

Northern Ireland Affairs Committee

Oral evidence: Work of the Secretary of State for Northern Ireland, HC 86

Wednesday 25 October 2023

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Members present: Simon Hoare (Chair); Stephen Farry; Sir Robert Goodwill; Claire Hanna; Carla Lockhart; Jim Shannon.

Questions 493-555

Witnesses

I: Rt Hon Chris Heaton-Harris MP, Secretary of State for Northern Ireland, Northern Ireland Office; Chris Flatt, Director, Strategy, Northern Ireland Office; Brendan Threlfall, Director General of Union & Windsor Framework, Cabinet Office.

Examination of witnesses

Witnesses: Chris Heaton-Harris, Chris Flatt and Brendan Threlfall.

Q493 Chair: Good morning, colleagues. We are very pleased this morning to have one of our one-off sessions on the working of the Department—the Northern Ireland Office. We are joined by the Secretary of State and two of his key lieutenants, as far as the officials are concerned. Secretary of State, just for the record, could you introduce your team? The floor is yours for a minute or so to give us a little update, and then if you can avail yourself of our tender mercies, we would be obliged.

Chris Heaton-Harris: Tender mercies in abundance. On my left I have Brendan Threlfall, who is the DG for Union and the Windsor framework—not from the NIO, but the Cabinet Office. On my right is the NIO's director of strategy Chris Flatt, who will ably assist me and answer all the tough questions so I can just do the easy ones.

Chair, thank you very much indeed for the invite to be here this morning. I have been Secretary of State for just over a year now, and I am very proud of what my Department has been able to do so far. Quite a lot has happened in that time. Since I last saw you, obviously, the legacy legislation passed this place, but we have also welcomed, alongside the Department for Business and Trade, 180 international visitors and yourself, of course, to an investment summit in September. The summit—the first of its kind—was unprecedented in terms of size and scale, and I think everybody there appreciated that it was a hugely successful event and a starting point for securing multiple transformational investments in Northern Ireland over the next few years.

Obviously, the United Kingdom is a Union of people who share cultural, social and economic ties that bring us together and make us more prosperous and secure. Our nation is at its strongest when its institutions work well, work together and deliver real change on the issues that matter. The investment summit saw that Northern Ireland has huge potential, but it is important—in fact, crucial—that it also has strong devolved Government working to make the most of the opportunities that fall their way and to ensure prosperity in the long term. On that, I continue to engage regularly with all the Northern Ireland parties, and work continues to provide a sound basis for devolved institutions to be restored.

Chair: Thank you, Secretary of State. For what it is worth, I offer this Committee's thanks and congratulations to you and other Government colleagues for that investment event. You are right that it pulled together a huge degree of our optimism in and confidence about Northern Ireland, and it was great to see. Of course, we have had another American delegation this week as well, which hopefully will also bear fruit. I think the New York State pension fund is investing—

Chris Heaton-Harris: \$50 million.



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Q494 **Chair:** It is about £40 million, isn't it? That is a fairly considerable sum of money, so the indicators are looking good.

Can I ask you to shoot the fox that started running round earlier this week, which has caused some consternation in and around Northern Ireland? That fox is the super-majority retrofit. Are you in a position to shoot it?

Chris Heaton-Harris: Yes, I think I probably am. I even have some language somewhere in here. Yes is the obvious answer; I can absolutely shoot it. I am pretty sure that you will find that my Department very quickly clarified the statement on Monday. The comments should not be considered any shift in Government policy. I would just like to assure the Committee and all who serve on it that the Government are unwavering in their commitment to all strands of the Belfast/Good Friday agreement, not least the principle of consent and the need to exercise parity of esteem for the identity, ethos and aspirations of both communities. The agreement is clear that any change to the constitutional position of Northern Ireland would require the consent of a majority of its people. In fact, the agreement makes clear that it would be wrong to undertake any constitutional change without this fundamental principle of majority consent. In accordance with that principle of consent, Northern Ireland will remain part of the United Kingdom for as long as its people wish it to be. We are absolutely clear that there is no basis to suggest that a majority of people in Northern Ireland wish to separate from the United Kingdom. Is that clear enough?

Q495 **Chair:** I am very grateful to you for both the succinctness and the clarity, Secretary of State. That fox has now not just been shot, but stuffed and mounted.

You regularly update Parliament, the media and other fora to indicate significant progress in talks, not exclusively but predominantly with the DUP, to restore Stormont. We then get some sort of rebuttal: "Nobody is talking to us, and we are nowhere near a resolution to this." For the outside world, those twin analyses are quite difficult to reconcile from time to time. In the privacy of these four walls, can you give us a robust and frank update on where you think things are at, and a timetable that you have sketched out in your mind? I know that you do not like putting end dates, and no Secretary of State does, but are things imminent? Are we looking well into next year?

Chris Heaton-Harris: Forgive me for being circumspect and fairly careful—

Chair: I would expect nothing less.

Chris Heaton-Harris: I try not to talk about the ongoing conversations. They are important, because my and the Department's primary focus is to get the Executive back up and running, so that the people of Northern Ireland have decisions being taken for them by people they have elected to take those decisions.



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We have had long and ongoing talks over the summer. I will, if I may, use this occasion to thank my civil servants and all those who have been working hard on this over the summer—I know you would expect them to work hard over the summer—and to thank our interlocutors and all the party leaders I have been trying to keep updated as best I can without disclosing the nature of the talks. I have characterised them as being, and I think it is true that they are, in the final phases and in a much more positive space than they have been in previously.

Q496 Chair: There is a King's Speech due shortly—in the next couple of weeks. There have been some calls for a sort of legislative reassertion of the integrity of the Union—I slightly paraphrase, but in broad terms that is my understanding. I appreciate that you will not be in a position to tell us the contents of the King's Speech, but is legislation part of the arsenal to move things forward?

Chris Heaton-Harris: The ask has always been that it is, and I have always said that if we can get that legislation correct, we will introduce it. But it has to be within the framework that, as I have equally always said, it has to chime with. I could give an answer to the first question you asked me about the super-majority: it has to sit within that framework. Until I know it is actually part of the answer to the question, it does not exist, as it were.

Q497 Chair: Just on that, one can hear the Leader of the House, PBL and others saying that we are obviously coming to the end of this Parliament and there is a general election imminent at some point next year. There are huge pressures on parliamentary time to pass legislation. PBL and others will surely be saying to you, "Look, it would be delightful to have primary legislation for the appointment of a permanent chief constable, and there may very well be requirements for other 'emergency' legislation relating to Northern Ireland in the absence of Stormont's functioning, but you are having a laugh, Secretary of State,"—this is them, not me, talking to you—"if you think you are going to get legislative time in the King's Speech as well."

Chris Heaton-Harris: In those conversations, and as you would expect, the Leader of the House, on behalf of PBL, writes to all Departments to ask what they bid for in the King's Speech. My Department, while not having much legislation that it has bid for, has had to pass a huge amount of legislation during the course of the last year, with lots of it in the urgent space. You could say that adds emphasis to the need to get the Executive back up and running, because nearly all of it has been because the Executive is not in place. Actually, I do not need primary legislation for the appointment of a permanent chief constable.

Chair: Okay. There was a general thought that you do.

Chris Heaton-Harris: We have a piece of primary legislation that we have already passed that gives me the powers to do that through secondary legislation. However, this is definitely not ideal. The person who



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should be doing that, after the Northern Ireland Policing Board has come to its determination as to who it wants to appoint, is a Minister for Justice.

Chair: I am grateful. Let us now turn to Jim Shannon.

Q498 **Jim Shannon:** Thank you very much, Chair. Nice to see you, Secretary of State. I have two issues that I want to bring to your attention. I know that you have had correspondence and discussions in the Chamber with my friend and colleague the Member for Belfast East on the funding formula. I have noted your comments in the past, which seem to indicate that you will probably be in strong agreement with the points that I am going to make. But where are we with that, and how do we make it happen?

The issue of public sector pay has been with us for a couple of years now. I am my party's health spokesperson, and wage increases in line with inflation and elsewhere have not really happened for the public sector. This was discussed on a politics show on TV before I went to church on Sunday morning, so I was able to catch up on some of it.

Northern Ireland has 35% more registered nurses per head of population than England, and the Agenda for Change pay review body has estimated that the cost of a 1% pay rise for those in Northern Ireland would cost 6% of what is needed for the same pay rise in England. In a way, that is partially down to the underfunding of the Barnett consequential.

As always, Secretary of State, I am seeking an answer that helps the people I represent back home. I have a lot of people in my constituency who are employed in the health sector. What assistance can the Secretary of State give to public sector workers to ensure that they get a fair wage increase? When it comes to public services, the level of funding is below what we actually need, so what can we do to help those in the public sector, particularly the Health Department?

Chris Heaton-Harris: I will start by saying thank you to those who have been working in our public sector in Northern Ireland, because they provide excellent public services. Yes, the budgets are pressured at this point in time, but you can only be impressed when you visit hospitals, urgent care centres, schools and police stations, as I have done, and see people continuing about their work in the most professional of ways, when you also know that they have this ask around pay, which is legitimate in many ways.

