



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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Paper 02/24

23 February 2024 (updated 26 February 2024)

NIAR 188-23

# Committee engagement with 2023/24 departmental budgets

### Public Finance Scrutiny Unit

This Briefing Paper aims to facilitate Northern Ireland Assembly committees (statutory committees and Audit Committee), when engaging with departments near the end of the current financial year - 2023/24 – and in anticipation of a (draft) Executive Budget 2024/25 for the next financial year commencing 1 April 2024. Such committee engagement occurs after numerous developments relating to Northern Ireland budgeting and public spending have arisen since the Executive fell in February 2022 and until it returned in February 2024. The Paper's contents are not exhaustive given variance in the information available to RaISe at the time of writing. Potential scrutiny issues are outlined throughout for the committees' consideration when discharging their advisory and scrutiny functions.

This information is provided to Members of the Legislative Assembly (MLAs) in support of their duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

## Introduction

This Briefing Paper addresses the 2023/24 Northern Ireland Budget, as allocated by the Northern Ireland Secretary of State (NISoS) and agreed at Westminster, amidst challenging economic and public finance contexts in Northern Ireland, while there was no Executive and no fully functioning Assembly. The Paper has been compiled by the Public Finance Scrutiny Unit (PFSU) in the Northern Ireland Assembly's Research and Information Service (RaISe), for use by Assembly committees – in particular statutory committees and the Audit Committee. Its contents are not exhaustive given variance in the information available to RaISe-PFSU at the time of writing.<sup>1</sup>

Nonetheless, the Paper seeks to “plug” the committees’ memory gap prior to the Assembly’s resumption. It outlines numerous developments relating to Northern Ireland budgeting and public spending, which arose in the time since the Executive fell in February 2022 until its return in February 2024. In doing so, the Paper aims to support committees as they engage with the 2023/24 Northern Ireland Budget, and also anticipate a draft 2024/25 Executive Budget for the next financial year, commencing 1 April 2024.

The Paper is presented as follows:

1. [Context-setting: 2022/23 and 2023/24 Northern Ireland Budgets – the contexts in which those Budgets were determined](#)
2. [2023/24 Northern Ireland Budget – an overview](#)
3. [Financial Support Package – Reported in December 2023 and Published in February 2024](#)
4. [Irish Government Financial Support Package – an overview](#)
5. [Key overarching Northern Ireland departmental policies, strategies, plans and programmes - informing departmental budgeting and public spending decision-making](#)

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<sup>1</sup> As departments make information and data available, RaISe-PFSU will seek to update this Briefing Paper, as appropriate.

6. [Financial implications arising from United Kingdom exit – any funding gaps for departments?](#)
7. [Understanding 2023/24 departmental pressures – some observations to date](#)
8. [Concluding remarks](#)

## 1 2022/23 and 2023/24 Northern Ireland Budgets – the contexts in which those Budgets were determined and spent to date

This section outlines key context-setting information, to clarify the circumstances in which the 2022/23 and 2023/24 Northern Ireland Budgets were determined:

- 1.1 Challenges during 2017/22 Assembly mandates
- 1.2 Post-May 2022 Assembly election: Who responsible and when were they responsible and key budgetary decisions taken – timeline of critical developments
- 1.3 Financial Support Package: reported in December 2023 and published in February 2024

### 1.1 Challenges during 2017/22 Assembly mandate

During the 2017/2022 Assembly mandate, Northern Ireland departmental budgeting and public spending were impacted by a number of challenges, including the following:

- At the **end of January 2020**, the United Kingdom exiting from the European Union (EU), raising issues for some political parties in Northern Ireland. Amongst those identified issues was the apparent need to better understand any funding gaps arising from the United Kingdom's exit, including the extent of any such gaps and how those gaps impact Northern Ireland public finances. (See [Section 6](#) of this Paper for more detail.)

- In **2020-21**, the Coronavirus pandemic presented serious, unprecedented challenges for government and wider society, necessitating prompt action at central and devolved government levels, including departures from existing rules due to exigency, to promptly allocate expenditure and allow spending.
- Both from **January 2017 - January 2020**, there was interrupted devolution in Northern Ireland, when there was no Executive, nor a fully functioning Assembly.
- **February 2022** – The Executive collapsed on 3 February 2022 before agreeing the 2022/25 draft Executive Budget (DEB). (For more detail, see RaISe publication NIAR12-22 [Paper 1 of 4 DEB Public Finance Context PUBLISH.docx \(niassembly.gov.uk\)](#).) And the Assembly continued to function.

Thereafter, to address the absence of an Executive, the Northern Ireland Secretary of State (NISoS) introduced legislation in Westminster, to amend the Northern Ireland Act 1998 (1998 Act). Once enacted in February 2022, the [Northern Ireland \(Ministers, Elections and Petitions of Concern\) Act 2022](#):

- Extended relevant timeframes under the existing 1998 Act, building in time – if needed – to allow for political talks and agreement after an Assembly election and appointment of ministers to form an Executive;
- Empowered departmental ministers in Northern Ireland who had been in office prior to the election to continue in office as “Interim”/“Caretaker” ministers, and take decisions within the boundaries that had been set by the outgoing Executive. Those ministers could not take forward any new policies or legislation (they continued in their roles until end October 2022); and,
- Enabled the NISoS to later empower the Permanent Secretaries of the Northern Ireland Civil Service (from end October 2022), to manage the government departments, including budgeting and public spending, but not bring forward new policies or legislation, only those within scope of outgoing Executive’s decisions taken.

## 1.2 Post-May 2022 Assembly election - February 2024: Who responsible and when key budgeting and spending decisions were taken – timeline of critical developments

Following the May 2022 Assembly election until early February 2024, the Northern Ireland Assembly met a number of times within the required period under the Northern Ireland Act 1998, as amended. It, however, unsuccessfully appointed a Speaker, for reasons relating to ongoing political disagreement about the Protocol on Ireland/Northern Ireland post United Kingdom exit from the EU. A Northern Ireland Executive therefore did not form, while Members of the Legislative Assembly (MLAs) acted in only their constituency capacity. And in the absence of fully functioning devolution, the NISoS took actions under the [Northern Ireland Act 1998](#), as amended, which aimed to facilitate ongoing delivery of public services in Northern Ireland, including government decision-making on budgeting and public spending, amongst other things, as highlighted in the following **timeline of critical developments**:

- **May 2022 – February 2024** – During the noted period, serious economic and public finance challenges arose for Northern Ireland; similar to the rest of the United Kingdom. Inflation rose from 5.5%,<sup>2</sup> reaching a peak of 9.6% in October 2022; resulting in marked cost of living and interest rate increases. Thereafter, challenging economic times, generating related cost of living pressures, persisted.  
Unsurprisingly, during the noted period, there was increased demand for public services;<sup>3</sup> and in turn, costs to deliver those services naturally increased. There also were increased incidences of public sector pay disputes and related industrial actions. (For more detail, see [sub-section 3.3](#) of this Paper.)
- **October 2022** – Northern Ireland Interim/Caretaker departmental ministers ceased to be in post. Instead, the Permanent Secretaries of the Northern Ireland Civil Service managed the departments, including

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<sup>2</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/l55o/mm23>

<sup>3</sup> <https://www.finance-ni.gov.uk/news/public-encouraged-get-involved-revenue-raising-consultations>

their budgeting and public spending, but they could not bring forward new policies or legislation, only those within scope of outgoing Executive's decisions taken.

- **November 2022** – The NISoS issued [Draft Guidance on Decision-Making for Departments](#), to guide Permanent Secretaries when acting in their new capacity.
- **November 2022** – The NISoS also set out an indicative 2022/23 Budget, due to outgoing Executive not having agreed a Budget by February 2022 and ongoing absence of an Executive post May 2022 Assembly election. (See [section 2](#) of this Paper for detail regarding the 2022/23 Budget.)
- **December 2022** – The NISoS introduced further legislation in Westminster, which once enacted further amended Northern Ireland Act 1998. The [Northern Ireland \(Executive Formation and Organ and Tissue Donation\) Act 2023](#) retrospectively extended the period for Executive formation; extending it until 8 December 2022 and allowing for further extension by statutory instrument, if needed, until 19 January 2023. Moreover, the NISoS issued final [Guidance on Decision-Making for Departments](#).
- **February 2023** – Westminster enacted the [Northern Ireland Budget Act 2023 \(legislation.gov.uk\)](#), which authorised:
  - The use of certain resources for the public service delivery for the 2022/23 and the 2023/24 financial years.
  - The issuance of certain sums for public services in those years.
  - The use of those sums for the specified purposes.
  - The DoF to borrow on credit those sums.

The NISoS also enacted [The Regional Rates \(Northern Ireland\) Regulations 2023 \(legislation.gov.uk\)](#), enabling the Rate to be struck and issued, and then later provide finance to local government and departments in Northern Ireland.

- **March 2023** – Westminster's Northern Ireland Affairs Committee (NIAC) Committee launched an inquiry, which is ongoing to date. The inquiry is entitled [The funding and delivery of public services in Northern Ireland](#) – and it is examining:

*...the financial situation facing Northern Ireland's public services, including health, education and the police, and how the lack of a functioning Executive has impacted on budgetary management. The Committee will also take the opportunity to explore the effectiveness of the Barnett formula and examine the viability of other options for increasing revenue to put Northern Ireland's finances on a more sustainable footing.*

- **April 2023** – In the absence of an Executive, the NISoS announced his [2023/24 Budget and contingency plans for governance](#), which included bringing further legislation in Westminster. In summary, amongst other things, the NISoS's 2023/24 Northern Ireland Budget specified:<sup>4</sup>
  - £297 million provided from the United Kingdom Reserve was due to be repaid from the 2022/23 Budget for Northern Ireland.
  - Any in-year 2023-24 Barnett consequential would be used to pay the 2022/23 overspend.
  - If any outstanding balance remained, reallocated funding from previously announced Northern Ireland funding packages would be used, with any residual repaid from 2024/25.
  - Continued expectation that Northern Ireland departments would consider and provide options for revenue raising.

(For more detail on the NISoS 2023/24 Budget, see Department of Finance publications on [2023/24 Northern Ireland Budget](#) and [section 2](#) of this Paper.)

- **May 2023** – The NISoS introduced more legislation in Westminster to further amend the Northern Ireland Act 1998. Once enacted, the [Northern Ireland \(Interim Arrangements\) Act 2023](#) (2023 Act) enabled the continuance of Permanent Secretaries' decision-making until a new Executive is formed. Under the 2023 Act, the NISoS issued new [Guidance on Decision-Making for Northern Ireland Departments](#).<sup>5</sup> The 2023 Act also included powers enabling the United Kingdom

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<sup>4</sup> <https://www.gov.uk/government/news/northern-ireland-secretary-announces-2023-24-budget-and-contingency-plans-for-governance>

<sup>5</sup> <https://www.gov.uk/government/publications/guidance-on-decision-making-for-northern-ireland-departments-may-2023>

Government to explore, with the Northern Ireland Civil Service, options for increasing budget sustainability, including further revenue raising in Northern Ireland (for detail, see below in this timeline at October 2023).

- **June 2023** – The NISoS wrote a [letter](#) to the Permanent Secretaries of all Northern Ireland Civil Service (NICS) departments. Using powers provided through passage of the [Northern Ireland \(Interim Arrangements\) Act 2023](#), the NISoS requested information and advice on a range of measures that could generate further public revenue locally and improve the sustainability of public finances in Northern Ireland. The NISoS indicated he wanted an initial return to be provided by 30 June 2023, with a more detailed return by the end of July 2023.
- **July 2023** – The DoF updated its online [2023-24 Budget Factsheet](#), which outlined: “Public Expenditure Spending and Financing Reconciliation” for Northern Ireland and,; [2023-24 Secretary of State Budget Resource for Capital Purposes](#);
- **September 2023** - [Northern Ireland Budget \(No. 2\) Act 2023 \(legislation.gov.uk\)](#) An Act to authorise the use for the public service of certain resources for the year ending 31 March 2024 (including income); to authorise the issue out of the Consolidated Fund of Northern Ireland of certain sums for the service of that year; to authorise the use of those sums for specified purposes; to authorise the Department of Finance (DoF) in Northern Ireland to borrow on the credit of those sums; and to repeal a spent provision.
- **October 2023** –NISoS directed the Northern Ireland DoF to issue papers outlining [financial context for revenue-raising](#), including [November 2023 public consultation event](#) and [revenue raising Northern Ireland consultations](#), in line with the [Northern Ireland \(Interim Arrangements\) Act 2023](#). Previously, in a [letter](#) dated September 2023, the NISoS had stated: “ .... [for] the sustainability of public finances, generating revenue is not merely an option but a critical necessity”.<sup>6</sup>

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<sup>6</sup> As cited immediately above footnote 7. pg.9



- **November 2023** – The Chancellor of the Exchequer issued his Autumn Statement, confirming for Northern Ireland £185 million (m) in funding through the Barnett formula over 2023/24 and 2024/25. However, as a result of the Westminster enacted Northern Ireland (Interim Arrangements) Act 2023, a proportion of that funding was to be used to pay back the 2022/23 overspend. In an initial statement, the Permanent Secretary of DoF suggested £75m could be used to pay back the 2022/23 overspend, with the remaining £110m repayment uncertain.

