

Written Ministerial Statement

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Department of Finance

2021-22 FINAL BUDGET

Published at 5.00 pm on 1 April 2021.

Mr Murphy (The Minister of Finance): This statement updates members on the Executive's agreement to a final Budget for 2021-22.

Following the announcement of the draft Budget on 18 January there commenced a period of consultation that ended on 25 February 2021.

While such a short period of consultation was not ideal, it was necessary to ensure that a final Budget could be agreed in advance of the new financial year commencing on 01 April 2021.

Both the consultation responses and the departmental equality assessments informed the Executive's decisions on the final Budget outcome.

Since the draft Budget was published there has been a small degree of funding released following reassessment of central items which will be now be used to ensure the continuation of schemes under the Shared Future umbrella and to meet the budget requirements of independent bodies.

Since the draft Budget; additional funding for the Executive was announced in the Chancellor's Budget on 3 March, and there has also been a more recent announcement of further funding for Health in England that will provide Barnett consequentials.

In addition Treasury has agreed that some of the COVID funding provided in the later part of 2020-21 can be carried forward into 2021-22. This is on top of the usual Budget Exchange Scheme amounts.

Unfortunately, although this funding, like the anticipated funding mentioned in draft Budget, has been confirmed by Treasury, it has not been confirmed by the Secretary of State and therefore cannot be included in this final Budget.

However; it is imperative that decisions are made now on how this funding will be allocated to ensure there is no delay to the support that the Executive intends to provide.

As well as significant levels of Covid funding the Chancellor's Budget provided an additional £4.2 million of Resource DEL from Non-Covid measures. While this funding cannot be included in department Budgets outcomes the Executive has agreed that it will be allocated to the Bright Start School Age Grant Scheme which provides much needed support in disadvantaged areas; rural communities and the schools estate, as well as the Holiday Grant scheme for disabled children, until such times as future scheme provision has been considered.

It will also provide funding for the continuation of Public Service Route between Derry and London and for the provision of language translation services for departments.

The Executive had previously committed to funding Teachers' Pay and Safe Staffing through the in-year monitoring process. To provide certainty for these important issues it has been agreed that these costs will be met from the funding now confirmed for 2021-22.

For most departments the draft Budget outcome represents a flat cash settlement which will mean effective reductions once increased costs and demands on services are taken into account.

Choices will have to be made, public services will have to be prioritised.

COVID-19

Turning to COVID funding; the Executive had allocated the majority of COVID funding available at the draft Budget stage to the departments of Health, Education and the Economy, leaving some £126.9 million for allocation at final Budget stage.

In its final Budget the Executive has allocated all of that remaining funding to departments to address the pressures they have identified in relation to meeting the impacts of the pandemic. These allocations are set out in Table 3 in Annex A.

The Executive has also considered the allocation of funding made available since the draft Budget. Due to the requirement for written confirmation from the Secretary of State this cannot be included in final Budget. However; to allow departments to plan now, the Executive has agreed a number of allocations, which will be formalised in-year. These confirmed in-year allocations are shown in Table 4 in Annex A.

As set out in the draft Budget; in recognition of the impact that COVID-19 has had on jobs and households, we are freezing the regional rate for both domestic and non-domestic customers.

In addition; earlier this month, I announced a further rate relief package which will deliver additional support to almost 29,000 businesses here in the form of a rate free period for the next 12 months. This support will cost £230 million and will be funded for the additional Covid funding which has now been confirmed.

Other allocations from this funding include £9 million to tackle homelessness and £50 million to further support our Health Service which is at the forefront of our response. These allocations reflect the priority that the Executive place on protecting the vulnerable and supporting our frontline Health and Social Care staff who have been at the coalface of the fight against the virus.

To help with dealing with the economic damage wrought on our economy by COVID, we have allocated £275.8 million Resource and £11 million Capital to the Department for Economy to support the economic recovery strategy.

This is in addition to £12.5 million being made available for NI Water pressures and £6 million to DFC for supporting people costs. There is also £28.3 million of funding being made available for DE to meet pressures in relation to recovery and support and re-engagements for children and young people, and £12.3 million to DoJ for PSNI staffing.

The Executive has also set aside some £81 million for the extension of existing support schemes. Up to £4 million will also be provided to the Department for the Economy to extend the Large Tourism and Hospitality Scheme for the first two weeks of the financial year.

The remaining funding will be held for allocation early in the new financial year following a further assessment of health pressures.

Capital Budget

In terms of Capital funding, the draft Budget provided investment funding of £1.75 billion, including borrowing of £140 million.

The Executive has now agreed to borrow a further £30 million from its RRI borrowing facility to provide additional funding to NI Water due to the strategic nature of its pressures.

This brings the total departmental capital allocations to almost £1.8 billion. This will enable investment in our infrastructure whilst supporting the construction sector.

Conclusion

This Budget seeks to protect key public services in a very challenging financial context. I hope that this one-year Budget acts as a bridge to a multi-year budget which allows the Executive to properly reprioritise its spending and plan for the longer-term.

The confirmed in-year allocations; whilst not part of the formal Budget outcome, will allow departments to plan effectively and provide certainty to key priorities, vital public health services and schemes that will deliver economic and social recovery.

