House of Commons
Northern Ireland Affairs Committee

New Decade, New Approach Agreement

Second 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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Summary

The New Decade, New Approach agreement provided the basis for the return of devolved government in Northern Ireland in January 2020. Although the restoration of the Northern Ireland Executive and a functional Assembly was welcome, recent events have highlighted that devolved government in Northern Ireland is fragile. The most immediate way in which the UK and Irish Governments can support devolution in Northern Ireland is by fulfilling their commitments in New Decade, New Approach.

New Decade, New Approach was intended to help transform public service provision in Northern Ireland. Achieving this objective will require sustained financial support. The Government must set out a long-term financial plan to support that change which also takes into account the effects of Covid-19 on public finances in Northern Ireland.

The creation of oversight bodies in the form of an Independent Fiscal Council and a UK Government-Northern Ireland Executive Joint Board is a positive development in the sustainable management of public finances in Northern Ireland. However, clarity is required on the role and powers of those bodies, if they are to perform effectively.

The institutional reforms in New Decade, New Approach will help to guard against the future collapse of the devolved institutions. However, these reforms would not have prevented or helped to resolve the breakdown that led to the absence of devolved government in Northern Ireland between 2017 and 2019. Further reform of Stormont’s structures and working cultures is necessary and possible. The UK and Irish Governments, alongside the Northern Ireland Executive, should treat New Decade, New Approach as a foundation from which to evolve devolution in Northern Ireland, rather than seeing it as a static deal that achieved its aim.

The people of Northern Ireland have just experienced three years without functioning devolved government. Covid-19 is a serious challenge to the full implementation of New Decade, New Approach.
Introduction

New Decade, New Approach agreement

1. The New Decade, New Approach agreement provided the basis for the restoration of the devolved institutions in Northern Ireland in January 2020, following a three-year period without an Executive and functioning Assembly. The agreement was the result of negotiations involving political parties in Northern Ireland and the UK and Irish Governments. The text of the proposed agreement was published by the UK and Irish Governments on 9 January 2020 as a spur to parties in Northern Ireland to finalise the deal.¹ In the agreement, the UK Government committed itself to supporting “a restored Executive and … a diverse, prosperous Northern Ireland”.² After the proposed agreement was published, the five major political parties in Northern Ireland committed themselves to supporting it.³ The Northern Ireland Assembly subsequently met to establish a new Executive on Saturday 11 January 2020.⁴

Northern Ireland Affairs Committee inquiry

2. The inquiry examining the New Decade, New Approach agreement was agreed at the first Northern Ireland Affairs Committee meeting in this Parliament in early March 2020.⁵ We began the inquiry with a call for evidence, in response to which we received 13 written submissions. This evidence included responses to a questionnaire that we sent to witnesses from whom we were due to hear at an oral evidence session on 18 March 2020, which was cancelled at short notice due to the outbreak of Covid-19 in the UK. In May, we held an oral evidence session with the Rt Hon. Julian Smith MP, the former Secretary of State for Northern Ireland. Mr Smith was Secretary of State when the New Decade, New Approach agreement was concluded, and he was pivotal in finalising the deal. He was accompanied by Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office, and Lilah Howson-Smith, former Special Adviser, Northern Ireland Office. We concluded oral evidence taking by hearing from Robin Walker MP, Minister of State, Northern Ireland Office, and Mark Larmour, Director, Northern Ireland Office in June 2020. The conclusions and recommendations of this report are based on the evidence that we received throughout the inquiry. We would like to thank everyone who took the time to provide our inquiry with oral and written evidence.

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¹ Stormont talks: Draft deal to break deadlock published, BBC News, 10 January 2020
² Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 46
³ Northern Ireland assembly to sit on Saturday after three years, The Guardian, 10 January 2020
⁴ Northern Ireland Assembly, Minutes of Proceedings, 11 January 2020
⁵ For the inquiry’s Terms of Reference see: New Decade, New Approach Agreement, Northern Ireland Affairs Committee
1 Negotiations

Tackling the democratic deficit

3. The Northern Ireland Executive collapsed in January 2017 following the resignation of then deputy First Minister Martin McGuinness due to controversy about the operation of the Renewable Heat Incentive scheme, among other issues. An Assembly election was then held on 2 March 2017. Following the Assembly election, multiple rounds of negotiations to restore power-sharing took place between 2017 and 2019. However, those talks were unsuccessful, and in each case the then Secretaries of State for Northern Ireland decided to extend the period for Executive formation. For three years, this left the Northern Ireland Civil Service with responsibility for the day-to-day running of Northern Ireland without ministerial direction. Dr Anthony Soares, Director, Centre for Cross Border Studies, told us that this placed the Northern Ireland Civil Service in an “invidious position…anxious to take decisions in the best interests of the public, but reluctant to do so as unelected officials”.

4. The Head of the Northern Ireland Civil Service, David Sterling, speaking in early November 2019, warned that the prolonged inability to make new policy decisions meant that public services in Northern Ireland were “suffering from what we have termed ‘strategic decay and stagnation’”. Mr Sterling added that the evidence of stagnation could be seen across the public sector landscape:

We see this in our hospital waiting lists, which are unacceptably long. We see this in our schools, which are under immense budgetary pressure. We see this in our social housing, which has a growing maintenance backlog.

The previous Northern Ireland Affairs Committee also heard evidence of the detrimental effects of stagnation in public service provision during its inquiries on Education funding in Northern Ireland and Health funding in Northern Ireland.