I will talk about the Barnett formula in a second, but the money comes forward in a block grant, and it is up to what would normally be Ministers in the Executive to determine how money in the block grant is spent and how much of that would be for public sector pay. Obviously, new moneys in pay settlements add to that block grant in some way. I think it is fair to say that some of these pay deals that have been structured in England have not necessarily all been new money, so there is a calculation that goes on behind that in individual Departments, which is way more complex than I actually understood when I took over this role, to be quite honest.



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The Barnett formula ensures that devolved Administrations receive a share of the changes planned in the UK Government spending on functions that are devolved—that is obviously for Scotland, Wales and Northern Ireland. The formula doesn't recalculate the entire Northern Ireland Executive block grant, but it calculates incremental changes to the block grant over time. Around 90% of Northern Ireland Executive-led public service spending in Northern Ireland is currently financed by the block grant. In the 2021 spending review, the UK Government set out historic levels of Barnett-based funding for the devolved Administrations, including the Northern Ireland Executive, providing on average £15 billion a year through the block grant period.

On top of the block grant, the UK Government have provided more than £7 billion in extra funding since 2015. It is obviously and importantly entirely a matter for the Executive as to how they spend the funding they receive through Barnett consequential, from the operation of the Barnett formula, and the block grant. They are not ringfenced for any particular purpose. One of the things behind your question, Mr Shannon, which I completely understand, is that when there is money that might be deemed for pay that is new in England, it just gets put into the sum of money that comes to Northern Ireland, which can be spent in any particular way as chosen by either the Executive or sitting Ministers, or, as is currently the case, the permanent secretary, who is taking actions in their place at this point in time.

You ask about the proposals that the hon. Member for Belfast East has put forward, Mr Shannon. He has talked about a needs-based formulation for the Barnett formula over time. As I have always said in this space, I remain open to discussing proposals put to us on this basis, but it is not and will not be a silver bullet. A returning Executive—even if we had done that—will still have to make trade-offs, because they will have to decide how to apportion the total sum of money. Indeed, I think they will have to raise revenue for public services as well.

As I have mentioned in the House when I have been questioned on this, negotiations between the Welsh Government and the Treasury on a fiscal framework, which included an adjustment for the Barnett formula, took place over seven years. It was a very detailed conversation. The hon. Gentleman for Belfast East has said to me, "If the first one took seven years, this one should be quite straightforward, because you have the process." But it took that long because of the consequences for budgets over time, and it is stuff you absolutely need to get right. It is not an issue that you could solve overnight, even with the best will in the world. The absence of a functioning Executive really does have an impact on what can be done to address these issues of structural reform.

Forgive me for harking back to the main point—you have heard me repeat this a number of times, Mr Shannon—but without an Executive in place, it is very difficult to have any of these conversations, because you need people who are elected to represent the Northern Irish people to be either around the table with you or on the other side of the table with His



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Majesty's Treasury to be talking about exactly what is required and how that can work for the future.

Q499 Jim Shannon: Thanks for that, Secretary of State. Of course, as you and I both know, there is a clear way forward. Through our leader, Jeffrey Donaldson, we put suggestions to Rishi Sunak—the Prime Minister—and yourself and James Cleverly. We are hopeful that out of those there will be a way forward. You rightly said that if the Executive go back tomorrow, the funding issues will still be top of the agenda when it comes to where we are. My hon. Friend the Member for Belfast East put forward the suggestion that the Treasury contribution to fund public services in Northern Ireland is going down rather than rising. Quite simply, up until 2025, spending will increase by 6% in England, but only 3.6% in Northern Ireland. In real-terms spending, that means that each one of the 1.95 million people who live in Northern Ireland will be £2,000 worse off than someone on the mainland.

If we follow that trajectory, in relation to your answer to the first question on public sector pay requests for nurses and all civil servants, it means that by the end of this decade, public services will be undeliverable if there is no change in the Barnett consequential funding issue. In a question to yourself, Secretary of State, my hon. Friend the Member for Belfast East referred to Wales's block grant, and the fact that in 2010, a report found that the Barnett consequential had to be changed. So there is a precedent for change within the United Kingdom of Great Britain and Northern Ireland, and particularly for the Barnett consequential for us in Northern Ireland. In the example of Wales, it was changed for the same purposes.

What I feel needs to be done is a change for Northern Ireland, similar to what has happened in Wales. The precedent has been set; the system is in place. The tactical way to do it is also in place. In the final year of this Government in this term, I am mindful that there is still a possibility and a methodology of changing the Barnett consequential in a way that would make it more beneficial for people in Northern Ireland. It would address the public sector pay issue and the shortfall in funding.

I believe that Northern Ireland is a very integral part of the United Kingdom of Great Britain and Northern Ireland, but to make that happen, we have to have fairness and equality in the funding system. The question really is: would the Secretary of State be instrumental in pushing for that change to the Barnett consequential within the Treasury, and bringing in similar reforms for the funding model in Northern Ireland? Would the Secretary of State perhaps also agree that Northern Ireland's financial arrangements should operate on the basis of assessed need?

Chris Heaton-Harris: I thank the hon. Gentleman for those questions; there is a whole host of different parts to the answer. First, he will understand that Northern Ireland, through a block grant, does legitimately get—for very good reason—more per capita from the state than any part of England. Sometimes that is difficult for MPs in other areas of our nation, who might not remember the history of Northern Ireland as well as members of this Committee, to understand. I have talked about the extra



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moneys—the £7 billion. Things have been legitimately funded in the past on top of that level of funding. So it is recognised by the Government that Northern Ireland needs that extra money for a whole host of reasons, historic and otherwise. The question is how.

It took the Welsh Government a long time to find their solution, and they were an elected devolved Government, who had spending priorities that they wanted to invest in, which you could say were decided by election: people came to the Government saying, “These are the needs of the Welsh people.” I don’t have that interlocutor. I do not have an elected Executive with a programme for Government that has a plan attached. In that situation, I would happily sit beside those who wanted to take that to the Treasury and make their case. In that position, I would be happy to do so.

I completely understand the question you asked, Mr Shannon, and I would love to be in that position; but I am not. I have to work with the spending in Northern Ireland as it is. The permanent secretaries of the Northern Ireland civil service know what their current spending levels are, but they do not know what the future political decisions of Ministers will be. So on spending, it is a level and unchanging playing field.

If I may, I just want to remind the Committee: I mentioned the figure of £7 billion that has been given to Northern Ireland—on top of the block grant—over the course of the last eight or nine years, for good reasons. Some £2 billion was granted within New Decade, New Approach, of which, new deal was worth £400 million, the city and growth deal, £617 million; the levelling-up fund, £149 million; the community ownership fund, £4.3 million; the community renewal fund, £12.3 million; and the UK shared prosperity fund, £127 million. There was the confidence and supply agreement—that you will recall, Mr Shannon—worth £1 billion.

Peace Plus is worth £730 million—maybe we will talk about that later, because that is a huge and very important sum of money, that has just been agreed with the Irish Government and our European Union partners, to continue to spend on decent projects. The Stormont House agreement and the Fresh Start agreement was worth £2 billion. If you wanted, you could add the covid-19 funding on top of all of this, worth £5 billion; and the £900 cost of living payments that we have also contributed.

There is a general understanding that Northern Ireland needs the extra money, and the extra money is there. But it is vitally important for those conversations to be based on facts and the will of the people—as related by elected Ministers in an Executive.

Q500 Jim Shannon: I recognise the central commitment here from Government when it comes to spending, Secretary of State. No one denies that, and we appreciate it very much. The point I am trying to make is that some of those moneys that were referred to do not come to Northern Ireland alone. The Barnett formula consequentials are also given to Scotland and Wales. On the covid moneys, we will eternally appreciate what the Government and Prime Minister of that time did. It enabled us all to survive a very difficult time.



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You are right, Secretary of State, to say that the block grant has treated Northern Ireland generously in the past, but it is below the UK Government's own definition of needs since 2022. The point I am trying to make, and that my hon. Friend for Belfast East referred to, is that it has not kept pace. The Holtham formula is a methodology that has already been defined, and it is clearly the solution. It did not take Wales a long time to work things out, and they moved forward quickly with the system I referred to. The formula was defined almost straight away, but it was not used for a number of years because it did not need to be.

The issue for us is that we have been underfunded since 2022. As you know, Secretary of State, our population has increased by 200,000 people in the last 10 years, which is significant. Having people wanting to come to Northern Ireland to live and remain there is very welcome, but this increase is an anomaly which clearly needs to be addressed. So, I again ask the question, Secretary of State, because I think it has to be asked. If we are falling behind in Northern Ireland—the stats and the figures indicate that—and if Government were able to find a formula of change for Wales, which has been proven and has worked, then surely it is a solution and a methodology to take that forward on those grounds. I said earlier, the Holtham formula is and has been already defined. It is a solution. The methodology of going forward is simple. We just need your help, Secretary of State, in the position that you hold to ensure that that formula is changed and Northern Ireland's 1.95 million citizens receive the same formula as the rest of the United Kingdom.

Chris Heaton-Harris: Can I just clarify that you would not want the same formula as the rest of the United Kingdom? That would invariably lead to less money coming to Northern Ireland. Northern Ireland has a special case; it is a needs-based formula.

Jim Shannon: I understand that.

