



House of Commons
Northern Ireland Affairs
Committee

**New Decade, New
Approach Agreement:
Government Response
to the Committee's
Second Report of
Session 2019–21**

**Second Special Report of Session
2019–21**

*Report, together with formal minutes relating
to the report*

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Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

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Committee staff

Mems Ayinla (Second Clerk), Nick Beech (Clerk), John Hitchcock (Committee Operations Manager), Simon Horswell (Committee Specialist), George James (Committee Specialist), Sam Nariani (Committee Specialist), Chloe Smith (Apprentice Inquiry Manager), Kelly Tunnicliffe (Committee Operations Officer), Rebecca Usden (Committee Specialist) and Tim West (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Northern Ireland Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 2173; the Committee's email address is northircom@parliament.uk.

You can follow the Committee on Twitter using [@CommonsNIAC](https://twitter.com/CommonsNIAC).

Second Special Report

On 16 July 2020 the Northern Ireland Affairs Committee published its Second Report of Session 2019–21, [New Decade, New Approach Agreement](#), (HC 160). The Government's response was received on 15 September 2020 and is appended to this report.

In the Government's Response the Committee's recommendations are shown in bold type, and the Government's responses are shown in plain type.

Appendix: Government Response

Negotiations

1. **The agreement of parties in Northern Ireland, as well as of the UK and Irish Governments, to the New Decade, New Approach deal was welcome, because it restored the devolved institutions in Northern Ireland. *The UK and Irish Governments must support the Northern Ireland Executive to implement the commitments in the agreement in full. The UK Government must continue to focus on nurturing devolution in Northern Ireland.*** (Paragraph 8)

The Government is in full agreement with the Committee—and we welcome the return of devolution and the agreement of the parties to return on the basis of the commitments set out in the New Decade New Approach deal.

A devolved power-sharing Government is the only sustainable way forward for Northern Ireland—the Government is fully committed to that deal, and to supporting the Executive in any way that it can to deliver for the people of Northern Ireland.

The Government is committed both to delivering its own commitments made in New Decade, New Approach and to supporting the Northern Ireland Executive to deliver its parts of the agreement.

To this end, the Government has made £2 billion in funding available to the Executive to implement its commitments, £553 million of which has already been released. The quarterly Joint Board, as described in New Decade, New Approach, will also be key in supporting the Executive to meet its commitments, by providing a forum for the UK Government and the Executive to review and discuss progress on delivery. The first meeting of the joint board has now taken place, and a further meeting is scheduled for the Autumn.

2. **We received evidence questioning the equity of the decision in the New Decade, New Approach agreement to link funding for public services in Northern Ireland to the restoration and operation of the devolved institutions. Although we understand this argument, we recognise the Government's rationale of using the incentives available to it to encourage the restoration of, and commitment to, devolved government after a prolonged suspension. The Government's focus must now be on helping to foster stable devolved government in Northern Ireland, where politicians deliver on their commitments to transform public services, so that such an incentive is rendered redundant in future.** (Paragraph 13)

We agree with the Committee. The Government strongly believes that important decisions in Northern Ireland should be taken by locally elected, democratically accountable politicians; this is exemplified by the Executive's positive approach in responding to the Covid-19 pandemic. It was therefore right that the funding provided should be underpinned by fully functioning devolved institutions.

Funding and oversight

3. **We heard that £2 billion of Government funding is insufficient to meet the objectives of the agreement. In addition, the economic effects of Covid-19 will exacerbate pressure on public finances in Northern Ireland. We also heard that the need to prioritise which commitments to enact in the agreement due to insufficient funding could destabilise the Northern Ireland Executive.** (Paragraph 23)

4. *The Government must set out a long-term financial plan for the implementation of the agreement that is costed over the next five financial years and that acknowledges the effects of Covid-19 on public finances in Northern Ireland. The plan should be deposited in the Libraries of both Houses of Parliament before the 2020 Autumn Budget. The Government should issue quarterly updates to this plan, also to be deposited in the Libraries of both Houses of Parliament.* (Paragraph 24)

The Government cannot accept this recommendation, or the analysis that there is insufficient funding provided to support the NDNA.

The Government has already made an unprecedented and generous £2 billion in funding made available to the Executive - which is in addition to the £2.2 billion provided to support the response to Covid-19. The Executive will, as is always the case, prioritise its programmes and take its own decisions to put its finances on a sustainable footing, including through setting multi-year budgets, and the Government stands ready to support them to do this.

It is for the Executive to set out how implementation of the commitments that are the responsibility of the Executive will be funded, just as the Secretary of State will do for the UK Government commitments.