5. Following the general election on 12 December 2019, fresh talks to restore the devolved institutions began on 16 December 2019. The talks paused over the Christmas holidays and resumed on 2 January 2020. Those talks achieved a breakthrough in the negotiations to restore power-sharing. On 9 January 2020, the text of the New Decade, New Approach deal was published by the UK and Irish Governments, because the 13 January 2020 deadline for the formation of an Executive was imminent. The document

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6 Northern Ireland since May 2016: developments, Briefing Paper CBP08231, House of Commons Library, February 2018
7 Northern Ireland Assembly Elections: 2017, Briefing Paper CBP7920, House of Commons Library, March 2017
8 Timeline of Northern Ireland’s power-sharing crisis, The Guardian, 26 April 2019
9 Institute for Government, Governing without ministers: Northern Ireland since the fall of the power-sharing executive, 25 September 2019, p 5
10 Centre for Cross Border Studies (NDE0011)
11 Decay and stagnation blighting Northern Ireland public services, says NICS chief David Sterling, The Belfast Telegraph, 8 November 2019
12 Decay and stagnation blighting Northern Ireland public services, says NICS chief David Sterling, The Belfast Telegraph, 8 November 2019
13 Northern Ireland Affairs Committee, Ninth Report of Session 2017–19, Education funding in Northern Ireland, HC1497
14 Northern Ireland Affairs Committee, First Report of Session 2019, Health funding in Northern Ireland, HC300
15 Power sharing: ‘Now is the moment’ to restore devolution, BBC News, 16 December 2019
16 Stormont talks: Talks to restore devolution back under way, BBC News, 2 January 2020
was published by the UK and Irish Governments before parties in Northern Ireland had confirmed that they would sign up to it. After the agreement was published, the five major political parties in Northern Ireland agreed to support it. The Northern Ireland Assembly subsequently met to establish a new Executive on Saturday 11 January 2020. Since receiving evidence, the fragility of the Executive has been highlighted by recent events.

6. The former Secretary of State for Northern Ireland, Julian Smith, told us that the political context of a health service in crisis, coupled with the general election, pushed parties in Northern Ireland into finalising an agreement in January 2020:

As we got through last year, I think that the key thing that became apparent was that the waiting lists—over 300,000 people on health waiting lists in Northern Ireland—coupled with the first strike of nurses in over 100 years in the United Kingdom was putting huge pressure on politicians. That came out in the general election in December, when a number of the established parties lost Members of Parliament and new MPs came on board, and I think that to a woman and man candidates were reporting that voters were fed up.

Dr Esmond Birnie, senior economist, Ulster University Business School, supported that argument. He pointed out that, when considering the negotiations on the deal, it must be “recognised that in the context of the health sector pay parity dispute and strikes public opinion in NI[Northern Ireland] was strongly pushing the NI Parties to agree to restore devolved government.”

7. Mr Smith highlighted the importance of the Government’s dedicating time to fostering devolution in Northern Ireland and co-operation between the Government and the Northern Ireland Executive:

It does require a huge amount of time in order to make sure that these relationships are continued and looked after on an almost day-to-day basis… it does take time, and it is always going to be difficult for any Government to put the amount of time that is required in an area as tricky as this when there are other things on, but I would encourage that to happen.

Sir Jonathan Stephens, former Permanent Secretary, Northern Ireland Office, agreed:

I think that the lesson of not just the last few months but the years since 2010 is that Northern Ireland remains a priority for the UK Government … It is important that, now and in the future, UK Governments continue to facilitate and to maintain those links and relationships between the UK Government and the Executive and all the other institutions, to demonstrate the degree of priority that Northern Ireland has for the UK.

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17 Stormont talks: Draft deal to break deadlock published, BBC News, 10 January 2020
18 Northern Ireland assembly to sit on Saturday after three years, The Guardian, 10 January 2020
19 Northern Ireland Assembly, Minutes of Proceedings, 11 January 2020
20 Bobby Storey funeral: Stormont politicians back apology motion, BBC News, 7 July 2020
21 Q2 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
22 Ulster University Business School (NDE0001)
23 Q5 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
24 Q6 (Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office)
8. 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.

**Linking funding for public services to the stability of devolution**

9. The Government set out funding to support the New Decade, New Approach deal. That financial package was linked to the maintenance of devolution in Northern Ireland. The agreement provided that the Government’s financial and economic commitments to Northern Ireland will “apply solely in the event that the Executive is restored through this deal”. It continued:

> If the Executive is not restored, the additional support set out here falls away. In that scenario, the UK Government will need to examine what additional revenue raising and other measures are required to balance the Northern Ireland budget.

The agreement cautioned that funding will be withdrawn in the event of a future “collapse” of the devolved institutions.

10. Mr Smith explained why the funding package was conditional:

> The most important point is that this was additional funding to support a talks process. Clearly, if there was a failure of the talks, and we reverted back to, essentially, budgets being agreed between the Northern Ireland civil service and Westminster Government, there would have to be discussions around how that was applied, as there were in the three years when the Executive was in abeyance. I think it would also be wrong to say that all this money will be there, although maybe there will be parts of it there in that scenario.

11. Some witnesses highlighted the demerits of tying Government funding for public services to the restoration and functioning of the devolved institutions. Paul Mac Flynn, Co-Director, Nevin Economic Research Institute, told us that this is an unnecessary and ill-conceived incentive mechanism. The political leverage that it might exercise will be far outweighed by the disruption and damage it will do to the effective and efficient operation of public services in Northern Ireland.

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28 Q21 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
29 Nevin Economic Research Institute (NDE0002)
Ann Watt, Director, Pivotal Public Policy Forum, agreed that the mechanism was unnecessary:

Previous agreements to re-establish or sustain the institutions in Northern Ireland have often had additional funding attached, although not in such an explicitly conditional way as was used in NDNA [New Decade, New Approach]. Does this mean that future funding for public services in Northern Ireland will be conditional on the Executive being in place? While this might sound like it could provide an incentive against collapse, it is hardly realistic to think that the UK Government would starve public services in Northern Ireland of funding in the event of a future breakdown of the Executive (or indeed that it really would have done in this case if the Executive had not re-formed in January 2020). We would therefore question whether linking funding to the formation of the Executive would ever really be seen as a credible threat.30

Dr Sean Haughey, University of Liverpool, concluded that “the notion of withholding resources from public services so as to encourage political agreement seems inherently unfair to citizens in Northern Ireland”.31

12. Other witnesses argued that the use of such an incentive by the Government was justifiable. Dr Birnie acknowledged that the question whether the incentive was necessary was “difficult” but observed that “perhaps it was necessary in the sense that without it no agreement would have been reached”.32 The sustainable waste management firm, Indaver, commented that Government funding should “absolutely be linked to the functioning of the devolved institutions”.33

13. 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.
2 Funding and oversight

Financial commitments

14. The Government made several financial commitments in the New Decade, New Approach deal, including funding to help the Northern Ireland Executive transform public service provision and to support the health service in Northern Ireland. The Government categorised the financial package offered as part of the deal to restore the Executive into four key elements:34

