

## Budget 2021-22 Consultation

- The Department for Infrastructure provides and maintains the connections for people to travel safely and for goods to be transported efficiently. We provide the infrastructure and support opportunities for economic growth and sustainable development; and we ensure that the creation of living places is planned properly and supported by the necessary infrastructure.
- We deliver a range of public services, including the public transport network and water and waste water services; as well as planning, road safety, driver and vehicle testing, roads, rivers and inland waterways.

### **Draft 2021-22 Resource Budget**

- The draft 2021-22 Resource Budget is **£420.7m**. This is an increase of £2.8m (0.7%) on the 2020-21 opening budget of £417.9m. **This is the lowest increase of all Departments and is significantly less than the average departmental increase of over 6%.**
- The pressures facing our public services in 2021-22 are significant. The increases that would be needed to the resource budget to deliver current services total £44.1m as set out below. The figures are subject to ongoing refinement and do not include the estimated pressures that will result from the ongoing impacts of the Covid-19 pandemic which are outlined separately.

	<b>2021-22 £m</b>
Translink – baseline	7.0
NI Water	15.2
Roads and Rivers	13.0
Other critical staff and other resource pressures	3.6
Pay award	1.7
EU Pressures	3.6
<b>Total</b>	<b>44.1</b>



- This minor increase of £2.8m against pressures of £44.1m represents a major challenge. If additional funding is not secured before Final Budget, there may be significant impacts on public service delivery as set out below.

#### *Water – impact*

- The draft budget outcome could place the ability of NI Water to run its essential services at immense risk and potentially lead to failing wastewater compliance, continuing development constraints and regulatory failures. NI Water must be adequately funded to fulfil its legal and regulatory obligations as a water and sewerage service undertaker. Ultimately it would be people, businesses and the environment that would be impacted in the form of failing environmental standards, threat to public health and constrained economic development. Constraints on development due to lack of capacity of our water and wastewater infrastructure could, without attention, also have very significant implications for Northern Ireland's economic recovery as driven through the Programme for Government (PfG) and associated strategies. Diverse potential impacts could include on housing provision, tourism development and health service transformation.

#### *Public Transport – impact*

- The public transport network has been underfunded for a number of years. This has been recognised in 2020-21, with additional funding being secured in year to restore losses in previous years. Although this will assist with short term financial viability, in the medium to longer term, Translink, in conjunction with the Department would need to consider actions to live within budget which could include service reductions. This in turn could increase private car usage, adding further congestion to our already over-stretched road network. This could also lead to an increase in carbon emissions, which contribute to

climate change, as a result of more traffic and congestion in our towns and cities. Opportunities to reduce emissions could be lost without the option to continue our investment in low emission buses. Furthermore, those without access to a private car would face restricted access to services and opportunities.

### *Maintenance of Roads and Rivers – impact*

- Almost all reactive maintenance of the road network (such as patching, grass cutting and gully cleaning) and winter services are funded from the Department's resource budget. The opening 2020 Budget would only allow a restricted maintenance service that prioritised safety-related defect repair. Opening available funds for pothole repair meant only repair of the worst category defects was possible. Those potholes not treated at this stage deteriorate and disrupt road users until they fall into the restricted criteria for repair – this means backlogs accumulate and cost more to fix in the long run. Difficult decisions on street lighting repairs would also be required, which might mean that repairs are only undertaken for part of the year – or until funds were exhausted. A full winter service in 2020-21 was not possible with the opening budget available. Continuation of these services, as in previous years, has only been possible with in-year funding, which has not been received until later in the year which is less efficient and effective than a fully resourced, planned service.
- Well-maintained footways and cycle lanes are essential to Active Travel and the changes required to deliver wider wellbeing as proposed by the PfG as well as access to health services and education. A roll-forward budget would not allow for basic routine maintenance of greenways and cycle lanes outside of emergency or safety repairs. The enhanced maintenance and repair to these facilities, so often requested by the public and their representatives would not be possible. Walking and cycling targets are likely to be impacted if

active travel corridors are minimally maintained and repairs take longer to be actioned.

- Living within the current budget would mean that future inflationary pressures could force further service delivery reductions to the network maintenance of the carriageway, footways, bridges, traffic signal and street lighting assets. Northern Ireland is heavily reliant on a well-maintained network of roads and bridges which are critical for our sustainable economic development, especially in relation to the movement of freight.
- The planned and reactive maintenance of our rivers and coastline, ensuring good drainage and preventing floods is also funded from the resource budget. Insufficient funding to keep up with rising costs and demand could put many more homes and businesses at risk. Our ability to respond appropriately to emergencies could be compromised through lack of funding.

