

# Written Ministerial Statement

*The content of this written ministerial statement is as received at the time from the Minister. It has not been subject to the official reporting (Hansard) process.*

## Department of Finance

### FRESH START 2016

*Published at 12.00 noon on Monday 5 December 2016.*

**Mr Ó Muilleoir (The Minister of Finance):** In accordance with Section 64 of the Northern Ireland Act 1998, as amended by the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016, I am now outlining the amount of funding available to the Executive as notified to me by the Secretary of State.

Following the British Chancellor's Autumn Statement, announced on the 23 November, the Executive's DEL budget is as set out in the tables below. This includes the element of 'Fresh Start' funding where drawdown in specific years has been agreed.

#### Resource DEL

£million	2017-18	2018-19	2019-20
<b>RDEL Block Grant</b>	<b>10,454</b>	<b>10,476</b>	<b>10,508</b>
<i>Of which Non Ring-fenced</i>	9,896	9,902	9,921
<i>Of which Ring-fenced</i>	558	574	587
Additional Funding for PSNI	34	34	31
Return of 2015-16 welfare deduction	21		
Shared Future Funding	12	12	12
Tackling Paramilitary Activity	5		
Welfare Reform – Fraud and Error	25	25	25

#### Capital DEL

£million	2017-18	2018-19	2019-20	2020-21
<b>CDEL Block Grant</b>	<b>1,192</b>	<b>1,232</b>	<b>1,291</b>	<b>1,326</b>
<i>Of which General CDEL</i>	1,091	1,155	1,224	1,271
<i>Of which Financial Transactions Capital</i>	101	77	67	55
Shared Education and Housing	7	19	10	6
Capital Borrowing – RRI	200	200	200	200
Capital Borrowing – SHA	100	50		

In addition to these amounts, the Executive, under the Fresh Start Agreement will have access to:

#### Resource DEL

£million	2017-18	2018-19	2019-20	2020-21
Institutions to deal with the past	30	30	30	30
Welfare Reform – Fraud and Error				25
PSNI Security Funding				30
Tackling Paramilitary Activity		5	7.5	7.5
Shared Future Funding				12

**Capital DEL**

<b>£million</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Shared Education and Housing	43	31	40	44

This Fresh Start Agreement funding will be available for draw down subject to further agreement between the Executive, the NIO and the British Treasury.

The Fresh Start Agreement also provided the Executive with the flexibility to use RRI borrowing for Voluntary Exit Schemes – up to £200 million in 2017-18 and up to £100 million in 2018-19. It also provided additional borrowing for capital investment in projects that promote regional economic growth of £100 million in 2017-18 and £50 million in 2018-19.

Over the coming few weeks the Executive will agree a one year Resource DEL budget for 2017-18 and a four year Capital DEL budget for the period up to 2020-21. This will be laid before the Assembly for consideration.

Attached for information are the tables and explanatory notes, as provided by the Secretary of State.

## **Annex - Notification of UK Government funding**

1. The Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 amended section 64 of the Northern Ireland Act 1998 (draft budgets) such that:

*s64 1A At least 14 days before laying a draft budget for a financial year, the Minister of Finance and Personnel must lay before the Assembly a statement specifying the amount of UK funding for that year notified to the Minister by the Secretary of State.*

*S64 1B At the same time as laying a draft budget for a financial year, the Minister of Finance and Personnel must lay before the Assembly a statement showing that the amount of UK funding required by the draft budget does not exceed the amount specified under subsection (1A) for that year.*

2. The amount of UK funding available to the Northern Ireland Executive includes the separate Departmental Expenditure Limits for Capital (CDEL) and Resource (RDEL) budgets. These Expenditure Limits are determined by Treasury. Consistent with the statement of funding policy the Northern Ireland Assembly is free to allocate budgets to its own priorities within these overarching limits without approval from the Treasury, except where individual elements of funding have been exceptionally agreed and ring-fenced for specific purposes.
3. Various elements of additional funding provided in support of the Stormont House and Fresh Start Agreements were ring-fenced in this manner, and are subject to certain conditionality before their release is authorised, as set out in the text of the Agreements. A summary of these is included in the supporting definition of terms.
4. The information in the tables below sets out the total expenditure proposals in any draft budget which the Minister for Finance may bring to the Northern Ireland Assembly for approval under s64 which the draft budget can assume are to be funded from payments into the NI Consolidated Fund corresponding to HM Treasury-determined Capital and Resource Departmental Expenditure Limit control totals.
5. Tables A and C indicate funding which the Treasury has already agreed can be allocated to support expenditure proposals in any draft budget.
6. Tables B and D indicate funding which, following the Stormont House Agreement and Fresh Start Agreement and Implementation Plan, is potentially available to be written into budgets and allocated to support expenditure proposals at a future date, but where discussions between the Northern Ireland Executive and the government are ongoing.