- **immediate support to the health service and to address budget pressures.** This included a commitment to provide the Executive with additional funding for 2020/21 “to place Northern Ireland’s finances on a sustainable footing” and to bring “an end to the ongoing nurses’ pay dispute”;

- **investment to transform public services.** This included commitments to deliver “reform in the essential public services of health, education and justice”;36

- **turbocharging infrastructure delivery in Northern Ireland.** The Government committed to providing the Executive with increased funding for capital infrastructure investment. The Government stated in the agreement that this funding would enable the Executive to invest in a range of projects such as: essential sewage investment (Living With Water Programme); the ‘Better Connecting Dublin and Belfast’ strategy; the A5/A6 roads; the York Street Interchange; and the Narrow Water bridge. The Government also committed capital and resource funding for the Medical School in Derry/Londonderry, subject to the Executive’s approval of the project;37

- **addressing Northern Ireland’s unique circumstances.** The Government committed funding for “projects aimed at supporting community and reconciliation initiatives”.38 It stated that it would make funding available to support mental health in Northern Ireland, tackle paramilitarism, and tackle deprivation and increase opportunity in Northern Ireland.39 The Government also outlined that it would provide support for languages and broadcasting, and that it would make funding available for a range of other potential projects to help “build a safer, more secure society in Northern Ireland”.40

15. The Government announced a financial package of £2 billion in the week following the publication of the New Decade, New Approach agreement, £1 billion of which was described as “Barnett-based investment”.41 However, this figure was contested by parties in the Executive, who argued that the level of funding promised by the Government was insufficient to fulfil the policy measures outlined in the deal.42

41 Finance Minister Conor Murphy says £1bn Stormont funding package ‘woefully inadequate’ as Julian Smith advises politicians ‘get on with it’, The Belfast Telegraph, 15 January 2020
42 Finance Minister Conor Murphy says £1bn Stormont funding package ‘woefully inadequate’ as Julian Smith advises politicians ‘get on with it’, The Belfast Telegraph, 15 January 2020
16. On 15 January 2020, the Northern Ireland Office released a breakdown of the Government’s financial support for the deal. Minister of State, Northern Ireland Office, Robin Walker MP, confirmed the figures in the press release in oral evidence to the Committee:

If I break down the figure of the £2 billion, there was a £1 billion Barnett-based investment guarantee from the UK Government to include significant new funding to turbocharge infrastructure investment. That was guaranteed to apply in all circumstances—so not just money that might have been coming anyway, but a clear guarantee over five years that that money would come through so that the Executive could plan investment over a five-year period.

There is then around £245 million for the support of the transformation of public services, including across health, education and justice. Of that £245 million, £44 million has already been made available with the rest allocated over the next four years. There was a rapid injection of £550 million to put the Executive’s finances on a sustainable footing. That included £200 million over three years to resolve the nurses’ pay dispute, something that everyone would welcome, particularly in the context of Covid.

Alongside this, there was the offer from the UK Government of £60 million of capital and resource funding to deliver the Northern Ireland graduate-entry medical school in Derry/Londonderry, which has since been approved by the Executive and should now be able to go ahead. There was £50 million for the rollout of ultra-low emission public transport and half of that is available in the current year. Then there was £140 million to address Northern Ireland’s unique circumstances.

17. The details of the Government’s financial package were not made clear to parties in Northern Ireland during the negotiations. In response to the Government’s announcement of £2 billion funding to support the deal, Northern Ireland Finance Minister, Conor Murphy MLA, observed that the Government had “stepped back from its financial commitment”. He added that the funds committed by the Government were insufficient to transform public services in Northern Ireland. Mr Murphy pointed out that the Executive First Minister and deputy First Minister wrote to the Prime Minister in the days following the deal to express their joint belief that the Government’s financial proposals were inadequate to support the achievement of the agreement’s objectives.

18. Witnesses to our inquiry agreed that the funding pledged by the Government was insufficient to support the delivery of commitments made in the New Decade, New Approach deal. Paul Mac Flynn, Co-Director, Nevin Economic Research Institute, told us that the “the suggestion that this [the UK Government’s financial package] will ameliorate the pressure on Northern Ireland’s public finances is misguided.” He added:

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43 Northern Ireland Office, UK Government commits £2bn to support new Northern Ireland Executive, 15 January 2020
44 Q72 (Robin Walker MP, Minister of State, Northern Ireland Office)
45 Q22 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
46 Stormont finance packages keeps NI in ‘austerity trap’, says Murphy, BBC News, 16 January 2020
47 Stormont finance packages keeps NI in ‘austerity trap’, says Murphy, BBC News, 16 January 2020
48 Stormont deal: NI ministers write to prime minister, BBC News, 15 January 2020
49 Nevin Economic Research Institute (NDE0002)
In the first instance, the effect of the previous 10 years of fiscal contraction and suppression have significantly impacted the ability of public services to deliver in Northern Ireland. A gradual return to their pre-2010 level, is a necessary but not sufficient measure to restore their capability. Secondly, the growth of spending in the health service means that while overall levels of public spending may have recovered, this is not the case for the vast majority of individual services. Thirdly, while departmental spending limits are set to be restored to pre-2010 levels, the same cannot be said for welfare spending. The significant cuts made to working age benefits in Northern Ireland are not set to be reversed. This matters because reduced benefit spending has increased pressures on departmental spending.\(^{51}\)

Dr Birnie, Ulster University Business School, estimated that in January 2020 there was a funding shortfall of at least £4.5 billion for capital spending and of at least £500 million for recurrent or annual current spending.\(^{52}\) He said that the ‘bidding war’ between Executive departments in Northern Ireland following the restoration of devolution “implied that almost certainly the figure for total indicated funding ‘needs’ is even higher”.\(^{53}\) Paul Mac Flynn concurred that shortfalls in expenditure were apparent “in the infrastructural deficits across Northern Ireland, particularly in transport and energy”.\(^{54}\) He added that the time-limited nature of “specific funding for certain policy priorities”, such as the £200 million provided to resolve the nurses’ pay dispute and deliver pay parity over two years, would create “a public finance cliff edge where time-limited funds are committed to and on-going resource expenditure”.\(^{55}\)

19. Dr Clare Rice, research associate, Newcastle University, observed that a lack of funding could destabilise the Executive:

Financial limitations mean that funding will need to be prioritised. How this prioritisation happens will itself present challenges within the institutions and will inevitably mean that difficult conversations will have to be had around how the available money should be used...Having gone through the hard process of producing the NDNA [New Decade, New Approach] agreement, the next stage could prove to be where the real difficulties set in if adequate financial support is not provided.\(^{56}\)

20. Several witnesses questioned whether the Government’s financial and economic commitments were sufficient to deliver the agreement’s objective to “transform public services”.\(^{57}\) Ann Watt told us:

At the outset we would query the extent of the ambition in NDNA [New Decade, New Approach] to transform public services, rather than just spend more money on them. Transformation seems to be a key aim in health and social care (through a commitment to deliver the reforms set out in the Bengoa report and other recent independent reports), but otherwise

\(^{51}\) Nevin Economic Research Institute (NDE0002)
\(^{52}\) Ulster University Business School (NDE0001)
\(^{53}\) Ulster University Business School (NDE0001)
\(^{54}\) Nevin Economic Research Institute (NDE0002)
\(^{55}\) Nevin Economic Research Institute (NDE0002)
\(^{56}\) Dr Clare Rice (NDE0006)
\(^{57}\) Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 4
it is not clear whether the measures in NDNA will in the end be mainly about increased funding rather than the transformation of public services.\textsuperscript{58} [\textit{Emphasis in original}]

Paul Mac Flynn agreed with Ann Watt’s analysis, highlighting the lack of “detail on what exactly public services in Northern Ireland are to be expected to transform into”.\textsuperscript{59} Similarly, Dr Birnie identified the lack of “detail in NDNA [New Decade, New Approach] about how to do public services differently in order to achieve ‘more for less’ or ‘better for the same’.”\textsuperscript{60}

21. Witnesses highlighted the need to reconsider the scale of the financial package committed by the Government because of the effect of Covid-19 on the economy and public finances in Northern Ireland. Ann Watt concluded that the “initial plans for how NDNA [New Decade, New Approach] would be funded and delivered will have to be reconsidered” due to the effect of Covid-19.\textsuperscript{61} Dr Soares commented that the delivery of sufficient funding to meet the aim of transforming public service provision “will be severely challenged by the impacts of the Covid-19 pandemic”.\textsuperscript{62} Dr Birnie highlighted the potential for Covid-19 to have “scarring effects” on the Northern Ireland economy.\textsuperscript{63}

22. The Committee raised the amount of funding committed by the Government and the effects of Covid-19 on public finances with Minister Walker. The Minister stated that the £2 billion package we put forward is the biggest deal for a Northern Ireland talks process of its kind. It adds on to the over £1 billion a month that was already due to be spent in Northern Ireland. It provides substantial resource and capital funding to get things moving forward…It is important to recognise that there have been separate Barnett consequentials as a result of Covid, in the region of £1.3 billion for Northern Ireland…We need to recognise the substantial nature of the financial package that was agreed as part of this deal and the fact that that has been able to kick-start a good deal of change.\textsuperscript{64}

23. 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.

24. 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.

\textsuperscript{58} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{59} Nevin Economic Research Institute (NDE0002)
\textsuperscript{60} Ulster University Business School (NDE0001)
\textsuperscript{61} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{62} Centre for Cross Border Studies (NDE0011)
\textsuperscript{63} Ulster University Business School (NDE0001)
\textsuperscript{64} Q71 (Robin Walker MP, Minister of State, Northern Ireland Office)
25. 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.

**Independent Fiscal Council**

26. The Government attached conditions to its financial commitments to “promote budgetary, fiscal and political stability”, one of which was the creation of an Independent Fiscal Council. The idea of an Independent Fiscal Council for Northern Ireland is not new. In the 2015 Fresh Start Agreement, for example, the then UK Government welcomed “the Executive’s plans to establish an Independent Fiscal Council for Northern Ireland”. However, an Independent Fiscal Council for Northern Ireland has so far failed to be delivered and therefore the Government made its funding for the deal conditional on its creation. The New Decade, New Approach agreement stated that “an independent Fiscal Council will be established in Northern Ireland by July 2020”. The agreement specified that the membership and terms of reference of the Independent Fiscal Council will be agreed with the Government.

27. Sir Jonathan Stephens told us that the “fundamental purpose of the fiscal council is to provide an assessment of the sustainability of the Executive’s finances, plans and budgets going forward”. He added that the Council could enable the Executive “to take what at times may be difficult and unpopular decisions in order to ensure that its finances are sustainable for the future and that necessary reforms are put in place”.

28. Several witnesses pointed out the merits of the Independent Fiscal Council maintaining its independence from both the Northern Ireland Executive and HM Treasury. Paul Mac Flynn stated:

> The Council should have a secretariat to carry out work as directed by the fiscal council. An independent fiscal council must be located outside of any government department. It must not be, as is currently the case with the Northern Ireland Statistics and Research Agency, an executive agency within the Department of Finance. While collaboration between government departments and statisticians may be useful for the operations of NISRA, it would be better for the fiscal council to be a non-departmental public body sponsored by the DOF, as is the case with the OBR and HM Treasury. As the fiscal council will be expected to criticise and evaluate government policies, the relationship between the council and government needs to be more distant.

70 Q33 (Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office)
71 Q33 (Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office)
72 Nevin Economic Research Institute (NDE0002)
Dr Birnie told us that the Independent Fiscal Council will need to build positive relationships with both the Northern Ireland Department of Finance and HM Treasury, but caveated that “it must be absolutely independent of both and be seen to be independent”. Ann Watt stated:

Key to the Fiscal Council’s success will be ensuring that: its membership is truly independent; its members have sufficient expertise; that it is able and enabled to speak truth to power; that it is trusted and valued by the Executive, Assembly and the public; and that their advice is accepted and acted upon...the Fiscal Council needs to act independently and with integrity. It will need to be realistic in its assessments about the challenges facing the Executive, and be conscious of the importance of having a positive and constructive relationship with the Executive.

29. Minister Walker stated that the composition and function of the Independent Fiscal Council is “fundamentally for the Executive to take forward”. However, he noted that

Some important work has been done by the OECD as to what makes for effective independent fiscal councils that contribute to better fiscal outcomes. To work effectively, they need to be genuinely independent and have timely access to all the information required to make their assessments.