Thereafter, the DoF Permanent Secretary [announced](#) the following:

- Northern Ireland departments were projected to have an overspend of £450m for 2023/24 financial year.
  - Advancement of a Northern Ireland public sector pay award for 2022/23 would result in the projected overspend to increase to over £1 billion (bn).
- **November 2023** - The United Kingdom Government announced its third round of successful [Levelling Up Fund bids \(see explanatory and methodology note on the decision-making process\)](#). However, no proposed Northern Ireland projects were successful. The Whitehall Minister, however, explained that the Government would:

*...continue to work closely with projects and places in Northern Ireland that were awarded a total of £120 million in the first two rounds of the Fund.<sup>7</sup>*

Moreover, in response to questions in the House of Commons, the Government confirmed that:

*...£30 million that would have been spent in this round has been set aside for levelling up in Northern Ireland...<sup>8</sup>*

- **December 2023** – On 11 December 2023, the NISoS held political discussions with political parties eligible to sit in an incoming Executive

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<sup>7</sup> <https://www.gov.uk/government/news/1-billion-boost-for-levelling-up-government-backs-55-transformational-local-projects-across-the-uk>

<sup>8</sup> <https://hansard.parliament.uk/commons/2023-11-20/debates/E40D9FF1-E5F2-4A63-9CD5-0CCC28C99A04/LevellingUp>

about Northern Ireland public finance, amongst other things. It was reported that key discussion items included a financial support package, if an Executive was to form, which would lead to the restoration of the political institutions, alterations to time periods for overspend repayments, revenue raising and “needs-based” funding formula. The “needs-based factor” was reported to be set at £124 per head. Details of that package were not published until February 2024, resulting in mixed reactions (see below in this timeline and at [section 3](#) for more detail).

Note: earlier in December 2023, an agreement was made between the United Kingdom Government and the Democratic Unionist Party – entitled [Safeguarding the Union](#) – to resolve ongoing political differences arising from the Protocol on Ireland/Northern Ireland.

- **January 2024** – The NISoS introduced more legislation in Westminster, further amending the Northern Ireland Act 1998. Once enacted, the [Northern Ireland \(Executive Formation\) Act 2024](#) (2024 Act) extended the period following the Northern Ireland Assembly election of 5 May 2022, during which Ministers could be appointed.

- **Early February 2024** – There was a recall of the Assembly in early February, and an Executive subsequently formed, followed by a fully functioning Assembly.

On 5 February 2024, the Prime Minister and the NISoS met with the Executive, to discuss a range of matters, including the December 2023 financial support package. Thereafter, the Northern Ireland Executive ministers jointly responded by a [letter](#) dated 5 February, to the financial support package, which had been reported in the media in December 2023, to outline a financial settlement and long-term funding stability for Northern Ireland. (See [section 3](#) of this Paper for more detail.)

- **Mid-February 2024** – Following discussion with political parties, on 13 February 2024, the United Kingdom Government published the financial support package - entitled [Summary: Financial Settlement between the United Kingdom Government and the Northern Ireland Executive](#) - which specified the individual provisions contained in the package, including

specified conditions and related timings. (For detail, see [section 3](#) of this Paper.)

Later, on 13 February 2024, the Finance Minister sent a [letter](#) to Treasury's Chief Secretary, in response to the Executive Restoration Package Settlement. The Finance Minister, in this letter, noted a number of "serious concerns".<sup>9</sup>

Two days later, on 15 February 2024, the Northern Ireland Fiscal Council (NIFC) published a technical paper entitled [Northern Ireland's public finances and the UK Government's financial support package for the restored Executive](#). (See detail in [sub-section 3.2](#) of this Paper.)

Shortly after that, on 19 February 2024, the Minister of Finance laid a Budget Bill in the Assembly, and the Assembly subsequently agreed to accelerated passage and passed the Bill on 20 February 2024, following Assembly discussion.

On 19 February 2024, the Minister for the Economy made a [Statement on his Vision for the Economy \(economy-ni.gov.uk\)](#), to address four objectives – namely, increase the number of people working in Good Jobs, promote regional balance, raise productivity and reduce carbon emissions; echoing provisions contained in the departments' existing overarching Transformation Programme. (For detail on both the Minister's Statement and the Transformation Programme, see [section 5](#) of this Paper.)

On 20 February, the Irish Government announced a [package](#) of over €800 million as part of its "Shared Island Initiative; part of the Irish Government's commitments set out in the [New Decade, New Approach](#) Agreement in 2020. (See [section 5](#) of this Paper for detail.)

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<sup>9</sup> <https://www.finance-ni.gov.uk/news/finance-minister-responds-conditions-executive-restoration-package-settlement>

## 2 NISoS 2023/24 Northern Ireland Budget – an overview

On 27 April 2023, the NISoS set out an indicative 2023/24 Northern Ireland Budget, in the absence of fully functioning devolution in Northern Ireland. That Budget amounted to £17.6bn. The breakdown of that figure was: £14.2bn of Resource Departmental Expenditure Limits (RDEL) funding; and, £2.2bn of Capital DEL (CDEL) funding; allocated by the NISoS at departmental level as stated in Table 1:

**Table 1 Northern Ireland Budget 2023/24 - departmental allocations:**

Department	Non Ring-fenced Resource DEL (Departmental Expenditure Limits) £ million (m)*	Ring-fenced Resource DEL £ m*	Capital DEL (Net) £ m*	FT Capital £ m*
Agriculture, Environment and Rural Affairs	579.8	35.9	115.7	
Communities	861.6	17.6	216.1	25.6
Economy	772.0	614.0	245.9	2.9
Education	2,576.5	2.6	218.6	
Finance	147.5	53.1	37.9	
Health	7,301.0	203.7	468.6	
Infrastructure	523.4	136.8	792.4	
Justice	1,156.7	93.0	128.8	
The Executive Office	181.8	2.7	12.0	
<b>Total</b>	<b>14,100.3</b>	<b>1,141.8</b>	<b>2,236.0</b>	<b>28.5</b>

\*Figures have been rounded

**Source: SoSNI [Statement](#) on Northern Ireland Finances 2023/24**

The Department for the Economy commented on the sizable shortfall arising from the NISoS 2023/24 Budget for departments, stating:<sup>10</sup>

*As a result of the Northern Ireland 2023/24 Budget, the total amount allocated to Departmental budgets will reduce by 0.4%. However, this does not fully reflect the extent of the pressures facing individual departments due to inflation, rising costs, increasing demands and pay pressures. In order to live within the funding available difficult decisions will have to be taken.*

DoF also produced its own analysis of the 2023/24 Non-ring-fenced Resource DEL allocation, comparing the allocations for 2023/24 and 2022/23, as reflected in Table 2 below (overleaf):

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<sup>10</sup> <https://consultations.nidirect.gov.uk/dfe/department-for-the-economy-spending-plans-for-2023/>

**Table 2 DoF comparison between 2022/23 and 2023/24 departmental non-ring-fenced RDEL allocations:<sup>11</sup>**

<b>£m</b>	<b>2022-23</b>	<b>2023-24</b>	<b>%Change</b>
Agriculture, Environment and Rural Affairs	564.2	579.8	2.8%
Communities	848.3	861.6	1.6%
Economy	781.8	772.0	-1.3%
Education	2,642.9	2,576.5	-2.5%
Finance	178.7	147.5	-17.5%
Health	7,280.1	7,300.9	0.3%
Infrastructure	521.2	523.4	0.4%
Justice	1,184.2	1,156.7	-2.3%
The Executive Office	156.8	181.8	16.0%
Food Standards Agency	14.5	15.5	6.9%
NI Assembly Commission	47.6	47.6	0.0%
NI Audit Office	8.4	8.4	0.0%
NI Authority for Utility Regulation	0.1	0.1	14.3%
NI Public Sector Ombudsman	3.9	3.9	0.0%
Public Prosecution Service	36.3	36.2	-0.3%
<b>Departmental Allocations</b>	<b>14,269.1</b>	<b>14,212.0</b>	<b>-0.4%</b>

Source: [DoF 2023-24 Budget Factsheet.pdf](#)

<sup>11</sup> [DoF 2023-24 Budget Factsheet.pdf](#)

### 3 Financial Support Package – reported in December 2023 and published in February 2024

Promptly after forming the Executive and meeting one of the conditions specified in the December 2023 financial support package, the Executive, in its [letter](#) dated 5 February 2024 to the Prime Minister, stated the financial support package provided by the United Kingdom Government:

*...does not provide the basis for the Executive to deliver sustainable public services and public finances.<sup>12</sup>*

While Ministers of the Executive welcomed the additional funding package, they argued issues arose from the current offer, such as those concerning a “Fiscal floor”, Public sector pay settlements, a Fiscal Framework and a “Sustainability Plan” for Northern Ireland. Specifically, the Executive argued the inadequacy of the Sustainability Plan, stating:

*...The Government has committed to writing off existing debts if the Executive publishes and implements a plan to deliver sustainable public finances and services. It is our strong view that these debts exist primarily due to the underfunding of public services. That said, we are committed to delivering sustainable public services, with a pre-requisite that the right level of funding is provided.*

*Officials will now commence the process of developing a sustainability plan, which will include a focus on:*

- *A Productivity Plan;*
- *Long-term (budget) Planning;*
- *Additional Funding (Revenue Raising and other sources); and*
- *A Capital Plan...<sup>13</sup>*

However, the Executive’s letter also identified a number of long-standing issues that have not been directly considered by the financial settlement,

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<sup>12</sup> <https://www.executiveoffice-ni.gov.uk/news/executive-discuss-financial-stability-prime-minister>

<sup>13</sup> Cited immediately above footnote 12

which the Executive maintained would also need to be addressed. The letter stated:

*...It will be important as this plan develops that the Government engages in finding resolution to long-standing issues such as:<sup>14</sup>*

- *Victims Payments;*
- *Legacy;*
- *Windsor Framework funding;*
- *Holiday Pay;*
- *McCloud; and*
- *The impact of the public sector classification of bodies, such as the NI Housing Executive...*

Thereafter, on 13 February 2024, the Chief Secretary to the Treasury wrote to the Finance Minister detailing the [financial support package settlement](#) from the United Kingdom Government, which had followed on from negotiations held in December 2023 and in January/February 2024 with Northern Ireland political parties eligible to sit in an incoming Executive. Table 3 below presents the financial support package published in February 2024, including a description of what each measure entails, such as related conditions, timings and the calculated value of each. (Note: [sub-section 3.2](#) of this Paper highlights the Northern Ireland Fiscal Council's analysis of that publication. That sub-section then is followed by [sub-section 3.3](#), which compares the Table with what was reported in December 2023, to identify any apparent differences):

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<sup>14</sup> Cited above footnote 12. pg.15



**Table 3 Detail of the published financial support package – settlement between the United Kingdom Government and the Northern Ireland Executive:**

<b>Financial measure</b>	<b>Description of measure</b>	<b>Amount</b>
Fiscal Framework for Northern Ireland	<i>The United Kingdom Government committed to providing a needs-based factor in the Barnett formula for Northern Ireland to be set at 24% from 2024-25. Based on forecasts, this is projected to generate £785 million over the next five years. The United Kingdom Government will also open discussions with the Executive on a new Fiscal Framework for Northern Ireland.</i>	£785 million
Public sector pay	<i>The United Kingdom Government has committed £584 million to provide public sector pay awards for 2023-24. It will be up to the Executive to decide on the levels of pay awards and to balance these costs against other priorities.</i>	£584 million
General pressures	<i>To stabilise the Executive’s financial position, the United Kingdom Government has agreed to pause repayments from 2022-23 and 2023-24 of up to £559 million, to allow time for the Executive to stabilise services and begin implementing its plan to deliver sustainable finances. The United Kingdom Government will no longer require those funds to be repaid, subject to the Executive publishing and implementing a plan to deliver sustainable public finances and services. In addition, the Executive must deliver a balanced budget for 2024-25 at the outset of the financial year by raising a</i>	£559 million

