



Northern Ireland
Assembly

Research and Information Service Briefing Paper

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NIAR 15-22

Draft Executive Budget 2022-2025: Public Finance Context

Paper 1 of 4

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This Paper – Paper 1 – is part of a four-part series addressing key themes arising from the Draft Executive Budget (DEB) 2022-25, which the now collapsed Executive had approved in December 2021 for consultation alone. This Paper explains fundamental elements contained in DEB, as compiled by the Minister of Finance. In the lead up to the end of the Assembly mandate in late March 2022, the Paper seeks to inform Assembly statutory committees' consideration of budgetary matters relating to next year – 2022-23 - and beyond, given that an Executive Budget now cannot be agreed and other means now are to be taken.

This information is provided to MLAs in support of their Assembly 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 Paper sets out the context in which the Draft Executive Budget (DEB) 2022-25 arose and explains fundamental components of it.¹ It is the first in a four-part series addressing key themes regarding DEB. The entire series aims to inform Assembly statutory committees' consideration of budgetary matters in Northern Ireland (NI) for next year – 2022-23 – and beyond. The rest of the series addresses:

- Paper 2 – DEB: Northern Ireland Economic Context;
- Paper 3 – DEB: Capital Investment; and,
- Paper 4 – DEB: Departmental Pressures.

The series follows on from a request made by the Committee for Finance (the Committee) in mid-January 2022 - prior to the Executive's collapse in early February 2022. Thereafter, that Committee request remained valid, given Assembly statutory committee consideration of budgetary matters for next year – 2022-23 – and beyond.

The Paper uses three sections to explain the following:

1. Financing DEB;
2. Executive budgeting process - key factors impacting formation of DEB 2022-25 including compilation and “pausing”; and,
3. Illustrative example of budgeting for NI in 2017 in the absence of an Executive.

Throughout, blue boxes provide potential issues meriting committee consideration. Those issues aim to bring greater openness and transparency in relation to DEB and the way forward on budgetary matters. Ultimately, they seek to support Assembly committee scrutiny; facilitating further engagement between Assembly committees – in particular the Finance Committee and other statutory committees – and departments, in the absence of an Executive for the remainder of this mandate; thereby helping to enable increased accountability in devolved governance in NI.

¹ [Northern Ireland Draft Budget 2022-25](#)

1. Financing DEB

Alongside funding provided by the United Kingdom (UK) Government – in the NI block grant – the Devolved Administrations (DAs) are each able to generate further funding through various powers, including taxation, charging and borrowing. Sub-section 1.1 provides an overview of the NI block grant. An overview of other sources of funding available to the Executive is then outlined in the sub-section 1.2.

1.1 Funding received from the UK Government for NI for 2022-25

The quantum of funding from the UK Government for 2022-25 was confirmed by the NI Secretary of State on 29 October 2021, following the Chancellor’s presentation of his Autumn Budget and Spending Review 2021² to the UK Parliament on 27 October 2021. In line with his legal obligations under Section 64 of the Northern Ireland Act 1998,³ the NI Minister of Finance (MoF) subsequently presented this funding information to the Assembly via Written Statement on 2 November 2021.^{4,5}

Table 1 below shows the total funding available from the UK Government for the duration of the Spending Review 2021 period – i.e. 2022-23 until 2024-25 - under the following headings: Resource Departmental Expenditure Limit (DEL); Capital DEL; and, Financial Transactions Capital (FTC) DEL:

Table 1: Total funding available from the UK Government for Budget 2022-25

£million	2022-23	2023-24	2024-25
Resource DEL*	12,994.2	13,212.6	13,404.9
Capital DEL	1,843.6	1,928.0	1,838.1
FTC DEL	162.8	66.4	62.2

*Non ring-fenced

Source: *Written Ministerial Statement, November 2021*⁶

The principles underpinning the UK Government’s funding for the DAs) are set out in the “Statement of Funding Policy: Funding the Scottish Government, Welsh Government and Northern Ireland Executive” (SFP),⁷ which was updated alongside the Chancellor’s Autumn Budget and Spending Review in October 2021.

