



**Northern Ireland
Assembly**
Committee for Finance

Peredur Owen Griffiths MS
Chairperson
Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1 SN
Sent by email to: SeneddFinance@senedd.wales

Our Reference: 2021: 369

3 September 2021

Dear Peredur,

At its meeting on Wednesday, 1 September 2021, the Committee for Finance noted your correspondence of 8 July 2021 and agreed to pass on its congratulations to you as the newly elected Chairperson of the Welsh Parliament's Finance Committee.

This Committee agreed that I should write to you to indicate that it is pleased to co-operate with your Committee particularly in respect of the budget development process. Further to this, the Committee agreed to share related correspondence (enclosed) received from Her Majesty's Treasury.

By way of future co-operation, the Committee agreed to suggest a joint informal session on budget scrutiny with your Committee and the Scottish Finance and Constitution Committee. This might be scheduled after the publication of the outcome of the Spending Review, which it is hoped will be informed by analysis by the Northern Ireland Fiscal Council.

Please do not hesitate to have officials contact the Clerk to the Committee for Finance for further details.

I look forward to your response and to further engagement with your Committee.

Yours sincerely,

Steve Aiken

Dr Steve Aiken OBE MLA
Chairperson to the Committee for Finance
Enc: 1



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dr Steve Aiken, OBE MLA
Chairperson to the Committee for
Finance
Northern Ireland Assembly
By email

Your ref: 2021.274
13 July 2021

Dear Dr Aitken,

Thank you for your letter of 28 May about the devolved budget process, following the Committee for Finance meeting. I would like to offer my sincere apologies for the delayed response.

I am sorry to hear that members of the Committee were disappointed with my previous letter. I would like to reassure the committee that this has nothing to do with the Treasury's interest in devolved matters; it simply reflects the distinct roles of officials compared to ministers. The decision on the timing of fiscal events is a matter for the Chancellor, who will make a decision based on a wide range of factors, including taking into account the devolved administrations. It would therefore not be appropriate for HM Treasury officials to appear before a committee of the Northern Ireland Assembly to explain this decision.

It may help the committee to consider the information here:
www.gov.uk/government/publications/the-new-budget-timetable-and-the-tax-policy-making-process/the-new-budget-timetable-and-the-tax-policy-making-process.

The link above sets out the Government's position on Budget timing. That policy making process remains the ambition of the Government. 2019 and 2020 have been extraordinary years due to the calling of a general election and the uncertainty generated by the global pandemic. It was right in both of these cases that we deviated from an Autumn Budget timetable to find a more suitable time in the calendar for the Budget.

As mentioned above, in making the decision on when to hold the Budget a wide range of factors will have been considered, including any impacts on the devolved administrations. The Treasury has frequent engagement with the devolved administrations at Ministerial level (including through the Finance Ministers' Quadrilateral) and at official level to ensure we have a full understanding of these impacts.

However, as the past two years have shown, there may always be other prevailing reasons as to why an Autumn date is not sensible or practical. How the Northern Ireland Executive construct their processes to account for this possible uncertainty is a matter for them, though I do understand the additional difficulty it creates.

That said, the Executive's block grant funding is largely set at spending rounds or spending reviews rather than at Budgets. Even in 2019 and 2020 we delivered these events in the Autumn so that departments, devolved administrations and local authorities all had sufficient time to set their spending plans for the following financial year.

I welcome the formation of the new independent Fiscal Council and its role in providing oversight and scrutiny to financial matters in Northern Ireland.

I hope this letter has been useful in setting out our position on this matter. Thank you for taking the trouble to make me aware of these concerns.

Yours sincerely,

A handwritten signature in black ink, reading "Steve Barclay". The signature is written in a cursive style with a horizontal line crossing through the middle of the letters.

RT HON STEVE BARCLAY MP



**Northern Ireland
Assembly**

Committee for Finance

The Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
1 Horse Guards Road
London
SW1A 2Q
Email: Action.CST@hmtreasury.gov.uk

Our Reference: 2021.274

28 May 2021

Dear Steve,

Devolved Budget Process

Please accept the Committee's thanks for your correspondence (dated:18 May 2021) in response to the Committee's request for HM Treasury officials to give evidence on the impact on the devolved legislatures of delays in the UK Government's Budget process. This was considered at the Committee for Finance meeting on 26 May 2021.

As you may be aware, the Committee has found the budget process undertaken by the Northern Ireland Executive to be generally unsatisfactory with inconsistent timelines, opaque documentation and limited opportunity for meaningful engagement by the Assembly at appropriate decision points. The Committee hopes that the establishment of an independent Fiscal Council will help to address some of the above and thus improve transparency and democratic accountability.

The Department of Finance has consistently indicated that a key block to providing improved budget engagement with the Assembly is the ever-changing approach adopted by Treasury to these matters, in particular in respect of the timing of key budget processes. It is for this reason and to ensure the effectiveness of the anticipated new arrangements with the independent Fiscal Council that the Committee had sought a briefing with HM Treasury officials.

Members noted with dismay and disappointment that you have declined to permit officials to provide an oral briefing, as requested. Members struggled to

understand the explanation that you provided and even wondered if your response might be ascribed to a lack of interest in devolved matters and/or discourtesy.

The Committee therefore agreed that I should write again to you in order to seek clarification and to extend an invitation to your officials to provide an oral explanation in respect of the HM Treasury budget process and its impact on the devolved administration in Northern Ireland and the Northern Ireland Assembly. It is hoped that such a briefing will enhance understanding of the operation of key governance processes of the United Kingdom.

A response at your earliest convenience would be greatly appreciated.

If you require further explanation or clarification, please do not hesitate to have officials contact the Clerk to the Committee for Finance.

Yours sincerely,

Steve Aiken

Dr Steve Aiken OBE MLA
Chairperson
Committee for Finance

cc: Sue Gray, Second Permanent Secretary, Cabinet Office