Chris Heaton-Harris: That is the question that the hon. Member for Belfast East has raised. Just to clarify, in the report published in May 2023, the NI Fiscal Council acknowledged that Northern Ireland is currently receiving the funding it needs through a combination of the Northern Ireland Executive block grant, locally generated revenue and additional UK Government funding packages. To make the point about how it fluctuates, the Fiscal Council suggests that block grant funding to the Northern Ireland Executive is currently around 20% higher than the equivalent UK Government spending in England, but that will rise in 2024-25 to 25% higher and then come back down a bit after that.

The hon. Member asked a very straightforward and reasonable question, but I have to put the caveat in that devolved Administration funding is a matter for the Treasury to discuss. The Government of course remain open to discussing proposals put to us by the Northern Ireland parties, but I will go back to what I said earlier: this would not be a silver bullet. There is no silver bullet in relation to funding. Realistically, a combination of measures, including revenue raising and other strategic decision making on spending—choices being made by elected Ministers—used in



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conjunction with each other are necessary to ensure the sustainability of public services and public finances. As I have said on the Floor of the House, in this Committee and to the hon. Member concerned, I am always happy to discuss these matters, but we need a reformed Executive.

Jim Shannon: Can I just make a last point, Chair?

Chair: Just in the interests of time, let's move on to Stephen, because Carla has indicated that she wants to come in as well.

Q501 **Stephen Farry:** Good morning to the Secretary of State and the rest of the team. Just to pick up on the issues around finance, I have to say that I have not seen Northern Ireland in as dysfunctional a state and in a situation of such despair at any time over the past 25 years. There is deep, deep worry about the implications for our public services, both in terms of the current situation and what may come on the current trajectory.

On the point around the fiscal floor and, just very briefly, to come back on a couple of points, the Fiscal Council, which you have cited, Secretary of State, currently estimates that Northern Ireland is potentially losing out on between £300 million and £400 million per year due to the assessment of need. Do you accept that that is essentially what it is arguing? To put that into context, that would be greater than the overspend that occurred last year, to mention just one of the past few financial years.

Chris Heaton-Harris: The overspend was £257 million last year and on the Fiscal Council estimate—

Chris Flatt: The Fiscal Council has done its work. We have seen it. We probably want to make our own assessments of it and you would clearly need to see what that would work out as. In some years, it might be figures in the area that you are talking about, but that depends on whether you agree with all the calculations. We would want to look at some of them.

Q502 **Stephen Farry:** We actually think they are undershooting in some respects. We actually think the figures are worse. They are quite conservative in their estimates in some respects.

Chris Flatt: This is why the process of discussion around working that sort of thing out takes the time that the Secretary of State mentioned. It is because there are different ways in which you can interpret some of these issues. It will require a lot of careful time on both sides to ensure that it is something that we all agree with. The thing is that when you make a change like this, it has long-term implications, and it is important to ensure that we understand those because we do not want to make the wrong assessment that has the wrong outcomes for this.

It is not just the fiscal floor; there is the wider fiscal framework. There are agreements in place with the Welsh and Scottish Governments, so the UK Government—the Treasury—have shown that they are able to make those sorts of arrangements. However, as the Secretary of State said, they are



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agreements between the Government and another Government—the Scottish Government or the Welsh Government—so we need an Executive in place to have those discussions.

You talk about the £300 million to £400 million, but another figure that has been talked about is the fact that, in Northern Ireland, super-parity measures—the payments that are either extra services provided or things not charged for—amounts to around £600 million, and the overspend last year of £257 million was only after significant interventions by the Secretary of State to bring down an initial predicted overspend of twice that amount. We have had to take serious interventions. Meanwhile, permanent secretaries in Northern Ireland are working really hard in really difficult circumstances to manage this year's budget. Therefore, there is a really challenging situation in public services in Northern Ireland; there is a really difficult budget to manage. As the Secretary of State says, the fiscal floor is not the answer to this on its own.

Q503 Stephen Farry: I fully accept that it is not a response in isolation, but I would suggest that it probably is, structurally, the biggest challenge facing Northern Ireland's funding over the decades to come, so I think that it is something that needs to be top of the pile for discussions.

Secretary of State, I want to follow up on two things that Mr Flatt raised. He rightly stressed the importance of having a functioning Executive to work with in this regard. Taking you back to your comments at the British-Irish Association, which are in the public domain, in your speech in Oxford, you were very clear in shooting down the notion of a financial package.

Can I clarify whether that comment is in the context of the current dispensation? In the context of a restored Executive, is there a willingness on the part of the Government to work with the incoming Executive on the potential for a financial package for Northern Ireland both to stabilise the current funding crisis and to look, perhaps more importantly, for transformation? That is in terms of invest-to-save, because you cannot turn public services around within constantly declining budgets, where you are firefighting; you need the space and investment to make things more sustainable. Is that something that you are willing to do, on behalf of the Government, with a restored Executive?

Chris Heaton-Harris: Yes, and I think I have said this a number of times, but it does need a restored Executive. The negotiations—the talks—that we are having with the DUP about going back into the Executive are around quite strict parameters. But with a restored Executive—with the parties coming together on a programme for government—then I think that it would be the right thing for, certainly, me to do, and it would be a pleasure to do it.

There is an extra piece to this, which is just to emphasise the need for not just a plan but the political will for it, because the Fiscal Council, which we have talked about, has also highlighted the need to address system inefficiencies to maximise the quality and quantity of services that can be provided within existing budgets. I think that was mainly referring to



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health in that space, and, actually, it was almost a response to nothing happening after the Bengoa report, which stressed the need to embrace transformation.

Everybody understands that need; I have met the health unions, and they have told me that they can see the need for quite radical reform in health services, and I think that most parties agreed with the general proposals behind the Bengoa report. However, six years on from that, we have yet to see the Executive deliver that transformation, despite the UK Government providing additional funding for health transformation in that time. We have provided £200 million for health transformation through the confidence and supply financial annex and another £245 million through New Decade, New Approach to the Executive for those purposes, yet we are still in this place. Having a proper plan is really important.

Q504 Stephen Farry: Can I concur with a few things that you said? First, we must learn lessons from previous financial packages about what did not happen in aspects of delivery. Secondly, there will be a need for some degree of conditionality in any negotiated outcome, and that must be understood. Thirdly, I think that yes, we must see a situation where all parties are bound into a plan and must not see a situation where people peel off and play their own individual agendas around this. Can I perhaps just call you out to fully confirm that there are no current discussions with one party around a financial package, and that any financial package can be agreed only by all the Executive parties together?

Chris Heaton-Harris: I have said that all the way along. We are talking—you are quite right—about the understandable issues that Unionist politicians have had with the Windsor framework and how we can solve those.

Q505 Stephen Farry: That is the more benign scenario where we have a restored Executive. Finally, in the context where we do not see restoration over the coming months and we head into next year's financial cycle—albeit with what we maintain was a flawed budget settlement to begin with, but none the less—I am conscious that we see a situation where there is already a significant overspend factored in, which I do not think can now be addressed in-year. Huge pressures have also built up, not least around public sector pay, where we see settlements in Great Britain that have not been mirrored in Northern Ireland. That is obviously a huge frustration and concern to a lot of public sector workers. What happens in that situation if there is no Executive with which you can negotiate a financial package?

Chris Heaton-Harris: I would like to think that we will get to the point where we have an Executive back up and running, to be quite frank. I cannot believe that the issues that we see now in the national health service provision, in education and in a whole host of other areas can continue to be outweighed. I understand the principal issue with the Windsor framework, but in operation terms I would like to think that it is working smoothly and that lots of the issues that people thought would come up are not coming up.



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I think we can get there. The talks have been productive over the course of the summer and, as I say, they are continuing. I believe that they are in their final phase; I would like to think that we can get to that place. I would like to see party leaders coming together and the British Government working with them to ensure that we can properly stabilise the finances of the Northern Ireland Executive. As I have said previously, I think that will have to include elements of revenue raising as well. Mr Farry, you will know that I do not have powers to do anything other than consult on revenue-raising measures for Northern Ireland. However, I have instructed Departments to consult on eight different areas, on which I can provide some detail about revenue raising, but only to consult. Hopefully a returned Executive can look at the full gamut of options available.

I will detail them very quickly: the introduction of domestic water and associated charges; increasing university tuition fees and the associated repayment period to the same level as England, including the CFRE tuition fees; the introduction of prescription charges; the introduction of domiciliary care charges; the retention of hospital car parking charges; the review of rate relief schemes; the introduction of private street fees; and reducing the compensation rate on the bovine TB programme. The consultation dates are dependent on the readiness of the individual Northern Ireland Departments, and there will be 12-week consultation periods. We are also ensuring that the full financial picture on both sides of the ledger can be available to an incoming Executive.

Q506 Stephen Farry: Can I briefly make two points to push back on the revenue raising? In theory, revenue raising can be part of the mix, but there is concern and scepticism about doing these as almost the singular solution to the financial crisis that faces Northern Ireland at present. Also, the lead-in time in terms of legislation and for which you can actually begin to do any of the charging would be several years, certainly in the case of water charges, and at least 18 months for tuition fees. So they are not an immediate solution for any of the current pressures we are facing.