Funding from the UK Government, commonly referred to as the “NI block grant”, comprises:

² <https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

³ <https://www.legislation.gov.uk/ukpga/1998/47/section/64>

⁴ http://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2021-2022/bv144_wms_dof_021121.pdf

⁵ The MoF is required to lay before the Assembly a Statement detailing the amount of funding provided for 2022-25 at least 14 days before laying a draft Budget for the financial year.

⁶ http://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2021-2022/bv144_wms_dof_021121.pdf

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1030043/Statement_of_Funding_Policy_2021_-_FINAL.pdf

- **“Baseline” block grant:** Baselines are created at each Spending Review, and essentially reflect the original block grants and all previous Barnett consequentials, excluding those that are one-off or time-limited (for example, Covid-19 funding is excluded as it is classed as non-recurring);
- **Barnett consequentials:** Such allocations from the UK Government to NI “top-up” the existing block grant. They relate to changes in planned spending by UK Government departments, calculated by Treasury, using the Barnett formula;⁸
- **Non-Barnett allocations:** The UK Government can also provide additional funding to the DAs outside of the Barnett formula (examples include: UK-wide funding for charities schemes such as the Tampon Tax Fund; and, funding for City and Growth Deals).

The total funding presented in Table 1 above includes the following non-Barnett allocations, as set out in the MoF Written Statement in November 2021:

Table 2: Non-Barnett Allocations for Budget 2022-25

Non-Barnett Resource DEL	£ million		
	2022-23	2023-24	2024-25
Farm Payments	312.8	327.2	329.4
Fisheries	3.1	3.1	3.1
Security	31.2	31.2	31.2
Tackling Paramilitarism	5.0	5.0	4.8
NDNA Transformation	49.0	49.0	49.0
NDNA Medical School	5.0	5.0	5.0
NDNA Unique Circumstances Communities in Transition	4.1	3.3	-
Non-Barnett Capital DEL			
Fresh Start Agreement	51.3	64.4	37.2
Confidence and Supply Broadband	49.4	37.2	-
NDNA Medical School (Capital)	15.0	-	-
City Deals	41.7	41.7	41.7

Source: Written Ministerial Statement, November 2021⁹

Alongside funding provided by the UK Government – in the NI block grant – the DAs are each able to generate further funding through various powers, including taxation, charging and borrowing. An overview of other sources of funding available to the Executive is outlined in the following sub-section.

1.2 Other sources of funding

The current SFP (issued October 2021 by the Treasury) states:¹⁰

The Northern Ireland Executive and, where applicable, local councils have responsibility for expenditure self-financed from various sources of revenue

⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040846/BGT_Explanatory_note_HMT_template_pdf

⁹http://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2021-2022/bv144_wms_dof_021121.pdf

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1030043/Statement_of_Funding_Policy_2021_-_FINAL.pdf#page=13&zoom=100,0,993

such as taxes, levies and charges. Determining the levels of revenue available to them, and where to spend it, is a matter for the Northern Ireland Executive and the local councils themselves.

Sources of self-financed expenditure available to the Executive include: regional rates income; borrowing; long-haul passenger duty; EU funding; and, fees and charges.

Regional rates income, and borrowing have been included in DEB as negative DEL items – i.e. they offer an increase to the overall spending powers of the NI Executive (Regional Rates income is classified as negative Resource DEL; and, Borrowing as negative Capital DEL). Specific funding from the Republic of Ireland (RoI) towards the A5 also has been included as negative Capital DEL. With that in mind, the total financing available to the Executive for the current Spending Review period (2022-25) is outlined in Table 3 below, broken down by: Resource Spending; Capital Spending; and, Financial Transactions Capital (FTC) Spending - as set out in the MoF Written Statement in November 2021:

Table 3: Total financing available to the NI Executive for spending review period 2022-25

£million	2022-23	2023-24	2024-25
Resource Spending	13,571.4	13,840.7	14,034.9
Capital Spending	1,991.0	2,146.9	2,063.1
FTC Spending	162.8	66.4	62.2

Source: Written Ministerial Statement, November 2021¹¹

The MoF is responsible for allocating the above funding to Executive departments through the Executive Budget setting process.