He added that “the joint board will want to ensure that it agrees on the terms of reference for a new institution [the Independent Fiscal Council]”.

30. 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.

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

32. 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.

33. Paul Mac Flynn outlined the additional powers that he thought the Independent Fiscal Council would need to be effective:

The independent fiscal council needs to be concerned with more than just simply costing government spending decisions as they arise in the budgetary process. By this I mean that an independent fiscal council needs to be able to evaluate the cost of polices that have not been chosen. In particular, the
fiscal council needs to have a mandate to evaluate costings where Northern Ireland has chosen to implement a UK-wide policy and where it has chosen to diverge and develop its own set of policies.79

Paul Mac Flynn also highlighted the importance of the Independent Fiscal Council being tasked with providing distributional analyses of public spending in Northern Ireland:

An independent fiscal council also needs to be able provide distributional analysis of spending decisions in Northern Ireland, particularly with relation to income. The NI Executive has significantly limited revenue raising capability, but spending decisions have as much impact on income distribution as tax decisions. If an independent fiscal council is to be able to provide robust analysis of the Northern Ireland Executive, it must be able to evaluate the where money is spent, how and why it is spent in that way and to who’s benefit.80

34. 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.

35. 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.

36. 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.

UK Government-Northern Ireland Executive Joint Board

37. Government funding provided under the agreement will be overseen by a UK Government-Northern Ireland Executive Joint Board. The agreement set out that the Joint Board will be convened by the Secretary of State for Northern Ireland and that the Board’s membership will include both the First Minister and the deputy First Minister in the Northern Ireland Executive.81 When discussing the agreement on the Floor of the House of Commons, the then Secretary of State for Northern Ireland, Julian Smith, stated that the Joint Board would “provide a clear role for the UK Government in overseeing the implementation of this financial package”.82 The New Decade, New Approach agreement stated:

The Joint Board would have as part of its Terms of Reference in particular the oversight of transformation efforts in health, education and justice where these would draw on funding under this agreement (this does not displace other normally-required approvals). As part of that oversight the Board would keep under review healthcare delivery structures in Northern Ireland, and be able to establish a separate sub-committee to consider health in particular, drawing on external expertise as appropriate. The Board

79 Nevin Economic Research Institute (NDE0002)
80 Nevin Economic Research Institute (NDE0002)
81 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 54
82 HC Deb, 16 January 2020, col 116 (Commons Chamber)
would also consider the effectiveness of infrastructure delivery, including drawing on expertise from the Infrastructure and Projects Authority as appropriate.\textsuperscript{83}

38. Witnesses to our inquiry welcomed the creation of the Joint Board as a necessary oversight mechanism, but some questioned whether its creation was in the ‘spirit of devolution’.\textsuperscript{84} Dr Birnie told us that the Joint Board should be beneficial, but that its creation “cuts across the spirit of devolution”.\textsuperscript{85} Ann Watt welcomed the creation of the Joint Board because it will provide external expertise in the management of public finances.\textsuperscript{86} She observed that “Northern Ireland suffers at present because of a lack of such external expert input”.\textsuperscript{87} However, she added that the creation of the Joint Board is “an unusual arrangement in a devolved administration, and some will regard it as a step backwards towards the UK government having more control over devolved matters.”\textsuperscript{88}

39. Ann Watt identified uncertainty in the agreement on the powers of the Joint Board:

There is a lack of clarity in NDNA [New Decade, New Approach] on a number of aspects of the Joint Board. For example, its remit seems to be about ensuring value for money in the much-needed reforms of health and social care, but also mentions education, the justice system and infrastructure (but not other areas of public services). Its powers are unclear, particularly whether it will be advisory or decision-making. There is also no clarity on the Board’s membership. Presumably all this will be made clear in the terms of reference.\textsuperscript{89}

40. We asked Minister Walker whether the Joint Board will be an advisory body or whether it will have decision-making powers. He replied:

The joint board is there to oversee. To some extent, it depends on exactly what you mean by decision-making powers. If the board reaches a decision, it is likely to then feed that decision back to the UK Government or the Executive in saying, “This needs to be got on with and this needs to be prioritised as an issue”, or, “This is a matter of concern”. It is not, however, there to direct spending decisions of the Government or the Executive. It is there to oversee the process and ensure that we are working together to deliver progress on the whole five-year package of New Decade, New Approach.

The answer to the distinction between advisory and decision-making is perhaps a little more complicated than that but it is a board that is there to oversee the process. Obviously, it allows for co-ordination at the highest level between the Secretary of State, the First Minister and the Deputy First Minister.\textsuperscript{90}

\textsuperscript{83} Northern Ireland Office, \textit{New Decade, New Approach}, 9 January 2020, p 54–55
\textsuperscript{84} Ulster University Business School (NDE0001)
\textsuperscript{85} Ulster University Business School (NDE0001)
\textsuperscript{86} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{87} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{88} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{89} Pivotal Public Policy Forum (NDE0005)
\textsuperscript{90} Q87 (Robin Walker MP, Minister of State, Northern Ireland Office)
41. 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.

42. 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

- the powers of the Joint Board are clearly set out in its Terms of Reference;
- the Joint Board produces an Annual Report that is deposited in the Libraries of both Houses of Parliament; and
- 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.
3 Reform and working culture

Institutional reform

43. The New Decade, New Approach agreement included a “package of measures” to support devolution in Northern Ireland. Those measures were designed to “deliver more sustainable institutions that are more resilient and able to continue to function throughout periods of political difficulty.” In a press release announcing the publication of the proposed agreement, the Government highlighted how the deal could give citizens in Northern Ireland confidence in the stability of devolution.

44. The agreement increased the period of time before the Secretary of State for Northern Ireland must call an Assembly election following a breakdown in power-sharing. In the agreement, the Government committed itself to amending the Northern Ireland Act 1998 to extend the time for the appointment of a First Minister and deputy First Minister “after the resignation of a First Minister or deputy First Minister or after the first meeting of the Assembly following an Assembly election from 7 and 14 days respectively to 6 weeks in each case.” The agreement provided for a maximum of a further 18 weeks for the parties to appoint a First Minister and deputy First Minister if the initial period proves insufficient. If the appointments have not been made at the end of this period, the Secretary of State is then “under a duty to propose a date for an Assembly election as soon as is practicable and in any event for a date which is no later than 12 weeks of the duty arising.”

