

(9 MARCH 1998)

STRAND ONE MEETINGS: MONDAY 9 MARCH 1998

Suggested Agenda

The timetable agreed by the most recent Business Committee meeting proposed two Strand One meetings on Monday 9 March. The first meeting will run from 1030 to 1330 and the second from 1430 to 1730.

As agreed on Wednesday 4 March, the secretariat have produced a further discussion paper outlining the main alternatives for Strand One. This paper covers all the areas in the synthesis paper including those not debated on Wednesday and is an attempt to address the likely key remaining issues. A paper is also attached on the operation of the Barnett formula

It is proposed that the agenda for the two meetings should be:

1st Meeting (1030)

1. Completion of unfinished business on synthesis paper.
2. Policing Principles (paper circulated previously)
3. Criminal Justice (paper circulated previously)
4. Further discussion paper (paper attached)

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STRAND ONE: PAPER FOR FURTHER DISCUSSION

Paper by the Secretariat

This paper seeks to identify the main emerging areas of divergence and convergence between the parties. The paper will be discussed in part or whole on 9 March, and could also be the subject of inter-party and party/Government meetings over the next two weeks or provide a basis for further papers from the parties.

2. The discussion on 4 March is taken into account along with papers submitted by the Parties. In some areas, not reached on 4 March, areas of general (but not universal) consensus have been briefly included to give a more complete picture.

3. The paper is not intended to be definitive, but is designed to aid further discussion and agreement by highlighting the key remaining issues. Proposals which are not widely supported no longer appear as of right. The paper remains at a high level of generality, and much detail would need to be worked up to support any agreement.

Powers: What should be devolved?

4. It is agreed that responsibility for the administration of the six NI Departments should be devolved. It is widely, but not universally, agreed that

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legislative powers for all these areas should also be devolved.

5. Ultimately, responsibility for Home Department matters is also envisaged as transferring to devolved institutions. There was support for the view that in the interim the new institutions should have some role or influence in relation to such matters. Logically, legislative powers should follow if they are devolved for the work of the six Northern Ireland Departments. (In that event it is for consideration whether all legislation in the Home Department field, should require cross community support as a matter of course.)

6. Devolved institutions would also need to develop and operate institutional links with Westminster, with the EU and with the Republic of Ireland through the Strand Two arrangements. All these arrangements would need to be subject to specific agreements.

7. There is no emerging consensus on whether devolved institutions should have tax-varying or raising powers. Most parties accept that, initially at least, any such powers should be modest. One option would be to take such powers but, for example, agree they would not be exercised in the first term and/or cross community support and the approval of the Westminster Government.

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Exercise of executive responsibility

8. It is in this area that at least two models exist.

These are:

Committee Model

Committee chairs appointed proportionally on basis of elected strength.
Committee chairs are Heads of Department.
Committees have executive powers but chairs have some delegated authority.
No cabinet government.
Co-ordination achieved by reference to the Assembly as a whole.

Cabinet Model

Members of executive are appointed proportionally on basis of elected strength.
Executive members form a 'cabinet' or executive council operating under collective responsibility.
Executive held to account by powerful scrutiny committees but are not members of them.

9. A third alternative option here would be similar to the proposed Welsh model in which committee chairmen are positions of influence and appointed on the basis of electoral strength, but executive positions are filled by committee 'secretaries' or 'leaders'. This arrangement would mean that not all parties with elected representatives would necessarily hold positions of executive authority as of right.

10. The key questions are:

- how should the role of political Head of each Department be discharged?
- how are executive decisions (day to day and more strategic) to be taken?

WUP say this is inclusion over efficacy & that would be minimum with responsibility?

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- what should be the role of Assembly Committees?
- what should be the relationship between Assembly Committees and those taking executive decisions?
- what mechanisms are needed to enable the effective co-ordination of business, the settling of relative priorities and an equitable allocation of resources?
- how might representational functions be discharged on behalf of the Assembly?

Safeguards

11. The exercise of executive powers could be subject to a number of safeguards. The most widely accepted include

- i. incorporation of ECHR with administrative acts and legal measures of the Assembly to be justiciable under the ECHR. Introduction of an additional Bill of Rights for Northern Ireland;
- ii. appointment of speaker/presiding officer by weighted majority (and of executive depending on model chosen);
- iii. approval for contentious legislation (or decisions) to require weighted majority of Assembly (or committee); or to be passed with the support of a majority of representatives of each community;
- iv. right of petition involving, say, 30% of Assembly members sufficient to require cross community support to be demonstrated for any administrative act or legal measure;

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- v. duty of service for those exercising executive authority.