The Joint Board remains the principal forum in which funding against the deal will be reviewed. It will:

- Support the Northern Ireland Executive in ensuring sound and stable governance that delivers for the people of Northern Ireland;
- Review funding provided by the UK Government to meet commitments set out in the NDNA agreement;
- Support transformation in health, education and justice through the NDNA funding package; and,
- Consider the effectiveness of infrastructure delivery, drawing on expertise from the Infrastructure and Projects Authority as appropriate.

The Secretary of State, First Minister and deputy First Minister will lead the board, other Ministers will join the board as required.

5. *The Government must re-examine the powers to borrow funds available to the Executive and local authorities, including any conditionality placed on those powers, to mitigate ongoing pressures on public finances and to exploit the historically low cost of borrowing.* (Paragraph 25)

The Government does not accept that there is a need to re-examine borrowing powers at present. On 24 July, we made an unprecedented upfront guarantee to the devolved administrations. We guaranteed the Northern Ireland Executive will receive at least £2.2 billion in additional funding for this year. The Northern Ireland Executive also already benefits from a Barnett share of all additional spending funded from borrowing by the UK Government. The Executive has access to borrowing through the Reinvestment and Reform Initiative (RRI), however for Budget 2020–21 the Executive decided not to access RRI borrowing.

6. *The long-term success of the Independent Fiscal Council will depend on its establishing strong working relationships with both HM Treasury and the Northern Ireland Department of Finance. It must engage positively and constructively with the UK Government and the Northern Ireland Executive, but it must always maintain its independence and integrity.* (Paragraph 30)

The Government agrees with the Committee. The Independent Fiscal Council has the potential to make a huge contribution to governance in Northern Ireland over the long-term and effectively strengthen Northern Ireland's fiscal performance. It will engage constructively with both governments whilst maintaining true independence as an organisation, building public trust in its independent assessments. The need to press ahead with an Independent Fiscal Council was raised at the first Joint Board meeting, and the Government will continue to work with the Northern Ireland Executive to agree upon terms of reference that reflect our joint ambitions for this new institution.

7. *The Independent Fiscal Council must be independent from all government departments to ensure that it can fulfil its function to scrutinise public spending.* (Paragraph 31)

The Government accepts this recommendation fully. The Northern Ireland Department of Finance is leading on the Terms of Reference, which will subsequently be agreed through the Joint Board. All parties agree that the institution must operate independently.

8. *The Council will require a dedicated secretariat to carry out work as directed by Council Members. The UK Government and Northern Ireland Executive must ensure that the Council has sufficient resources and powers to fulfil its core functions.* (Paragraph 32)

The Northern Ireland Department of Finance is leading on the Terms of Reference, which will be agreed through the Joint Board. All parties agree that the institution must have sufficient resources and powers to fulfil its core functions, as set out in the New Decade, New Approach agreement. That will include considering whether a Secretariat or other resource is needed to support its work.

9. *For the Independent Fiscal Council to be truly effective, its remit must include costing not only spending decisions, but alternatives to meet the same policy aims in the most cost-effective way.* (Paragraph 34)

10. *As part of its Terms of Reference, the Independent Fiscal Council should be given a mandate to evaluate costings where the Northern Ireland Executive has chosen to implement UK-wide policies and where it has chosen to diverge from them.* (Paragraph 35)

11. *The Independent Fiscal Council should be tasked with providing distributional analyses of public spending in Northern Ireland to help clarify the effect of spending decisions on income distribution.* (Paragraph 36)

The Northern Ireland Department of Finance is leading on the Terms of Reference, which will be agreed through the Joint Board. The core functions are set out in the New Decade, New Approach deal. Further work is being undertaken so that decisions can be made on the exact scope of its work and its focus. It is important that the Executive shapes this new institution so that it responds to NI's needs and the local institutional environment—working with the UK Government through the Joint Board.

We will update the Committee as soon as more detail is available.

12. **We welcome the creation of a UK Government-Northern Ireland Executive Joint Board and the accompanying commitment that the Joint Board will be convened by the Secretary of State for Northern Ireland. We welcome this as evidence of the UK Government's commitment to supporting the Northern Ireland Executive to implement the agreement. However, greater clarity is needed on the Joint Board's form and function, and in particular on whether its role will be to advise and/or to decide.** (Paragraph 41)

13. *The Secretary of State for Northern Ireland should issue a joint statement with the Executive First Minister and deputy First Minister detailing how the Joint Board will carry out its work. We recommend that:*

a. the powers of the Joint Board are clearly set out in its Terms of Reference;

b. the Joint Board produces an Annual Report that is deposited in the Libraries of both Houses of Parliament ; and

c. the Secretary of State for Northern Ireland writes to the Northern Ireland Affairs Committee shortly after the Report is laid to update the Committee on the Board's work in overseeing the implementation of the agreement. This should be followed by a one-off oral evidence session, where the Secretary of State appears before the Northern Ireland Affairs Committee to discuss implementation. (Paragraph 42)

The first meeting of the Joint Board has now taken place, and a joint statement has been published by the First Minister, deputy First Minister and Secretary of State for Northern Ireland. The statement was published on the 22 July.