45. Sir Jonathan Stephens told us that if power-sharing broke down in future, “time is the main provision.” He commented:

It is important to recognise that, whereas in 2017, under the legislation, there were only two weeks allowed for the formation of a Government, after which the British Government was under an obligation to call an election, under the reforms of New Decade, New Approach there will be an initial period of six weeks, which can extend up to 24 weeks, before that obligation to call another Assembly election is triggered. As you all well know, in a period of six months, an awful lot in politics can change and happen. So no one could trigger a crisis of this sort in the confident expectation of a particular electoral outcome.

The New Decade, New Approach agreement made further reforms to the operation of the devolved institutions, such as allowing Executive Ministers to remain in place following a breakdown in power-sharing and changing the role of the Official Opposition. Julian Smith, discussed the effect of those reforms:

91 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 13
92 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 13
93 Northern Ireland Office, Deal To See Restored Government In Northern Ireland Tomorrow, 9 January 2020
94 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 24
95 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 24
97 Northern Ireland Office, New Decade, New Approach, 9 January 2020, p 24
98 Q16 (Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office)
99 Q16 (Sir Jonathan Stephens KCB, former Permanent Secretary, Northern Ireland Office)
100 Northern Ireland Assembly: “New Decade, New Approach”, Insight, House of Commons Library, January 2020
I think that the pressure, as a result of the longer period, to continue to govern once there has been a breakdown, is a major feature… We have got the UUP, we have got the SDLP, we have got Alliance in the Executive; they can pull out, now, after two years, to then be in opposition.101

46. Academics researching devolution in Northern Ireland told us that the provision of more time before an election must be called would decrease the immediate effect of the resignation of a First Minister or deputy First Minister.102 Dr Haughey stated:

The scenario of a First or deputy First Minister resigning and collapsing the institutions in quick succession is no longer realisable. The effect of this will be to lessen the immediate significance and political gravitas of an Executive Office resignation.103

Dr Clare Rice told us that after the collapse of the institutions in 2017, divisions between parties in Northern Ireland were compounded by both the Assembly election and general election that year.104 She argued that, if power-sharing were to break down in future, “ensuring the divisive pressures that come with an election for the political parties are not as imminent a possibility might create more space for resolutions to be found”.105 However, Dr Rice cautioned that “the most recent period of difficulty far exceeded” the extended time limits set out in the agreement and that New Decade, New Approach “is not clear on what would happen should this timeframe be exceeded”.106

47. Other informed commentators on devolution in Northern Ireland questioned how far the reforms strengthened the sustainability of the devolved institutions. Ann Watt told us that although the reforms may be useful in allowing more time to solve issues between parties,

the changes in themselves cannot counteract a situation where a party or parties decides to bring an Executive to an end. For example, if these new measures had been in place in January 2017, we do not think that they would have prevented the collapse of the institutions or led to their restoration any sooner.107

Dr Kevin McNicholl, a participant in the Political Settlements Research Programme, agreed that “the experience of the last collapse does suggest that time is not necessarily enough for successful negotiations to be completed”.108 Dr Soares told us that

by its [New Decade, New Approach] repeated references to commitments made in previous agreements it also underlines a fundamental reality: that the most intricate and well-designed institutions will not function if those who inhabit them are not fully and actively supportive of all of their constitutive elements and functions and of the Agreement that established them.109 [Emphasis in original]

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101 Q15 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
102 Institute of Irish Studies, University of Liverpool (NDE0009)
103 Institute of Irish Studies, University of Liverpool (NDE0009)
104 Dr Clare Rice (NDE0006)
105 Dr Clare Rice (NDE0006)
106 Dr Clare Rice (NDE0006)
107 Pivotal Public Policy Forum (NDE0005)
108 University of Edinburgh (NDE0015)
109 Centre for Cross Border Studies (NDE0011)
48. The New Decade, New Approach agreement made other institutional reforms to the functioning of the devolved institutions in Northern Ireland. These included changes to the operation of the Petition of Concern and of the Official Opposition, and the creation of a Party Leaders’ Forum. Contributors to the inquiry welcomed the inclusion of these reforms in the deal.\textsuperscript{10111112}

49. 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 devolved government between 2017 and 2019.

50. 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.

**Working culture at Stormont**

51. While discussing the likely benefits of the institutional reforms in the New Decade, New Approach agreement, several witnesses emphasised that the reforms would only be successful if they were accompanied by the development of the political working culture at Stormont.\textsuperscript{113114} Ann Watt stated:

> The main point we would make to the Committee is that government in Northern Ireland needs to operate in much different ways if it is to be effective in the future. There cannot be a return to past ways of working. Examples of the culture change that is needed include: the Executive embracing a common vision; operating effectively across departmental silos; taking rather than avoiding tough decisions; making good policy choices for the long-term; and involving and valuing external experts and the public in policy development. The engagement in these debates of individuals and organisations outside political parties and government also needs to develop, to mirror the change in culture at Stormont.\textsuperscript{115}

The public in Northern Ireland should no longer be expected to accept ‘too difficult’ or ‘too tied up with historical divisions’ as excuses for the non-delivery of public service and governance improvements.

52. Dr Sean Haughey agreed with Ann Watt that “behavioural change on the part of MLAs and their party leaders is key if devolution is to be placed on a more sustainable footing”.\textsuperscript{116} Dr Birnie told us that “the changes in the institutions may be of lesser significance than whether there is now a new, more co-operative, collegiate culture or spirit between the Executive Parties”.\textsuperscript{117}
53. Ann Watt told us that institutional introspection had been a barrier to the work of previous Executives. She observed that “in the past, Stormont has been very closed to outsiders, with a reluctance to have any real external involvement”. Minister Walker informed us that the Government is considering how to encourage UK Government engagement in Belfast:

Work is going on in Government to look at how we can have more substantial Government hubs in each part of the UK. One of the things I am very keen to see out of that is more senior civil servants being based in Northern Ireland. We already have a UK Government hub in Belfast. It is dominated by HMRC and not necessarily the most senior grades. I would like to see more decision-making and stakeholder engagement type roles coming to Northern Ireland.119

54. Dr Haughey pointed out that the Northern Ireland Assembly is the only legislature in the UK not to have an academic fellowship scheme.120 He argued that this lacuna is worth addressing:

These schemes utilise universities and academics to enhance a legislature’s capacity to fulfil its scrutiny, representative, and legislative functions. As well as increasing the use of academic skills and research in the Assembly, such a scheme would promote knowledge and understanding of devolution in Northern Ireland to university and academic audiences throughout the UK.121

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

56. 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 scoping exercise considering the merits of establishing an Academic Fellowship scheme for the Northern Ireland Assembly;
- consideration of the facilitation of secondment schemes between the Northern Ireland Civil Service and the civil services of other governments in the UK; and
- 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.