	<i>minimum of £113 million through locally generated income.</i>	
Hospital Waiting Lists	<i>To tackle hospital waiting list issues faced in Northern Ireland, the United Kingdom Government will make £34 million available in 2024-25 for this purpose</i>	£34 million
Stabilisation	<i>The United Kingdom Government will provide the Executive with spending power of over £1 billion for stabilisation over two years. A total of £520 million per year in 2024-25 and 2025-26 will be made available to the Executive to spend on immediate priorities and pressures, in line with its new Programme for Government.</i>	£1 billion
Increased spending power	<i>The United Kingdom Government will increase the Northern Ireland Executive's spending power by up to £708 million over five years (£623 million of existing UK Government funding reallocated and £85 million of new funding)</i>	£708 million
Transformation of public service	<i>Funding is ring-fenced for the sole purpose of transformation and its release is subject to the establishment of a Public Service Transformation Board. This Board, which will serve as the advisory body to the Executive on long-term transformation of Northern Ireland's public services, can support strategic decision-making on maximising the impact of this, and other locally generated funding. The Board must also comprise Northern Ireland Civil Service and UK Government experts and may also comprise independent domestic and international experts.</i>	£235 million
Investment Zone	<i>The creation of an Enhanced Investment Zone in Northern Ireland worth approximately £150 million.</i>	£150 million

Capital borrowing limit	<p><i>Northern Ireland’s annual capital borrowing limit will increase over the next five years with an initial 10% uplift followed by annual increases by inflation. This is forecast to cumulatively provide up to £135 million by 2028-29.</i></p> <p>In addition, the Executive will be “expected to publish a comprehensive and costed long-term strategic infrastructure plan that sets out the priority areas for action and how it will support prosperity and growth.”</p>	£135 million
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Source: RalSe, relying on [Summary: Financial Settlement between the UK Government and the Northern Ireland Executive \(2024\)](#)

Following the above, that same day - 13 February 2024 - the Finance Minister sent a [letter](#) to Treasury’s Chief Secretary, responding to the NISoS’s publication of the financial support package publication. Therein, the Finance Minister noted a number of “serious concerns”,<sup>15</sup> in particular the Minister highlighted several areas, including:

- Public sector pay
- Sustainability plan
- Revenue raising

The Finance Minister concluded her letter suggesting:

*The Executive should be given time and space to develop and agree a properly thought through Sustainability Plan that will put our finances on a more stabilised footing. It is critical we have the right resources to deliver effective public services for all our citizens.<sup>16</sup>*

<sup>15</sup> <https://www.finance-ni.gov.uk/news/finance-minister-responds-conditions-executive-restoration-package-settlement>

<sup>16</sup> [Minister Archibald response to CST letter of 13 February.pdf](#)

**Potential Scrutiny Points for Consideration:**

1. Where will funding for the future payment of the PSNI data breach come from, if it no longer is included in the financial support package published in February 2024?
2. What was the Department of Finance's position on the queries outlined in the NISoS's letter dated about the following:
  - *Increases to existing fees, charges, or devolved taxation. This will include options to increase regional rates in 2024-25 in lieu of the time lags for implementation of other revenue raising measures.*
3. The introduction of new fees and charges for the delivery of Northern Ireland public services
4. When will the Executive and Her Majesty's Treasury engage on the establishment of a new Fiscal Framework for Northern Ireland? For how long is that engagement estimated to run?
5. Will a needs-based factor of 124% be backdated to the beginning of the current Spending Review period?
6. To date, what consideration has been given to addressing the future funding of public sector pay claims, which are recurrent, when no such package funding will be available? Please detail.
7. Will funding allocations relating to the Transformation of Public Services be subject to approval by the Public Service Transformation Board?

8. How has the £150 million value placed on the Enhanced Investment Zone in Northern Ireland been calculated? Please detail, including methodology.

### 3.1 Difference in the reported financial support package in December 2023 and the NISoS/Chief Treasury Secretary's published statement in February 2024

When comparing the reported financial package in December 2023 and the published package settlement in February 2024, it should be noted that the £15m to address the impact of Police Service of Northern Ireland (PSNI) data breach no longer appears. The Committee for Finance in its [meeting](#) on 14 February 2024 raised the lack of PSNI data breach funding in the February 2024 publication when questioning DoF officials, who responded as follows:

*...The funding was no longer required by the PSNI. Reserve claims for items such as the data breach are for that financial year only. Things move on, and, ultimately, the PSNI required only £6 million in the 2023-24 financial year, and that could be funded.*

*You will recall that the Treasury agreed a switch from capital to resource. We could get a Barnett consequential from that for flooding, as well as some for the PSNI data breach. All of that could be covered within that funding. As it was no longer required, it was not included.<sup>17</sup>*

#### **Potential Scrutiny Point for Consideration:**

9. Where will funding for the future payment of the PSNI data breach come from, if it no longer is included in the financial support package published in February 2024?

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<sup>17</sup> <http://data.niassembly.gov.uk/HansardXml/committee-31564.pdf>

### 3.2 Northern Ireland Fiscal Council (NIFC) analysis of February 2024 publication

On 15 February 2024, the NIFC published a technical paper – entitled [Northern Ireland's public finances and the UK Government's financial support package for the restored Executive](#). It provided analysis of the financial support packaged published by the NISoS in February 2024. From its perspective, the NIFC stated a number of areas of concern should be noted. In particular, the NIFC highlighted the following:

1. **The operation of the proposed Welsh-style “needs-based factor in the Barnett formula” - approaching “need” from below rather than from above:** the NIFC contend that applying the same Welsh template of a “needs-based factor” does not consider the socio-economic conditions of Northern Ireland. In particular, those conditions include Northern Ireland's current funding allocation and the population structure in comparison to England.

In terms of funding allocation, the NIFC state there is:

*...a crucial difference in the case of [Northern Ireland] is that actual spending would start below the 124 estimate of relative need rather than above as it was in Wales.<sup>18</sup>*

It states the population projections also need to be considered, with Northern Ireland's population to grow more slowly over the coming decades than England's. It maintains that the combination of these factors, potentially has the impact of:

*... the 24 per cent Barnett consequential uplift will help lift the Block Grant funding premium towards the 124 estimate of relative need – but not take it there immediately and guarantee to keep it at that level.<sup>19</sup>*

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<sup>18</sup> [NIFC - Northern Ireland's public finances and the UK Government's financial support package for the restored Executive](#) Pg. 18

<sup>19</sup> As cited immediately in footnote 18.

2. **The possible “cliff-edge” drop in funding in 2026-27 when one short-term component of the package expires:** the NIFC stated that the current funding provided for Northern Ireland Civil Service pay claims (for detail, see [sub-section 3.3](#) of this Paper) and the possibility that the overspends that had occurred in the previous financial years could be written-off, to relieve pressure on this financial year. However, it maintained similar levels of pay claims were foreseeable and would be repeated in each year that follows. The NIFC further stated that allowing additional non-ringfenced funding from the financial settlement to be used for the purposes of a pay settlement would off-set some of the impact of that in the short term. It, however, also importantly highlighted that this funding will no longer be available at 2026-27 – the latest – and those funding conditions created a “cliff edge” that would unlikely be off-set by increased “Barnett consequentials”, as illustrated in Figure 1 below:

**Figure 1 NIFC analysis - financial support package components:**

£ million	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Stabilisation for public services	0.0	0.0	520.0	520.0	0.0	0.0	0.0
Health waiting lists support	0.0	0.0	34.0	0.0	0.0	0.0	0.0
Non-ringfenced transformation funding	0.0	0.0	94.6	94.6	94.6	94.6	94.6
Ringfenced transformation funding	0.0	0.0	47.0	47.0	47.0	47.0	47.0
Reserve claim <sup>1</sup>	297.0	262.0	0.0	0.0	0.0	0.0	0.0
Pay pressure	0.0	584.0	0.0	0.0	0.0	0.0	0.0
<b>Total non-Barnett RDEL</b>	<b>297.0</b>	<b>846.0</b>	<b>695.6</b>	<b>661.6</b>	<b>141.6</b>	<b>141.6</b>	<b>141.6</b>
Additional RRI borrowing power <sup>2</sup>	0.0	0.0	20.0	23.0	27.0	31.0	35.0
Additional 24% Barnett consequentials <sup>3</sup>	0.0	0.0	40.0	91.0	151.0	218.0	288.0
<b>Total value of deal</b>	<b>297.0</b>	<b>846.0</b>	<b>755.6</b>	<b>775.6</b>	<b>319.6</b>	<b>390.6</b>	<b>464.6</b>

Note<sup>1</sup>: the repayment of the reserve is conditional on the Executive publishing and implementing a 'sustainability plan'

Note<sup>2</sup>: estimated additional borrowing limits based on latest GDP deflators.

Note<sup>3</sup>: Estimated additional Barnett consequentials based on OBR November 2023 spending projections, and ONS January 2024 population projections

Source: HM Treasury, NIFC calculations

**Source:** NIFC - Northern Ireland's public finances and the UK Government's financial support package for the restored Executive (**Feb 2024**)

3. **Conditions applying to some parts of the package:** The NIFC highlighted two areas of the financial support package in which there are conditions attached to specified provisions:
- i. The Executive’s ability to defer or even write-off its £559m of debt is conditional on “the Executive publishing a plan to deliver sustainable public finances and services by May 2024”.<sup>20</sup> That includes the introduction of revenue raising options, which have been reported to be ruled out by a number of Executive ministers.<sup>21 22</sup> In that regard, the NIFC considered the possibility of no debt write-off, explaining this subsequently may see the “cliff-edge” scenario (above) occur sooner than 2026-27.
  - ii. £235m has been committed to a fund to transform public services. To inform that, a new Public Sector Transformation Board is to be established, with responsibility for deciding on the viability of transformation projects. Therefore, only those approved projects will have funding released.

**Potential Scrutiny Points for Consideration:**

10. To date, what consideration – preliminary or more detailed - has the DoF given to the areas of concern raised by the NIFC (at [sub-section 3.2](#) above)?
11. What are key discussion items, from the DoF’s perspective, that merit engagement with HM Treasury in relation to the establishment of a Northern Ireland Fiscal Framework?

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<sup>20</sup> See footnote 18. pg.22.

<sup>21</sup> <https://www.bbc.co.uk/news/uk-northern-ireland-68273812>

<sup>22</sup> <https://www.bbc.co.uk/news/uk-northern-ireland-68266731>



### 3.3 Public sector pay, general pressures and capital allocation

On 15 February 2024, the Finance Minister [announced](#) the £1.045bn of the financial support package had been allocated. As a result, £685m was allocated to public sector pay awards and general pressures - over £100m more than the £584m set out in the financial settlement. That additional funding came from a number of sources, including “some £22m of resource funding was also available from the Executive’s own funds”.<sup>23</sup> In addition:

*...The Executive secured agreement from Treasury to increase the amount available for public sector pay.<sup>24</sup>*

Table 4 presents a breakdown of allocations for general pressures and pay costs by department and the Public prosecution Service (PPS) in February 2024:

**Table 4 Resource DEL allocations for general pressures and pay costs by Northern Ireland Executive department and PPS:**

Department	Resource DEL allocations for general pressures and pay costs
Department of Health	£550.6 million
Department of Education	£296.8 million
Department of Justice	£75.3 million
Department for Infrastructure	£87.8 million
Department for Communities	£19.4million
Department of Agriculture, Environment and Rural Affairs	£14.7 million

<sup>23</sup> <https://www.finance-ni.gov.uk/news/over-ps685-million-public-sector-pay-archibald>

<sup>24</sup> As cited immediately above footnote 23

Department for Economy	£12.1 million
Department of Finance	£6.7 million
The Executive Office	£3.4 million
Public Prosecution Service	£2.0 million

Source: [DoF - Statement](#) (2024)

The Finance Minister's 15 February 2024 statement also announced £83.5m of capital funding, which is separate to the published February 2024 financial support package, stating:

*...£40.9 million of this will be awarded to departments for capital projects while £42.6 million has been allocated to the Department of Education and £30k to Public Prosecution Service to meet Capital overspends...<sup>25</sup>*

Table 5 gives a breakdown of the allocation of the £40.9 million allocation for capital projects:

**Table 5 Capital DEL allocations by Northern Ireland Executive department:**

Department	Capital DEL allocation
Department for Infrastructure	£16.0 million
Department for Communities	£13.2 million
Department for Economy	£9 million
Department of Education	£2.6 million

Source: [DoF - Statement](#) (2024)

<sup>25</sup> As cited footnote 23. pg.25.