Chris Heaton-Harris: That is absolutely true, but we are hoping to build a picture for a returned Executive so that they have all the facts available to them.

Q507 Carla Lockhart: Thank you, Secretary of State and team, for coming before us today. Trying to get through what has already been said, in relation to funding, would you agree, Secretary of State, that Northern Ireland is not funded to the same level of need as Wales and so on?

Chris Heaton-Harris: No, it is funded differently from Wales, as we have described. Wales and Scotland have a needs-based formula that the Governments of Wales and Scotland have agreed with the Treasury. Northern Ireland does not have that. It has essentially what was agreed previously to that, which is the block grant in the form that it is in.

Q508 Carla Lockhart: So you would agree with the Fiscal Council that Northern



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Ireland is being underfunded compared with Wales and Scotland, which both have the luxury of a needs-based formula?

Chris Heaton-Harris: It is being differently funded, and the Fiscal Council in 2023 said that Northern Ireland was getting the money it required.

Q509 **Carla Lockhart:** The Fiscal Council made it very clear that Northern Ireland is being underfunded, and there is already an on-the-shelf mechanism for a needs-based formula. Can the Government not just get on with it and do it?

Chris Heaton-Harris: Forgive me, but there is not an on-the-shelf formula.

Carla Lockhart: There is.

Chris Heaton-Harris: I have a sneaking suspicion that Wales and Scotland are very different places from Northern Ireland. I think they have very different histories and backgrounds. They have very different communities and very different needs. That is why you need politicians who represent those needs and those people to be involved in the conversation with the Treasury to make sure that if you went down the road of having a needs-based “Barnett-isation”, as it were, for want of a better phrase, that it is the correct one for the future of Northern Ireland. It is not an off-the-shelf method of doing this.

Q510 **Carla Lockhart:** Well, the Holtham funding mechanism for Wales and Scotland is a UK-defined need, and Northern Ireland is not included in that. Personally, I don’t think that is acceptable. I think the Government could very well, through the Treasury, get on with funding Northern Ireland on a needs-based formula, as per the request.

Chris Heaton-Harris: Forgive me, but who would we talk to on that basis? Who is on the other side?

Q511 **Carla Lockhart:** The Treasury can very quickly start to put the wheels in motion for this. The mechanisms are already there, and therefore it can proceed.

Chair: I think the Secretary of State was trying to answer that point—maybe rhetorically, but he was trying to answer it.

Chris Heaton-Harris: The point I am trying to make is—I think most Secretaries of State in the UK Government would this point—that you really do need good politicians on one side of the table to be negotiating with the Treasury on the other, so that they can talk about and understand the needs of local people. I am pretty sure that if you just left His Majesty’s Treasury to it—wonderful people though they are—one of the big factors they would be looking at is all the different measures in revenue raising that I just mentioned. That is why it is very important to have elected politicians representing the people of Northern Ireland involved in the conversation of determining what the needs actually are.

Q512 **Chair:** Is your key message on this point, in headline terms, that the non-



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functioning of Stormont—the non-existence of an Executive—in cold, practical politics has day-to-day implications and effects?

Chris Heaton-Harris: I'm afraid that it does, because there are no Ministers actually making decisions, lobbying Government, or lobbying me to lobby Government, on behalf of the people of Northern Ireland. What we do have are excellent civil servants in the Northern Ireland civil service making sure that public services continue to function in the absence of an Executive.

I am not saying—I know this; indeed, I am quite sure that as a politician I have made plenty of mistakes myself—that politicians get these choices right all the time. However, they are elected to make these choices and so, yes, there is obviously a direct effect from not having an elected Executive in this space.

Q513 **Carla Lockhart:** No one in Northern Ireland is going to disagree with being funded on a level playing field with the rest of the United Kingdom. The Holtham formula expressly covers Northern Ireland and it is not a Wales needs-based formula; it is a UK-based formula. Therefore, it is an on-the-shelf mechanism that could be very quickly picked up and used in Northern Ireland to fund us according to the needs in Northern Ireland.

So my plea to the Secretary of State today would be, "Get on with it", because ultimately we have needs in Northern Ireland. Our families in Northern Ireland—our working families—are already paying taxes for services that they deserve to be well-funded by this Government. I encourage the Secretary of State to take action on nurses' pay, because we all know that we can sit and say that if Stormont was back up and running in the morning, the sun would be shining and there would be a silver bullet and everything would be well in the world. That is not the case, because the money is not there.

For instance, take healthcare workers or the pay for our nurses. The Secretary of State needs to act. We can find money for abortion services and we can find money for Casement—in fact, I will quote: "We'll get the money. Don't you worry." I think that was one of your quotes on Casement. Our healthcare workers—our nurses—deserve their pay rise and without the UK Government stepping in and giving that, and awarding Northern Ireland the money for that, there is not the money in Stormont to do that.

The takeaway message from today is that the UK Government need to step up and actually fund our services appropriately.

Chris Heaton-Harris: I think the takeaway message from today is that Northern Ireland needs a reformed Executive, so that locally elected Ministers can take those decisions on behalf of the people of Northern Ireland.

Carla Lockhart: But they need the money to be able to take the decisions. If the money is not there, they can't take the decisions—

Q514 **Chair:** Secretary of State, I think I heard you certainly intimate, in an



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earlier answer to Mr Shannon, almost “Be careful what one wishes for”—that if one were to replicate the formulae for Scotland and Wales, because of the different historic specificities of the whole thing, Northern Ireland could actually see a lower sum of money coming to it if all the specifics of Northern Ireland are set aside.

Chris Heaton-Harris: If you recall, Chair, in a debate on this in the House, I think that the hon. Member for Aberconwy was in his place and talked about how in Wales this might not have been the silver bullet that everybody said it was. Some of it is obviously down to political choices made by politicians elected at that time.

As I said—hopefully clearly—this isn’t the silver bullet. It could and should be part of the solution, but it does need to be negotiated by—I mean, in Wales and Scotland, it was negotiated by Governments that were elected to do exactly that.

Chair: Let us turn to a parliamentary silver bullet—Sir Robert Goodwill.

Q515 Sir Robert Goodwill: Thank you very much and good morning, Secretary of State. The Green Lanes went live on 1 October and you were very upbeat at the Conservative party conference, stating that 1,600 new businesses had signed up and it was all going swimmingly. How is it working?

We have heard, for example, from the British Retail Consortium that the labelling requirements did not really give their members time to get things labelled “Not for EU”. The other case is that there might be mixed-group loads, including “Rest of the world” items that are not on the schedule of items that can come through. Will you give us an update on how well that is working and whether all those people who signed up are participating?

Chris Heaton-Harris: Sure. To give you a heads up, I will bring Mr Threlfall in on a couple of the more detailed points. To update you, we have seen clear signs of new traders taking advantage of the new arrangements. For example, significant wholesalers such as Booker wrote to their customers noting that they are now able to “bring back some of your favourite products that we had to remove due to the previous Northern Ireland Protocol”.

Consumers in Northern Ireland can see the broader reach of the Green Lane. For example, shelf labelling is in place in major food service outlets, which were excluded from the scope of the old grace periods.

At party conference, I mentioned a number for the uptake of the UK internal market scheme. The baseline that we use is the 4,150 active users of the old UKTS, and—I want to get this figure absolutely right—there are now 6,985 authorised UK internal market scheme traders, which is 2,859 new businesses.

The scheme’s operation is going smoothly and the uptake is going well. More people have seen that it is pretty straightforward to use, and the implementation of the scheme has been welcomed by businesses and



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representative bodies, including the Federation of Small Businesses. We continue to talk to everyone to ensure that any issues that come up are sorted as quickly as possible.

Do you want to talk about the labelling requirements?

Q516 Sir Robert Goodwill: Is it individual packs or just the cases that need to be labelled? I was not quite clear on that.

Brendan Threlfall: It is individual packs of meat products. That will be extended next year and in 2025 to other types of products with potential animal health risks attached to them. Other types of products do not have to be labelled individually.

On labelling, we were conscious that that was a relatively quick transition for meat products labelling. From our perspective, we have worked very closely with the retailers, and they reacted very quickly. Some of the major retailers have already rolled out the labelling for stores in Great Britain as well, even though the first phase was a Northern Ireland-only phase. We want to make it a UK-wide solution from next autumn.

We have now introduced a £50 million reimbursement scheme, which we committed to in the Command Paper on the Windsor framework, alongside the deal. We are saying that we recognise the up-front cost of labelling, so we have created a fund to help cover it for retailers.

Q517 Sir Robert Goodwill: On checks, the Government have always made it clear that they want a fairly light touch, but have cases of non-compliance been discovered, whether of labelling or of goods that are not within the scheme being smuggled—perhaps too strong a word—or brought in by mistake or deliberately?

Chris Heaton-Harris: There have definitely been cases of non-compliance, but as we have said, we want to deal with this in a sensible and proportionate way, so we have been advising those businesses that might have got something wrong on how to improve their compliance with the UK internal market scheme. I think it is fair to say that that works.