2. Executive budgeting process

Typically, the Executive budgeting process includes the following five steps:¹²¹³

1. Departmental bidding process;
2. DEB published;
3. Public consultation on DEB;
4. Revised proposals to Ministers (for consideration); and,
5. Final Executive Budget produced, as agreed by the Executive.

This process has not completed for 2022-25, following on from the Executive collapse in early February 2022; DEB currently is “paused” at step three.

¹¹ http://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2021-2022/bv144_wms_dof_021121.pdf

¹² https://www.niauditoffice.gov.uk/sites/niao/files/NIAO_Report_NI%20Budget%20Process%20Report_Combo_4_WEB.pdf

¹³ The Assembly’s Public Accounts Committee (PAC) will consider the final of the report into “Review of the NI Budget Process” at its meeting on 24 February 2022

This section explains the circumstances in which DEB arose and now is paused. That is included in the below overview of key factors impacting budgeting in NI for 2022-25; listed below in no particular order of significance:

- 1. Compressed timetable for DEB/Executive Budget** – The Chancellor announced the outcome of the Spending Review on 27 October 2021, which set out the overall quantum of resource available to UK departments for 2022-25. Thereafter, the NI MoF has a statutory obligation to bring a Budget to the Assembly, in advance of the new financial year commencing on 1 April 2022, but subject to Executive agreement, prior to laying it. The Chancellor’s delay in announcing the Spending Review 2021 outcome has meant a subsequent delay to the Executive’s Budget process for 2022-25, as that Spending Review outcome significantly sets the Executive Budget envelope for the Spending Review period.
- 2. Challenging economic conditions** – The NI economy is continuing to recover from the effects of the pandemic. In addition, NI faces significant challenges in relation to: increased cost of living; rising energy prices; political uncertainty and tensions relating to the NI Protocol; EU replacement funding uncertainties; and, a range of unresolved historical issues. (Paper 2 of this four-part series, entitled “Draft Executive Budget 2022-25: Northern Ireland Economic Context”, provides an overview of the economic context in which the MoF compiled DEB.)
- 3. Constrained financial position for departments** – Increased pressures on public services and other spending, as reported by Executive departments in their submissions to DoF, specify significant shortfalls on both their Resource DEL and Capital DEL.
- 4. Lack of transparency in new centrally administered funding streams to provide EU replacement funding, following on from the UK’s exit from the EU** -Those are: the Levelling Up Fund; and, the Shared Prosperity Fund. Both are outside of the block grant and beyond the control of the Executive. (Paper 3 of this four-part series, entitled “Draft Executive Budget 2022-25: Capital Investment”, provides further information relating to each.)
- 5. No agreed draft Programme for Government (PfG) by the Executive since returning in January 2020** – Work on a PfG for the incoming Executive commenced in January 2020, but due to the Covid-19 pandemic, was not finalised. In October 2020, work on it resumed, and a public consultation recently has concluded. The consultations findings are to inform the design and content of a new Executive’s PfG Outcomes Framework.

The draft PfG Framework proposed nine outcomes, as stated in the consultation document:¹⁴

¹⁴ <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/pfg-draft-outcomes-framework-consultation.pdf>
page 2

The Outcomes in the Programme for Government Framework present a picture of the kind of society we want to see. An inclusive society in which people of all ages and backgrounds are respected and cared for and in which we all prosper. A society which has no barriers to prevent people from living fulfilling lives. The Outcomes apply equally to everyone, and no one is excluded.

