity fund, voluntary sector and the complexities of securing funds? Large organisations—the Northern Ireland branch of a major UK charity, or something of that nature—will have by definition an element of professional headroom to get their heads around funding application rubrics and sources of funding and so on.

This Committee has seen in recent months and over a long period the first-class work of small groups of volunteers—particularly, though not exclusively, women—coming together to make a tangible difference to the lives of people within their communities, often in hard-to-reach groups. How concerned should we as a Committee be about the long-term viability of those organisations just effectively throwing up their hands and saying "We cannot. We do not have the space, the expertise or the headroom to spend hours and days clawing in three shillings and sixpence from here and 10 bob from there and £12.50 from somebody else"? Also, on the absence of multi-year funding settlements, we have received strong representations on the desirability of those being hard-baked. As we understand it, the spending reviews by the Executive, even when it is up and running, look to be running contrary to multi-year budget settlements, which is unsettling for all organisations but particularly for those smaller ones. Should we be concerned?

**Jayne Brady:** I think—

- Q69 **Chair:** Mr Gibson is nodding, so I might go to Mr Gibson.



**Neil Gibson:** I have to work on that, don't I?

Q70 **Chair:** All I would say, Mr Gibson, is that I hope you do not play poker. Should we be concerned?

**Neil Gibson:** Frankly, I think it is an area of genuine and real concern. Those organisations, to their immense credit, very often punch well above their weight in terms of the quality of submissions and the money they access, and that is to their eternal credit. I also would say that a lot of the organisations that bring them together are doing tremendous work to try and help and assist them. However, it is absolutely something that when we think to the transformation programme and plan that we are working with parties on, a component of that is about collaboration and working better as a system. That includes consideration of matters such as how we could look at different funding mechanisms and different ways to provide support. That is certainly another component.

If I wanted to make sure, one of the most important messages from this morning is the idea that much of what we have talked to comes together in one strategic plan and making that collaboration and working with our strategic partners easier and simpler. But to be honest, we have a responsibility here too in our own work to try and make it as easy as we possibly can. There is a lot of work that we and colleagues do in the Department, always looking and looking again at our applications and the way that we set up our funding mechanisms. For those in our gift, is there any way to do them more simply? Can we do them more digitally? If we do that, does that exclude any groups?

It is important that we recognise the bandwidth of those groups' ability to also engage directly with elected officials. That is really important and we are seeing a lot of that as they coalesce in groups that represent them and they can speak with one voice. That is very helpful. It speaks to that tapestry of lots of different organisations: some people look at that and say there is an economy of scale problem here. It is inefficient.

**Chair:** Yes—duplication, triplication and so on.

**Neil Gibson:** Yes, you get that argument. Yet, when you deal with and spend a lot of time with them, you are taken by how the issues that they are dealing with are so specific that it is hard to see that they may not be lost in a different organisation. My personal view from long experience working with many of them is that that tapestry of organisations brings its own benefits to those specific issues, but it is right for the Committee to have a legitimate concern that in a squeezed funding environment and in an ever more complex world where we are asking and requiring people to look in many different places, the more we can co-ordinate that and make that simple and straightforward, the better.

Q71 **Chair:** I know organisations in my constituency that have often thought they will apply to the National Lottery for something. There are services that can be provided that maintain a Chinese wall between the adviser and decision-making function of an organisation to say, "Look, no matter





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how you phrase your bid, you just don't qualify. Save your time." Or, "Yes, you do, and these are some of the sort of buzzwords, key terms and key messages you have to get across to put yourself in an advantageous position to be successful in your application."

In this increasingly complex mosaic of smaller funding streams, is that a service that Stormont can offer to save time, ease frustration, maximise success and therefore maximise better outputs for service users and also deployment of public moneys?

**Jayne Brady:** I think there is an area of capacity building across Northern Ireland in terms of those community groups, those entrepreneurs applying for investment, the civil service, learning about digital transformation and the role of scientific advisers in digital strategies—

Q72 **Chair:** I was talking more about a voluntary women's group, in a town, doing tangibly good work.

**Jayne Brady:** I think there is value in supporting them in that journey. Those are perhaps medium-term aspects. I guess the issue is if a short-term funding tap is switched off, what happens in that interim piece? I want to restate Neil's perspective that you can incrementally stop funding for a very small funding pot and think that it is not going to have much impact, but actually such is the work of those groups and communities on the ground who understand those local issues that, cumulatively, it has a very significant impact across the system where you are just down to delivering your statutory provision. You cannot look at it just in isolation; it needs to look at the whole myriad of what they do. I think whatever can be done to further support those organisations is important.