Q518 Sir Robert Goodwill: On rest of the world goods—goods that have come to GB from the elsewhere in the world, not from the EU—the list is quite restrictive, certainly of meat produce. For example, New Zealand lamb is included, but not Australian lamb. There is a long list of vegetables that does not include potatoes, and we bring potatoes in from places such as Egypt and Cyprus. It includes squash and gourds, but not courgettes, which I thought slightly strange. Is it intended to increase the list or are there good reasons why courgettes and potatoes produced outside the EU or UK are not part of the scheme?

Chris Heaton-Harris: As a former fruit and veg wholesaler—we will go through the definitions of those different things, but I will let Mr Threlfall answer the detailed question—the answer is yes, of course we want to increase that list.



Brendan Threlfall: Yes, we are working with the retailers on the additional list. There is still quite good coverage. Anything on the fruits list such as bananas, which would only be covered by a public health risk, can move freely within the Green Lane from wherever it comes from. Any goods that come in, which is a lot, are then processed and not accounted as rest of the world movements, so they can move through the Green Lane as well. We are working with the retailers specifically on the Thai poultry issue. We are working to get on and expand the list on the meat side, and we are working through the fruit and veg as well to make sure we have good coverage.

Q519 **Sir Robert Goodwill:** I note that there are a couple of areas that are not included. I know Carla is going to mention veterinary medicines later, but one of the big issues we get from farmers in Northern Ireland is to do with pedigree livestock and the requirements if those livestock are sold at markets in GB. The markets have to be export licensed and approved by the Animal and Plant Health Agency. There is even an onerous process, I am told, that requires farmers to change their boilersuits and put on different footwear in order to look at Northern Ireland animals in a GB market. What is the Government's response to those concerns? Can we see more movement in future to allow pedigree breeders in Northern Ireland to fully participate in the GB market?

Chris Heaton-Harris: I think those are easements that are negotiated in a slightly different forum through our colleagues in DEFRA. I have not heard, to be honest, about the changing of PPE to inspect different animals depending on where they came from and where they were going— but the answer is yes. We obviously want, in all these areas where there is still work to be done, to continue to improve what we have. One thing that the Windsor framework has done, which is difficult to dispute, is improve our relationship greatly with the European Union so that we can have these conversations, and in other areas we can look at how we can improve those mechanisms and make different arguments in different spaces. I will leave the vet meds until vet meds is asked.

Brendan Threlfall: The livestock issue is something that we have discussed with the Ulster Farmers Union. I have discussed it with the chief vet here as well. We are drawing up a proposal for how we could help on those movements. Specific auction marts have been raised and the process by which we can ensure that the pedigree livestock movements are dealt with.

Q520 **Sir Robert Goodwill:** The other problem is that if the farmer does not like the price he is getting or if the livestock are not sold, there is a difficulty in getting the animals back to Northern Ireland. That is a particular issue. Livestock farming in Northern Ireland is particularly important. There are some very well-established pedigree breeders, and they are at a real disadvantage at the moment. I hope that will be high on the list of priorities for the Government in negotiations.

Brendan Threlfall: Very much so.



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Chris Heaton-Harris: I should say that when it comes to the movement of livestock there have always been strict rules on the movement of livestock, both within the nations of the United Kingdom and across borders into the European Union. Some of these things are because of our relationship with the European Union; some of them are not. Some of them hail from domestic law.

Q521 **Chair:** Just continuing on the Windsor framework, it obviously includes mechanisms to deal with regulatory divergence, but these involve—I don't use this in a pejorative sense—behind-closed-doors discussions among officials such as the EU-UK joint consultative working group, which is not currently operational because the Assembly is not sitting. Against that backdrop, what are the Government doing, or what can they do, to help businesses plan for, manage and mitigate the consequences of regulatory divergence, whether between NI and GB or NI and the EU?

Chris Heaton-Harris: The framework does establish an array of mechanisms to ensure engagement with businesses, so that their concerns are heard and raised. That includes new structured groups, a dedicated special goods body, and regular discussions with the Joint Committee Chairs and the Chair of the specialised Committee. All of that is in addition to the regular engagement with businesses that Departments conduct, when introducing new policies and the like. The Government's general preference, both in the case of Northern Ireland and in Scotland and Wales, is a UK-wide approach where this makes the most sense—we remain clear on that.

Essentially, what you are doing here is highlighting the importance of having an Assembly and a functioning Executive delivering for the people and businesses of Northern Ireland. When the institutions are up and running, you get democratically elected representatives in Northern Ireland who will be able to consider any new goods rules that are proposed, consult businesses and constituents, and take decisions on them locally, reflecting the powerful say that the Stormont brake will provide to the institution itself. There are ways of those conversations taking place, but they are suboptimal without an Executive.

Q522 **Carla Lockhart:** Secretary of State, what progress is being made on veterinary medicines and an agreement with the EU before the current grace period expires in 2025?

Chris Heaton-Harris: The current grace period expires at the end of 2025. During the period up until then, there will be no changes to the existing requirements on the supply of veterinary medicines to Northern Ireland. Businesses should and can continue operating as they have done. While that extension is welcome, the UK Government's position remains clear that there needs to be a long-term and permanent solution that maintains the uninterrupted flow of veterinary medicines into Northern Ireland from Great Britain on which so many people and businesses rely.

Q523 **Carla Lockhart:** In relation to that, can you confirm that it is around 1,700 products, equating to about 51% of the portfolio of meds available



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to Northern Ireland, that are affected by this?

Chris Heaton-Harris: For the grace period?

Carla Lockhart: Post the grace period, there would be about 1,700 products.

Chris Heaton-Harris: I have not heard that statistic at all.

Brendan Threlfall: We have actually gone out to industry and had a whole set of returns, but only just over half of the industry has come back to us on products. We cannot confirm that statistic, but that is the statistic that has definitely been put to us as well.

Q524 **Carla Lockhart:** My understanding, certainly from talking to industry leads, is that that is the magnitude of the issue. There is a lot of concern out there from industry reps. I ask that the Ulster Farmers Union is met on this specific issue, given the issues it will cause if it is not resolved. When we hear the EU saying that there is to be full compliance, it certainly does not instil much hope in us for continued negotiations on this. It is of utmost importance that the issue is taken forward.

I have a couple of other things around the Windsor framework and the silver bullet that it was to be. A constituent of mine contacted me just last week; his load of second-hand farm machinery was stuck in Warrenpoint because there was British soil on the wheels of the vehicles. Do you believe that a fix can be found to this absolutely ludicrous situation? Certainly in my mind, the Windsor framework has not fixed this issue at all. Can we get some reassurances that this issue is being discussed with the EU?

Chris Heaton-Harris: I wish you had brought that to me when the business brought the issue to you, because—

Q525 **Carla Lockhart:** I spoke to your officials.

Chris Heaton-Harris: Well, I am not aware of that particular issue, so—

Chair: It is a good point. It is a detailed point. I don't think the Secretary of State can be expected to deal with a piece of—

Q526 **Carla Lockhart:** But it is a bigger point, Chair. I would be shocked if the officials in the Department were not aware that this issue has raised its head again. This happened pre-mitigation; then mitigations were put in place. But the Windsor framework, since its introduction on 1 October—now, all second-hand farm machinery dealers are experiencing problems again.

Brendan Threlfall: In the Windsor framework, we agreed that we would remove this problem of having to have a phytosanitary certificate to prove that there wasn't soil on your second-hand farm machinery. The issue that we have been aware of coming up is what happens if you want to bring your second-hand tractor in but then sell it on to Ireland—basically, mainly to the Irish market—where we have said, "Okay, well, that isn't covered by a Green Lane movement," but we have then been going through a



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series of scenarios with dealers, the Ulster Farmers Union, DAERA colleagues and DEFRA to try to make sure that we are doing that in a way that works for industry. It is the case that if you are bringing in second-hand farm machinery and you are a dealer and that is clearly for onward sale to Ireland—there is a significant number of purchases from there—that is a movement from Great Britain to the EU, effectively, and needs to be treated as such. However, if you are bringing the second-hand farm machinery in for sale in Northern Ireland, to end-consumers there, or for direct use by farmers, that is catered for in the Windsor framework. But we are conscious that lots of different scenarios have been put to us, and we need to make sure we are managing that in a sensible way. If there are specific cases—issues—at ports, I don't think they have been brought to our attention, at least in the Cabinet Office, but we are happy to look into any of those.

Q527 Carla Lockhart: Well, they were brought to the attention of officials in the NIO.

Sir Robert Goodwill: I have some recent experience. I recently bought an excavator and I asked this question because of my interest in this issue and was told, "Well, construction equipment with soil on doesn't have to be cleaned; farm machinery with soil on does have to be cleaned." That is what I was told; I am not sure whether that is correct.

Carla Lockhart: That is correct.

Sir Robert Goodwill: It seems a strange situation to me.

Jim Shannon: Same soil, different vehicle.

Chris Heaton-Harris: It is not one I have heard of, but it is one that we will happily pick up and take away.

Chair: Maybe we could have a note on it; that would be helpful.

Q528 Carla Lockhart: I have a final point about gardeners and the promises that were made that all issues were resolved. Gardeners still cannot get certain species of trees brought into Northern Ireland from GB. Also, seed potatoes sourced in Great Britain cannot be sold in Northern Ireland garden centres or via mail order. They can be sold only grower to grower, with consumers missing out on direct access. Personally, I would refer to the overselling of the Windsor framework and say the promises made were misleading. And I would ask this: is there any resolving of these issues, particularly for gardeners, around hawthorn, hazel, cherry trees and dogwood, all of which are not available to people in Northern Ireland?