Moreover:¹⁵

The Programme for Government will be underpinned by a budget and supported by key Executive strategies including an investment strategy, an economic strategy and an anti-poverty strategy aimed at building a strong and prosperous society by tackling disadvantage and achieving sustainable economic growth.

At the time of writing, the outworking of the draft PfG Framework consultation has not been published and there is currently no agreed PfG.

It also is noteworthy that there is no current economic strategy or anti-poverty strategy; though NI's Draft Investment Strategy NI (DISNI) is out for consultation at present – see below at number 13.

- 6. Executive Covid-19 Recovery Plan** - Over the course of the pandemic, the Executive has published a number of strategic documents, including: “*Coronavirus: Executive Approach to Decision-Making*” (May 2020);¹⁶ “*Moving Forward: The Executive’s pathway out of restrictions*” (March 2021);¹⁷ and, “*Building Forward: Consolidated Covid-19 Recovery Plan*” (July 2021).¹⁸

These publications show that the Executive’s strategic approach to the pandemic fell into two distinct phases: Covid-19 Response; and, Covid-19 Recovery. The Executive’s July 2021 publication states:¹⁹

For the last 18 months, our focus has been on providing an immediate, coordinated response to the COVID-19 pandemic. However, with the easing of coronavirus restrictions, it is timely for the Executive to look to the future and bring together a suite of recovery actions into this new plan.

Moreover, that publication highlights the alignment between the Recovery Plan and the draft PfG, stating:²⁰

This Recovery Plan has been designed in the context of the development of the strategic outcomes-based draft Programme for Government (PfG), whereby it is anticipated that the workstreams are likely to form the basis of a number of key strategic areas that will ultimately contribute to the achievement of the new draft PfG Outcomes Framework.

¹⁵ Ibid page 2

¹⁶ <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/executiveour-approach-to-decision-making.pdf>

¹⁷ <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/executives-pathway-out-of-restrictions.pdf>

¹⁸ <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/consolidated-covid-19-recovery-plan.pdf>

¹⁹ Ibid page 2

²⁰ Ibid page 4

The nuances between the two frameworks are stated, i.e. the draft PfG seeks to:²¹

...bring a new focus to deliver lasting, real and positive change in people's lives... The activities included in it will be long term with the overall aim of improving wellbeing for all.

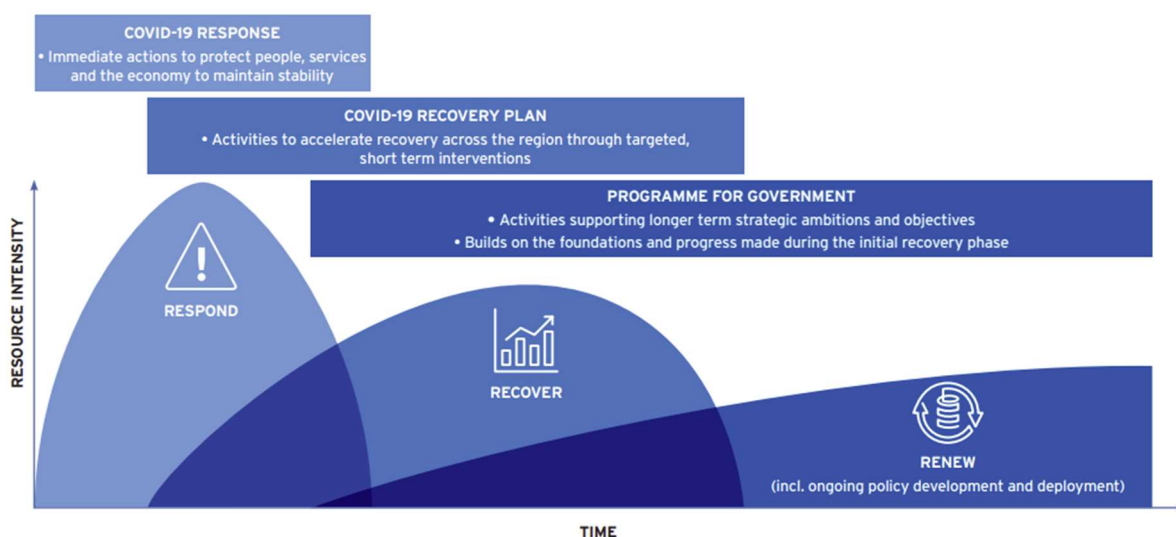
While the focus of the Recovery Plan is on:²²

...economic, health and societal challenges that have been exacerbated as a result of the COVID-19 pandemic which require immediate action...