A terms of reference has been agreed, and the statement sets out further detail on the role of the Joint Board.

The Joint Board has no specific powers of statutory underpinning—it is a discursive forum to facilitate close working between the UK Government and Executive. It will:

- Support the Northern Ireland Executive in ensuring sound and stable governance that delivers for the people of Northern Ireland;
- Review funding provided by the UK Government to meet commitments set out in the NDNA agreement;
- Support transformation in health, education and justice through the NDNA funding package; and,
- Consider the effectiveness of infrastructure delivery, drawing on expertise from the Infrastructure and Projects Authority as appropriate.

The Government is supportive of the recommendation to produce an annual report to be provided to the Northern Ireland Affairs Committee and deposited in the House Libraries. The Secretary of State for Northern Ireland will explore this proposal with the joint board—and will commit to writing to the Committee with an update on implementation by the end of the year. He is also happy to attend a one off oral evidence session before the Committee to discuss implementation of New Decade, New Approach at an appropriate point in the future.

Reform and working culture

14. The institutional reforms in New Decade, New Approach include some safeguards against the future collapse of the devolved institutions. We heard how amendments to the Northern Ireland Act 1998 will be useful in granting more time and space for parties to come together, if power-sharing breaks down in the future. The Government should make the relevant amendments to the Act before the end of 2020. However, it is unclear whether those reforms would have prevented the breakdown that led to the absence of a devolved government between 2017 and 2019. (Paragraph 49)

The Government agrees with the Committee that the amendments to the Northern Ireland Act 1998 should be progressed as quickly as possible; the Northern Ireland Office is in the process of engaging with Business Managers to enable this to be done.

15. *We recommend that the UK Government-Northern Ireland Executive bi-annual Cabinet delegation establish a working group to consider additional institutional reforms that might help improve both the stability and function of devolved government.* (Paragraph 50)

The Government notes the Committee's recommendation. Work on the bi-annual Cabinet delegation is ongoing within the Cabinet Office and Northern Ireland Office, and more detail will be set out in due course.

16. For devolution in Northern Ireland to succeed, institutional reforms must be accompanied by the development of a more productive political working culture at Stormont. (Paragraph 55)

17. *The UK Government should work with the Northern Ireland Executive to support the development of schemes to promote knowledge exchange, best practice and institutional links between the Assembly and other UK legislatures. This support should include:*

a. a scoping exercise considering the merits of establishing an Academic Fellowship scheme for the Northern Ireland Assembly;

b. consideration of the facilitation of secondment schemes between the Northern Ireland Civil Service and the civil services of other governments in the UK; and

c. examination of the provision of secondment opportunities between officials in the Northern Ireland Assembly and the secretariats of other devolved legislatures in the UK, as well as consideration on a case-by-case basis of secondment opportunities between the Assembly and the Oireachtas. (Paragraph 56)

We note the committee's recommendation and agree there is merit to members of the Executive and Parliament building stronger relationships and exchanging information - noting the good work already taken forward through the British and Irish Parliamentary Exchange. This recommendation is, however, a matter for the Northern Ireland Assembly and Parliament. We will write to the Speaker of the Northern Ireland Assembly to highlight this recommendation to him.

Implementation

18. **We welcome the commitment to undertake quarterly reviews of the implementation of the agreement via both Executive-led Implementation Review Meetings and the UK Government-Northern Ireland Executive Joint Board. While we regret that the Joint Board has not yet been convened and that no Implementation Review Meetings have taken place so far, we acknowledge the challenges Covid-19 has created to timetabling these meetings. Notwithstanding those challenges, digital technology is available and a virtual meeting could and should have been convened.** (Paragraph 61)

19. **To demonstrate the Government's commitment to implementing the agreement, we urge the Secretary of State to show personal leadership by convening the Joint UK Government-Northern Ireland Executive Board before 1 October 2020.** (Paragraph 62)

20. **Implementation Review Meetings should also be arranged as soon as possible. A Review must be made of the progress made on the implementation of both Governments' commitments in New Decade, New Approach, as well as the implementation of the Northern Ireland Executive's commitments.** (Paragraph 63)

The Government is of the view that both the Joint Board and Implementation Review Meetings will be vital in ensuring that the New Decade, New Approach commitments of both the UK Government and the Northern Ireland Executive are delivered.