### **Draft 2021-22 Capital Budget**

- The draft 2021-22 Capital Budget is **£693.2m** which excludes EU replacement funding; funding for City Deals; and New Decade, New Approach funding for low emission buses. The draft budget outcome represents an increase of £135m on the 2020-21 opening capital allocation and is **40% of the total £1,751m capital budget available to the Executive and is the largest capital budget across all Departments.**
- However, this increase should be considered against the **estimated requirement of £888.2m for 2021-22**. Capital requirements are categorised into the following classifications: Flagship projects which are Executive priorities and are ring-fenced; inescapable projects which are contractually committed or in progress; pre-committed; high priority; and desirable. The



breakdown of the estimated requirement by category is shown below and this is subject to further refinement.

<b>Category</b>	<b>2021-22 (November 2020 estimates) £m</b>
<b>Flagship</b> <i>- A5, A6 and Belfast Transport Hub</i>	72.7
<b>Inescapable (contractually committed projects or schemes in progress)</b> <i>- NI Water, Structural Maintenance, Translink, Safety Critical Street Lighting</i>	441.3
<b>Pre-committed (Ministerial and Executive commitments and previously announced initiatives)</b> <i>- Park and Ride, Intelligent Transport Systems, A1 Junctions, York Street Interchange, Narrow Water Bridge, Low Emission Buses</i>	48.2
<b>High Priority (Key projects prioritised by the Minister)</b> <i>- Structural Maintenance, Translink, Blue/Green Fund, Rivers, Street Lighting, Waterways Ireland, A2 Buncrana Road, A24 Ballynahinch Bypass, A29 Cookstown Bypass, A32 Scheme, A4 Enniskillen Bypass</i>	230.4
<b>Desirable (Potential projects should sufficient funding be available)</b> <i>- Non Strategic Major Road Improvements, New SRI schemes, A3 Armagh North and West, A28 Armagh East, A55 Widening Knock Road, M1, A2 Ballykelly Bypass, A2 Sydenham Bypass</i>	14.9
<b>New Decade New Approach (NDNA)</b> <i>- Low Emission Buses</i>	25.0
<b>EU</b> <i>- Replacement Connecting Europe Facility Funding</i>	55.7
<b>TOTAL</b>	<b>888.2</b>

- This significant increase in capital funding would enable a number of flagship projects approved by the Executive and listed in the table above to progress. It would also allow the Department to progress investment in water and wastewater infrastructure, transport and active travel. With the remaining budget, a balance would need to be struck between maintaining existing infrastructure in the road network and public transport and new development, particularly in pursuit of the draft Programme for Government outcomes.
- Although this significant increase in capital is welcome, **it will be extremely challenging to deliver a capital programme of this scale without an increase to the resource budget.** There is also a risk that without continued capital investment our public assets could deteriorate, which is heightened with the lack of resource budget to carry out routine maintenance.

### Covid Funding

- The impact of Covid has been significant throughout 2020-21 and substantial financial pressures have been managed through additional funding from the Executive.
- It is anticipated that 2021-22 will be equally challenging as we move towards economic recovery, however **the Department has not received any proposed allocations for Covid pressures as part of the Draft 2021-22 Budget.** The estimated Covid pressures for 2021-22 are set out below, however these are initial estimates and are subject to further refinement.

	<b>2021-22 £m</b>
Translink	50.0
Rathlin Ferry	0.3
Crumlin Road Gaol	0.1
NI Water	5.2



Roads and Rivers	3.4
<b>Total Covid Pressures</b>	<b>59.0</b>

## Consultation Process

- The Consultation on the 2021-22 Draft Budget will close on **Thursday 25 February 2021**. The Consultation document can be viewed on the Department of Finance website:

<https://www.finance-ni.gov.uk/consultations/budget-consultation>

- Comments on the 2021-22 Draft Budget should be submitted to the Department of Finance either on-line:

[www.finance-ni.gov.uk/consultations/budget-consultation](http://www.finance-ni.gov.uk/consultations/budget-consultation)

or by email to:

[budgetconsultation@finance-ni.gov.uk](mailto:budgetconsultation@finance-ni.gov.uk)

- The Department of Finance has stated that it would be helpful if responses focus on the following questions:
  - What service would you prioritise?
  - Are there services we should stop or reduce?
  - Are there ways of raising revenue?
  - How can we reduce demand for services?
  - How do we balance public sector pay against other priorities?
  - Have you any other views for discussion?