**Potential Scrutiny Point for Consideration:**

12. Would DoF and other relevant departments, please detail the other sources of funding that make up the additional over £100 million, which have been allocated for the public sector pay claim and general pressures?
13. Committees may wish to seek a breakdown of the allocation to their departments, differentiating between the pay award and general pressures, to inform better understanding of the areas that this funding will address?

## 4 Irish Government Shared Island Initiative funding

On 20 February 2024, the Irish Government announced a [package](#) of over €800 million as part of its Shared Island Initiative. The package was part of the Irish Government's commitments set out in the [New Decade, New Approach](#) Agreement in 2020. The details of the February 2024 package include:<sup>26</sup>

- €600m for the A5 North-West transport corridor
- €50m for Casement Park in west Belfast
- Funding for Narrow Water Bridge connecting County Down and County Louth
- €12.5m for a new hourly rail service between Belfast and Dublin
- €10m in a renewed visitor experience at the Battle of the Boyne site in County Meath
- Commitment to work with the Astronomical Observatories of Ireland's three sites at Dunsink, Armagh and Birr
- Developing pilot cooperation schemes by enterprise agencies (up to €30m) and on education (up to €24m)

Additional details of the package and its “outworkings” are awaited.

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<sup>26</sup> <https://www.gov.ie/en/press-release/2c23e-unprecedented-funding-of-over-800m-for-shared-island-investment-priorities-including-a5-road/>

**Potential Scrutiny Point for Consideration:**

14. How do the Departments of Finance, Economy and Infrastructure, as well as The Executive Office, plan to ensure prompt use the Irish Government's Shared Island Initiative funding? Please include detail concerning conditions, timings, planning, etc.

## 5 Key overarching Northern Ireland departmental policies, strategies, plans and programmes informing departmental budgeting and public spending decision-making

This section provides an overview of existing key overarching departmental policies, strategies and programmes informing departmental budgeting and public spending decision-making.

### 5.1 Transformation Programme

The DoF Permanent Secretary detailed the departments' potential solutions to the difficult fiscal climate the Northern Ireland Executive faces going forward. As part of the solutions provided to those challenges was a [Transformation Programme](#), which has been described by DoF Permanent Secretary as follows:

- **Service Level Transformation** - *Projects aimed at transforming public services*
  - **Major Service Level Transformation** - *Projects across the public service aimed at delivering significantly: reduced costs for services; constrained growth of service costs; improved efficiency and effectiveness; or improved service delivery for citizens*
  - **Service Delivery Research** - *Increasing Research and Development, in line with Northern Ireland's economic vision, and*

- ensuring a focus on tracking and coordinating implementation of research recommendations from service reviews.*
- **Digital Transformation** - *Projects across the public service delivering citizen and workforce focussed change to improve efficiency and effectiveness*
  - **Consolidation and collaboration** - *Reducing duplication and unnecessary bureaucracy in terms of multiple Departments and Arm's Length Bodies (ALBs) carrying out broadly similar, or closely aligned functions; simplifying engagement with external partners to reap economies of scale benefits and make working with Government easier*
  - **Right-sizing / future proofing public estate** - *Realising savings across the public sector estate and accelerating the journey towards a right sized, modern and environmentally sustainable estate that will help to attract and retain staff*
  - **Fiscal Level Transformation** - *Measures aimed at increasing public funding to meet service delivery requirements*
    - **Structural, governance and funding reform** - *Reform of how public assets are governed and operate. This includes, but is not limited to, the asset base of Northern Ireland Water and the Housing Executive.*
    - **Revenue raising** - *Options for funding service delivery in Northern Ireland*
    - **Public sector workforce planning** - *Agreeing the size and shape of the public sector workforce and its skills requirements, to deliver a sustainable workforce aligned to public need and skilled to meet tomorrow's challenges*
    - **Fiscal floor** - *As part of a wider fiscal devolution framework, agree a fiscal floor to avoid Northern Ireland spending falling below independently measured need*

**Potential Scrutiny Point for Consideration:**

15. To date, what consideration – preliminary or more detailed – has been given to update the Investment Strategy for Northern Ireland? When will a draft Investment Strategy be forthcoming?

16. Committees may wish to consider what actions their respective departments are taking in regards to this wider transformation of public services and what impact this is having on services delivered by individual Departments?

## 5.2 Additional overarching departmental policies, strategies, etc.

Below provides a list of departmental policies, strategies, etc, that inform departmental budgetary decision-making, in anticipation of a Programme for Government and (draft) Executive Budget 2024-25. This includes decisions taken to date in a number of departments. Note that the below list is not exhaustive, but should be noted. Some departments have a number of strategies across a number of areas in which they individually or jointly have responsibility. Included in the list are those that are more long-term and departmental-wide strategies, in which internal departmental strategies are aligned. For some of the strategies, additional comment is provided, to alert MLAs to other information sources regarding those strategies. Also, at [section 7](#) of this Paper, reference is made to some of the strategies when addressing pressures facing each department:

- [10X Economy](#)
- [Draft Investment Strategy for Northern Ireland](#) (published 2022, but not agreed) Draft Investment Strategy for Northern Ireland (DISNI) - “Infrastructure 2050”<sup>32</sup> – DISNI was issued for public consultation after the publication of the DEB document. It went out on 26 January 2022, with responses due by 20 April 2022.

Also, the Northern Ireland Fiscal Council (NIFC) stated in its report ([nifc-budget-report-jan-2022-full-final-version-19.01.22-14.30.pdf \(nifiscalcouncil.org\)](https://www.nifiscalcouncil.org/nifc-budget-report-jan-2022-full-final-version-19.01.22-14.30.pdf)):

*We are told that capital spending allocations are based on a bottom-up assessment of departments' needs but there is no Executive-agreed ranking of potential projects by desirability (other than the relatively vague concept of 'flagship projects') or indication of how capital projects would be coordinated across departments. The Executive did publish an 'Investment Strategy' for 2011 to 2021 and a new one is needed. We understand a draft will soon be published for consultation, but ideally it would have been in place in time to shape the Draft Budget capital allocations so an opportunity may now have been missed in this respect.*

- [Department for Infrastructure Strategic Framework](#)
- [Sustainability for the Future – “Department for Agriculture, Environment and Rural Affairs’ Plan to 2050”](#)
- [Environment Strategy for Northern Ireland](#)
- [Department for the Economy - Economic Vision](#) (Statement delivered by the Economy Minister 19 February 2024) The statement describes the Departments economic mission, addressing four key objectives – namely, increase the number of people working in Good Jobs, promote regional balance, raise productivity and reduce carbon emissions. In addition, experts will be appointed as ‘critical friends’ to monitor progress. To assist in delivery of this vision a programme of restructuring and reform of InvestNI will occur.

## 6 Financial implications arising from United Kingdom exit – any gaps in replacement funding?

Prior to the United Kingdom exit, Northern Ireland received funding via two EU funds and programmes:

- **European Structural and Investment Funds (ESIF)** – Funding levels are determined during the high-level negotiations on the Multi-Annual Financial Framework (MFF). The MFF determines the overall EU budget. These are non-competitive funding, meaning funding is allocated to the Member State, which subsequently apportions the funding to its regions. ESIF were the main source of EU funding coming to Northern Ireland; aimed to reduce regional disparities across the EU. In Northern Ireland, the funding has provided support to: Infrastructure; Agriculture and Fisheries; and, Jobs and Skills.
- **European Competitive Programmes** – Funding awarded under these Programmes are not directly allocated from the EU to the Member State or regions within it. This portion of the budget is awarded by the European Commission via open competition amongst individual organisations. Therefore, Member State drawdown of EU competitive funding is determined only by the success of individual organisations' applications submitted to European competitive programmes. Those programmes cover areas such as: Research; Education; Health; and, Youth actions

As a result of the United Kingdom's decision to leave the EU, accessing a number of the above programmes is no longer available to Northern Ireland departments and other. As a result, the United Kingdom Government introduced successor programmes and committed that such programmes were to succeed in part or replace (like-for-like) funding to particular sectors and programmes over the period of the United Kingdom Government's [Spending Review 2021](#), covering up to the financial year 2024-25.

However, not all programmes that had previously been available have had a successor. In addition, not all access to EU funding has been lost under agreements between the United Kingdom Government and the European



Commission, such as: [Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European and Union and the European Atomic Energy Community](#); and, [Trade and Cooperation Agreement](#).

Northern Ireland therefore still receives and can access some EU funding post United Kingdom exit.

Figure 2 below highlights findings arising from a RaISe-PFSU proactive mapping exercise post United Kingdom exit, from which the following 4 apparent categories of funding emerge:

**Figure 2 RaISe-PFSU proactive mapping exercise post United Kingdom exit – 4 apparent categories emerge:**

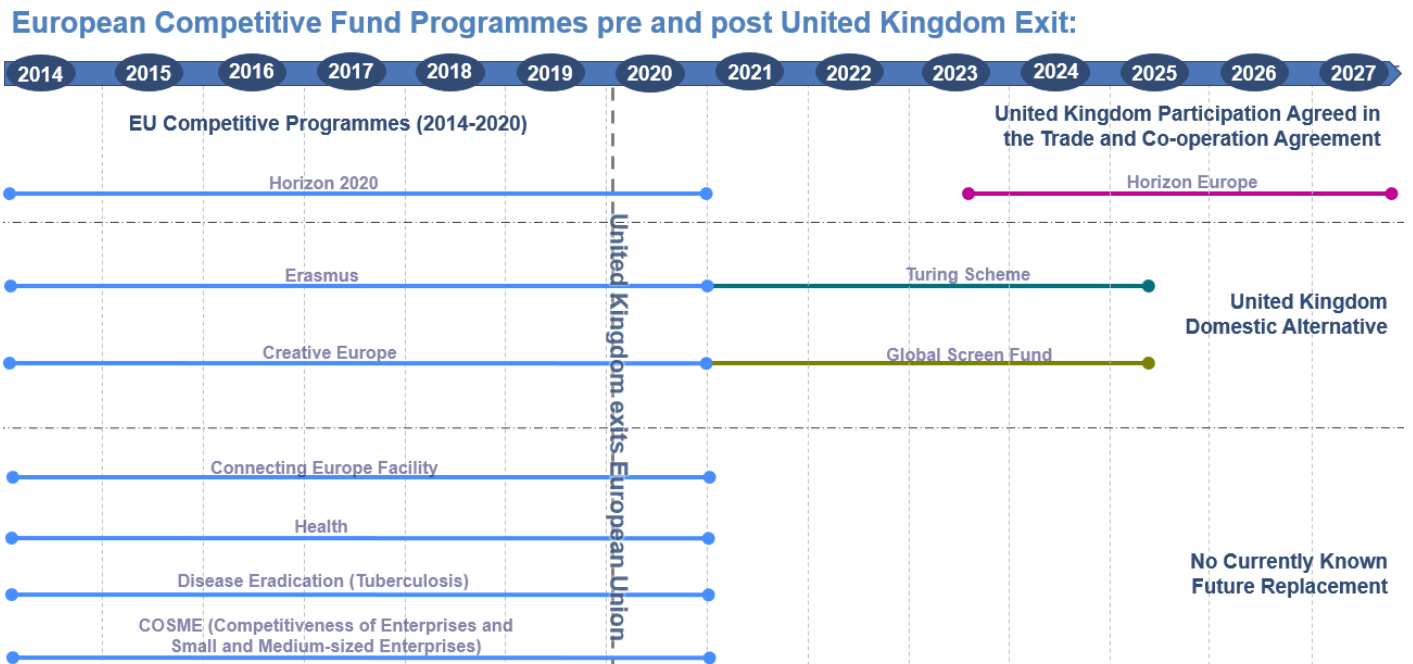
**RaISe-PFSU mapping exercise post United Kingdom Exit – 4 apparent categories emerge:**