118 Pivotal Public Policy Forum (NDE0005)
119 Q63 (Robin Walker MP, Minister of State, Northern Ireland Office)
120 Institute of Irish Studies, University of Liverpool (NDE0009)
121 Institute of Irish Studies, University of Liverpool (NDE0009)
4 Implementation

Review

57. The agreement included a review mechanism in the form of Implementation Review Meetings. It stated that

The parties are very conscious that the integrity and credibility of this Agreement is dependent on its effective and expeditious implementation. Accordingly, progress in implementing the provisions of this Agreement must be actively reviewed and monitored alongside or in coordination with arrangements to monitor the implementation of previous Agreements.\textsuperscript{122}

The agreement described quarterly Implementation Review Meetings, with the first being held before the end of January 2020.\textsuperscript{122} It stated that the meetings will include party leaders in the Northern Ireland Executive and that the UK Government and the Irish Government will be involved “as appropriate in accordance with the three stranded approach”.\textsuperscript{124} It added that an Implementation Programme and Timetable will be agreed at the first meeting. Annex F to New Decade, New Approach stated that quarterly updates on progress on the implementation of the agreement will be published.\textsuperscript{125}

58. We asked Minister Walker about the status of the Implementation Review Meetings. He told us that “for various reasons” the first Implementation Review Meeting did not take place at the end of January 2020.\textsuperscript{126} Mark Larmour, Director, Northern Ireland Office, explained that Covid-19 had “thrown out of kilter” the timetable for Implementation Review Meetings.\textsuperscript{127} He stated that the Government is still committed to working with the Northern Ireland Executive to convene “regular implementation meetings” as soon as possible to examine progress “against each of the objectives in the New Decade, New Approach deal”.\textsuperscript{128} He highlighted the need for regular contact between the Northern Ireland Executive and UK Government centred on the implementation of the deal:

We can never have enough contact between the various parties, the Executive and the UK Government around the delivery of these agreements. That has been a barrier to progress in the past, frankly. We are very keen to have the frameworks that we have set out during the course of this meeting in place and working to allow us to secure the commitments that have been made in this agreement as soon as possible.\textsuperscript{129}

59. The UK Government-Northern Ireland Executive Joint Board has a crucial role in overseeing the implementation of the agreement [see paragraph 37].\textsuperscript{130} Julian Smith highlighted the importance of establishing the Joint Board.\textsuperscript{131} Robin Walker told us that the Joint Board was due to meet on 26 March 2020, but that that meeting was cancelled...
to allow all parties to focus on their response to Covid-19. He stated that “we [the UK Government and the Executive] all want, as soon as possible, when it is safe to do so, to reconvene, to get those board meetings up and running and to move on with progress”.

60. The Irish Government made several commitments in New Decade, New Approach. Those commitments, which were set out in Annex B to the agreement, addressed six areas:

- connectivity and infrastructure. This included commitments to progress plans “to complete key infrastructure projects including the A5 and the Ulster Canal connection from Clones to Upper Lough Erne”. The Irish Government committed funding to those projects, including a total of £75 million up to 2022 for the A5;

- investment in the North-West and border communities. The Irish Government stated in the agreement that “the North West region is in particular need of strategic investment”. The Irish Government has committed to continuing to support the work of the North West Strategic Growth Partnership and “is committed in principle to providing further funding to the North West Development Fund in collaboration with the Northern Ireland Executive”;

- research and innovation. The Irish Government stated that it will work with the Northern Ireland Executive to develop proposals for “an enhanced North/South programme of research and innovation”;

- strategic challenges, including Brexit and Climate Change. The Irish Government committed to working with the Executive through the North South Ministerial Council to address strategic challenges such as Brexit and Climate Change. It also stated that it is ready to immediately resume discussions with the Executive on “the next period of corporate planning guidance for the North South Bodies and on necessary resourcing within wider budgetary parameters”;

- language and culture. This included commitments to provide additional funding to the Irish Language Broadcasting Fund and Irish Language Networks; and

- reconciliation. This included the provision of new funding for the International Fund for Ireland, enhanced funding for the Reconciliation Fund and the expansion of the North South School Exchange Programme, among other commitments.

61. 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.

62. 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.

63. 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.

64. 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.

65. In Annex A to the agreement, the Government stated its commitment to support all the institutions created by the Belfast/Good Friday Agreement including the Executive, Assembly, North South Ministerial Council and the British-Irish Council.\textsuperscript{142} To support these institutions, the Government committed to the creation of “a bi-annual, Cabinet delegation with the Northern Ireland Executive to improve co-operation and collaboration”.\textsuperscript{143}

66. The Institute for Government noted that this proposal is one of a range of measures “designed to support government in Northern Ireland and improve links with (and oversight by) UK government”.\textsuperscript{144} Minister Walker explained that the UK Government’s commitment to establishing a bi-annual, Cabinet delegation stemmed from a continuation of the Prime Minister’s commitment to take Cabinet outside London to all parts of the UK. This is something that was begun at the start of this year when the Cabinet travelled to the north of England. It does not have a formal role in NDNA [New Decade, New Approach] implementation but, as you have set out, it can provide benefit by making sure that Cabinet Ministers are spending more time in Northern Ireland and more time with their counterparts in the Executive.\textsuperscript{145}

67. The exact role that the bi-annual Cabinet delegation will play on oversight of the New Decade, New Approach agreement is obscure. We asked the Minister whether the meeting of the bi-annual Cabinet delegation would include the review of the implementation of New Decade, New Approach on its agenda. He told us that the review of the implementation of the agreement is really a role for the oversight board. That board will consist of the Secretary of State, the First Minister and the Deputy First Minister. As part of any Cabinet delegation, clearly, following up on the New Decade, New Approach deal will be a very important part of their responsibilities.\textsuperscript{146}

