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Draft Budget 2026/27-2029/30: Proposed Capital Allocations

Paper 4 of 6

RaISe Public Finance Scrutiny Unit

This Briefing Paper is Paper 4 of 6 in a thematic series. It examines the Finance Minister's proposed Draft Budget capital allocations and how they could shape Northern Ireland's long-term investment planning and Departmental capital spending profiles over the next four-year period. The Paper aims to support Northern Ireland Assembly plenaries, statutory committees and Audit Committee, when scrutinising Draft Budget 2026/27-2029/30.

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 - Paper 4 of 6 in a [thematic series](#) - examines the proposed capital allocations set out within the Northern Ireland Finance Minister's (Minister's) January 2026 [proposals](#), to consider how they could shape long-term investment planning and departmental capital spending profiles over the four-year period. The Paper first provides some essential context-setting, such as key Executive-earmarked priorities. Thereafter, it sets out the proposed allocations with additional context, in relation to the major multi-year commitments, including those concerning City and Growth Deals, Flagship Projects and associated programmes, as well as Transformation Funding and Shared Island Investment. This Paper also explains planned Financial Transactions Capital (FTC) use and planned Reinvestment and Reform Initiative borrowing, as specified in the Draft Budget proposals.

Aiming to support Northern Ireland Assembly plenaries, statutory committees and the Audit Committee when scrutinising Draft Budget 2026/27-2029/30, this Paper is presented using the following six headings:

1. [Context-setting](#)
2. [Proposed Allocations](#)
3. [Financial Transactions Capital \(FTC\)](#)
4. [Reinvestment and Reform Initiative \(RRI\)](#)
5. [Treasury Earmarked Capital Funding](#)
6. [Key Takeaways](#)

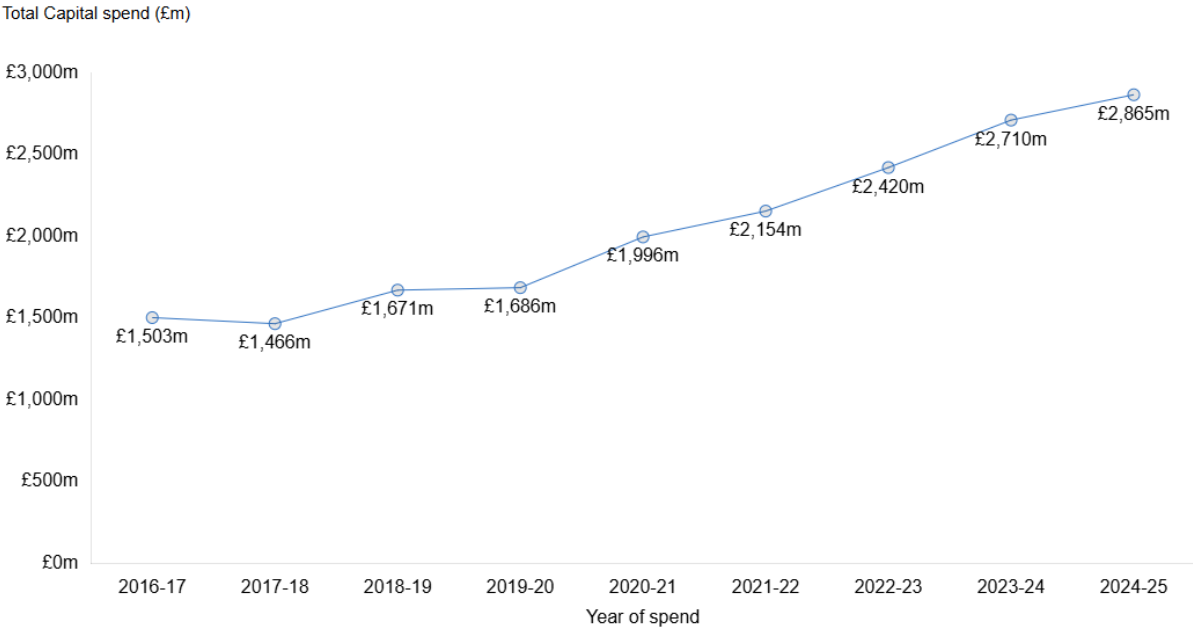
The Paper's contents should not be relied upon as professional legal advice or opinion, nor as a substitute for either.

1 Context-setting

1.1 Total Northern Ireland Executive Capital Spending

Over the last decade, the total Executive capital spend – Annually Managed Expenditure (AME) and Departmental Expenditure Limits (DEL) – has almost doubled. Figure 1 below shows that since the financial year 2016-17 until 2024-25, the total capital spending in Northern Ireland has risen from £1.5 billion to almost £2.9 billion.

Figure 1. Total Northern Ireland Executive Capital spending (AME & DEL) 2016-17 to 2024-25



Source: [NISRA - Northern Ireland Executive Capital spending \(Accessed March 2026\)](#)

1.2 Capital DEL

In general:

Capital DEL reflects investment in assets which will provide or underpin services in the longer term (for example, schools, hospitals,

roads etc.). Capital DEL is also disaggregated into conventional Capital and Financial Transactions Capital (FTC).¹

Additionally:

FTC can only be used to provide loans to, or equity investment in, the private sector. It can therefore stimulate private sector investment in infrastructure projects that benefit the region, over and above the level of investment made by the Executive from its conventional Capital DEL budget.²

The Chancellor announced the outcome of the [2025 Spending Review](#) on 11 June 2025, which set a multi-year outcome for resource and capital. In terms of the capital allocation, that was over a four-year period from 2026 and 2030, whereas the resource allocation was over a three-year period from 2026 to 2029.

1.3 Investment Strategy for Northern Ireland (ISNI)

An Investment Strategy for Northern Ireland (ISNI) sets the long-term strategic investment priorities of the Executive. As detailed in the previous [Draft Investment Strategy for Northern Ireland](#) (DISNI), the associated strategy:

....provides a clear framework for planning and prioritising infrastructure investment, defining the outcomes required of that investment and setting out the mechanisms, including greater collaboration that will ensure its efficient and effective delivery.³

On 26 January 2022, The Executive Office (TEO) announced its publication of the DISNI consultation document. That document sets out the “key objectives for infrastructure investment in the region for the next thirty years”.⁴ Unlike

¹ [DoF Draft Budget 2026-2029/30](#)

² See footnote 2 immediately above

³ <https://isni.gov.uk/app/uploads/2022/01/Infrastructure-2050-draft-Investment-Strategy-for-Northern-Ireland-FINAL.pdf>

⁴ <https://isni.gov.uk/app/uploads/2022/01/Infrastructure-2050-draft-Investment-Strategy-for-Northern-Ireland-FINAL.pdf>

previous Executive Investment Strategies, the DISNI (at that time) set objectives for a 10-year period, taking a 30-year approach, which would have taken Northern Ireland up to 2050.

However, following the resignation of the First Minister on 3 February 2022, the Executive collapsed, without agreeing DISNI. Thereafter, following the restoration of the Executive in February 2024, the [Programme for Government 2024-27](#) (PfG), published on 3 March 2025, committed to a new Investment Strategy. The PfG stated:

*We are committed to investing £26 billion of public funding in the next decade. More detail on this will be provided in the upcoming Investment Strategy.*⁵

Since then, no Investment Strategy has been forthcoming. In the most recent Assembly Written Question seeking information on the publication of a new ISNI – answered on the 4 February 2026 – the TEO responded:

*Once finalised, the timeline for approval and publication will then be a matter for the Executive.*⁶

Potential Scrutiny Point:

1. Committees may wish to clarify how capital allocations have been prioritised by the Finance Minister for purposes of his Draft Budget, in the absence of an agreed ISNI guiding Executive/Departmental long-term infrastructure decision-making?