In summary, the 24-month Recovery Plan comprises of four strategic priority areas - namely:²³ Sustainable economic development; Green growth and sustainability; Tackling inequalities; and, Health of the population.

Figure 1 below provides a pictorial overview of the Recovery Plan and its relationship with the Executive's overall draft PfG:²⁴

Figure 1: Executive's Covid-19 Response and Covid-19 Recovery, including alignment to draft Programme for Government



Source: TEO, July 2021.

- 7. Executive prioritisation of increased funding for the NI Health and Social Care System** – The Executive agreed to tackle hospital waiting lists, as well as other things. Those lists have been reported to be the worst in the UK, and amongst some of the worst in Europe. More information on this is available in an earlier RaISe paper, entitled *The unhealthy state of hospital waiting lists: What we know, don't know, and need to know* (published December 2021).²⁵ In addition,

²¹ Ibid page 4

²² Ibid page 4

²³ Ibid page 2

²⁴ Ibid

²⁵ <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2021/health/7921.pdf>

seven major reviews concerning the wider need for transformation of the NI Health and Social Care system have been undertaken in recent years.²⁶

The MoF stated in December 2021:²⁷

The Executive has previously committed to prioritising health and bringing down waiting lists. Therefore, the draft Budget proposes prioritising health by providing additional resources to ensure the bids for the Elective Care (waiting lists), Cancer and Mental Health rebuild strategies are met in full. A health budget of £21 billion over the next three years provides a long-awaited opportunity for long-term planning, reforming service delivery, and tackling waiting lists on a sustainable basis.

Moreover, on 7 September 2021, the Prime Minister (PM) announced plans to provide an additional £12 billion (bn) per year for health and social care over the next three years, to be funded by a new, UK-wide health and social care levy. The levy is to be introduced in April 2022.²⁸ The policy objective states:²⁹

All parts of the UK need a long-term solution to funding health and social care. This levy provides a UK-wide approach which enables us to pool and share risks and resources across the UK, leveraging the benefits of the Union for all our citizens.

As this is a UK-wide approach, and health and social care is a devolved matter, that means NI receives additional Barnett consequentials due to the levy:

Potential Scrutiny Issue:

1. What discussion was there in the Executive before it collapsed, or amongst departmental ministers since, about the Barnett consequentials arising from the UK-wide health and social care levy and subsequent allocations to departments in NI?

8. Last multi-year Executive Budget - The Executive Budget in 2011 covered the four-year period from 1 April 2011 to 31 March 2015. Thereafter, between 2015 and 2021, there were seven successive single-year budgets, either as a result of single-year Spending Reviews (including Spending Round 2013, Spending Round 2019 and Spending Review 2020), or due to the three-year political hiatus in NI, from January 2017 until January 2020 (when the NI Budget was set from Westminster, relying on Section 59 of the Northern Ireland Act and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001.