<b>Continuing European Union funding</b>	Northern Ireland continues to receive support from European Union Structural and Investment Funds (ESIF), with “N+3” (as previously explained), via PEACEPLUS; also potentially Horizon Europe (agreed September 2023)
<b>“Match Levels of Funding”/“Domestic Alternatives”</b>	“Match Levels of Funding” succeed ESIF via European Social Fund, European Regional Development Fund, LEADER element of RDP and INTERREG B and C, with “N+3”, in the form of “Shared Prosperity Fund”, which is administered via Whitehall Department for Levelling Up; “Community Renewal Fund”; and, “Domestic Alternatives” succeed Erasmus in the form of “Turing Scheme” and Creative Europe in the form of “Global Screen Fund”
<b>“European Union Replacement Funding”</b>	During SR2021, United Kingdom Government committed to maintain funding for the specified period, which previously was available to: farms via European Agricultural fund for Rural Development, with “N+3”, and European Agricultural Guarantee Fund, with “N+3”; and, fisheries via European Maritime and Fisheries Fund, with “N+3”
<b>“European Union Competitive Funds” (no currently known replacements)</b>	Connecting Europe Facility, Health, Disease Eradication (Tuberculosis) and COSME

**Source: RaISe – Public Finance Scrutiny Unit (2024)**

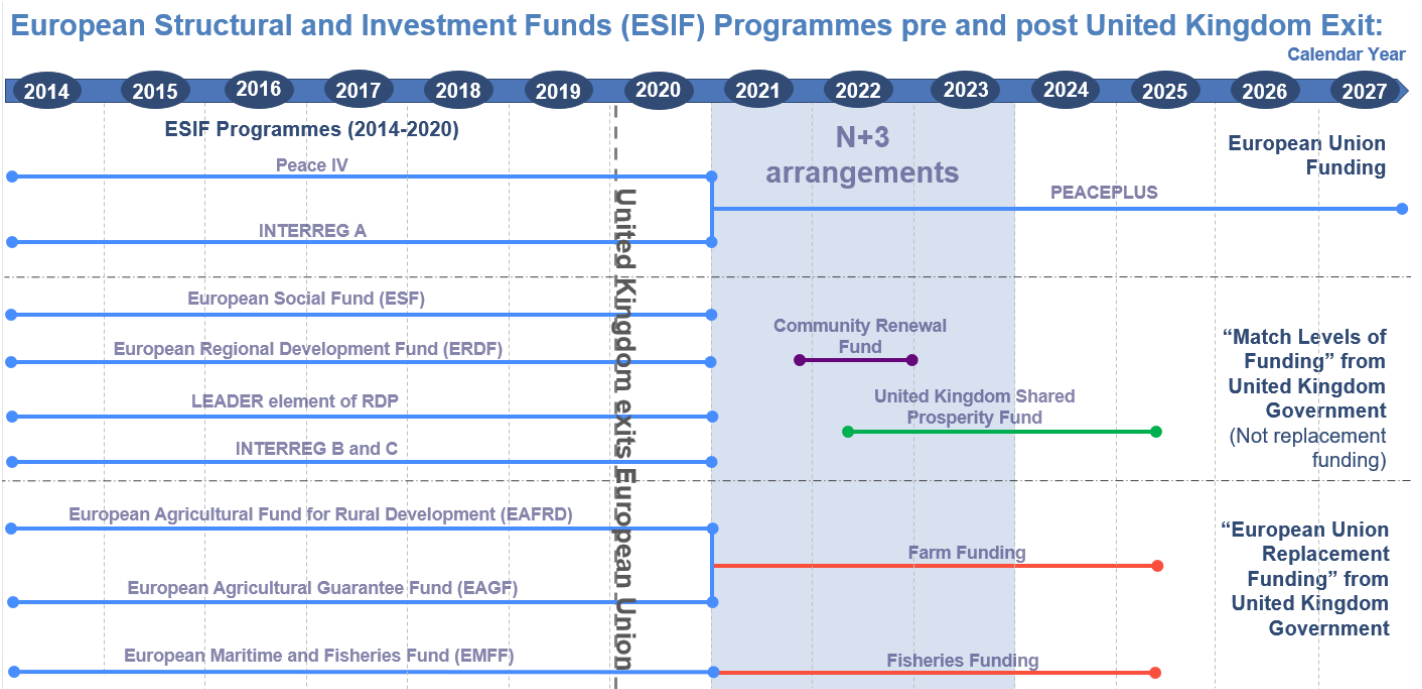
Figures 3 - 4 below respectively illustrate European Structural and Investment Funds and European Competitive Programmes available to Northern Ireland. The figures then present the subsequent successor programme, continuing access to the European Union funding or if no successor exists:

**Figure 3 European Structural and Investment Funds Programmes pre & post United Kingdom exit – RaISe-PFSU mapping findings of what was funded and what now is:**



Source: RaISe – Public Finance Scrutiny Unit (2024)

**Figure 4 European Competitive Fund Programmes pre & post United Kingdom exit – RaISe-PFSU mapping findings of what was funded and what now is:**



Source: RaISe – Public Finance Scrutiny Unit (2024)

## 6.1 N+3 arrangements

The “N+3” rule requires the noted funds to be spent by the end of the third year after their commitment to the programme. As Northern Ireland had been part of the EU funding cycle 2014-2020, funding for programmes could continue beyond 2020 funding period, if the given programme had been awarded funding prior to the 2020 end date of the cycle for that programme.

The DoF defined N+3 as follows:

*The financial discipline in the 2014-2020 European Structural and Investment Funds Programmes where an amount of European Union funding allocated to a particular year must be claimed at the latest by 31st December three years later or it will be de-committed and lost to the programme.<sup>27</sup>*

### **Potential Scrutiny Point for Consideration:**

17. What consideration have relevant departments given to successor funding provided by United Kingdom Government, until the end of the current Spending Review period, which ends in March 2025?
18. How has the funding provided through the United Kingdom Shared Prosperity Fund aligned with Executive priorities – given that this funding is administered directly by a Whitehall Department in which the Northern Ireland Assembly had only a consultative role?
19. Committees may wish to consider asking departments have they mapped the amount of European funding their

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<sup>27</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Public%20Expenditure%20Terminology%20-%20May%202016.pdf>

respective departments received prior to United Kingdom exit?

## 7 Understanding 2023/24 departmental pressures – some observations to date

As noted earlier, departments' constrained financial position arises for a variety of reasons, posing increased pressures on public services and other spending and presenting significant shortfalls across departments for both their Resource DEL and Capital DEL. This section seeks to highlight those departmental pressures observed to date, relying on various available sources at the time of writing. Also included are comparisons of departmental allocations for 2022/23 and 2023/24, as specified in the agreed Budgets for each financial year. Note: unavoidably, figures stated in the tables may not sum due to rounding.

Since the resumption of devolved governance in Northern Ireland in early February 2024, the nine government departments have started – to greater or lesser extents - to provide their respective statutory Assembly committees with information relating to their 2023/24 and 2024/24 budgetary pressures, for the remainder of the 2022-25 Spending Review period. Taking each department in turn, this section seeks to collate all such available information at [sub-sections 7.1 – 7.9](#) below, as well as include extracts from the outgoing Assembly statutory committee Legacy Report dated 2022, where relevant. Included throughout is commentary intended to inform committees' consideration for 2023/24 and beyond, including potential scrutiny points for the committees' consideration.

### 7.1 Department for Agriculture, Environment and Rural Affairs (DAERA)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DAERA is detailed in Table 6 below, alongside the 2022/23 Budget allocation:

**Table 6 DAERA - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>28</sup>**

	<b>DEL</b>	<b>2022-23 Allocation (£m)</b>	<b>2023-24 Allocation (£m)</b>	<b>Change</b>
<b>DAERA</b>	Resource DEL Non-Ring-Fenced	564.8	579.8	2.8%
	Resource DEL – Ringfenced	31.9	35.9	12.6%
	<b>Total Resource</b>	<b>596.0</b>	<b>615.7</b>	<b>3.3%</b>
	Capital DEL	82.4	115.7	40.3%
	<b>Total</b>	<b>678.5</b>	<b>731.3</b>	<b>7.8%</b>

In response to the 2023/24 budget allocation, DAERA noted that £327.2m is ring-fenced funding for agriculture, agri-environment and the wider rural economy; whilst an additional £3.1m for fisheries.<sup>29</sup> Those amounts were committed to previously by HM Treasury until the end of the current Parliament in 2024-25. DAERA has concluded that outside of those ring-fenced funding elements, the remaining Resource budget is facing a 1.5% reduction. The Department has noted this pressure in relation to wider economic pressures and departmental specific issues, such as a rise in Bovine Tuberculosis (TB). In addition, those pressures are anticipated to have an impact on decision-making in areas of statutory obligations, contractual commitments and new statutory requirement - for example, the [Climate Change Act \(Northern Ireland\) 2022](#).

### 7.1.1 CAERA 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Agriculture, Environment and Rural Affairs (CfAERA) may wish to refer to findings highlighted in the outgoing Committee’s Legacy Report for 2017/22, such as:

<sup>28</sup> <https://questions-statements.parliament.uk/written-statements/detail/2023-04-27/hcws748> & <https://bills.parliament.uk/bills/3398>

<sup>29</sup> <https://www.daera-ni.gov.uk/news/daera-statement-202324-budget-allocation>

- **Investment required to deliver on Climate Change/Green**

- **Growth projects:**

*...[T]he Department submitted a bid of £600m in capital funding for the multi-year budget period to support its agenda and bring forward projects in this sphere. Only £175m was indicatively allocated in the draft multi-year budget proposals which will likely have a significant impact on the Department's ability to meet its ambitions undertaking in-depth scrutiny of the funding model for the organisation...<sup>30</sup>*

- **Replacement of EU-funding streams:**

*Prior to Brexit the funding for direct payments and the Rural Development Programme was provided centrally by the EU. The Department is facing uncertainty in the future about the resourcing of these initiatives given that the UK Government has pledged to provide funding for farm payments only until the end of the current parliamentary term and the Department's ability to seek match EU funding for current schemes ends in 2023...<sup>31</sup>*

### 7.1.2 DAERA cost saving measures – actual and potential – for 2022/23 and 2023/24

Table 7 details the cost saving measures taken by DAERA in 2022/23 to address the budgetary it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken DAERA in an attempt to reduce costs:

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<sup>30</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/agriculture-environment-and-rural-affairs/reports/2021-2022/committee-for-agriculture-environment-and-rural-affairs-legacy-report-2017---2022/committee-for-agriculture-environment-and-rural-affairs-legacy-report-2017---2022.pdf>

<sup>31</sup> Cited immediately above footnote 30

**Table 7 DAERA – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
<p>Agriculture, Environment and Rural Affairs</p> <p><b>Link to source</b>  <a href="#">2022/23</a>  <a href="#">2023/24</a></p>	<ul style="list-style-type: none"> <li>• Cost reductions</li> <li>• Programme Savings</li> <li>• Raising Additional Income</li> </ul>	<ul style="list-style-type: none"> <li>• Generate efficiencies in operational costs and includes investing in our infrastructure and technology</li> <li>• Generate additional savings in the budgets for Strategic Environment Programmes (SEP), Forest Service Subsidy, General Admin Expenditure (GAE)</li> <li>• Cease Animal Welfare Funding to Councils</li> <li>• Alignment of Higher Education fees with levels paid at other Higher Education Institutions</li> </ul>

**Potential Scrutiny Point for Consideration:**

20. What level of funding is required for DAERA to meet its Climate Change Act commitments? Has additional funding been allocated, or will it be allocated, for this specific purpose?