2 Proposed Allocations

2.1 Capital DEL Controls – as set by Treasury

⁵ https://www.northernireland.gov.uk/sites/default/files/2025-03/programme-for-government-2024-2027-our-plan-doing-what-matters-most_1.pdf

⁶ <https://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=467697>

Before examining the Finance Minister’s proposed allocations, it first is important to understand some additional context-setting. It concerns the controls specified by His Majesty’s (HM) Treasury, which in part defines the boundaries in which the Executive, including Finance Minister, operates under the current devolution settlement, as explained below.

On 3 October 2025, the Finance Minister set out in a [Written Ministerial Statement](#) to the Assembly, the funding made available by His Majesty’s (HM) Treasury for the Budget 2026-2029/30, as notified by the Secretary of State for Northern Ireland on 3 July 2025. Table 1 below details the Capital DEL and FTC allocations made available by HM Treasury.

Table 1. Executive’s Treasury Capital DEL Controls

£million	2026-27	2027-28	2028-29	2029-30
Treasury Capital DEL Control Total	2,339.1	2,307.9	2,302.1	2,296.0
Treasury Earmarked - including Financial Packages	99.8	109.9	93.1	78.6
Financial Transactions Capital	91.7	92.6	118.7	140.7

Source: [Written Ministerial Statement - Department of Finance: Treasury Funding Available 2026-2029/30](#) (3 October 2025)

2.2 Proposed Departmental Capital Allocations

Subsequently, on 6 January 2026, the Minister delivered another [Written Ministerial Statement](#) in which he set out his proposals for the Draft Budget for 2026–29/30. In that statement, the Minister noted both the Resource and Capital DEL funding position “remain extremely constrained”⁷, but the Capital

⁷ https://www.niassembly.gov.uk/siteassets/bv186_dof_06012026.pdf

allocation was over four years (not three, like resource), which he described as “for longer term investment”⁸. Table 2 below presents the proposed Departmental capital allocations, as presented in the Draft Budget 2026-2029/30. The Table also provided the 2025/26 Executive Budget capital allocation.

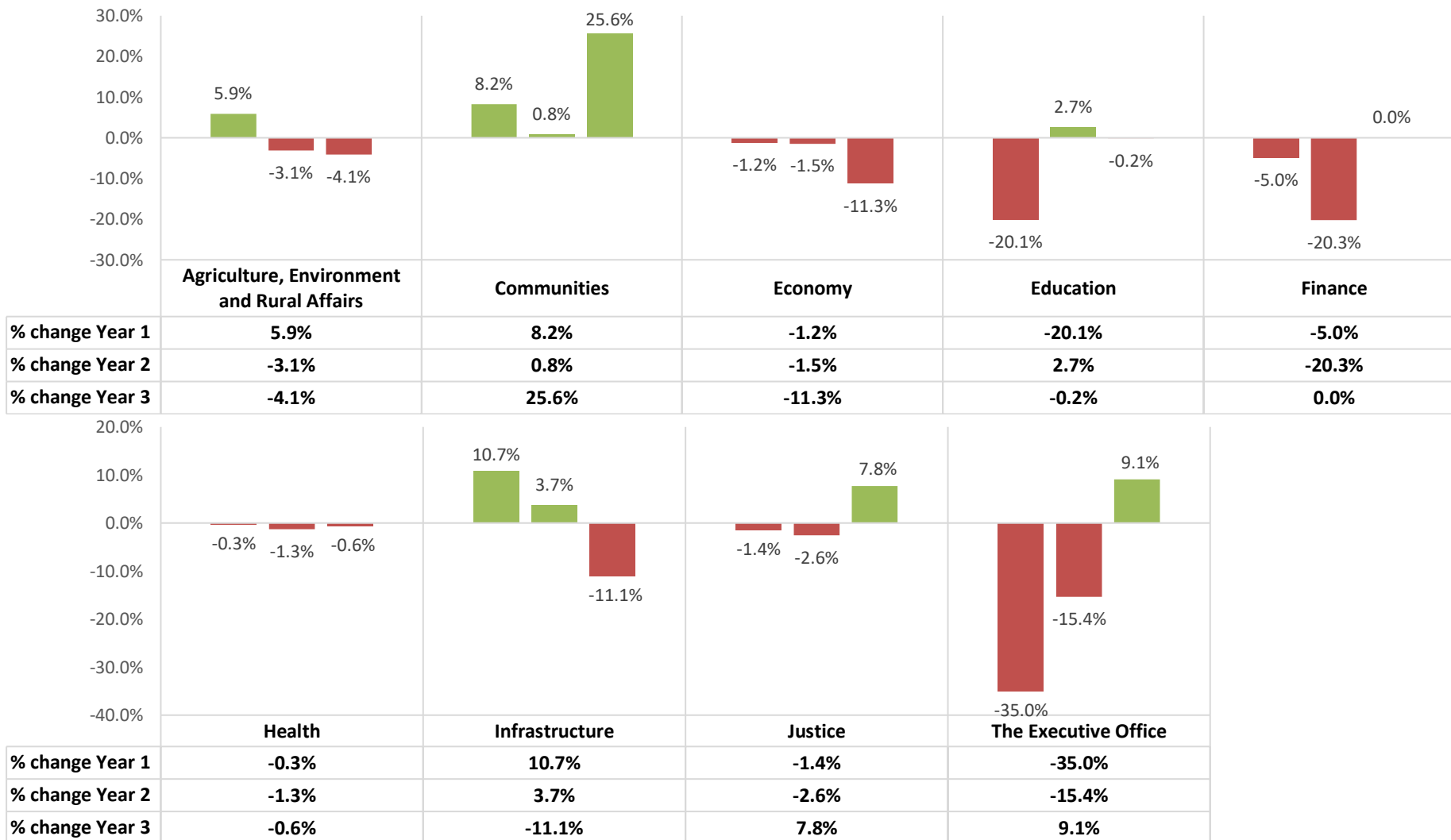
Figure 2 below provides an analysis of the percentage change in the proposed capital Draft Budget 2026-2029/30 allocation between years 1 and 3 of the multi-year budget period. It is noted that the Department for Communities (DfC) is the only Department in which its capital allocation will rise year-on-year, over the multi-year budget. However, as shown in Table 2, due to the roles and responsibilities of each Department, the size of the funding allocation to each department varies significantly: therefore percentage change variations which are large for some departments can be low in nominal terms – for example, in year 2, a 3.7% rise in the Infrastructure Departments allocation represents a £38.7million (m) increase in annual funding, whereas a 15.4% decrease for The Executive Office (TEO) represents a fall in the departments allocation by £2m

⁸ See footnote 7 immediately above

Table 2. Capital Allocations by Department

£million DEPARTMENT	2025-26 EXECUTIVE BUDGET ALLOCATION	PROPOSED DEPARTMENTAL CAPITAL ALLOCATIONS DRAFT BUDGET 2026-2029/30				
		2026-27	2027-28	2028-29	2029-30	Total
AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS	119.5	123.0	130.3	126.3	121.1	500.7
COMMUNITIES	270.0	294.9	319.2	321.7	404.1	1339.9
ECONOMY	205.4	274.1	270.9	266.9	236.8	1048.7
EDUCATION	388.4	355.2	283.7	291.4	290.9	1221.2
FINANCE	32.5	40.0	38.0	30.3	30.3	138.6
HEALTH	391.0	463.1	461.9	455.8	453.0	1833.8
INFRASTRUCTURE	917.0	941.5	1042.5	1081.2	961.7	4026.9
JUSTICE	100.0	118.2	116.5	113.5	122.3	470.5
THE EXECUTIVE OFFICE	14.0	20.0	13.0	11.0	12.0	56.0
FOOD STANDARDS AGENCY	0.2	0.1	0.7	0.1	0.1	1.0
NI ASSEMBLY COMMISSION	3.1	1.3	2.4	1.8	1.5	7.0
NI AUDIT OFFICE	0.0	0.0	0.0	0.1	0.1	0.2
NI AUTHORITY FOR UTILITY REGULATION	3.8	0.0	0.0	0.0	0.0	0
NI PUBLIC SECTOR OMBUDSMAN	-	-	-	-	-	0
PUBLIC PROSECUTION SERVICE	0.8	0.9	0.9	0.9	0.9	3.6
TOTAL DEPARTMENTAL PLANNED SPEND	2445.6	2632.5	2680.1	2701	2634.8	10,648.4