Q73 **Chair:** Do you identify any scope for enhancement of support provided by local councils to groups operating within their community? I am not talking here in terms of the writing of cheques, but of advising and helping to shape things. Those officers will of themselves be writing bids on behalf of their local authority, so they do have passportable skills, if you will.

**Jayne Brady:** I think there already is engagement within the local councils and their regional community groups, and there are different funding perspectives provided. I would probably want to consult with them to come back with a fulsome answer to you on that, rather than coming back with something—

**Chair:** Yes, please.

**Mr Walker:** It is just interesting that if we look in the English situation, some of those powers have sat with local enterprise partnerships and are being transferred to councils. There is not really an equivalent of the local enterprise partnerships in a Northern Ireland context, but the closest thing would probably be Invest NI. But, of course, that is very much focused on business rather than necessarily the public sector. It is just interesting from that perspective, I guess, to ensure the infrastructure there is able to compete.

**Chair:** Thank you; that is a good point.

Q74 **Carla Lockhart:** Just on the back of what the Chair was discussing in relation to the UK shared prosperity fund and the groups that have been particularly impacted by it, we did mention this last week to the Secretary of State around the likes of the women's groups. I am thinking of Kilcooley in Bangor and also when I was standing on a doorstep on Monday with a lady from Action Mental Health, and their jobs are under threat as a result of the depleting amounts.

I think it would be important to do that piece of work, particularly with councils, to see if there is a way that we can plug the gap, but also to feed that into the discussions with the UK Government and around their commitment on ensuring the new shared prosperity fund will fulfil the ESF obligations in the future.

I have one final comment around the Barnett formula and the need for that financial package. I think it is very clear today, and it has been a really good session today, that we want to build a great future for Northern Ireland. We want a good economy, good healthcare and good education, but to do that, we need change in how we are funded and we need a financial package that would allow any newly formed Executive to do just that. Have we already started that work as to what that looks like? Are those discussions ongoing with the UK Government around that financial package and the Barnett consequential, and what that would look like in the future?

**Jayne Brady:** Any discussions regarding funding positions will be for a political level, but we are doing the preparatory work on propositions for delivering sustainable and a transformation of our services and the package. That is with the four parties entitled to form the Executive. We are analysing the information we have received from the Fiscal Council's report. We are working on what those propositions might look like, and then it will be for the parties that form an Executive to lead those discussions, with political representation. We are providing the evidence and information regarding what needs to be delivered in terms of stability but also the options on transformation. I agree that without some level of funding, we cannot deliver on the opportunity of transformation, such is the budget constraint. Those discussions are ongoing with the parties.

Q75 **Stephen Farry:** I want to come back on two points, and I will try to join them together creatively. First, on a very general level, how conscious are we of the dangers of Northern Ireland diverging more and more from what is happening elsewhere in these islands, given the financial situation? It is challenging in the rest of the UK, but Northern Ireland is slightly more acute by contrast. How concerned should we be about the contrast on the island of Ireland, with our neighbours running eye-watering surpluses? There may well be a certain bubble that does not reflect long-term reality, but it does provide a sobering contrast at the moment.



**Jayne Brady:** It is lucky that I have an economist beside me. In that context, there are different scenarios that Northern Ireland has had from the island of Ireland, so we cannot just look through one lens or one optic. There are areas that make Northern Ireland intrinsically different in our propositions in terms of technology, but the 40% difference in productivity is a marked contrast, and we need to invest in those areas where we can deliver. Areas of economic inactivity are also substantially higher in Northern Ireland for the figures that we just covered. I will ask Neil to give an economic perspective on that.

**Neil Gibson:** I may lapse into my previous guise here somewhat. One of the most important things I take away from the experience of working in Ireland is how similar some of the challenges are, despite the differences in that economic performance metric. I was reading their press and dealing a lot with organisations in Ireland, and they would be talking about challenges in housing, in healthcare provision and in housing costs. It is incredibly important to look at what we can learn from other jurisdictions but also to look at what Northern Ireland uniquely has. I often argued before I was in this role, but I do so even more vociferously now that I am in it, that when we talk about clusters or the things that are important to Northern Ireland, the delivery of quality public services should be one of them. Citizens around the world demand and look for that. They do not just talk about fast productivity and fast growth. They talk about a sense of safety, quality healthcare and quality education.

Even our most successful neighbours wrestle with the challenges of housing delivery, social housing and healthcare delivery. Having a structure for delivering public services is intrinsic, wherever you are. Just having a faster growing economy would not answer everything, though it is an important part of the composite picture. Maintaining affordable housing and a system in which public services are well regarded should be an integral part of the Northern Ireland vision, not something to set aside for something that is purely faster growing.