**Table A - Resource DEL available to finance expenditure proposals**

	17-18	18-19	19-20
RDEL Block Grant	10,454	10,476	10,508
<i>of which RDEL excluding depreciation</i>	9,896	9,902	9,921
<i>of which depreciation ring fence in RDEL</i>	443	450	456
<i>of which student loans ring fence in RDEL</i>	115	124	131
Additional funding for PSNI	34	34	31
Return of 2015-16 welfare deduction	21	-	-
Shared Future Funding	12	12	12
Tackling paramilitary activity	5	-	-
Welfare reform - fraud and error	25	25	25

**Table B - Additional Resource DEL potentially available to finance expenditure proposals**

	17-18	18-19	19-20	20-21
Funding for institutions to deal with the past	30	30	30	30
Welfare reform - fraud and error	-	-	-	25
Additional funding for PSNI	-	-	-	30
Tackling paramilitary activity	-	5	7.5	7.5
Shared Future Funding	-	-	-	12

**Table C - Capital DEL available to finance expenditure proposals**

	17-18	18-19	19-20	20-21
CDEL Block Grant	1,192	1,232	1,291	1,326
<i>of which General CDEL</i>	1,091	1,155	1,224	1,271
<i>of which Ring-fenced Financial Transactions</i>	101	77	67	55
Shared Education & Housing	7	19	10	6
Capital Borrowing - RRI	200	200	200	200
Capital borrowing - additional from SHA	100	50	-	-

**Table D - Additional Capital DEL potentially available to finance expenditure proposals**

	17-18	18-19	19-20	20-21
Shared Education & Housing	43	31	40	44

## **Definition of terms:**

### **Refund of 2015-16 welfare deduction**

In the Fresh Start Agreement and Implementation Plan, the UK Government confirmed that welfare deductions for 2015-16 would stop following approval by the Northern Ireland Assembly of a legislative consent motion to enable primary and secondary legislation to make changes to the welfare system to proceed at Westminster. Following this, the UK Government agreed to refund the proportion of deduction due for the remainder of the year, making the equivalent sum available to the Northern Ireland Executive spread equally over 2016-17 and 2017-18.

### **Shared Future Funding**

In the Fresh Start Agreement and Implementation Plan, the UK Government committed to providing up to £60m over five years to support the Executive's delivery of confidence and relationship building measures within and between communities, contributing to the conditions that will allow the removal of peace walls and the creation of a shared future.

### **Funding for institutions to deal with the past**

In the Stormont House Agreement, in recognition of the unique circumstances that are faced in Northern Ireland due to issues related to the past, the UK Government committed to contributing up to £30m per year for five years to pay for new institutions to deal with the past.

### **Welfare reform - fraud and error**

In the Fresh Start Agreement and Implementation Plan, in order to address welfare error and fraud in Northern Ireland, the UK Government committed to up to £25m per year for five years to support implementation.

### **Tackling paramilitary activity**

In the Fresh Start Agreement and Implementation Plan, the UK Government committed to providing an additional £25m over five years to tackle continuing paramilitary activity. The UK Government funding will only be released after the Executive has agreed a strategy to address continuing paramilitary activity. The NI Executive committed to match the UK Government's additional funding.

### **Additional funding for the PSNI**

The UK Government also confirmed additional security funding of £160m over the five years to support the PSNI to address the continuing national security threat, as well as to provide greater capability to tackle continued paramilitary activity and criminality.

### **RRI borrowing**

The Northern Ireland Executive generally has access to £200m per year capital borrowing, originally agreed under the 'Reinvestment and Reform Initiative'. The UK Government, in the Stormont House Agreement, committed to allowing up to £700m of RRI capital borrowing over the years 2015-16 to 2018-19 to be switched into the Executive's Resource budget to be used to help deliver a 'Voluntary Exit Scheme'.

Any residual amount of this borrowing not spent on a VES remains available to the Executive for capital investment, in line with the intentions of the original RRI programme.

### **Additional capital borrowing for infrastructure**

In the Stormont House Agreement, the UK Government committed to providing further capital borrowing of up to an additional £350m with a profile over four years, to support important capital investment in projects to support economic growth.

### **Additional funding for shared and integrated education and housing**

In the Stormont House Agreement, the UK Government committed to a contribution of up to £500m over ten years of new capital funding to support shared and integrated education, subject to individual projects being agreed between the UK Government and the Executive. In the Fresh Start Agreement, the permitted use of this funding was extended to cover agreed shared housing projects.