

Statement to Parliament: Oral

Statement: Northern Ireland Finances

With permission Mr Speaker I would like to make a statement about Northern Ireland finances.

Last week I laid a written statement in which I explained that the pressures on public services meant that it was imperative for the Government to take steps to provide clarity to enable planning in Northern Ireland for 2018/19.

With great reluctance and in spite of my strong preference for a new Executive to set a budget, I set out in this statement the resource and capital allocations which I considered to be the most balanced and appropriate settlement for Northern Ireland departments.

I did this following intensive engagement with Northern Ireland Civil Service (NICS) and consultation with all of the main Northern Ireland parties.

Mr Speaker, in the continued absence of an Executive, I have an obligation to take these and any other measures that are necessary to keep Northern Ireland functioning. But I will only take such measures where they are essential and limited in nature, and are part of a clear and consistent approach by the Government.

This approach is based on a number of principles...

First, we remain steadfast in our commitment to the Belfast Agreement. All that we do will be with the purpose of protecting and fulfilling the Agreement.

But, second, we will take those decisions which are necessary to provide good governance and political stability for Northern Ireland – consistent always with restoring the Executive and local decision-making at the earliest possible opportunity.

Third, we will continue to implement our obligations under the Agreement and its successors where possible – always working for the good of the community as a whole.

Finally, we will continue to work with all the Northern Ireland parties – and with the Irish Government as appropriate – to remove the barriers to restoring the Executive and a fully functioning Assembly.

The principles at the core of the Agreement, and the political institutions that it establishes, continue to have our full and unreserved support.

That means that ...

We will uphold the principle of consent, consistent with this Government's support for Northern Ireland's place within the Union and with maintaining the constitutional integrity of the United Kingdom.

We believe in devolution, and the imperative for local decision making, by local politicians.

We support power-sharing on a cross-community basis, based on mutual respect and recognition.

We will continue to support and facilitate North/South co-operation – including as we leave the EU, while always preserving the economic integrity of the United Kingdom.

We will continue to work closely with the Irish Government in full accordance with the three stranded approach.

And we will continue to act fairly and govern in the interests of all parts of the community in Northern Ireland;

Mr Speaker, the necessary steps which I have taken and will continue to take are consistent with all of these commitments.

In addition to the steps I set out last week, there are several associated measures required to further secure public finances which I will be taking forward . . .

As well as cutting costs, securing efficiencies and beginning to take the steps to transform public services, it is right to look at how income can be increased to protect the public services on which the people of Northern Ireland depend. So, I will introduce legislation to set a regional rate – which will increase domestic rates by 3% above inflation. This will make an important contribution to sustainable finances in the long-run – with the additional funding addressing urgent pressures in health and education.

I also intend to act to extend the cost-capping of the current renewable heat incentive scheme in Northern Ireland, which the Assembly had put in place over a year ago.

It would not be acceptable to put finances at risk by simply allowing that cap to lapse. I therefore propose to extend it for a further year from 1 April – the minimal possible step to protect the public purse.

And I will also confirm the final spending totals for the Northern Ireland departments for the 2017-18 financial year in legislation to set Supplementary Estimates.

I also believe that the time is right to address the ongoing public concern about MLA pay in the absence of a functioning Assembly. I thank Trevor Reaney who was instructed by my predecessor to produce an independent view and recommended a 27.5% reduction to MLA pay. I will seek to introduce legislation to take a power to vary MLA pay. Further to that, I am minded to reduce pay in line with the Reaney Review recommendation, but I would welcome full and final representations from the NI parties before I make a final decision.

These measures – which I take reluctantly, but which are necessary

in the absence of a functioning Executive and Assembly – will deliver the stability and the decisions to enable forward planning for the financial year ahead. But I am clear that they cannot provide the local input and fundamental decisions which are needed to secure a more sustainable future for Northern Ireland.

My powers as Secretary of State for Northern Ireland are limited. The scope of this House to pass legislation on the devolved issues which matter for Northern Ireland is limited. This rightly reflects the devolution settlement which is in place and to which this Government is committed. But it does mean that, in the continuing absence of an Executive, there are fundamental decisions in Northern Ireland which cannot be taken, scrutinised and implemented as they should be.

This has been the situation for 14 months already and, in the continued absence of an Executive, it would be irresponsible for us not to consider how we might provide for different arrangements until such time as the devolved institutions are back up and running. Alongside this I also continue to keep under review my statutory obligation to call an Assembly Election.

I would welcome the views and proposals of the Northern Ireland parties and others on how such arrangements – providing for local decision-making and scrutiny, on a cross-community basis – might be achieved in the continued absence of an Executive. And how any such arrangements might work alongside the other institutions of the Agreement.

Let me be clear that this in no way affects my commitment to the Belfast Agreement nor my commitment to continue to work to remove the barriers to the restoration of devolution.

As the 20th anniversary of the Belfast Agreement approaches, I am clearer than ever that Northern Ireland needs strong political leadership from a locally elected and accountable devolved Government. That remains my firm goal.

I commend this statement to the House.