9. DEB directly follows two single-year Executive Budgets in 2020-21 and 2021-22 - Both of those Executive Budgets were heavily influenced by the onset

²⁶ <https://www.nuffieldtrust.org.uk/news-item/health-and-social-care-in-northern-ireland-critical-care>

²⁷ http://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2021-2022/bv146_wms_dof_101221.pdf

²⁸ <https://www.gov.uk/government/speeches/pm-statement-to-the-house-of-commons-on-health-and-social-care-7-september-2021>

²⁹ <https://www.gov.uk/government/publications/health-and-social-care-levy/health-and-social-care-levy#policy-objective>

and disruption of the Covid-19 pandemic. The Executive received significant **Covid-19 funding** from the UK Government, for each of those Budgets:

- In 2020-21, the Executive received over £3 bn in additional funding for NI's Covid-19 response. That money was through the Barnett formula, as a series of Barnett consequentials - i.e. additions to the NI block grant.
- In 2021-22, the Executive received more than £1.7 bn in additional funding.
- The Chancellor's Spending Review 2021 contained funding for dealing with the longer-term impact of Covid-19. However, the Chancellor did not identify specific funding; and therefore, it is important that the Executive's budget settlement – i.e. the monies received for 2022-25 – include monies to address ongoing costs incurred due to Covid-19.

10. No Executive agreed DEB – On 3 February 2022, the First Minister announced his resignation; leading to the automatic resignation of the deputy First Minister, given the joint nature of that office.

The Executive consequently collapsed in early February 2022.

Subsequently, in mid-February, the MoF “paused” DEB, based on legal advice he had received, to address ongoing budgetary considerations for 2022-23 and beyond, given ongoing political circumstances.³⁰ The budgeting process now was stopped at step three of its five-step budgeting process.

11. DEB compilation and consultation - Prior to the above - on 13 December 2021 - the DoF published the DEB document for consultation.³¹ The Executive had agreed to such consultation, though not the individual proposals contained within the DEB document; albeit they were based on the Executive agreed prioritisation of health (as noted above at number 7), along with the draft PfG (as noted at number 5) and the Covid-19 Recovery Plan (as noted at number 6). On those bases, DEB's strategic priorities are: freezing domestic and non-domestic Regional Rates; increasing capital borrowing; and, prioritising health.

12. Ongoing departmental consultations - In addition to the DoF consultation, each department published its consultation on its departmental websites. At the time of writing, those departmental consultation processes are ongoing. It appears that they continue with the intention of compiling responses and proposals, which

Potential Scrutiny Issue:

2. Will the apparent ongoing departmental consultations be “paused” or other, similar to what the MoF did in relation to DEB?

³⁰ <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Minister%20of%20Finance%20Oral%20Statement%20-%20Update%20on%20Budgetary%20Matters%2015.02.22.pdf>

³¹ <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Draft%20Budget%20document%202022-25%20accessible.pdf>

would ordinarily be collated and shared with DoF, and subsequently the Executive for review and agreement, before the publication of a final Executive Budget.

- 13. Draft Investment Strategy for Northern Ireland (DISNI) - “Infrastructure 2050”³²** – 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. (Paper 3 of this four-part series - entitled “Draft Executive Budget 2022-25: Capital Investment” - provides further information relating to DISNI.) As the Northern Ireland Fiscal Council (NIFC) stated:³³

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.

- 14. Forthcoming Assembly elections** – DEB was compiled by the MoF in the final months of the 2017-2022 mandate, with an Assembly election scheduled in May 2022.
- 15. Various exigencies** – Those arising from: Covid-19 pandemic; the UK exit from the EU (including those relating to the NI Protocol); follow on from a 3-year political hiatus in NI, resulting in, for example, delayed decision-making at Executive level in relation to the draft PfG and various strategies and other matters; and, a high number of **Executive Bills and Private Members Bills** passing through the Assembly in a short space of time, with varying degrees of financial commitments.
- 16. DoF’s Renewable Heat Incentive (RHI) Report³⁴** - That Report – dated 7 October 2021 - sets out how the recommendations stated in the RHI Inquiry are to be implemented by the DoF and the NI Civil Service.
- 17. Establishment of fiscal institutions in NI** – A Fiscal Commission for NI (the Commission) has been established by the DoF, to examine and make recommendations on fiscal powers. On 13 December 2021, it published its interim report - entitled “More fiscal devolution for Northern Ireland?”³⁵ Therein, it presented findings from its ongoing investigation into potential additional fiscal powers for NI. In addition, in March 2021, the Fiscal Council for NI (FCNI) was