Figure 2. A graph showing the percentage change in CDEL allocations between years 1 and 3 of the Draft Budget 2026-2029/30



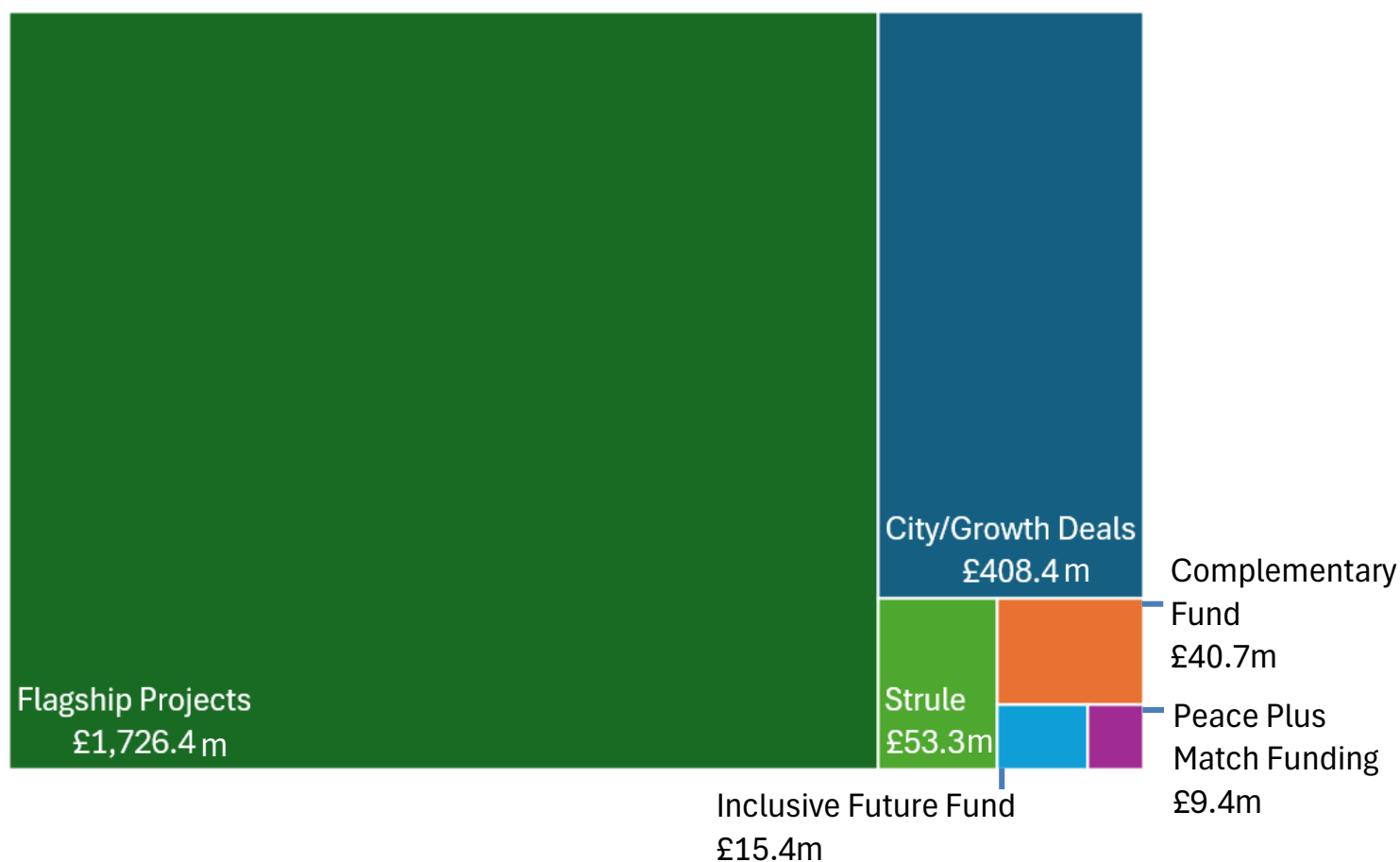
2.3 Capital DEL – Previous Executive Commitments

The Draft Budget 2026-2029/30 provides capital funding to previously agreed Executive projects. In general, those projects are longer-term and will require funding over a number of Executive mandates.

These Executive Commitments can be grouped into a number of high-level categories - namely:

- City/Growth Deals
- Complementary Fund
- Flagship Projects
- Inclusive Future Fund
- Peace Plus Match Funding
- Strule

Each is explained in the below sub-sections, but first Figure 3 below presents the total proposed allocation to each of these high-level categories during the Draft Budget 2026-2029/30. Appendix 1 presents a Table detailing the individual Departmental allocations relating to those previous Executive commitments.

Figure 3. Previous Executive Commitments – Capital DEL (£ million)

Source: RaISe-PFSU 2026, relying on [Draft Budget 2026-2029/30](#)

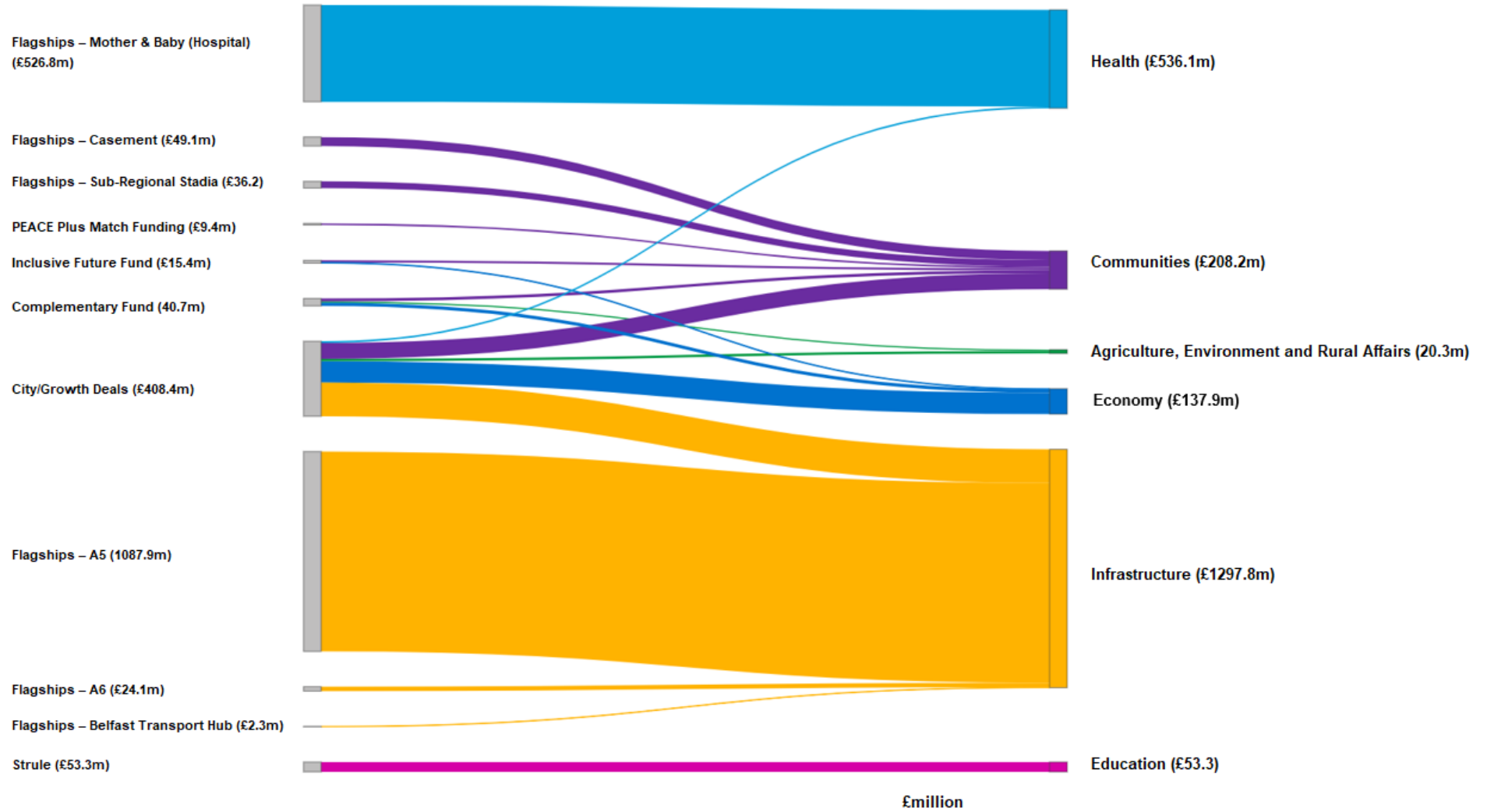
Key takeaways from Figure 3 above include:

- Over three-quarters (77%) of the proposed Capital DEL allocation for the Draft Budget period concern Flagship Projects – a project concerning previous Executive commitments
- Moreover, those Capital DEL allocations proposed for Flagship Projects and City and Growth Deals - another previous Executive commitment - account for 95%
- Capital DEL proposed for a further previous Executive commitment - the Strule campus - is £53m, but only for one financial year - 2026/27
- For each of the other previous Executive commitment projects, an annual Capital DEL allocation is proposed for each, in financial years 2026/27 and 2029/30

Moreover, Figure 4 below highlights individual projects related to previous Executive commitments and proposed Capital DEL allocations for each during

the Draft Budget period. In addition, it shows the total proposed Capital DEL allocations to each Department in the Draft Budget period, for projects relating to previous Executive commitments.

Figure 4. Total proposed Capital DEL Departmental Allocations relating to Previous Executive Commitments and Overall Total proposed Capital DEL Departmental Allocations over the Draft Budget period 2026-2029/30



Source: RaISe-PFSU 2026, relying on [Draft Budget 2026-2029/30](#)

Key takeaways from Figure 4 include:

- 57% of the proposed Capital DEL funding for the Draft Budget period is related to previous Executive commitments is allocated to the Department for Infrastructure (DfI)
- 98% of the Department of Health (DoH) allocation over the Draft Budget period is for the Mother and Baby Hospital
- Whereas it is proposed that the Department for Communities (DfC) receive a smaller total Capital DEL allocation in the amount of £208.2m; while noting the DfC has the largest number of Capital DEL allocations related to previous Executive commitments than any other Department
- The Strule campus £53m is the only Flagship Project under the responsibility of the Department of Education (DE)

2.3.1 Flagship Projects

In 2015, the Executive identified seven Flagship Projects. The Finance Minister at that time stated the reason for establishing Flagship Projects as follows:

...the nature of some capital projects means it is important to provide funding certainty beyond that time span. Therefore the Executive has agreed to identify a number of flagship projects where funding will be agreed now for future periods.⁹

The seven identified Flagship Projects were:

- A5 road
- A6 Road
- Belfast Rapid Transport
- Belfast Transport Hub
- Mother and Children's Hospital
- Desertcreat - the Northern Ireland Fire and Rescue Service Learning and Development Centre

⁹ https://www.niassembly.gov.uk/globalassets/documents/official-reports/written-ministerial-statements/2015-16/dfp_wms_171215.pdf

- Regional & Sub Regional Stadia

Since 2015, of the seven announced, two have been fully completed and the remainder are to receive allocations over the 2026-2029/30 Draft Budget period. Note, however, the Belfast Transport Hub has opened to the public and of the total amount allocated over the Draft Budget period, an additional £2.3 million has been allotted to this Project in the financial year 2026/27, with no further allocations noted after that point.

In February 2024, the Northern Ireland Audit Office (NIAO) published the [Major Capital Projects - Follow-up Report](#), in which it examined the progress of the Executive's Flagship Projects. Therein, the NIAO concluded:

*Delays and cost overruns have continued in the Executive's seven flagship projects and the four high profile projects featured in our 2019 report. The combined estimated cost overrun is now £1.94 billion.*¹⁰

The proposed allocation to the Flagship Projects over the Draft Budget period is presented in Table 3 below.

¹⁰ <https://www.niauditoffice.gov.uk/publications/html-document/major-capital-projects-follow-report>

Table 3. Proposed Draft Budget 2026-2029/30 allocation for Executive agreed Flagship Projects

Department	Flagship Project	2026-27	2027-28	2028-29	2029-30	Total project spend over budget period	
Communities	Regional & Sub Regional Stadia	Casement	14.1	30.0	10.3	47.1	101.5
		Sub Regional Stadia	5.0	4.0	29.4	28.7	67.1
		Windsor	-	-	-	21.5	21.5
		Ravenhill	-	-	-	12.6	12.6
Health	Mother and baby	104.1	137.8	145.5	139.4	526.8	
Infrastructure	A5	189.9	317.1	353.8	227.2	1,088.0	
	A6	6.1	6.6	6.6	4.8	24.1	
	Belfast Transport Hub	2.3	-	-	-	2.3	
Annual Total		321.5	495.5	545.6	481.3	1,843.9	

Source: [DoF - Draft Budget 2026-2029/30](#)

Potential Scrutiny Point:

2. The Belfast Transport Hub - an Executive Flagship Project - is currently operational and therefore substantially complete, but the Draft Budget proposes a £2.3m to it in 2026-27. What is the rationale underlying this proposed Capital DEL allocation in the Draft Budget? Please include detail concerning the works to contextualise the funding still required to complete this Project?

2.3.2 City/Growth Deals

In Northern Ireland, there currently are four City and Growth Deals, with almost £1.3bn funding available over a 10 to 15-year period. That funding comprises:

- Northern Ireland Executive investment of over £700m
- United Kingdom Government contribution of over £600m
- A further £300m from local councils and City and Growth deal partner institutions

Included in those allocations are two other funds for specified purposes, as explained by the Department of Finance (DoF):

This includes a £110 million Inclusive Future Fund (£55 million from both Governments) for the Derry City and Strabane District Council City Deal, plus a £100 million Executive Complementary Fund that will provide additional capital funding to the other three Deals (Belfast Region City Deal, Mid South West Growth Deal and Causeway Coast and Glens Growth Deal).¹¹

These funds are discussed in more detail in [sub-section 2.3.2.1](#) and sub-section [2.3.2.2](#) of this Briefing Paper.

¹¹ <https://www.finance-ni.gov.uk/topics/city-and-growth-deals>

The four City and Growth Deals are:

- Belfast Region City Deal (£700m)
- Derry City and Strabane City Deal (£210m)
- Causeway Coast and Glens Growth Deal (£72m)
- Mid-South West Region Growth Deal (£252m)

Figure 5 below presents the coverage of City and Growth Deals throughout Northern Ireland.