## 7.2 Department for Communities (DfC)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DfC is detailed in Table 8 below, alongside the 2022/23 Budget allocation:

**Table 8 DfC – Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>32</sup>**

	DEL	2022-23 Allocation (£m)	2023-24 Allocation (£m)	Change
DfC	Resource DEL Non-Ring-Fenced	848.3	861.6	1.6%
	Resource DEL – Ringfenced	17.5	17.6	0.5%
	<b>Total Resource</b>	<b>865.8</b>	<b>879.2</b>	<b>1.6%</b>
	Capital DEL	233.5	216.1	-7.5%
	Financial Transaction Capital	36.3	25.6	-29.4%
	<b>Total</b>	<b>1135.6</b>	<b>1120.9</b>	<b>-1.3%</b>

The 2023-24 Budget allocation provided DfC with £861.6m of non-ring-fenced Resource DEL, £216.1m Capital DEL and £25.6m Financial Transactions Capital (FTC). The Department has identified a Resource funding gap of £111.2m (15.5%) and a shortfall of £59m (27.3%) in capital required for 2023-24.<sup>33</sup> In terms of the DfC's resource funding gap, the Department had submitted new bids; totalling over £375 million to deal with pressures faced, but no funding was allocated by the NISoS for this.<sup>34</sup> The Department commented on its budgetary position for 2023/24, stating:

*Overall, given the Department's additional 2023-24 Resource and Capital requirements, the allocations present a very constrained budget position for the Department in 2023-24. In managing this position, the Department has firstly considered its ability to deliver internal efficiencies, prior to the need*

<sup>32</sup> As cited footnote 28. pg.37

<sup>33</sup> <https://www.communities-ni.gov.uk/news/department-outlines-final-budget-allocations>

<sup>34</sup> <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-budget-2023-24-egia.pdf>



*to reduce or stop service delivery or any reduction to its Arm's Length Bodies and 3<sup>rd</sup> party funded organisations, including the Voluntary and Community sector.<sup>35</sup>*

### 7.2.1 Committee for Communities 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Communities (CfC) may wish to refer to findings highlighted in the outgoing Committee's Legacy Report for 2017/22, such as:

- **Budgetary Scrutiny:**

*The Committee has assisted the Department in scrutinising the Department's plans and the outcome of the budget and monitoring round processes throughout a mandate which saw enormous pressures on departmental budgets. It will be likely be a regular agenda item going forward for the new Committee.<sup>36</sup>*

### 7.2.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 9 details the cost saving measures taken by DfC in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by the Department in an attempt to reduce costs:

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<sup>35</sup> As cited immediately above footnote 34

<sup>36</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/communities/reports/legacy/committee-for-communities-legacy-report-2017---2022.pdf>

**Table 9 DfC – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
<p>Communities</p> <p><b>Link to source</b>  <a href="#">2022/23</a>  <a href="#">2023/24</a></p>	<ul style="list-style-type: none"> <li>Continuing to carry 600 vacancies</li> <li>Rationalisation of the DfC office estate</li> <li>5% reduction in Arm's Length Body budgets</li> <li>£4 million reduction in Rates Support Grant</li> <li>£159m provided to social housing for 1,470 new social home starts this financial year - below the 2,000 new starts target</li> </ul>	<ul style="list-style-type: none"> <li>Continued freeze in recruitment activity</li> <li>Closure of Departmental offices 1 day a week</li> <li>Stop progress on IT (Laptop) replacement programme</li> <li>Reduction in level of support provided through Discretionary Support (DS) Grants</li> <li>Pause in funding support for Labour Market Partnerships (LMP)</li> <li>5% reduction from the 2022/23 baseline funding to Arm's Length Bodies (ALBs)</li> <li>Withdrawal of funding support by the Department to some third-party organisations</li> <li>£4 million reduction in the Rates Support Grant</li> <li>Reduction in the numbers of New Social Housing</li> <li>Closing the Affordable Warmth Scheme to new applicants</li> </ul>

		Stopping investment in the Urban Regeneration Programme
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### 7.3 Department for the Economy (DfE)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DfE is detailed in Table 10 below, alongside the 2022/23 Budget allocation:

**Table 10 DfE - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>37</sup>**

	DEL	2022-23 Allocation (£m)	2023-24 Allocation (£m)	Change
DfE	Resource DEL Non-Ring-Fenced	781.8	772.0	-1.3%
	Resource DEL – Ringfenced	614.0	614.0	0.0%
	<b>Total Resource</b>	<b>1395.8</b>	<b>1386.0</b>	<b>-0.7%</b>
	Capital DEL	243.5	245.9	1.0%
	Financial Transaction Capital	1.8	2.9	57.5%
	<b>Total</b>	<b>1641.2</b>	<b>1634.8</b>	<b>-0.4%</b>

DfE was allocated funding of £772 m Resource DEL (RDEL) and £246 m Capital DEL (CDEL) for 2023/24. The Department compared this to its allocation laid out in the 2022-25 Draft Executive Budget (DEB): note DEB was not been agreed before the Executive ceased to function in February 2022. When making that comparison, the Department identified it would receive £100m less than that in 2023/24. In addition, it has identified a further £30m in funding pressures arising in 2023/24. The Department therefore stated:

<sup>37</sup> As cited in footnote 28. pg.37

*DfE's overall resource spending power was reduced by £130 million, or 16%.<sup>38</sup>*

### 7.3.1 Committee for the Economy 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Economy (CfE) may wish to refer to findings highlighted in the outgoing Committee's Legacy Report for 2017/22, such as:

- **Difficulty tracking and scrutinising the Department's budget:**

*The Committee has found it difficult to track and scrutinise the Department's budget due to a reliance on in-year allocations....and regular surrender of significant sums because of poor planning and budget management.<sup>39</sup>*

- **Skills and education:**

*...form roughly three-quarters of the Department's budget, these are areas that are under particular consideration for making savings.<sup>40</sup>*

- **Departments cost saving measures:**

*...successor Committee may wish to consider an early briefing on budget as a matter of priority for an assessment of the current state of play and any progress in decision making.<sup>41</sup>*

### 7.3.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 11 details the cost saving measures taken by DfE in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by the Department in an attempt to reduce costs:

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<sup>38</sup> [DfE EQIA 2023-24 Budget - Final Responses](#)

<sup>39</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/economy/reports/legacy/economy-committee-legacy-report-2017-2022.pdf>

<sup>40</sup> Cited immediately above footnote 39

<sup>41</sup> Cited in footnote 39

**Table 11 DfE – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
<p>Economy</p> <p><b>Link to source</b>  <a href="#">2022/23</a>  <a href="#">2023/24</a></p>	<ul style="list-style-type: none"> <li>• Reduction in programme spend for both InvestNI &amp; Further Education Colleges</li> <li>• Vacancies not filled</li> <li>• Inability to deliver key skills programmes. including All Age Apprenticeships</li> <li>• No increase to Maintenance Grants for eligible Higher Education Students</li> <li>• Further reduction in Skills and Education initiatives including funding to Further Education and Higher Education</li> <li>• Further reduction in support to business/ tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in Funding to Higher Education Institutions</li> <li>• Reduction in Funding to Tourism NI</li> <li>• Reduction in Funding to Further Education Colleges</li> <li>• Wind down of Covid Support Schemes</li> <li>• Skills Initiatives Reduction in Funding</li> <li>• Removal of all additional Jurisdictional Funding for Tourism Ireland</li> <li>• Reduction in Funding to NI Screen</li> <li>• Removal of all additional Jurisdictional Funding for IntertradeIreland Labour Relations Agency, Consumer Council and Health &amp; Safety Executive Reduction in Funding</li> </ul>

#### 7.4 Department Education (DE)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DE is detailed in Table 12 below, alongside the 2022/23 Budget allocation:

**Table 12 DE - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>42</sup>**

	<b>DEL</b>	<b>2022-23 Allocation (£m)</b>	<b>2023-24 Allocation (£m)</b>	<b>Change</b>
<b>DE</b>	Resource DEL Non-Ring-Fenced	2642.9	2,576.5	-2.5%
	Resource DEL – Ringfenced	2.4	2.6	8.2%
	<b>Total Resource</b>	<b>2645.3</b>	<b>2579.1</b>	<b>-2.5%</b>
	Capital DEL	211.8	218.6	3.2%
	<b>Total</b>	<b>2857.1</b>	<b>2797.7</b>	<b>-2.1%</b>

In the budget information gathering exercise before the 2023/24 budget allocation, DE identified a Resource requirement of £2,939.9m.<sup>43</sup> On publication of the 2023/24 budget allocation, the Department's Resource allocation fell by 2.5%. That has resulted in an estimated funding gap in non- ring-fenced Resource of £382m (equivalent to 14.8% of the final budget allocation) in the 2023-24 financial year between the identified Department's requirement and the funding allocated. The Department concluded:

*Managing Resource shortfalls of this magnitude will undoubtedly have a significant and adverse impact on the Department's ability to deliver Educational services in 2023-24.<sup>44</sup>*

#### 7.4.1 Committee for Education 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Education (CfEd) may wish to refer to findings highlighted in the outgoing Committee's Legacy Report for 2017/22, such as:

<sup>42</sup> As cited in footnote 28. pg.37

<sup>43</sup> [DE EqIA 2023/24 Budget](#)

<sup>44</sup> As cited immediately above footnote 43

- **Budget Scrutiny:**

*A pattern of underfunding of education has become long entrenched, and at the time of writing, even initiatives such as the Fair Start programme to tackle systemic underachievement and the Review of Education were under funding threat. Workforce planning, including a review of arrangements for substitute teachers and education welfare officers, is an equally urgent matter in the resourcing of the education system. The Committee commissioned a research paper on DE's budget and put the questions within it to the Department via correspondence. The successor Committee may wish to reprise this material with departmental officials early in the new mandate.<sup>45</sup>*

#### 7.4.2 Cost saving – actual and potential 2022/23 and 2023/24

Table 13 details the cost saving measures taken by DE in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by DE, in an attempt to reduce costs:

**Table 13 DE – Actual and potential cost saving measures:**

Department	Actual cost saving measures implemented	Potential future cost saving measures
Education  <a href="#">Link to source</a>	<ul style="list-style-type: none"> <li>• Significant Departmental staff vacancy control</li> <li>• Reducing expenditure on day to day administrative costs</li> <li>• Ending Engage, Healthy Happy Minds and School Holiday Food Grant schemes from 31 March 2023</li> </ul>	<ul style="list-style-type: none"> <li>• Ceasing programs – Engage, Bookstart</li> <li>• Reduction in funding to Arms Length Bodies (ALBs) including: PlayBoard NI Play Policy, Irish-medium Pre-school Support Service, Belfast Wide Early Years Pilot under Fair</li> </ul>

<sup>45</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/education/reports/committee-for-education-legacy-report-2017---2022/committee-for-education-legacy-report-2017-2022.pdf>

	<ul style="list-style-type: none"> <li>• Reducing the Aggregate Schools Budget (ASB)</li> <li>• Reducing the Education Authority Block Grant</li> </ul>	<p>Start, Northern Ireland Council for Integrated Education (NICIE), Comhairle na Gaelscolaíochta and Altram Working with the Education Authority (EA) to engage with schools to identify areas of expenditure which can be reduced and / or curtailed, to manage within budget as much as possible</p>
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## 7.5 Department of Finance (DoF)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DoF is detailed in Table 14 below, alongside the 2022/23 Budget allocation:

**Table 14 DoF - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>46</sup>**

	DEL	2022-23 Allocation (£m)	2023-24 Allocation (£m)	Change
<b>DoF</b>	Resource DEL Non-Ring-Fenced	178.7	147.4	-17.5%
	Resource DEL – Ringfenced	54.47	53.1	-2. 4%
	<b>Total Resource</b>	<b>233.2</b>	<b>200.6</b>	<b>-14.0%</b>
	Capital DEL	32.3	37.9	17.4%
	<b>Total</b>	<b>265.5</b>	<b>238.5</b>	<b>-10.2%</b>

DoF received a 2023/24 non-ringfenced Resource DEL allocation of £147.4m; representing a 17.5% reduction compared to 2022/23 (£178.7 m). In cash terms, that is not the largest reduction in departmental allocations. However,

<sup>46</sup> As cited in footnote 28. pg.37



due to the relatively small size of DoF's budget, the reduction does represent the largest percentage decrease of any department.