Chris Heaton-Harris: The simple answer is that I will write to the hon. Lady on that, because since this came into operation on 1 October, a whole host of new freedoms to bring in these things where they were banned previously have come about, and actually we are negotiating. As the Prime Minister said in his statement back in February, we have negotiated a band of the most popular trees that people were asking for,



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seed potatoes and other things. The negotiations continue, so we have had a number of extra species added to the list. We do have a list that—

Q529 Chair: In order to be prudent with time management, could we have a note? And Secretary of State, if that could come to the Committee rather than just to Ms Lockhart, that would be—

Chris Heaton-Harris: Yes, of course. All of those will come to you first, and we will make sure they go to every Committee member.

Q530 Claire Hanna: Thank you very much, Secretary of State. Look, we all hope that Stormont comes back, and I heard your update with the appropriate amount of hope, but we have been let down on this many times before. The sense of stagnation and frustration in Northern Ireland is like nothing I have ever experienced before. Belief in devolution and the sustainability of the region is ebbing by the day.

People need to understand what is plan B, if the DUP do not, or will not, proceed and take seriously their responsibilities to the people of Northern Ireland. With the appropriate amount of caution and caveat about deadlines, at what point would you decide that the DUP are not able or serious? Would you intervene to create an alternative process, to meet the basic needs of the people of Northern Ireland, and to stop public services and public faith in politics degrading even further?

Chris Heaton-Harris: My primary objective is to get the Executive up and running. You will have heard me say that I am not keen on talking about a plan B, because it feels like you have given up on plan A. I will never give up on trying to get the Executive up and running. At some point, there does have to be an evolution.

We have to ensure that the Northern Ireland civil service is comfortable and has the powers it requires for the decisions it is taking. You will see that each month we publish a list of the decisions taken by the Northern Ireland civil service, while the Executive is not sitting. There are some decisions that we all know that the Northern Ireland civil service would like Ministers to decide on, but I do not have the power to do that.

Obviously, should I take that power, that would put us into a very different position. Some might say—a community—might argue that that is heading down a route that is akin to direct rule in some ways. There is no ideal solution to this problem. The best solution is the Executive coming back.

Q531 Claire Hanna: I agree with that. Previously we have had complete stalemate—and we are 18 months into this. It is like when I ask my teenager to tidy her room, I hear, “We’re going to do it, we’re going to do it.”

We all go through these periods of optimism where we think that the Assembly is coming back. Hopefully, this one is true, but you will be aware of the issues that colleagues have raised about finances. There is the issue of Lough Neagh slowly festering beyond redemption, if action is not taken. There are many other issues.



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Do you foresee a scenario where you intervene, or can you allow this to drift until the next UK general election, and the many months after that that it would take? Nobody is asking—well, very few people are asking—for direct rule, but there is a growing consensus that some of the Standing Orders in Stormont could be changed to dial down the emphasis on veto.

At various points, I think nearly all of the major parties have indicated a willingness to explore those issues. Obviously, the agreement did envisage a review. We would all prefer that review to be done in the safety and comfort of Stormont having returned, but there is an anxiety that this will just be allowed to corrode month after month on vague promises from the DUP. People need to know that there is a genuine intention to step in and stop this degradation at some point.

Chris Heaton-Harris: I completely understand the point the hon. Lady is making. Indeed, I have been written to by her party and certainly by the Alliance party about proposals in this space.

I guess I can go back to my original point of clarification to the Chair at the very beginning. The general principle of consent is the DNA and the skeleton of a very important agreement that has brought peace to Northern Ireland over the past 25 years. Changes to it best come from—and I thank you for saying it as well—elected Members from Northern Ireland, the Executive and others. I would not be keen to tread into that territory lightly in any way, shape or form, which is why my emphasis is on trying to get the Executive back up.

Q532 **Claire Hanna:** It cannot be done lightly, and we have continuing problems from the last time that it was done—effectively behind closed doors, with just two parties. If and when that moment arises, how do you see a review on that scale being convened?

Chris Heaton-Harris: I am not going into hypotheticals on this, because that is a rabbit hole that I do not want to go down.

Q533 **Claire Hanna:** People in Northern Ireland have lost faith in the DUP's willingness or ability to deliver for them, and they are anxious of any sense that the UK Government are interested in Northern Ireland or in preventing the slide. I think even an understanding that there was engagement on this issue, practically or even intellectually, and that there may need to be reforms would help. As I say, nobody is suggesting that this will be done as keyhole surgery by the UK Government; it should and could be done on a roundtable basis. As I say, all parties at various times have indicated willingness.

As you said, we have outlined a relatively modest change to the way a Speaker is elected, that would at least allow a role for scrutiny Committees and other things. We have not heard that concept being rejected by the DUP. In fact, it would be consistent with their words many moons ago, before they collapsed the thing, about stepping in and stepping out. I think the message people will receive is that we are exclusively at the mercy of the DUP, who are not behaving rationally and



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are not behaving in the interests of people in Northern Ireland, and that there is no meaningful intention from the UK Government to do anything about it, except wait for them.

Chris Heaton-Harris: The UK Government do not intend to change anything in the Belfast/Good Friday agreement without that debate's first coming from the grassroots, the elected representatives of the Northern Ireland Executive and the Assembly through proper processes.

Claire Hanna: I will leave Stephen to ask you about some of the specific hypotheticals.

Q534 **Chair:** Before we do, I understand entirely the question that Ms Hanna has raised, and I understand entirely, Secretary of State, the answer that you have given to it. But I think that there is a legitimate question from civic society in Northern Ireland. This Committee has held two engagement events with ordinary folk in Northern Ireland, who are probably five, six or seven stages ahead in terms of the reform of the institutions of Stormont to help its delivery programme. We seem rather reticent about it.

Is there a point where His Majesty's Government say, "The current rules are being deployed, and that is perfectly fine, but the current rules and the impasse are effectively leading to a scorched-earth policy in Northern Ireland: no innovation, no transformation, no reform, a downward spiral of public services, and a falling back of social mobility, life expectancy, educational attainment and economic development—the list goes on"? Is there a point when the Government say, "That situation is sustained because the rules allow it to be sustained; the rules are no longer fit for purpose and need to be changed, not unilaterally but with engagement with party leaders in Northern Ireland, with engagement with Dublin and other interlocutors in that process"?

In your philosophical thinking, there must be a point where the "Computer says no" or "The rules say no" response is no longer justified. There must be a point where the growing clamour of despair from communities across Northern Ireland, across both traditions and none, becomes so deafening that the defence of "Them's the rules" is no longer justified, is it?

Chris Heaton-Harris: Well, Chair, there is an obvious route to demonstrate that there is that cacophony of noise, which is through the ballot box, which every person in Northern Ireland has access to on different occasions: local elections, national elections, potentially MLA elections—the lot.

Q535 **Chair:** Are you giving serious consideration to new Assembly elections?

Chris Heaton-Harris: I don't have to have that conversation or thought process for a couple of months yet. I would wait. I am interested in this debate, I truly am, but I do believe it has to be reflected—as you say, you believe it is being reflected—across communities: those of either community, or none. I look forward to seeing that debate take shape. What I do see is a clamour for the Executive to go back, without a shadow



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of a doubt. In lots of conversations I have been engaged in, especially with the political parties—as I acknowledged earlier, I have had conversations with the Alliance party and the SDLP where these matters of reform have been raised with me, but for other parties I am not in that space, and the principle of consent remains true.

Q536 Chair: But the public would have—in your assessment, a legitimate takeaway from this hearing is that testing the mood of public opinion through the ballot box—

Chris Heaton-Harris: I have been well advised in the past that testing the mood of public opinion through the ballot box only polarises the positions in Northern Ireland at this point. I am sure that has been reflected by members of your Committee.

Q537 Chair: Yes, but that then makes your answer to the question undeliverable, doesn't it? If you say you want to hear from the communities of Northern Ireland, the best way that they could do it—unless there is a mass letter-writing campaign to your office—is through the ballot box. How else would one test the mood of the people of Northern Ireland? With the risk—you are undoubtedly right—of a deeper orange and a deeper green, a polarisation response, almost be that as it may. If that is a key way of testing the mood and a concern of polarisation precludes its deployment, it is a decommissioned tool, isn't it?

Chris Heaton-Harris: I always listen to the party leaders—I speak to them, and they speak to me—on this matter and others. On elections, I think there is a general consensus that, as I just said to you, elections cause polarisation in Northern Ireland, and that is not good for this process. As you know, I am a massive localist. I believe that local decisions should be taken by locally elected people and if a debate on this were to come up through the grassroots of Northern Ireland, I would be genuinely interested to listen to it, see how its shape formed, and indeed respond to it when it got to the point that that was required. There are different opinions of the political parties around this table. I also meet with civil society a lot, and I am very, very wary, because each element of civil society I have met in Northern Ireland has a nuanced position, a different position, on this particular issue when they raise it with me. That is why it is important that it is Northern Ireland voices that start this debate and elected Northern Ireland voices that nurture it, and that it is done with the full understanding of what that actually means in relation to the Belfast/Good Friday agreement and any evolution of it.