Figure 5. Map showing City and Growth Deals in Northern Ireland



Source: [Department of Finance \(2023\)](#)

The DoF holds the lead responsibility for strategic direction for City and Growth Deals in Northern Ireland. Nonetheless, the DfE is accountable for City and Growth Deals' policy, governance and for the funding allocated to it. In particular, the [DfE](#):

...is the accountable department for an estimated £1bn of investment across approximately 40 innovation, digital and tourism projects.¹²

¹² <https://www.economy-ni.gov.uk/articles/city-and-growth-deals>

In terms of the 2026-29/30 Draft Budget, the proposed City and Growth Deals funding allocation over the period is detailed in Table 4 below.

Table 4. City and Growth Deals allocation – Draft Budget 2026-2029/30

£million	2026-27	2027-28	2028-29	2029-30
City and Growth Deals funding allocation	51.3	108.7	134.1	114.2

Source: [DoF - Draft Budget 2026-2029/30](#)

As noted above, City and Growth Deals are also funded by the United Kingdom Government – that allocation is Treasury earmarked¹³. Further details on the available United Kingdom Government funding for City and Growth Deals can be found in [Section 5](#).

Potential Scrutiny Point:

3. Previously, a number of the City and Growth Deals were paused due to constrained central government finances. What engagement has the Executive and or individual Departments had with HM Treasury, to ensure continued financial support through City and Growth Deals, especially given Northern Ireland’s ongoing constrained public finance position?

2.3.2.1 Complementary Fund

The Northern Ireland Executive’s Complementary Fund provides additional capital investment to support projects aligning with Northern Ireland City and Growth Deals. However, as noted in the January 2026 DoF Draft Budget

¹³ earmarked for specific purposes, this funding cannot be used for a purpose other than that noted” - [2025-26 In-Year Monitoring of Public Expenditure - Guidelines](#)

consultation document, the Complementary Fund provides additional capital funding to the three deals that are “not in receipt of Inclusive Future Funding (IFF)”¹⁴ - see [sub-section 2.3.3](#). The Complementary Fund therefore currently supports:

- Belfast Region City Deal,
- Mid-South West Growth Deal
- Causeway Coast and Glens Growth Deal

Note, the Executive agreed the Complementary Fund on 4 May 2020 - comprising £100m capital funding. In the first round, £52m was allocated for a total of five projects – see Appendix 4 to this Briefing Paper for details.¹⁵

The proposed allocation to the Complementary Fund is detailed in the Draft Budget 2026-2029/30 and is presented in Table 5 below.

Table 5. Complementary Fund allocation – Draft Budget 2026-2029/30

£million	2026-27	2027-28	2028-29	2029-30
Complementary Fund allocation	11.6	15.9	8.8	4.2

Source: [DoF - Draft Budget 2026-2029/30](#)

2.3.2.2 Inclusive Future Fund

In May 2019, the Inclusive Future Fund (IFF) was announced specifically for the North-West region by the Secretary of State for Northern Ireland. It was at the same time the Derry and Strabane City Deal was [announced](#).

¹⁴ <https://www.finance-ni.gov.uk/sites/default/files/2026-01/Draft%20Budget%202026-29%2030%20Document%20-%202021-01-2026%20-%20PUBLICATION.pdf>

¹⁵ <https://www.finance-ni.gov.uk/sites/default/files/2025-11/NI%20City%20and%20Growth%20Deals-Annual%20Progress%20report%20-%20November%202025.pdf>

IFF is a £110m (£55m from both Governments) fund for the Derry City and Strabane District Council City Deal. Its aim is to enable investment in projects that could:¹⁶

- *Support local young people by providing jobs and skills opportunities;*
- *Tackle the causes and consequences of long-term social deprivation*
- *Build on the economic potential of the local university and making the local area more accessible and attractive to live, visit, study and invest.*

The proposed IFF allocation is detailed in the Draft Budget 2026-2029/30; presented in Table 6 below.

Table 6. Inclusive Future Fund allocation – Draft Budget 2026-2029/30

£million	2026-27	2027-28	2028-29	2029-30
Inclusive Future Fund allocation	11.6	15.9	8.8	4.2

Source: [DoF - Draft Budget 2026-2029/30](#)

As noted above, IFF is also funded by the United Kingdom Government and is Treasury earmarked (meaning allocations made for specific purposes, this funding cannot be used for a purpose other than that noted). Further details concerning IFF - centrally allocated funding - is found in [Section 5](#) of this Briefing Paper.

In addition, the Draft Budget 2026-2029/30 document also notes that there is centrally held IFF funding for the Magee Medical School, it states:

There is also £2.7 million of IFF funding held centrally for the Medical School at Magee.

2.3.3 PeacePlus Match Funding

¹⁶ <https://www.gov.uk/government/news/105-million-economic-package-for-the-north-west>

PeacePlus is a cross-border funding Programme supported by the European Union, United Kingdom Government, the Government of Ireland, and the Northern Ireland Executive.

The Special EU Programmes Body (SEUPB) which delivers the PeacePlus programme within Northern Ireland and the border counties of the Republic of Ireland. SEUPB [guidance](#) details the Programme's funding process as follows:

Under the PEACEPLUS Programme, project activities are supported by the ERDF fund and the match-funding. The maximum rate that the ERDF funds can support is called the cofinancing and is a maximum of 80% of the eligible expenditure of the project and each individual partner. Within the PEACEPLUS Programme the match funding is given by the Government of Ireland, UK Government and Northern Ireland Executive. This is why the PEACEPLUS Programme can fund up to 100% of the eligible project costs.¹⁷

PeacePlus Match Funding is the Northern Ireland Executive contribution to the programme. In terms of capital funding allocations over the Draft Budget period, given the Finance Minister's proposals, Table 7 below outlines what the Executive would be expected to contribute – “match funding”.

Table 7. Proposed PeacePlus Match Funding

£million	2026-27	2027-28	2028-29	2029-30
PeacePlus Match Funding	0.9	1.5	3.5	3.5

Source: [DoF - Draft Budget 2026-2029/30](#)

2.3.4 Strule

On 18 July 2024, the Executive [agreed](#) to proceed with the construction of the Strule Shared Education Campus (SSEC). The estimated cost of the project is £375m with completion of the project expected in 2028. The Draft Budget has

¹⁷ https://www.seupb.eu/sites/default/files/2024-11/V8_PEACEPLUS_ProgrammeManual_Nov24.pdf

provided an allocation to the project in one year of the Budget period – 2026/27 – allocating £53.3m to the Department of Education (DE).

This is in the context of reporting from the [December 2025 Monitoring Round](#) and the [January 2026 In-Year Technical](#) exercise, in which the DE recorded Reduced Requirements (RR) of £18.4m and £6.4m respectively for the SSEC project. In response to Assembly Written Questions, the DE detailed the rationale for these RR. In relation to the £18.4m in December 2025, the Department stated:

All works remain within the Full Business Case approval and programme limits. Planned construction completion is November 2027 with full campus opening by September 2028.

The £18.4m reduced requirement submitted as part of the December Monitoring Round takes account of a revised anticipated expenditure profile to the end of March 2026 which reflects unexpected programme delays (largely relating to challenging ground conditions encountered at the Shared Education Centre). It also takes account of an assessment of the current position in terms of Contractor procurement activities and the estimated cost of implemented and expected change.¹⁸

Subsequently, for the £6.4m RR in January 2026, the DE explained:

The reduced requirement of £6.4m reflects some minor impacts on the contract programme due to the exceptional weather conditions which has meant that the projected expenditure profile would not be realised for this financial year.¹⁹

Potential Scrutiny Point:

4. Due to DE's specified Reduced Requirement in December 2025 and January 2026, which DE explained

¹⁸ <https://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=463112>

¹⁹ <https://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=470299>

was a result of challenging ground conditions and adverse weather conditions. Will the Strule Flagship Project complete in the one-year allocation period or will it require allocation in later years within the Draft Budget period – for example, as a result of programme delays? Please detail.