The Final Budget will be subject to Assembly debate and vote following Easter Recess.

Annex A

Table 1: Departmental Budget Outcome

£million	Non Ring fenced Resource DEL	Capital DEL (Net)	FT Capital
Agriculture, Environment and Rural Affairs	553.8	95.5	
Communities	876.3	224.8	38.8
Economy	821.3	89.8	34.7
Education	2,345.1	158.3	
Finance	172.1	45.0	
Health	6,451.9	326.5	
Infrastructure	429.9	722.5	
Justice	1,125.3	96.4	
The Executive Office	120.5	15.3	
Food Standards Agency	11.7	0.1	
NI Assembly Commission	45.8	1.7	
NI Audit Office	8.6	4.5	
NI Authority for Utility Regulation	0.2	0.0	
NI Public Sector Ombudsman	3.6	0.1	
Public Prosecution Service	35.3	0.6	
Total Departmental Planned Spend	13,001.5	1,781.0	73.6

Totals may not add due to rounding

Table 2 - Reconciliation of Departmental Planned Spend to Northern Ireland Departmental Expenditure Limit (DEL) controls

£million	Non Ring fenced Resource DEL	Capital DEL (Net)	FT Capital
Total Departmental Planned Spend	13,001.5	1,781.0	73.6
Centrally Held Items:			
Delivering Social Change / Shared Future	7.7		
Air Passenger Duty	2.3		
RRI Interest Payments	45.5		
Executive City Deal Funding		5.8	
Tackling Paramilitary Activity	8.0		
Total Centrally Held Items	63.5	5.8	
Regional Rate Income	-580.1		
RRI Borrowing		-170.0	
Rol Funding (A5)		-6.0	
NI DEL	12,484.9	1,610.9	73.6
of which:			
COVID-19	538.2	3.6	
Farm Support Payments	315.6		
Fisheries Payments	3.1		
Security Funding	31.2	0.9	
EU Protocol - Equality Commission	0.8		
Fresh Start - Shared Education and Housing		28.4	

Totals may not add due to rounding

Table 3: COVID-19 Funding Allocated at Final Budget

		£million
Department	Description	Amount
DAERA		
	COVID – Market Support for Agri-Food Sector	5.0
	COVID – Monitoring Wastewater for COVID-19	2.8
	COVID - Green Recovery	2.0
TOTAL DAERA		9.8
DfC		
	Labour Market Interventions	26.9
	Benefit Delivery Response	24.9
TOTAL DfC		51.8
DE		
	Asymptomatic Testing in special schools	0.9
	School Meals	2.1
	Schools' Delegated Budgets - allocations on a per pupil basis	10.8
	Transport	1.3
	Special schools -substitute cover	0.9
	SEN in Mainstream & Pupil Support	0.1
	Contract Cleaning – EA services	0.3
	Support Online Learning-C2K	0.7
	Maintaining Standards & Learning	0.1
	Education Through COVID	6.6
	School Holiday Food Payments / FSM direct payments additional staff	0.1
	Engage programme	5.5
	COVID-19 Childcare Sector Support (2021/22)	10.0
	Mental Health and Emotional Wellbeing Framework	5.0
TOTAL DE		44.4
DoF		
	ESS PD building ventilation systems	0.3
	NISRA Covid opinion survey	0.2
	LPS Administration	1.3
TOTAL DoF		1.8
DFI		
	NI Water	9.2
DoJ		
	PSNI – Social distancing, PPE and IT	1.9
	NIPS – Social distancing and PPE	1.9
	NICTS – Reduced Income, staffing to deal with backlog, and increased hygiene costs.	3.0
	Core and smaller bodies- Mainly social distancing and PPE	1.0
TOTAL DoJ		7.7
PPS		
	Covid-19 Accommodation Cleaning and PPE Supplies	0.1

		£million
Department	Description	Amount
TEO	Covid-19 NI Hub running costs	0.1
	Public Information Campaign	2.0
TOTAL TEO		2.1
TOTAL		126.9

Totals may not add due to rounding

Table 4 – 2021-22 Confirmed In-Year Allocations not included in the Final Budget Outcome

£million

Department	Description	Amount
DfC	Homelessness	9.0
	Supporting People	6.0
	Translation Hub	0.2
Total DfC		15.2
DE	Teachers' Pay	35.0
	Brightstart	1.4
	Summer Scheme 2021 (schools-based)	4.0
	Youth Service Summer Programme 2021	5.0
	Engage II Programme (Sep21 - Mar22)	17.0
	Sure Start Programme	2.3
Total DE		64.7
DfE	High Street Voucher Scheme	145.0
	Economic Recovery	130.8
	CODA PSO	0.9
Total DfE		276.7
DoF	Rates Reliefs	230.0
DoH	Safe Staffing	20.0
	Covid Response – Regional Pathogen Whole Genome Sequencing	2.5
	Covid Response – Additional Workforce Appeal	2.5
	Covid Response – Asymptomatic Testing Programme	35.0
	Covid Response – Further policy developments	10.0
TOTAL DoH		70.0
DfI	NI Water	12.5
DoJ	PSNI Staffing	12.3
TEO	Shared Future	6.0
TOTAL		687.4

Totals may not add due to rounding