Q538 Stephen Farry: Thank you, Chair. To pick up on the point on consent for various changes: I would suggest that there is growing evidence from opinion polls that there is considerable support for reform. I take your point that there may be different emphases within that, but that does seem to be the direction of travel that the Northern Irish people support. By contrast—I am sure you would agree with this—I do not think that there is consent for “government by civil servant”, probably not least by civil servants themselves. There would not be consent for a move



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towards direct rule, albeit that may well be inevitable in certain circumstances, though with an Irish consultative dimension. We do accept that the current situation is unsustainable; the Executive formation guidance only allows civil servants to go so far in certain areas. Their read of it is probably narrower than the Government's, and I do not think they have a huge appetite to have more powers in any event. Do you recognise that there are so many decisions piling up that cannot be taken at present?

Chris Heaton-Harris: Yes. I speak to individual permanent secretaries and occasionally the group of permanent secretaries. I am aware that occasionally they will write to me, asking me to give them a political decision in an area where I have absolutely no power in law to do so.

Q539 **Stephen Farry:** Would you also accept that reform of these institutions may actually be the easier option—moving away from the previous devolved model, rather than something as dramatic as direct rule? I note, for example, that it was taken out of existence in the aftermath of the St Andrews agreement in 2007.

Chris Heaton-Harris: I think that reform of the institutions would take a long period of time if it was to be done on the basis of consent.

Q540 **Stephen Farry:** I am not going to go through the various aspects of reform today due to time, Chair. My final point is that we talk about reform as a means to get the institutions restored because there are flaws. Would there be common ground in you recognising that, even if we get the institutions restored by delivering your plan A over the coming weeks—given the lessons of the past few years where Sinn Féin and then more recently the DUP brought the institutions down—even restored institutions will be incredibly fragile, and there do need to be conversations to put them on a more sustainable basis, and to stop the cycle of collapse happening again? Putting this in a different context, there has been a situation where in previous breakdowns we end up with an agreement, and then the British and Irish Governments tend to walk away from the pitch assuming everything is fine. And then, we are back to the next crisis. Do you accept the need, under plan A restoration, to move away from the cycle of collapse?

Chris Heaton-Harris: I would expect, in a reformed Executive, a number of the political parties and their representatives in the Executive and in opposition to be raising debates on this on the Floor of the Assembly, and for that debate to take shape.

Q541 **Carla Lockhart:** Obviously, there has been much in the media regarding policing. I am keen to understand your assessment of the effectiveness of the Northern Ireland Policing Board and also finances for policing. There have been a number of issues recently regarding data breaches and so on. There are less boots on the ground with regard to policing in Northern Ireland—I am certainly feeling it in my own constituency of Upper Bann. Neighbourhood teams are diminished and they are ultimately a key part of the daily policing operation. Can the Secretary of State give us an update on his assessment of those issues?



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Chris Heaton-Harris: I think everybody, including the hon. Lady, will be aware that the Policing Board itself has set up a review of its performance in this space. I am trying to remember who is actually leading that review, but the Policing Board has set up a review. I have met individual members of the Policing Board over the course of the last few weeks. They are keen to ensure that they learn the lessons from this. The review is being handled by Peter O'Doherty, the Assistant Commissioner in the City of London police. That review reports to the board next month. It will be interesting to see what lessons are learned from that, from the board itself.

There is a review of the PSNI service executive team being done by the Policing Board itself. There is also a review of how the Policing Board discharges its legislative duties, including issues raised by the Scofield judgment. This was due to be carried out by the Department of Justice, but it does not seem to have been approached by the board as of yet. In this space, there are a number of different reviews in the process of being commissioned, or that have been commissioned already. Last week, I met with interim Chief Constable Jon Butcher, who I think was in day two of his role at that time, so finding his feet. I also met with the group of officers who have been conducting the investigation into the breach and all the lessons learned. They have done an amazing job of trying to learn the lessons from what everybody, including them, seems to call a self-inflicted wound, of data being attached to a freedom of information request that should not have been. I like to think that police forces and other public bodies across the country have learned from that, too. They took me through how they have talked to any officers concerned, and indeed all matters around the data breach.

The one thing that I have absolutely noticed in the course of all this is that while the Police Federation for Northern Ireland quite rightly said that morale was low and at a real rock bottom after this, an outstanding job has been done, including by ACC Chris Todd—who I know you interviewed—as gold commander, to rebuild morale. They have set up a process where any PSNI officer who has had a concern about that data breach can have a number of conversations with others. They are also ensuring that they have learned the lessons for future FOI requests and for protecting themselves in the future; and they are ensuring that people who have somehow got possession of that data and might want to use it for bad purposes are feeling the full force of the law. We have seen a number of arrests in this space. I have just got to say, I have been amazingly impressed by every single officer I have met from the Police Service of Northern Ireland in this time, because they have continued to go about their jobs brilliantly and professionally, and with good results. I am very hopeful that the force will be able to rebound from this much, much stronger.

Q542 **Carla Lockhart:** I just want to pick up on a couple of things. You mentioned the Scofield judgment. There are very serious concerns with that, in relation to it evidencing that there has been two-tier policing for a number of years within the PSNI. Can you give assurances today that you



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as Secretary of State are monitoring this? We heard from Chris Todd that money will be made available. If my memory serves me right, it is £270 million.

Chair: It was a big number.

Q543 Carla Lockhart: It was a big number—I think it was £270 million that will be needed to fill that hole. When I consider the number of police officers and the fact that there is none in Garnerville currently being recruited and trained, I have grave concerns for people out on the streets, and for safety in Northern Ireland. That is not to undermine the great work that officers do on a daily basis, but leadership and Government need to get a grasp of this, because it is an issue of national security. This Government need to step in and ensure that our police service is adequately funded, and that there are sufficient police officers out on the beat, keeping people in Northern Ireland safe. I am not hearing today any reassurances on that, or any commitments around finances for that.

Chris Heaton-Harris: I did a statement on this in the House and talked about the process behind it. Part of what the PSNI has been doing over the last few weeks and months is working out what these costs will be, if and when they materialise, remembering that some of these costs are impossible to work out, because who knows what the Information Commissioner's Office might find—and might fine—in this space?

As I outlined to the House in the statement, there is a process being followed, which is that the Police Service of Northern Ireland talks to the Department of Justice and the Department of Finance in Northern Ireland. There have been a number of conversations in that space, and I know that two evenings ago, the Police Service of Northern Ireland—please correct me if I get this wrong, Chris—sent an estimated figure directly to the Treasury and copied in the NIO. These processes have been happening as I described on the Floor of the House, and will continue to happen, as you would expect.

Q544 Carla Lockhart: That is in relation to the data breach, but there is the day-to-day running of police and the concerns about numbers.

The issue of the safety of serving officers and those who have served has been raised in the Committee time and time again. There are officers who cannot even get safety measures around their houses because of delays in the NIO's procurement of bulletproof glass, windows, doors and so on. When I ask for a daily update, I am told by the Minister of State, "Give it time." These people live under threat daily, and I do not think that is acceptable. This needs to be dealt with, and needs money associated with it promptly.

Chris Heaton-Harris: I am sorry, but what was the update you were asking Ministers from my office for?

Carla Lockhart: Out of today's session, I would like to know what effort is being made on policing numbers, and what finances are being made available to get more police out on the beat. The second thing is around security measures for serving and ex-serving police officers. I am



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regularly contacted by people who have been promised items for their house to help with security, but those items are stuck in the NIO procurement system. When I ask for regular updates from the NIO on those items, I am told by the Minister of State, "Give it time." These people live under daily threat. I do not think the answer, "Give it time," is adequate. These people need these security measures, and they need them very quickly.

Chris Heaton-Harris: Those are two very distinct questions, and I will answer each of them. PSNI's main funding comes from the Northern Ireland Executive block grant via the Department of Justice. In the budget allocations for 2023-24, the Department of Justice was allocated £1.2 billion of resource funding, which was the third-largest allocation of block grant funding behind health and education. In addition to the block grant, the UK provides PSNI with the additional security funding it needs to ensure that it has resources to tackle the severe threat from Northern Ireland-related terrorism. This additional security funding ensures PSNI's ability to tackle the terrorist threat while also going about its business of day-to-day policing, and making sure that that is not compromised.

The contribution for the financial year 2022-23 is £32 million. It is the same amount as has been provided each year since 2015-16, and that will continue through to 2024-25. The policing numbers piece, which you mentioned, was part of the New Decade, New Approach agreement. The Executive committed to prioritising the increase to 7,500 PSNI officers, and we are committed to supporting the Executive in its commitments through the block grant and direct funding, but the number is a commitment by the Executive. Essentially, as I described earlier, it is paid for through the block grant, and how that is distributed will be a matter for Ministers.

The safety of the people in Northern Ireland is obviously a top priority for the UK Government, and has been all the way through, but policing, as the hon. Lady knows, is a devolved matter. This is a further example of the pressing need for a locally elected, stable and accountable devolved Government who continually prioritise the things that matter in everyday life for the majority of people in Northern Ireland. I am acutely aware that the regrettable absence of a Northern Ireland Executive, and the resultant inability of the Assembly to agree a multi-year Northern Ireland budget, exacerbates the systemic and long-term challenges that face all public services, and especially policing, in Northern Ireland.