### 7.5.1 Committee for Finance 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Finance (CfF) may wish to refer to findings highlighted in the outgoing Committee's Legacy Report for 2017/22, such as:

- **Financial Scrutiny:**

*The successor Committee may therefore wish to further engage with the Department in order to ensure that supporting documentation including particularly the Estimates Memoranda is enhanced and shared with all statutory committees in a timely fashion. The successor Committee may also wish to engage with the Fiscal Council in order to make the best use of its insight into public spending.*

*Additionally, the successor Finance Committee may wish to engage with the Devolved Administrations Finance Committee Forum which will involve Finance Committee Chairpersons from Scotland, Wales and Northern Ireland and is expected to consider issues of common interest including: Levelling Up funding; replacement of EU funding; and fiscal and performance frameworks.<sup>47</sup>*

### 7.5.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 15 details the cost saving measures taken by DoF in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by DoF in an attempt to reduce costs:

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<sup>47</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/finance/reports/legacy-report/finance-committee---legacy-report-2017-22.pdf>

**Table 15 DoF – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual/potential cost saving measures	
	2022/23	2023/24
Finance  <b>Link to source</b> <a href="#">2022/23</a> <a href="#">2023/24</a>	<ul style="list-style-type: none"> <li>• Reductions in the level of recruitment activity</li> <li>• reduction in the scale and scope of interventions which can be delivered as part of the diversity and inclusion programme of work, specifically in relation to outreach activities</li> <li>• NISRA<sup>48</sup> have made changes to their statistical outputs and activities in response to financial pressures</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing limited levels of recruitment activity</li> <li>• Continuing to reduce scale and scope of programmes operated by the department</li> </ul>

## 7.6 Department of Health (DoH)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DoH is detailed in Table 16 below, alongside the 2022/23 Budget allocation:

<sup>48</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/EQUA%20Screening%20-%20NISRA%20outputs%20policy.pdf>

**Table 16 DoH - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>49</sup>**

	<b>DEL</b>	<b>2022-23 Allocation (£m)</b>	<b>2023-24 Allocation (£m)</b>	<b>Change</b>
<b>DoH</b>	Resource DEL Non-Ring-Fenced	7280.1	7,300.9	0.3%
	Resource DEL – Ringfenced	207.7	203.7	-2.0%
	<b>Total Resource</b>	<b>7487.9</b>	<b>7504.6</b>	<b>0.2%</b>
	Capital DEL	358.1	468.6	30.9%
	<b>Total</b>	<b>7846.0</b>	<b>7973.2</b>	<b>1.6%</b>

DoH's allocation for 2023/24 was relatively static compared to the previous year. The Department in a pre-briefing [presentation](#) (dated March 2023) considered “flat cash” - that is, no increase on the previous year's allocation – as the best case scenario.<sup>50</sup> However, with pay, price and demand inflation on services, the allocation placed the Department in a difficult position to fulfil its responsibilities. DoH is projecting a funding gap of some £732m<sup>51</sup> for the 2023/24 financial year. It also projects, with its implemented saving initiatives, its savings in the region of £260m; noting it still would leave a funding gap – one of approximately £472m.<sup>52</sup> The Department concluded:

*A funding gap of this size will require the implementation of high impact savings, with adverse consequences for an already highly pressurised health and care system.<sup>53</sup>*

The most significant element of these funding pressures is the estimated pay pressure at around £375m, if the English pay offer would be implemented by DoH for staff in Northern Ireland.<sup>54</sup> (Also refer to additional information above at [sub-section 3.3](#) regarding public pay.)

<sup>49</sup> As cited in footnote 28. pg.37

<sup>50</sup> <https://www.health-ni.gov.uk/sites/default/files/publications/health/doh-budget-2023-24-briefing.pdf>

<sup>51</sup> <https://www.health-ni.gov.uk/sites/default/files/consultations/health/doh-budget-eqia-cons.pdf>

<sup>52</sup> As cited immediately above footnote 51

<sup>53</sup> <https://www.health-ni.gov.uk/publications/budget-2324>

<sup>54</sup> As cited in immediately above footnote 53

### 7.6.1 Committee for Health 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Health (CfH) may wish to refer to findings highlighted in the outgoing Committee’s Legacy Report for 2017/22, such as:

- **Budget:**

*The Committee would also recommend that any incoming Committee undertake work to make the Department’s Budget more open and transparent and that there should be work completed to allow Members to follow allocations from the Executive through to delivery of the service.<sup>55</sup>*

### 7.6.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 17 details the cost saving measures taken by DoH in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by DoH in an attempt to reduce costs:

**Table 17 DoH – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
Health	<ul style="list-style-type: none"> <li>• Reduction in Covid-19 Response spending due to changes in guidance for PPE, Infection Prevention Control and Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in payments for support services provided by the Community and Voluntary sector.</li> </ul>

<sup>55</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/health/reports/legacy-report/committee-for-health---legacy-report-2017-2022.pdf>

<p><b>Link to source</b>  <a href="#"><u>2022/23</u></a>  <a href="#"><u>2023/24</u></a></p>	<ul style="list-style-type: none"> <li>• Reduction in Departmental baselines as a result of a critical review of slippage in previous years</li> <li>• Trust Low and medium impact savings measures including continued aggressive management of discretionary expenditure including training; hold on minor maintenance projects/estates backlog, continued drive on procurement and pharmaceutical efficiency programmes; laboratory consumable savings; bear down on off contract agency rates and reduce medical locum expenditure</li> <li>• Vaccine Efficiencies Based on Revised Uptake Rates</li> <li>• Lower Impact Saving Measures in other ALBs including natural reductions in Public Health Agency (PHA) baseline screening budgets, Public Information Campaigns and PHA and all ALB administration budgets. Saving Measures including</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in expenditure on community aids and adaptations for clients living in their own homes.</li> <li>• Reduction in education and training places</li> <li>• Further reductions in Waiting List Initiative activity.</li> <li>• Reduction in nursing and residential care placements</li> <li>• Restriction of domiciliary care package</li> </ul>
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	<p>efficiency savings in PHA core budgets, reductions in health improvement programmes, further reductions in public information campaigns.</p> <ul style="list-style-type: none"> <li>• Reductions in Northern Ireland Fire and Rescue Service (NIFRS) Public Fire Safety and Prevention campaigns.</li> <li>• Reduce Family Health Service Spending</li> <li>• Reduce Funding for the implementation of the Integrated Care System</li> <li>• Reduction in funding for Digital Improvements</li> <li>• Removal of Some Critical Shift Payments to Trust staff</li> <li>• Restrict Range of Core Demand Led Services across Acute and Community Services</li> <li>• Increase Car Parking Charges to Full Cost Recovery</li> <li>• Remove Free Flu vaccine for 50–64-year-olds</li> </ul>	
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## 7.7 Department for Infrastructure (Dfi)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for Dfi is detailed in Table 18 below, alongside the 2022/23 Budget allocation:

**Table 18 Dfi - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>56</sup>**

	DEL	2022-23 Allocation (£m)	2023-24 Allocation (£m)	Change
<b>Dfi</b>	Resource DEL Non-Ring-Fenced	521.2	523.4	0.4%
	Resource DEL – Ringfenced	127.9	136.8	7.0%
	<b>Total Resource</b>	<b>649.1</b>	<b>660.2</b>	<b>1.7%</b>
	Capital DEL	796.4	792.4	-0.5%
	<b>Total</b>	<b>1445.5</b>	<b>1452.7</b>	<b>0.5%</b>

The 2023-24 Budget settlement provided Dfi with £523.4m of non-ringfenced Resource DEL, £216.1m and £792.4m Capital DEL Dfi identified a total resource requirement of around £691m, the 2023/24 allocation represented a Resource funding gap of £112 m. The Department has made efforts to reduce “discretionary” expenditure in 2022/23, as there continues to be budgetary pressures for 2023/24. It has stated:

*If political decisions are not taken during the year to increase budget allocations or to implement ... measures... spend in 2023/24 will exceed the current allocation.<sup>57</sup>*

### 7.7.1 Committee for Infrastructure 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Infrastructure (Cfi) may wish to refer

<sup>56</sup> As cited in footnote 28. pg.37

<sup>57</sup> <https://www.infrastructure-ni.gov.uk/news/department-infrastructure-outlines-final-budget-allocations-2023-24>

to findings highlighted in the outgoing Committee's Legacy Report for 2017/22, such as:

- **Northern Ireland Water:**

*Given the uncertainty arising for NI Water as a result of the way in which it is funded, especially at a time of volatile energy prices, the successor Committee may wish to consider undertaking in-depth scrutiny of the funding model for the organisation.<sup>58</sup>*

- **Translink –**

*...the Committee expressed considerable concerns regarding investment in public transport in Northern Ireland in the long-term.<sup>59</sup>*

### 7.7.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 19 details the cost saving measures taken by DfI in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by DfI in an attempt to reduce costs:

**Table 19 DfI – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
Infrastructure  <b>Link to source</b> <a href="#">2022/23</a> <a href="#">2023/24</a>	<ul style="list-style-type: none"> <li>• Increasing Translink fares;</li> <li>• Increasing on-street car park charges in Belfast, Lisburn and Newry</li> <li>• Increasing non-domestic water and sewerage charges</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction/Cessation of wastewater treatment;</li> <li>• Reduction of essential road maintenance to emergency response only</li> </ul>

<sup>58</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/infrastructure/reports/committee-legacy-report-infrastructure.pdf>

<sup>59</sup> As cited immediately in footnote 58



	<p>(approved by the Utility Regulator)</p> <ul style="list-style-type: none"> <li>• Increasing Rathlin Ferry fares;</li> <li>• Continuing to deliver limited essential road maintenance service (meaning only the highest priority defects get repaired – for example the deepest pot holes or issues on more highly trafficked roads) and flood management services (which includes clearing blockages in rivers);</li> <li>• Reducing expenditure on day to day administrative costs;</li> <li>• Reducing ‘discretionary’ spend in a number of areas including road safety programmes</li> <li>• Significant staff vacancy control</li> <li>• Additional savings being delivered by Translink and Northern Ireland Water</li> </ul>	<ul style="list-style-type: none"> <li>• Streetlights are switched off (subject to a public consultation)</li> <li>• Reduction to Concessionary Fares Scheme (subject to a public consultation)</li> <li>• Community transport (Rural ‘Dial a Lift’, Urban ‘Disability Action Transport Service’ and Shopmobility services) is not funded beyond 30 June 2023.</li> </ul>
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## 7.8 Department of Justice (DoJ)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for DoJ is detailed in Table 20 below; alongside the 2022/23 Budget allocation:

**Table 20 DoJ - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>60</sup>**

	<b>DEL</b>	<b>2022-23 Allocation (£m)</b>	<b>2023-24 Allocation (£m)</b>	<b>Change</b>
<b>DoJ</b>	Resource DEL Non-Ring-Fenced	1184.2	1,156.7	-2.3%
	Resource DEL – Ringfenced	83.8	93.0	11.0%
	<b>Total Resource</b>	<b>1268.0</b>	<b>1249.7</b>	<b>-1.4%</b>
	Capital DEL	79.1	128.8	62.8%
	<b>Total</b>	<b>1347.1</b>	<b>1378.5</b>	<b>2.3%</b>

The DoJ opening Budget allocations 2023-24 for non-ringfenced Resource DEL provides for £1,156.7m. That is calculated as a 2.3% fall from the 2022/23 budget allocation. The Police Service of Northern Ireland (PSNI) receives the largest share of DoJ allocation, with the PSNI having a total resources allocation of £807.2m<sup>61</sup> (64% of DoJ total Resource allocation). However, for 2023/24, the PSNI identified a Resource requirement of £868 m, leaving a projected funding gap of £61m for this financial year.<sup>62</sup>

### 7.8.1 Committee for Justice 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Justice (CfJ) may wish to refer to findings highlighted in the outgoing Committee’s Legacy Report for 2017/22, such as:

- **PSNI recruitment:**

*...the Committee was of the view that the associated recurring costs should be included in future baselines.<sup>63</sup>*

<sup>60</sup> As cited in footnote 28. pg.37

<sup>61</sup> <https://www.justice-ni.gov.uk/sites/default/files/publications/justice/doj-budget-23-24-equality-budget.pdf>

<sup>62</sup> As cited immediately above footnote 61

<sup>63</sup> <http://www.niassembly.gov.uk/globalassets/documents/committees/2017-2022/justice/reports/legacy-report/committee-for-justice---legacy-report-2017-2022.pdf>

- **Rehabilitation and reducing offending:**

*...this work to be properly funded as any reduction in service to deliver short-term savings would lead to costs in the longer term.<sup>64</sup>*

- **Ability to fulfil duties:**

*...questions remain as to whether the Department would be able to fulfil its statutory functions much less deliver non-statutory services and early intervention work which are of significant benefit to the justice system other departments and wider society if the proposed budgetary allocations became a reality.<sup>65</sup>*

- **Future Budgets:**

*A stand-still budget allocation for the Department will still provide challenges and require difficult resourcing decision to be made.<sup>66</sup>*

#### **Potential Scrutiny Points for Consideration:**

21. The Committee may wish to consider this point when engaging with the Department about its future budgets, to specifically ask whether the PSNI associated recurring costs are factored into its future baselines?