³² <https://consultations2.nidirect.gov.uk/dof/infrastructure-2050-consultation-document/>

³³ <https://www.nifiscouncil.org/files/nifiscouncil/documents/2022-01/nifc-budget-report-jan-2022-full-final-version-19.01.22-14.30.pdf> page 46

³⁴ <http://www.niassembly.gov.uk/assembly-business/official-report/written-ministerial-statements/department-of-finance---executive-rhi-inquiry-report/>

³⁵ <https://www.fiscalcommissionni.org/evidence/fcni-interim-report-more-fiscal-devolution-northern-ireland>

established by the DoF, and its mission is to: *...bring greater transparency and independent scrutiny to the current and future condition of Northern Ireland's public finances, to inform public debate and policy decisions.*³⁶ To date, the Commission has published two reports: "The Public Finances in Northern Ireland: A Comprehensive Guide"³⁷ (published 23 November 2021); and, "The NI Executive's 2022-25 Draft Budget: an assessment"³⁸ (published 20 January 2022).

Given the unique circumstances outlined above - most importantly the absence of an Executive in the current mandate - it seems reasonable to revisit the impact of no Executive in 2017 on budget-setting in NI, to recall what occurred, as explained in the next section.

3. Illustrative example of budgeting for NI in 2017 - in the absence of an Executive

The MoF issued an oral statement to the Assembly on 15 February 2022, to provide an update on budgetary matters. He stated:³⁹

Since the resignation of the First Minister I have considered all possible avenues that might have allowed me to proceed with a Budget, including bringing it directly to the Assembly. Unfortunately, the legal advice is clear that the budget must be agreed by the Executive.

In relation to the DEB consultation, he stated:⁴⁰

...with no prospect of a Budget in this mandate it will be a new Executive with new Ministers which will have to agree a Budget. In this context the current consultation is of limited value. I have therefore decided to pause the public consultation for now. A new Executive will be best placed to take further decisions on how the Budget process will proceed.

In relation to the proposal to freeze both the domestic and non-domestic regional rates for the three-year spending review period, he stated:⁴¹

On the basis of legal advice, I can proceed with this freeze for one year only.

The MoF concluded with:⁴²

public services will operate on an emergency basis, without the benefits of long-term planning or additional resources, until such times as the Executive is re-established.

Within the above context, a number of considerations arise in relation to budgetary matters for 2022-23 and beyond. An illustrative example is provided by what happened

³⁶ <https://www.nifiscalcouncil.org/about-us>

³⁷ <https://www.nifiscalcouncil.org/publications/public-finances-ni-comprehensive-guide-november-2021>

³⁸ <https://www.nifiscalcouncil.org/publications/ni-executives-2022-25-draft-budget-assessment>

³⁹ <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Minister%20of%20Finance%20Oral%20Statement%20-%20Update%20on%20Budgetary%20Matters%2015.02.22.pdf>

⁴⁰ Ibid

⁴¹ Ibid

⁴² Ibid

in 2017 when budgeting for NI in the absence of an Executive. It sets out what, when and why?

In the absence of a Budget Act, the Permanent Secretary of the DoF has limited powers under Section 59 of the Northern Ireland Act 1998,⁴³ to release cash to departments until such times as a budget is agreed and provided for in legislation. This was utilised in 2017 by the then DoF Permanent Secretary, when there was a political hiatus, which continued to January 2020.

In 2017, the DoF issued a statement providing clarification on the practicalities of implementing the legislation, stating:⁴⁴

The legislation which becomes effective from Wednesday 29 March, limits the amount that may be approved to 75%, of the previous year's budget, up to the end of July and; if a Budget Bill is not in place by the end of July 2017, the amount allocated may then be increased to 95% of the previous year's budget.

It further stated:⁴⁵

...these administrative allocations made under legislative procedures do not represent a Budget. That will be for an incoming Executive to agree.