On the home protection scheme, which is an extra-statutory, discretionary scheme run by my Department to provide protection at the homes of individuals engaged in public service who are judged to be under increased threat from Northern Ireland-related terrorism, we obviously take our responsibility for protecting people who are under threat from terrorism very seriously. The hon. Lady would not expect me to comment on specific measures, given the personal security considerations for the individuals on this scheme, but where an individual believes themselves to be under threat, use of that scheme is one of a broad range of mitigations that may be appropriate. We do all we can to prioritise those individuals under the



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greatest threat, but there is a whole range of mitigations that are not necessarily run by the Northern Ireland Office, which is why I am slightly unsure about this particular case. If she would like to write to me about it, so that I can look at it individually, I would be happy to do so, but we do accept applications from members of PSNI who believe themselves to be under threat as a result of the data breach, and these applications are assessed, as all applications are, in line with the scheme's admission criteria.

Q545 Chair: Secretary of State, without wishing to put you in the role of a gentleman's outfitter, I wondered if you wanted to put on the record your thoughts on what might be described as appropriate or inappropriate attire for a trial.

Chris Heaton-Harris: I did see those pictures, and I simply cannot believe that happened. The Lady Chief Justice has also put on the record her shock at this.

Chair: Yes. Thank you.

Q546 Claire Hanna: I am glad you said that. People driving in my constituency can see a UVF billboard on an official hoarding—the kind on which you would see adverts for a breakfast cereal or a holiday company. You see masked men going in; that gives a sense of the stench that comes off Northern Ireland and the conditions that people are still expected to live under. The logos of those men fly unmolested in many parts of my constituency and others. I know you are not in any way condoning it, and I am glad you expressed your very clear revulsion about it.

I want to pick up on the acute funding issues that Carla outlined. They are obviously impacting everyday, frontline policing—and future policing, through the lack of recruitment. Obviously, you will be aware that there are two further pressures: one is from the Supreme Court ruling on holiday pay; and the other is the potential cost of claims resulting from the data breach. That really threatens to put the PSNI's lights out, financially. What are you doing as Northern Ireland's representative at Cabinet to try to give some comfort on those?

Chris Heaton-Harris: The process that I hope I described is actually happening. On Monday evening, the Northern Ireland Office was copied in on the submission that was sent to the Treasury directly, I think, from the PSNI for its estimated and gradually crystallising costs of the data breach. Then, obviously, there will be a whole host of conversations, most of which probably will not involve me, because they are straightforward and between the Treasury and the Department of Justice and PSNI.

We are completely cognisant of both issues that the hon. Lady mentions. The first one has materialised quicker in the conversation between the Treasury and the PSNI than the second one. We have an interim chief constable in place, and hopefully a Chief Constable will be in place in the not-too-distant future. I think it is fair to say that the interim chief constable raised these issues with me when I met him last week. I made clear the importance of ensuring that the information provided to us and



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the Treasury, through the Department of Justice and the Department of Finance, was completely solid, so that we can also advocate in this way.

Q547 **Chair:** Secretary of State, Mr Speaker has granted a waiver on the sub judice rule to allow us to ask this question in general terms. What is your assessment of the potential effect of legal challenges on the implementation of the Troubles (Legacy and Reconciliation) Act 2023?

Chris Heaton-Harris: A number of cases have been lodged.

Q548 **Chair:** I think it is four, isn't it?

Chris Heaton-Harris: I think it is more than that, actually.

Chris Flatt: The court has decided to prioritise a number of cases, so there is a lead case and then several others.

Chair: So they prioritised four, and more have been submitted, yes.

Chris Heaton-Harris: Those initial hearings, I believe, will be next month. I think one case was lodged in England; the rest have all been lodged in Northern Ireland. We would expect that to go through the whole of our legal system, because we will obviously robustly defend this legislation. We hope that this can be done quickly, but obviously we cannot influence the timings of the legal system.

Q549 **Chair:** But from an administrative point of view, do you press the pause button and wait? Do you carry on establishing the infrastructure and architecture of the Act?

Chris Heaton-Harris: Actually, as the Act says, we have set up this body—the ICRIR—as independently as we possibly can. Sir Declan Morgan continues to set up the architecture, alongside his Commissioner for Investigations, who I believe is now on board—Peter Sheridan. They continue to set up the architecture and build the body. There are different dates in that, but the next thing they will want to do is continue appointing commissioners and non-executive directors to ensure the governance of the body is completely correct. They are engaging with many of the victims' groups and others, so that they are all ready to open the doors and accept cases on 1 May next year.

Q550 **Chair:** And is it Treasury Counsel James Eadie, or somebody of that nature, representing HMG in those proceedings?

Chris Heaton-Harris: I would not think in the first instance that it would be.

Chris Flatt: We had Northern Ireland counsel, as well as consulting—

Chair: You had Northern Ireland counsel.

Chris Flatt: The first cases will be in the Northern Ireland High Court.

Q551 **Chair:** My understanding is that the Northern Ireland courts often have a degree of leniency, when it comes to the implementation of timetables



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and cut-off points, that the courts in England and Wales would not countenance. Is there any anxiety at all, or are the courts keen to expedite the hearing to address the main substance of the issue?

Chris Flatt: We and the courts are working at pace to ensure that we are ready to do that. We do not expect any delays. I am due to swear our affidavits very soon.

Chair: Okay. Thank you very much for that.

Q552 **Sir Robert Goodwill:** There are one or two schemes that overhang from our membership of the European Union, including PEACEPlus funding, which is administered by the Special European Union Programmes Body and funded to the tune of about €840 million. That comes from the UK Government, and it is about 75% of the funding. What role do the Government and the Northern Ireland Office play in the distribution of PEACEPlus funds?

Chris Heaton-Harris: The Special European Union Programmes Body is a separate legal entity in the UK and Ireland, and is sponsored by both the Northern Ireland Department of Finance and the Irish Department of Public Expenditure, NDP Delivery and Reform. It has a programme monitoring committee, which is the most senior decision-making committee for it, comprised of representatives from the United Kingdom, the Northern Ireland Executive and Ireland, which helps to oversee the programme. The UK Government are a special adviser to the committee. They are one of the three parties to the financing agreement, alongside the Irish Government and the European Union, who set out the terms and conditions for the implementation of the programme. That is essentially the structure.

Q553 **Sir Robert Goodwill:** Do you think that we are getting value for money from that?

Chris Heaton-Harris: Well, the first bidding round just opened earlier this month. It is a bit too early to say if we will get value for money, but we are very keen to do so. The reason we have committed so much money to this, as have our partners, is that in previous generations or iterations of this fund, it has delivered good results for Northern Ireland and the border regions of Ireland; people there can also apply to it. We wouldn't be doing this if we did not believe that it would contribute further to peace.

Chris Flatt: There is an evaluation part of the programme. We will monitor the budget and development of the programme carefully to ensure that it is good value for money.

Chris Heaton-Harris: These are trusted interlocutors of ours, so we are confident that we can do this. As I say, because the call for applications has only just opened, I have met with many organisations that have put together bids to apply. There will be a wealth of choices for the fund managers to choose from. The opportunity to get both fantastic results in communities and good value for money is high.



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Q554 **Sir Robert Goodwill:** Obviously we are putting in three quarters of the money. Would you say that we are fully engaged with the way in which that money is being allocated, in a way that reflects the percentage that we contribute?

Chris Heaton-Harris: I am not sure about the process. I do not think there will be a vote on the committee. I do not think that it will be a "Britain's Got Talent"-type whittling-down process.

Chair: We were looking forward to your act, Secretary of State.

Chris Heaton-Harris: I am on the big red buzzer, more than anything else. I am confident that our representation on it is appropriate to ensure that we get the right value for money.

Q555 **Sir Robert Goodwill:** In a similar vein, how, if at all, is the efficiency of theme 1's local community action plans monitored during, and/or after, implementation?

Chris Heaton-Harris: While we are not responsible for the implementation of the programme, there is an evaluation budget in the programme, to which we have contributed. My Department, the Northern Ireland Office, works closely with the Special European Union Programmes Body and the Northern Ireland civil service to monitor this carefully across the various themes of the programme, including the local community action plans.

We also safeguard oversight through attendance at a programme monitoring committee, which is the most senior decision-making committee for PEACEPlus. I think you will find that under theme 1, "Building Peaceful and Thriving Communities", action plans will be produced for each of the 17 local authority areas in the programme area. They will be designed to complement the community planning structures introduced, which will enable and empower local community partnerships to self-determine and deliver priority projects on a cross-community basis. That should result in improved, shared and inclusive local services, facilities and spaces that make a lasting and significant contribution to peace and reconciliation.

Chair: Secretary of State and colleagues, thank you very much indeed on behalf of the Committee for your attendance this morning. Thank you for taking our questions, and for your answers. We look forward to receiving further submissions from you on those points that remain outstanding. Good luck with the House of Lords Committee this afternoon; you have a brace of scrutiny Committees today.