**Jayne Brady:** Some of the analysis that came out of that identified the need to invest in high-productivity areas in the economy, which the city deals identify as life and health sciences and advanced manufacturing, but also the key aspect of skills provision. We talked about the areas where Northern Ireland has fallen behind in terms of the UK, with the lowest proportion of people who have degrees in the UK and the highest level of people who do not have any qualifications. Those are the important challenges that we will need to deliver on to underpin that economic journey, as well as delivering in the areas that Neil referred to in terms of services.

Q76 **Stephen Farry:** Absolutely. I fully agree with what you have both been saying in that regard. The other question, just to go back to the very start, was linked to this point around divergence. One of the short-term dangers is around what is happening with public pay settlements and the ability now for Northern Ireland to deliver on those if there is a first call on Barnett consequential elsewhere to balance our books, whereas those



things are receding in Great Britain.

Obviously, this is a sensitive topic, and I appreciate that there are discussions between Departments and the relevant trade unions, but can you say anything on where things stand in the current context with the public sector pay pressures?

**Neil Gibson:** I will take that one. The public pay pressures are very real. We saw that with the industrial action not just in our own NICS, but across different parts of public service. I want to commend our trade union colleagues, who have conducted themselves very professionally and made their strong case about their dissatisfaction with the pay in a very professional and engaging way as we look to try to find solutions to it.

Given the budget constraints we have, it is one of the most significant pressures weighing on us. We have only just got the numbers, so we are looking through that. In terms of affordability of pay, it is right up at the top of all permanent secretaries' radar, because ultimately these are the people who are delivering those services and who have had a very difficult time in relation to pay in recent times.

I set that, of course, aside, alongside the conversation we have just had about those organisations who are also seeking funding. I will just tell the Committee that we will be providing full information and looking through all those pay arrangements. Some have contractual agreements to be paid at the same, and for others it is a policy to maintain parity, and in some parts of public service there is not that connection at all. We do not have a common bargaining position across public service, so it is absolutely right up at the top of our list.

We have reassured all our staff, as you would expect us to do, that our process of working out staffing matters, be they pay or workforce levels, is to look through the budgets we have, the services that were going to be delivered and the workforce that we need to deliver those and the way we need to remunerate them. It is not the case that pay is something that we think about first in the work; it is the complete opposite. It is, "What are our services?" and working back. We are fully cognisant of the scale of pay pressures that exist across health, education, prison service, policing and, indeed, within public service itself.

Q77 **Chair:** I am doing this from memory, which is always dangerous: the other week at Queen's, Naomi Long referenced conversations that were taking place across Stormont with regard to reform of structures. One can suppose that is all about just trying to improve good governance arrangements etc. Is it your view, Jayne, that as a result of those conversations and engagements with the civil service, these options for change in governance could be presented to the Secretary of State, party leaders in Northern Ireland and other interested parties?

**Jayne Brady:** I think Ms Long referred, on the stage, to engagement with myself and colleagues in terms of advice to an incoming Executive to deliver a sustainable devolution. That talks to the very areas we just covered over this discussion.



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The three areas are actually the stabilisation of our essential service and what that might take; the areas of transformation for service delivery; and the complement. Within those, there is a range of eight or so areas that may need to be considered. One is the Barnett floor; one is the funding and revenue-raising potential; areas of digital transformation; how we look to our workforce planning and real estate and those key areas. The third element is the transformation of our socioeconomic aspects—the key underlining challenges. Those are the areas that we are working on with the parties entitled to form an Executive.

We have also shared that advice with the Northern Ireland Office, because we want to be open and transparent in terms of the areas we are engaging on. Indeed, they are very interested in getting further information on how those discussions are progressing.

**Q78 Chair:** Are you in a position to share that with this Committee?

**Jayne Brady:** That would be a question for the parties. I am happy to come back to you on that as well.

**Chair:** You have urgent tasks at hand, and we will not detain you unnecessarily from them. I think it is safe to say that none of us like the position that we find things in, and none of us—rest assured—envy you the task that you have at hand. As a Committee, we wish you well in it.

Let me close by echoing what I referenced during the course of our conversations this morning. We stand ready to do whatever we can on behalf of those who live in Northern Ireland to help this process along, provide a degree of democratic oversight and scrutiny and hold toes to the fire as and when we need to. We have braziers ready to be fanned at a moment's notice. We thank you for your attendance this morning; we wish you well and a safe journey back to Belfast.