- If those costs are factored in, since when has that occurred?
- If not, then why not? Please detail.

22. Consideration should be given to what impact the Department's cost-saving measures between 2022/23 and 2023/24 have had on those noted services:

- The Committee then may wish to consider how those measures could impact the Departmental service delivery in the future and associated costs to restore previous service level delivery?

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<sup>64</sup> As cited immediately above footnote 63

<sup>65</sup> As cited in footnote 63. pg.56

<sup>66</sup> As cited in footnote 63. pg.56

- Also, has there been any study/evaluation to understand the outworking's of the Department of Justice's cost saving measures in this area;
- And, how they could have consequently impacted other aspects of Department of Justice business,
- As well as other departments' budgets and public service delivery? Please detail.

23. To what extent has the 2022/23 and 2023/24 Budgets - implemented under the NISoS - which saw minimal increases in the Department's Budget:

- Please detail how those minimal increases have shaped decisions taken by the Department over the last number of years.
- The Committee may wish to consider the Department's response when considering the Department's Budget allocation for 2024/25 and future decision-making therefrom – including consideration of any Programme for Government and any relevant Departmental new policies, strategies, programmes, etc, and any changes to existing?

### 7.8.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 21 details the cost saving measures taken by DoJ in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by DoJ in an attempt to reduce costs:

**Table 21 DoJ – Actual and potential cost saving measures in 2022/23 and 2023/24:**

Department	Actual cost saving measures in 2022/23	Actual/potential cost saving measures for 2023/24
<p>Justice</p> <p><b>Link to source</b>  <a href="#">2022/23</a>  <a href="#">2023/24</a></p>	<ul style="list-style-type: none"> <li>• Pause significant elements of the programme of actions for civil and family justice modernization</li> <li>• Vacancy management</li> <li>• Pause on recruitment</li> <li>• Stopping all discretionary spend</li> <li>• Not commencing new areas of spend</li> </ul>	<ul style="list-style-type: none"> <li>• Vacancy management</li> <li>• Deferring any new spend / projects</li> <li>• Deferring projects to repair and maintain the aging estate and vehicles</li> <li>• Reducing overtime</li> <li>• Reducing travel and subsistence</li> <li>• No discretionary spend</li> <li>• Court fee increases – (processing the majority of civil and family court business)</li> </ul>

## 7.9 The Executive Office (TEO)

The amount of Resource DEL and Capital DEL allocated in the 2023/24 Budget for TEO is detailed in Table 22 below, alongside the 2022/23 Budget allocation:

**Table 22 TEO - Comparison between 2022/23 and 2023/24 Departmental Allocation:<sup>67</sup>**

	<b>DEL</b>	<b>2022-23 Allocation (£m)</b>	<b>2023-24 Allocation (£m)</b>	<b>Change</b>
<b>TEO</b>	Resource DEL Non-Ring-Fenced	156.8	181.8	16.0%
	Resource DEL – Ringfenced	2.8	2.7	-1.9%
	<b>Total Resource</b>	<b>159.6</b>	<b>184.6</b>	<b>15.7%</b>
	Capital DEL	10.4	12.0	15.2%
	<b>Total</b>	<b>170.0</b>	<b>196.6</b>	<b>15.7%</b>

The non-ringfenced Resource DEL for TEO in 2023/24 is £181.84 m. That is a 16% increase from the previous financial year.<sup>68</sup> Once funds for “earmarked items” are removed from that amount – in the TEO context – that includes hypothecated funds for historical institutional abuse, victims and communities in transition, which can only be spent on those items.<sup>69</sup> The TEO non-ringfenced Resource DEL Budget has actually fallen from £81.4m in 2022/23, to £79.6m in 2023/24.<sup>70</sup>

### 7.9.1 Committee for The Executive Office 2017-2022 – Legacy Report

When considering the current Budget year (2023/24) and in anticipation of the next (2024/25), the current Committee for Economy (CfE) may wish to refer to findings highlighted in the outgoing Committee’s Legacy Report for 2017/22. While the Report did not explicitly highlight its budget pressures, it did detail a number of strategies the Department was undertaking, such as Tackling Violence against Women and Girls and Refugee Integration Strategy. The

<sup>67</sup> As cited in footnote 28. pg.37

<sup>68</sup> Department of Finance, [2023-24 Budget Factsheet](#) (2023)

<sup>69</sup> As cited immediately above footnote 68, and The Executive Office, [Equality Impact Assessment: The Executive Office’s Spending Plans for 2023-2024](#) (2023) pp2-3

<sup>70</sup> As cited immediately above in footnote 69, pg.62

scope and impact of those strategies may be impacted by the level of available departmental funding to implement them.

### 7.9.2 Cost saving – Actual and potential 2022/23 and 2023/24

Table 23 details the cost saving measures taken by TEO in 2022/23 to address the budgetary pressures it faces, as reported. The list is not exhaustive, but seeks to provide an indication of actions taken by the Department in an attempt to reduce costs:

**Table 23 TEO – Actual and potential cost saving measures in 2022/23 and 2023/24**

Department	Actual and potential cost saving measures	
	2022/23	2023/24
<p>The Executive Office</p> <p><b>Link to source</b>  <a href="#">2022/23</a>  <a href="#">2023/24</a></p>	<ul style="list-style-type: none"> <li>• Redeployment of staff – thereby standing down of other areas of work</li> <li>• Vacancies not filled</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing the freeze on filling vacancies and new posts</li> <li>• 10% top-slicing of the Department and ALBs</li> <li>• Reductions in Good Relations work</li> <li>• Identify where savings could be identified without major impacts – including: Victims and Survivors Service (VSS) the Crisis Fund, Minority Ethnic Development Fund and the Urban Villages programme</li> </ul>

**Potential Scrutiny Points for Consideration:**

**These are general points for consideration by all committees:**

24. To what extent has the 2022/23 and 2023/24 Budgets - implemented under the NISoS -impacted Department's ability to fulfil their duties? Please detail
25. Committees may wish to consider these cost saving measures in terms of departments remaining in the same position as they were from 2022 onwards, or in other areas having regressed; How has these affected levels of service delivery?
26. What consideration have all departments given to delivering new services/programmes/initiatives in the remainder of the mandate, after a number of years in which departmental vacancy management has reduced recruitment?
27. What consideration has all departments given to the time and resource required to restore their service delivery to previous levels, after having had to reduce services and take cost saving measures over the last number of years?
28. What actions have departments taken to address matters arising for 2017-2022 mandate committee legacy reports?
  - If an action occurred, when did this happen?
  - If no action, why not?



## 8 Concluding remarks

The circumstances in which the 2023/24 Northern Ireland Budget arose were challenging – politically, economically and financially - as highlighted throughout this Paper. Northern Ireland public finances entered the 2023/24 financial year in a position where departments had incurred overspends from the previous financial year. That was compounded still further over 2022 and 2023 by the wider economic challenges, which exacerbated an already difficult situation with the impact of inflation, cost of living and global conflict feeding through to impact local economic and financial conditions. As such, all that are having an impact on the departmental budgets and their ability to deliver public services.

As Section 7 highlights, cost saving measures were taken by Northern Ireland departments in 2022/23, with further measures considered and taken in 2023/24. However, there are limitations as to how much more departments are and will be in a position to continue and not further adversely impact the quality of service provision and their ability to meet their statutory obligations.

Despite the cost saving measures already taken – as estimated £980m<sup>71</sup> - Northern Ireland departments were projected to overspend in 2022/23, by around £450m in 2023/24. That is in addition to the overspend of around £300m 2022/23. In addition, that departmental overspend does not account for an outstanding public sector pay claim that would see the overspend rise to over £1bn.

While the United Kingdom Government's financial support package for Northern Ireland – as published in February 2024 – should ease for this year and beyond, it seems that would be the case if specified conditions are met, amongst other things noted in the package. For example, ongoing examination of the funding formula for Northern Ireland (the Barnett formula) could help to ease the noted departmental pressures, but there nonetheless still could be a degree of uncertainty going forward.

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<sup>71</sup> <https://www.bbc.co.uk/news/uk-northern-ireland-67367627>

Hence, the issue of financial sustainability; it is a requirement featuring in the published financial support package in February 2024, including consideration of revenue raising measures. Inevitably, any increases in that area would impact businesses and households, with potential repercussions for increased public service demands.

That package also intends to support the transformation of public services in Northern Ireland, as discussed earlier in the Paper. However, that process inevitably will require time to implement, to eventually lead to outcomes. So, over the short-term, it is reasonably foreseeable that departmental pressures will continue, and difficult decisions will need to be taken, if there is to be a more balanced financial position for Northern Ireland's public finances.

Following the return of a fully functioning Assembly in early February 2024, there was confirmation of the £3.3bn financial support package via the NISoS's publication in a letter dated 13 February 2024. Thereafter, there were issues arising, including around the issue of revenue raising – with Executive ministers ruling out specific revenue measures. It should be noted that the United Kingdom Government's [letter](#) on the financial package has wording that would suggest conditionality. It stated:

*The Executive must deliver a balanced budget for 2024-25 at the outset of the financial year by raising a minimum of £113 million through locally generated income.<sup>72</sup>*

The Executive since has been able to release funding available in the financial support package, to address the 2023/24 public sector pay claim and some immediate departmental pressures. However, as highlighted by the NIFC, those public sector pay issues will be ongoing over the remainder of the mandate and beyond; and the ability of the Executive to fund those pressures each year remains a challenge. The NIFC refers to that as a “cliff edge” for the Executive.

Going forward, the NIFC suggested it will become more difficult for the Executive to meet those pressures, as the package funds are used and time is

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<sup>72</sup>[https://assets.publishing.service.gov.uk/media/65cb685ea7ded000c79e514/Financial\\_Settlement\\_Summary\\_2.pdf](https://assets.publishing.service.gov.uk/media/65cb685ea7ded000c79e514/Financial_Settlement_Summary_2.pdf)

taken to agree a new fiscal framework and needs-based formula is implemented. The NISoS referred to this point in his appearance before the Northern Ireland Affairs Committee (NIAC) on 20 February 2024, stating:

*...a fiscal framework, which will take a bit of time to sort out—for Wales, it took seven years to get to the point of having a fiscal framework. No one is expecting it to take that long, but it does need to be right, because it needs to be right for Northern Ireland. You can't just cut and paste what Wales has got. So there is a discussion that needs to be had, and the Chief Secretary is going to welcome that and the points that the Northern Ireland Executive would like to discuss. I think you have got, in this package and beyond it, the signal that the UK Government is more than keen to make sure that Northern Ireland's finances are sustainable, but equally, there does need to be revenue raising within that package.<sup>73</sup>*

However, as previously noted in this Paper, there are other areas that the Executive will have to address in terms of funding, which have not been covered by the financial support package. In the joint [letter](#) sent by the Executive to the Prime Minister on 5 February 2024, those areas were highlighted to include Victims Payments, Legacy Windsor Framework funding, Holiday Pay and the McCloud judgement. The noted areas are in addition to the wider economic challenges continuing at the start of 2024.

In sum, departments will continue to face constrained financial positions for 2024/25 and beyond that, despite the United Kingdom Government's financial support package (discussed at [section 3](#) of this Paper), and the Irish Government's Shared Island Initiative funding (at [section 4](#)). Going forward, it is imperative that committees maintain watching briefs and regularly engage with their departments about the implementation of both packages.

For coordinated engagement across committees, perhaps all statutory committees could **proactively** seek regular departmental updates throughout the Budget cycle – during its four stages (formulation, approval, execution and audit) – as a standing item in their committee agendas, at regular intervals?

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<sup>73</sup> <https://committees.parliament.uk/oralevidence/14288/pdf/>

Information/data gleaned from such reports could better support committees when seeking to engage on budgeting and public spending matters and exercising their advisory and scrutiny roles. That in turn, could support the delivery of more efficient, transparent and accountable governance in Northern Ireland through informed scrutiny and oversight.