Figure 2 below outlines what occurred in Westminster, in terms of deciding on NI budgetary matters, from January 2017 to January 2020, in the absence of an Executive:

Figure 2: Timeline 2017-2020

Jan 2017	Executive collapses and the Assembly no longer fully functions
Mar 2017	Assembly elections
Mar 2017	No Executive formed Following the election, no Executive was formed within the statutory period under the Northern Ireland Act 1998. As a result, no Executive Budget was agreed for the 2017-18 financial year and no budget legislation could be brought forward in the Assembly.
Mar 2017	First time interim powers used to allow daily administration to continue in NI The NI DoF Permanent Secretary authorised to provide funding to NI departments under Section 59 of the NI Act 1998 and Section 7 GRAA(NI) 2001, for 1 April 2017 up to July 2017; but for a maximum of 75 per cent of the Executive Budget for 2016-17, as stated in the Act.
Apr 2017	NI Secretary of State set out indicative budget for NI Based on advice from the Head of the NI Civil Service, the NI Secretary of State issued a written statement that set out an indicative budget position for NI and set departmental budget allocations.
Apr 2017	NI Secretary of State takes action to set regional rate

⁴³ <https://www.legislation.gov.uk/ukpga/1998/47/section/59>

⁴⁴ <https://www.finance-ni.gov.uk/news/department-provides-budget-clarification>

⁴⁵ Ibid

Given the absence of government in NI, the Houses of Parliament enacted legislation brought forward by the NI Secretary of State, which set the NI regional rate, thereby enabling the rate to be issued, and subsequently providing for on-going finance to local government and departments in NI.

Jul 2017	NI Secretary of State takes action on the NI Budget
	The NI Secretary of State issued a written statement adjusting the indicative budget positions and departmental allocations for the 2017-18 financial year set out by him in April. His Statement did not include the Democratic Unionist Party (DUP) and the UK Government's Confidence and Supply Agreement of June 2017.
Aug 2017	Permanent Secretary powers used again
	The NI DoF Permanent Secretary now authorised to provide funding to NI under Section 59 of the NI Act 1998 and Section 7 GRAA(NI) 2001, for 1 April 2017 up to the end of the financial year; but for a maximum of 95 per cent of the Executive Budget for 2016-17, as stated in the Act.
Nov 2017	NI Budget Bill in Westminster
	The NI Secretary of State announced that he will lay the Budget Bill 2017-18 for NI in the House of Commons, to ensure NI departments do not run out of money. He explained that the Bill will incorporate the figures provided by the NI Civil Service, reflecting its assessment of the outgoing priorities of the previous Executive. He further stated that the Bill would not include the money associated with the Confidence and Supply Agreement (June 2017 agreed).
Mar 2018	NI Secretary of State makes two statements in UK Parliament and introduces legislation about NI public finances
	The first statement outlined her proposed 2018-19 Budget Allocations for NI; and, the second spoke more generally about NI public finances, and led to enactment of two pieces of legislation - Northern Ireland Budget (Anticipation and Adjustments) Act 2018 and Northern Ireland (Regional Rates and Energy) Act 2018.
Sep 2019	The UK Government announces a single-year Spending Review covering only the 2020-21 budget year
	This delivered just over £400 million in extra spending power for NI in 2020-21.
Oct 2019	The UK Parliament passed the Northern Ireland Budget Act 2019, authorising the NI Budget for 2019-20
	Under normal circumstances of functioning devolution this would have been enacted in the Assembly in the June 2019.
Nov 2019	The planned UK Chancellor's Autumn Budget was cancelled due to on-going political uncertainty arising from Brexit
	Now expected to be delivered in March 2020.
Jan 2020	The Assembly returns following the signing of New Decade, New Approach; and a new power-sharing Executive is formed

Source: *RaISe 2022, relying on RaISe 2020 (NIAR 15-20)*.⁴⁶

⁴⁶ <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/finance/03202.pdf>