\textsuperscript{142} Northern Ireland Office, \textit{New Decade, New Approach}, 9 January 2020, p 46
\textsuperscript{143} Northern Ireland Office, \textit{New Decade, New Approach}, 9 January 2020, p 46
\textsuperscript{144} Institute for Government, \textit{Northern Ireland: restoration of the power-sharing executive}, 13 January 2020
\textsuperscript{145} Q54 (Robin Walker MP, Minister of State, Northern Ireland Office)
\textsuperscript{146} Q56 (Robin Walker MP, Minister of State, Northern Ireland Office)
He was unable to confirm whether the Executive and the UK Government Cabinet will hold a formal meeting to monitor the delivery of New Decade, New Approach.\textsuperscript{147} He concluded that “fundamentally, the role of oversight of the deal as a whole is a responsibility for the board [UK Government-NI Executive Joint Board] rather than for any joint working”.\textsuperscript{148}

68. We asked the Minister whether the Prime Minister would lead the Government’s delegation. He replied that the commitment to the Cabinet delegation “came from the Prime Minister so I am sure he would be keen to”.\textsuperscript{149} He added that that matter was something that the Northern Ireland Office would be “talking to the Cabinet Office about on that basis”.\textsuperscript{150}

69. 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.

70. 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.

\textsuperscript{147}Q58 (Robin Walker MP, Minister of State, Northern Ireland Office)
\textsuperscript{148}Q58 (Robin Walker MP, Minister of State, Northern Ireland Office)
\textsuperscript{149}Q55 (Robin Walker MP, Minister of State, Northern Ireland Office)
\textsuperscript{150}Q55 (Robin Walker MP, Minister of State, Northern Ireland Office)
Extension to Assembly mandate due to Covid-19

71. Throughout the inquiry, we heard how Covid-19 might affect the delivery of New Decade, New Approach. Minister Walker and Mark Larmour both referred to how Covid-19 has affected the implementation of the agreement by delaying the scheduling of review meetings and the establishment of oversight bodies.

72. Julian Smith raised the prospect of extending the mandate of the current Northern Ireland Assembly by a year to allow the full implementation of New Decade, New Approach:

As a result of the Covid crisis, there is an argument, that should be carefully considered, for extending the mandate of this Assembly by a year. The elections, currently, are due in less than a couple of years, and I do think it is in everybody’s interest that we get all the parties—all the parties that took part in this deal—to work together for a good three years to deliver for the people of Northern Ireland, and then to lay out their stall at the next election.

On the case for extending the mandate of the current Assembly, Mr Smith added:

as a result of Covid, many things that would have happened in the Executive in the weeks following the restoration have obviously been delayed…I think the trust issue and the building of capacity among Northern Ireland leaders are important, but more importantly, the thing that gave me confidence during this period was listening to voters and to what people were saying, and what you and other politicians were hearing in December 2019 at the election—that people wanted services to work and Northern Ireland to be working better. I genuinely think that now we have had this crisis, we need to provide time to get those improvements…If voters can feel at the end of a decent length of this Assembly that these issues are now on track, that will allow a more meaningful election.

The Committee has decided not to take a position on this proposal.

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151 Pivotal Public Policy Forum (NDE0005)
152 Women’s Support Network (NDE0016)
153 Q34 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
154 Q91 (Robin Walker MP, Minister of State, Northern Ireland Office, Mark Larmour, Director, Northern Ireland Office)
155 Q14 (right hon. Julian Smith MP, former Secretary of State for Northern Ireland)
156 Q35 (Rt Hon. Julian Smith MP, former Secretary of State for Northern Ireland)
Conclusion

73. 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.
Conclusions and recommendations

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)

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)

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)

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)

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)

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)
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)

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)

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

- the powers of the Joint Board are clearly set out in its Terms of Reference;
- the Joint Board produces an Annual Report that is deposited in the Libraries of both Houses of Parliament; and
- 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)

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 devolved government between 2017 and 2019. (Paragraph 49)
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)

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 scoping exercise considering the merits of establishing an Academic Fellowship scheme for the Northern Ireland Assembly;
- consideration of the facilitation of secondment schemes between the Northern Ireland Civil Service and the civil services of other governments in the UK; and
- 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)

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)

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)
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)

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)

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)
Formal minutes

Wednesday 8 July 2020

Members present:

Simon Hoare, in the Chair

Caroline Ansell       Mr Robert Goodwill
Scott Benton          Claire Hanna
Mr Gregory Campbell   Ian Paisley
Stephen Farry         Stephanie Peacock
Mary Kelly Foy

Draft Report (New Decade, New Approach Agreement), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 73 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till Wednesday 15 July at 8.45am]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee’s website.

Thursday 07 May 2020

Rt Hon Julian Smith MP; Lilah Howson-Smith, Former Specialist Advisor, Northern Ireland Office; Sir Jonathan Stephens KCB, Former Permanent Secretary, Northern Ireland Office

Q1–44

Wednesday 17 June 2020

Mr Robin Walker, Minister of State, Northern Ireland Office; Mark Larmour, Director, Northern Ireland Office

Q45–92
Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

NDE numbers are generated by the evidence processing system and so may not be complete.

1. Carnegie UK Trust (NDE0019)
2. Centre for Cross Border Studies (Dr Anthony Soares, Director) (NDE0011)
3. Indaver (NDE0018)
4. Involve (Rebekah McCabe, Senior Project Officer) (NDE0012)
5. McNicholl, Dr Kevin (Research Fellow, University of Edinburgh) (NDE0015)
6. Nevin Economic Research Institute (Paul Mac Flynn, Co-Director) (NDE0002)
7. Northern Ireland Council for Voluntary Action (NDE0007)
8. Northern Ireland Local Government Association (NDE0003)
9. Pivotal Public Policy Forum (NDE0005)
10. Rice, Dr Clare (NDE0006)
11. Ulster University Business School (Dr Esmond Birnie, Senior Economist) (NDE0001)
12. University of Liverpool (Dr Sean Haughey, Joint Lecturer in Politics and Irish Studies) (NDE0009)
13. Women’s Support Network (Ms Karen Sweeney, Operational Director) (NDE0016)
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website. The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

Session 2019–21

| First Report                                      | Unfettered Access: Customs Arrangements in Northern Ireland after Brexit | HC 161 |