Other measures could include:

- vi. capacity for votes of confidence/dissolution for new elections

Arrangements for an 'Assembly'

12. Initial soundings indicate considerable support (but no unanimity) in favour of a single chamber of 90 members elected for four years by 18 5-seater constituencies under the STV system. The suggestion of 20 additional seats to secure a wider representation of parties has some support. There seemed to be general support for casual vacancies to be filled by nomination or co-option.

STRAND ONE: INFORMATION PAPER (9 March 1998)

FINANCE: THE OPERATION OF THE BARNETT FORMULA

Introduction

1. Allocations to the Northern Ireland Block spending plans for the three forward years covered by the annual Public Expenditure Survey are normally determined mainly by means of the Comparability or Barnett formula. The Scottish and Welsh Block allocations in the Survey are similarly determined through the Barnett formula. The use of the formula obviates the need for direct annual negotiations between HM Treasury and the Department of Finance and Personnel on individual spending programmes.
2. There are two programmes within the Secretary of State's responsibility which are determined separately from the Barnett formula. These are:
 - (i) Social Security benefits - which are resourced on a basis which reflects parity of benefit conditions and rates with Great Britain and where changes in expenditure are determined largely by demand; and
 - (ii) National Agriculture - which is the subject of separate arrangements involving HM Treasury, MAFF, Scotland, Wales and Northern Ireland.
3. Special cases eg the EU Peace and Reconciliation Programme may also be settled outside Barnett.

Calculation of the Formula

4. The formula is relatively simple in construction and operation. Essentially it applies Northern Ireland's population proportion (currently 2.87% of the Great Britain population) to changes in comparable GB spending programmes. The consequential changes to spending plans produced by applying the Barnett formula add to or subtract from the Block. The steps in calculating the changes to the NI Block are generally as follows:

- (a) At the outset of the Public Expenditure Survey, HM Treasury identifies for each English spending programme (eg Health, Education, etc), the proportion of this spending which is 'comparable' ie there is corresponding spending in the NI Block. Similar exercises are also undertaken for Scotland and Wales.
- (b) To calculate changes in comparable English spending for the purposes of the Barnett formula, the proportions calculated at (a) above are applied to the overall changes in the corresponding English programmes resulting from the Public Expenditure Survey.
- (c) Changes in comparable GB programmes are the sum of the changes in the English programmes plus the changes in the Scottish and Welsh Blocks resulting from the application of the Barnett formula to Scotland and Wales.
- (d) The NI allocations are determined by the application of the Barnett formula (2.87%) to the changes in the GB comparable programmes at (c) above.

(e) changes to NI Block provision are also adjusted for the fact that provision for VAT costs is included in GB central government figures, whereas Northern Ireland Departments can reclaim VAT.

5. The formula does not therefore determine what the overall level of the Block should be, but instead produces changes to the overall Block total which reflect changes in the rest of the UK. The changes in GB programmes do not have to be read across to the corresponding NI programmes. The Secretary of State has discretion within the framework of national policy to allocate Block resources in accordance with her own public expenditure priorities and in light of local needs and circumstances.

6. Exceptionally, and by agreement, Ministers may agree to override the arrangements for the formula. In such circumstances, Block allocations are the subject of negotiation between the Secretary of State and the Chief Secretary to the Treasury.

7. The formula will in future be updated on an annual basis for changes in relative populations.

In-year changes

8. The Barnett formula applies mostly to the spending plans covered by the Survey; it does not apply automatically in-year. The general presumption is that NI will contain in-year pressures by reallocating resources within the Block.

Changing the formula

9. As to replacing the formula, the Government has stated that it sees no case for reviewing now the appropriateness of the Barnett formula for Scotland and Wales. The Scottish White Paper said that any substantive revision to the formula would need to be preceded by an in-depth study of relative spending requirements and would be the subject of full consultations between the Scottish executive and the UK Government. An equivalent commitment was given in the Welsh White Paper. The Government has made no statement in regard to the position on NI.