2.4 Additional Executive Earmarked Projects

In addition to providing earmarked funding for previous Executive commitments, the Draft Budget 2026-2029/30 also provides Executive Earmarked²⁰ funding – “reflecting Programme for Government priorities”²¹. It should be noted there is crossover with previous Executive commitments in this area, specifically Flagship Projects – regional and sub-regional stadia – see [sub-section 2.3.1](#). Table 8 below presents the proposed funding for these earmarked projects.

²⁰ “earmarked for specific purposes, this funding cannot be used for a purpose other than that noted” - [2025-26 In-Year Monitoring of Public Expenditure - Guidelines](#)

²¹ [Draft Budget Document 2026-29/30](#) (21/01/2026) – Pg. 30

Table 8. Additional Executive earmarked proposed CDEL allocations

Department	Flagship Project	2026-27	2027-28	2028-29	2029-30	Total project spend over budget period	
Agriculture, Environment and Rural Affairs	Just Transition	7.9	13.7	10.9	4.0	36.5	
Communities	Regional & Sub Regional Stadia	Casement	-	-	5.3	47.1	52.4
		Sub Regional Stadia	-	-	14.4	16.5	30.9
		Windsor	-	-	-	21.5	21.5
		Ravenhill	-	-	-	12.6	12.6
	Social Housing	-	-	10	8.7	18.7	
Economy	Executive Contribution - Medical School	3.0	3.9	16.0	23.2	46.1	
Education	Special Educational Needs	-	-	15.3	8.7	24.0	
Infrastructure	NI Water	-	-	10.0	8.7	18.7	
Total		10.9	17.6	81.9	151	261.4	

Source: RaiSe-PFSU 2026, relying on [Draft Budget 2026-2029/30](#)

2.5 Transformation Funding

As part of the financial package that accompanied the Executive’s restoration in February 2024, the United Kingdom Government committed £235 million for the purpose of public service transformation. On 4 March 2025, the Finance Minister announced that 6 projects had been successful in receiving £129 million in the first tranche of Transformation Funding. [Appendix 3](#) contains a list of Transformation Proposals that were successful in receiving funding to proceed in first tranche of Transformation funding. Table 9 below presents the capital funding that has been allocated to these projects over the Draft Budget period.

Table 9. Transformation (Executive Earmarked) allocation

£million	2026-27	2027-28	2028-29	2029-30
Transformation Funding	25.0	10.0	5.0	-

Source: [DoF - Draft Budget 2026-2029/30](#)

Note, the Draft Budget notes that this Transformation Funding will:

...be held centrally for allocation to departments as part of the in-year monitoring process and used to support projects recommended by the Public Sector Transformation Board.²²

²² [Draft Budget Document 2026-29/30](#) (21/01/2026)

Potential Scrutiny Points:

5. Committees may wish to seek information on all projects proposed to receive Transformation Funding – for example:
 - a. Those unsuccessful projects proposed not to receive Transformation Funding, if such proposals are adopted, would those individual Departments implement those projects in the absence of Transformation Funding allocations, and instead use their own Resource and Capital allocations?
 - b. If not, what impact would not proceeding with them have on Departments and their long-term service delivery and how would that impact Northern Ireland society and businesses?

2.6 Shared Island Initiative Funding

The Irish Government [announced](#) on 20 February 2024 a commitment to provide €600 million to the A5 Western Transport Corridor Scheme under the Irish Government’s Shared Island Initiative.

Table 10. Irish Government Shared Island Initiative Capital Funding – A5 Western Transport Corridor

£million	2026-27	2027-28	2028-29	2029-30
Irish Government Funding	87.8	155.0	171.0	113.6

Source: [DoF - Draft Budget 2026-2029/30](#)

In February 2026, the Northern Ireland Fiscal Council’s [assessment](#) of the Finance Minister's Draft Budget proposals noted the impact of this additional funding on the Executive’s finances, stating:

The Irish Government will provide capital support for the A5 Western Transport Corridor, totalling just under £527 million across the four years. Annual receipts are £87 million in 2026–27, rising to £171 million in 2028–29, before tapering to just under £114 million in 2029–30. These funds are ring-fenced and directly offset Executive Capital DEL requirements for the project.²³

3 Financial Transactions Capital (FTC)

Financial Transactions Capital (FTC) is a form of funding provided by the United Kingdom Government, which is designated for loan and equity investments in private sector entities. Unlike grants, FTC must be repaid and is expected to generate a financial return.

The Central Government uses FTC to support some capital investment programmes and other projects - sometimes referred to as “Net Lending” or “Policy Lending”, but FTC also can involve other financial instruments, such as equity investment and guarantees.

FTC does not affect “Public Sector Net Borrowing” (it is treated as a “Financial Transaction”, rather than “Spending”), but does add to “Public Sector Net Debt”.

Further detail and explanation on this can be found at: [Financial Transactions Capital overview paper \(November 2015\)](#).

Table 11. Proposed FTC allocation by Executive Department

Department		2026-27	2027-28	2028-29	2029-30
FTC Available for Allocation		91.7	92.6	118.7	140.7
	Communities	72.8	81.0	63.9	104.8

²³ <https://www.nifiscalcouncil.org/files/nifiscalcouncil/documents/2026-02/WEB%20VERSION%20-%20NIFC%20-%20Budget%20Assessment%20Final%20Doc.pdf>

Departmental FTC Allocation in Draft Budget	Economy	9.6	11.6	12.8	12.8
Total Funding remaining		9.3	-	42.0	23.0

Effective FTC utilisation has been a long running challenge for the Executive, including its individual Departments. It also has been an area of interest for the Northern Ireland Assembly, given repeated considerable funding returned to HM Treasury at each financial year end. In that regards, at the 2025 December Monitoring Round, the Finance Minister noted:

...there remains £12.8 million of FTC to be allocated. I have encouraged all Ministers to explore further opportunities for utilising FTC in the remainder of this financial year.²⁴

However, it also is important to highlight recent changes to FTC policy and potential future legislation that could impact delivery and utilisation of FTC in in future in Northern Ireland. Those changes – actual and potential - include:

- HM Treasury providing FTC on a net basis rather than gross – see below [sub-section 3.1](#)
- The [Administrative and Financial Provisions Bill](#), currently progressing through the Northern Ireland Assembly, at Clauses 1 - 3

3.1 FTC on a net basis, not gross

Following the Chancellor's [2025 Spending Review](#), HM Treasury revised the method by which FTC is allocated to the Executive; confirming FTC is now provided solely on a net basis. The effect of that change is FTC allocations already accounting for loan repayments, and as such, no repayments to HM Treasury are required. That empowers the Executive to recycle FTC receipts

²⁴ https://www.finance-ni.gov.uk/sites/default/files/2025-12/Oral%20Statement%20-%202025-26%20December%20Monitoring%20Round_1.pdf

indefinitely. Those changes were set out in the updated [Statement of Funding Policy](#) (SoFP), published in June 2025, alongside the Spending Review. The SoFP detailed:

*Funding for FTC is provided on a net basis, unless specifically stated otherwise. This means that repayments of loans the devolved governments receive can be recycled indefinitely into new loans by the devolved governments.*²⁵

It continued:

*While most FTC funding has historically been provided on a gross basis, the default net arrangement for departments means this may not always be the case. While the net treatment theoretically provides the devolved governments with more flexibility to recycle funding, it also creates risk management issues given the link between long-term departmental repayment profiles and devolved government's FTC budgets. HM Treasury has therefore been working through the potential implications with the devolved governments and will continue to do so.*²⁶

Subsequently, in December 2025, the 2026-2029 Draft Budget document detailed:

*The Financial Transactions Capital available across the budget period has been provided on a net basis, meaning that no further repayments to Treasury are required.*²⁷

It continued:

²⁵ [Statement of Funding Policy - Funding the Scottish Government, Welsh Government and Northern Ireland Executive](#) (Published 11 June 2025)

²⁶ See footnote 25 immediately above

²⁷ <https://www.finance-ni.gov.uk/sites/default/files/2026-01/Draft%20Budget%202026-29%2030%20Document%20-%202021-01-2026%20-%20PUBLICATION.pdf>

The Finance Minister is proposing in this draft Budget that this flexibility is extended to departments enabling them to recycle FTC receipts rather than surrender them in year for reallocation.²⁸

3.1.1 Administrative and Financial Provisions Bill

The [Administrative and Financial Provisions Bill](#), introduced in the Assembly on 23 June 2025, includes a number of provisions to extend the statutory powers of the DoF and the DfE to enable both departments to make FTC loans of certain types and for certain purposes, for which they currently lack the legal authority to do so. In such cases, at present, these types of loans can be distributed only through the Strategic Investment Board (SIB), an arms' length body of the TEO. The Bill's accompanying [Explanatory and Financial Memorandum](#) (EFM), as introduced, states that the introduction of the noted clauses will "improve accountability, regularity and propriety".²⁹ In response to Assembly Written Question, the Finance Minister noted these potential new powers, stating:

My Department is seeking new legal powers for both DoF and DfE, to ensure both Departments have the required legal vires to issue and account for FTC funding.

These legislative clauses have been included in the Administrative and Financial Provisions Bill, a Bill which was introduced to the Assembly on 23 June 2025 and is currently being considered by the Finance Committee.

Should the Bill become enacted by the Assembly, the existing FTC loans being facilitated by TEO, will move to their parent Departments, thereby removing the technical qualification from the TEO accounts.³⁰

²⁸ See footnote 25 immediately above

²⁹ <https://www.niassembly.gov.uk/assembly-business/legislation/2022-2027-mandate/primary-legislation-bills-22-27-mandate/administrative-and-financial-provisions-bill/efm---as-introduced/>

³⁰ <https://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=463316>

Potential Scrutiny Points:

6. The Finance Minister highlighted the new ability to recycle FTC both at Executive level (no repayments to HM Treasury) and Departmental level (no need to surrender FTC in-year for reallocation); raising a number of issues, such as:
 - a. Is this new FTC recycling ability the most effective way to address FTC underspends, which have been a recurrent issue for years, and reallocate unspent FTC?
 - b. Do Departments have the capacity – meaning resource and ability - to deploy FTC effectively under this new approach?
 - c. This new ability to recycle FTC; what level of risk does it place on the Executive and individual Departments, when FTC – loan – repayments are an issue – for example, when a Department has defaulted on the FTC loan, is it liable for costs related to defaulting? Does that reduce the total FTC available in the longer-term?
 - d. Please detail any further engagement that the DoF has had with HM Treasury regarding the new FTC arrangements and measures, which aim to improve Departmental use of FTC and in turn the overall FTC amount available to the Executive/individual Departments?

4 Reinvestment and Reform Initiative (RRI)

Additional budgetary finance is available to the Executive through borrowing, as specified under the prevailing financial arrangements under the current devolution settlement. The Executive's borrowing powers – general and

temporary – are provided in legislation through what is called the “Reinvestment and Reform Initiative” (RRI) borrowing mechanism.

In 2002, devolution arrangements were amended to enable RRI borrowing. RRI provides the Executive with an additional borrowing facility from the National Loans Fund to fund capital investment. This additional borrowing is broadly equivalent to the local authority’s prudential borrowing powers in the rest of the United Kingdom. It addresses the fact that the Executive retains control over a range of functions which are normally the responsibility of local government in Scotland and Wales. The planned and actual use of the RRI borrowing facility in Northern Ireland, since its introduction in 2002, can be found at [Appendix 4](#) of this Briefing Paper.

In the 2024, when the institutions restored after two-years of interrupted devolution, the [Interim Fiscal Framework Agreement](#) retained the overall total borrowing limit of no more than £3 billion, but increased the annual limit by 10% in 2024-25. From 2025-26 onward, the annual borrowing limit for Northern Ireland was increased in line with the Office for Budget Responsibility’s (OBR) Gross Domestic Product (GDP) deflator. Therefore, the 2026-29/30 Draft Budget consultation document details:

The Restoration Package provided a further £20 million in 2024-25, with an inflationary rise in following years. Therefore, the Executive is able to access up to £231.5 million of borrowing in 2026-27, £236.2 million in 2027-28, £240.6 million in 2028-29 and £245.1 million in 2029-30. This reflects the confirmed borrowing limit for 2026-27 and estimates based on latest GDP deflators for 2027-28 onwards.³¹

Over the period 2026-29/30, Table 12 below identifies the amount of RRI borrowing as proposed:

³¹ <https://www.finance-ni.gov.uk/sites/default/files/2026-01/Draft%20Budget%202026-29%2030%20Document%20-%2021-01-2026%20-%20PUBLICATION.pdf>

Table 12. Capital DEL Re-investment & Reform Initiative borrowing Allocations

		£million			
Department	Project	2026-27	2027-28	2028-29	2029-30
Communities	Social Housing	107.0	107.0	102.0	107.0
Education	Schools Estate	19.5	24.2	38.6	33.1
Infrastructure	NI Water	105.0	105.0	100.0	105.0
Total		231.5	236.2	240.6	245.1

Source: [DoF - Draft Budget 2026-2029/30](#)

Potential Scrutiny Points:

7. What was the selection criteria when deciding which projects would receive borrowing support?
8. Have other Departments or other bodies made bids to receive funding made available by RRI borrowing?

5 Treasury Earmarked Capital Funding

There are a number of Financial Packages that contribute to the Executive's Budget, which are usually time-bound and for a specific purpose. These include: New Decade, New Approach (NDNA); City Deals; and the Executive Restoration Financial Package. Each agreed financial package must be formally confirmed by the Secretary of State for Northern Ireland, if it is to be included in the (Executive) Budget.

On 3 October 2025, the Finance Minister set out in a [Written Ministerial Statement](#) to the Assembly that the funding available by the HM Treasury for

the Budget 2026-2029/30 was notified by the Secretary of State for Northern Ireland to the Executive, including DoF, on 3 July 2025. That was confirmed in the Finance Minister's Draft Budget 2026-2029/30, which was presented in a further Written Ministerial Statement to the Assembly on 6 January 2026. The capital allocation in the Draft Budget proposals, in relation to HM Treasury earmarked funding, is shown in Table 13 below.