The Joint Board has now met for the first time; the Secretary of State for Northern Ireland convened the first meeting of the Joint Board on 22 July 2020, with both the First Minister and deputy First Minister of Northern Ireland in attendance.

The Joint Board also agreed that the First Implementation Review meeting will take place as soon as possible in the Autumn—that meeting will include a review of progress to date.

21. **The UK and Irish Governments and the Northern Ireland Executive should treat New Decade, New Approach as a foundation on which to build and evolve the operation of dynamic devolution in Northern Ireland, rather than as a static deal.** (Paragraph 64)

The UK Government is in full agreement with the Committee's view.

22. The Government's commitment in the agreement to establish a bi-annual Cabinet delegation with the Northern Ireland Executive is welcome. If realised, it should enhance co-operation between the UK Government and the Northern Ireland Executive. (Paragraph 69)

The UK Government is in full agreement with the Committee's view.

23. *The bi-annual Cabinet delegation must facilitate meaningful, high-level engagement between the UK Government and the Northern Ireland Executive. To fulfil its aim of improving co-operation and collaboration between the two governments, the delegation's agenda should include a:*

a. meeting between the UK Government and the Northern Ireland Executive, led by the Prime Minister, First Minister and deputy First Minister;

b. break-out programme of bi-lateral meetings between Cabinet Ministers and their relevant Executive counterparts to discuss their portfolios and potential areas for co-operation between the Government and the Executive;

c. plenary meeting of the UK Government and the Northern Ireland Executive, after which a Joint Statement should be published summarising the meeting of the delegation and that statement placed in the Libraries of both Houses of Parliament;

d. discussion of progress made on the implementation of the New Decade, New Approach agreement should be on the agenda at each meeting of the bi-annual Cabinet delegation; and

e. working group, to be established at the first meeting of the delegation, to consider additional institutional reforms that might help improve devolved government in Northern Ireland.

In addition, a Report on each meeting of the delegation should be laid in the Libraries of both Houses of Parliament. (Paragraph 70)

The Government notes the Committee's recommendations, and will take them into consideration as the Cabinet Office and the Northern Ireland Office continue to plan the first meeting of the bi-annual Cabinet delegation.

Though, it is not envisaged that the Bi-annual Cabinet delegation will have a role in considering further institutional reforms. That is fundamentally a matter for the Executive, working with the UK Government and Irish Government as appropriate. The New Decade New Approach already commits UK Government and the Assembly to bring forward a range of significant institutional reforms—which will be brought forward as soon as possible.

Conclusion

24. The need to implement, in full and in spirit, the New Decade, New Approach agreement has been highlighted by recent events. The need to improve the stability of the devolved institutions in Northern Ireland remains pivotal. The stability of power

sharing rests on the commitment of all parties in the Northern Ireland Executive to work within the spirit and letter of the rules. It is vital that the UK Government works with the Northern Ireland Executive to build on the New Decade, New Approach agreement and to protect the roots of devolution in Northern Ireland. We urge all parties to focus on the needs of the people of Northern Ireland, who have been ill served by the prolonged absence of the devolved institutions, and to deliver the commitments in New Decade, New Approach. We welcome the implementation of the New Decade, New Approach agreement, which will be key to ensuring that devolved government delivers for the people of Northern Ireland. (Paragraph 73)

The UK Government is in full agreement with the Committee's view. The New Decade New Approach is the fundamental basis on which devolution was restored, and its implementation is vital.

The Government has made good progress so far in implementing the commitment, as has the Executive. Despite the natural disruption to implementation of the deal due to the need for the UK Government and Executive to focus our efforts on Covid-19, we have made progress in a number of areas:

- The nursing strike was ended almost as soon as the deal was agreed;
- We have implemented the immigration rules changes set out in the deal;
- £554 million of the £2billion of funding in the deal has already been released;
- We have held the first joint board meeting, with the first implementation review meeting to take place soon, followed by a further meeting of the joint board. The Joint Board has agreed terms of reference and already begun work on a number of key areas;
- We have announced the appointment of the Veteran's Commissioner;
- We have set out our intentions in relation to marking the centenary of Northern Ireland next year.

We agree that the best way forward for Northern Ireland lies in thriving devolved institutions that support the Executive and Assembly to deliver on the issues that matter to the people of Northern Ireland.