Table 13. HM Treasury Earmarked Capital Funding allocation

Source: [DoF - Draft Budget 2026-2029/30](#)

£million	2026-27	2027-28	2028-29	2029-30
City and Growth Deals	87.8	83.9	66.4	71.4
Windsor Framework	5.3	4.6	4.8	5.1
NDNA - Graduate Entry Medical School	6.0	20.5	21.0	2.1
NDNA - An Ciste	0.7	0.9	1.0	-
Total	99.8	109.9	93.2	78.6

In addition, in relation to the City and Growth Deals, the 2026-29/30 Draft Budget notes that:

The funding for City Deals provided by Treasury was greater than the funding required by the Deals at this stage. The remaining funding of £0.1 million, £9.0 million, £7.7 million and £17.2 million will be held centrally to be provided in-year.³²

³² <https://www.finance-ni.gov.uk/sites/default/files/2026-01/Draft%20Budget%202026-29%2030%20Document%20-%202021-01-2026%20-%20PUBLICATION.pdf>

6 Key Takeaways

- Total Executive capital spending (DEL and AME) has almost doubled over the past decade, rising from £1.5 billion in 2016–17 to nearly £2.9 billion in 2024–25.
- A new Investment Strategy for Northern Ireland has been anticipated since 2024, but no Strategy has yet been published. The Executive Office confirmed publication will be “a matter for the Executive”³³ once finalised.
- The only department showing year-on-year increases in capital allocations is the Department for Communities. Infrastructure receives by far the largest departmental allocation in absolute terms, with substantial swings year to year reflecting the scale of its major projects
- Nearly £1.84 billion is proposed for Flagship Projects over the four-year period. Projects such as the A5, A6, Mother and Children’s Hospital, and stadia redevelopment remain long-standing commitments; the NIAO previously identified combined cost overruns of £1.94 billion across the Executive’s major capital projects.
- City and Growth Deals proposed allocations rise significantly over the four years, from £51.3m to £134.1m. UK Government funding is Treasury-earmarked and the Executive has a consultative role in the projects that receive City and Growth Deal funding
- PeacePlus Match funding allocations increase over the Budget period. The Executive’s match-funding commitment rises from £0.9m in 2026–27 to £3.5m by 2028–29.
- Strule Shared Education Campus receives a single-year allocation of £53.3m, delivery of this project has been impacted in the previous financial year by reported delays due to ground and weather conditions.
- Transformation Funding was provided as part of the Executive’s restoration in February 2024, the United Kingdom Government committed £235 million for the purpose of public service transformation.

³³ <https://aims.niassembly.gov.uk/questions/printquestionssummary.aspx?docid=467697>

6 projects had been successful in receiving £129 million in the first tranche of Transformation Funding in March 2025. A further £40 million has been allocated over the proposed budget period.

- The Irish Government committed €600m (£527m equivalent) from Shared Island Initiative for A5 which has been allocated over the Budget period. The NIFC had noted this funding can play a role in offsetting Executive capital pressures
- FTC is now provided on a net basis, allowing indefinite recycling of loan repayments and removing the need to return repayments to HM Treasury. However, this increases risk exposure: Departments must manage loan repayment failures and ensure internal capacity for effective deployment.
- RRI Borrowing limits rise modestly each year, reaching £245.1m in 2029–30. Borrowing is concentrated in Social Housing, Schools Estate, and NI Water—therefore helping to address noted infrastructure pressures.
- Over the Budget period Treasury Earmarked funding is provided for specific purposes (e.g., City Deals, Windsor Framework, NDNA commitments). By the fact these are Treasury earmarked, this funding cannot be used for a purpose other than that noted.

Appendix 1. Capital DEL – Previous Executive Commitments

	£million			
Executive Commitments	2026-27	2027-28	2028-29	2029-30
Agriculture, Environment and Rural Affairs				
City/Growth Deals	1.0	3.1	6.2	2.8
Complementary Fund	0.1	0.2	4.6	2.3
Total Agriculture, Environment and Rural Affairs	1.1	3.3	10.8	5.0
Communities				
Flagships Casement	14.1	30.0	5.0	-
Flagships Sub Regional Stadia	5.0	4.0	15.0	12.2
City/Growth Deals	5.2	20.8	27.5	33.2
Inclusive Future Fund	1.0	6.4	2.1	1.8
Complementary Fund	6.0	8.6	0.9	-
Peace Plus Match Funding	0.9	1.5	3.5	3.5
Total Communities	32.2	71.3	54.0	50.7
Economy				
City/Growth Deals	10.6	29.8	41.6	33.8
Inclusive Future Fund	3.9	0.2	-	-
Complementary Fund	5.5	7.2	3.4	1.9
Total Economy	19.9	37.2	45.0	35.7
Education				
Strule	53.3	-	-	-
Total Education	53.3	-	-	-
Health				
Flagships Mother & Baby	104.1	137.8	145.5	139.4
City/Growth Deals	1.3	1.3	3.1	3.6
Total Health	105.4	139.1	148.6	143.0
Infrastructure				
Flagships A5	189.8	317.1	353.8	227.2
Flagships A6	6.1	6.6	6.6	4.8
Flagships Belfast Transport Hub	2.3	0.0	0.0	-
City/Growth Deals	33.2	53.7	55.6	41.0
Total Infrastructure	231.4	377.4	416.1	272.9
Total Executive Commitments	443.4	628.3	674.5	507.3

Totals may not add up due to rounding

Source: [DoF Draft Budget 2026-2029/30](#) (January 2026)

Appendix 2. Complementary Fund - Projects

PROJECT	OVERVIEW	CURRENT PROGRESS
Whitespots Country Park	This investment to redevelop the parkland will not only transform the existing park but will also extend it to develop the derelict industrial site of the lead mines into an active community space for the people of Ards and North Down and visitors alike.	This project is in the planning and design phase.
HyTech NI - Hydrogen Hubs	This project aims to develop a continuous learning pathway, create a state-of-the-art learning environment and deliver essential hydrogen skill training to support a greener future for Northern Ireland.	Business case is currently in development.
Industrial Investment Challenge Fund (Phase 1)	This project will support businesses with in-house innovation, and the introduction of Industry 4.0 and emerging technologies into their operations along with boosting innovation across existing and emerging sectors	Business case is currently in development by Invest NI.
The Albert Basin Park	The Albert Basin Park Project seeks to develop a new 15 Acre City Park on the Albert Basin site which responds to both the Health, Fitness and Well-Being of Newry's Citizens as well as to the Local Area's Education & Arts.	Survey work is underway to inform the planning application and resulting construction
Digital Transformation Flexible Fund	The Digital Transformation Flexible Fund can offer eligible businesses and social enterprises help to fund their digital transformation project.	Project operation with call 6 for applications ongoing.

Source: [Department of Finance - City and Growth Deals Annual Progress Report 2024/2025](#)

Appendix 3. Public Sector Transformation Projects

SPENDING PROFILE (subject to change)

Figures presented in £000's

Transformation Funding Requirement		24-25	25-26	26-27	27-28	28-29	Total
Transformation projects agreed for funding by the Executive							
Department of Health	Primary Care Multidisciplinary Team (MDT) Programme	1,000	6,800	11,200	16,700	25,300	61,000
Department of Education	Special Educational Needs (SEN) Transformation	600	7,560	11,000	6,965	1,375	27,500
Department of Justice*	Speeding up Justice and Transforming the Criminal Justice System	395	4,788	4,620	5,115	5,533	20,451
Department of Infrastructure	Natural Solutions – Urban Drainage	0	375	4,625	5,000	5,000	15,000
Department of Infrastructure	Transforming Planning	50	1,150	600	600	600	3,000
Department of Justice	Modernisation of Electronic Monitoring (Tagging)	0	656	559	501	474	2,190
Project Total		2,045	21,329	32,604	34,881	38,282	129,141
Additional transformation funding required							
Digital Maturity Assessment		300	0	0	0	0	300
Board support**		0	750	750	750	750	3,000
Additional Total		300	750	750	750	750	3,300
Grand Total		2,345	22,079	33,354	35,631	39,032	132,441

*'Speeding up Justice and Transforming the Criminal Justice System' is a joint bid between the Department of Justice (DoJ) and the Public Prosecution Service (PPS). For 2024/25, £178,000 will be allocated to PPS and £217,000 will be allocated to DoJ.

**This is an upper estimate and will depend on the scope of Board's work; administrative support, expert advice, and research required to ensure project delivery.

Source: [DoF - Annual Profiling of Transformation Projects](#)

Appendix 4. Actual and Planned Use of RRI Borrowing Facility

	£million		
	NLF Borrowing	On-Balance Sheet PFI	Total Use of RRI Borrowing Facility ³
2003-04	79.4	-	79.4
2004-05	168.7	-	168.7
2005-06	162.9	-	162.9
2006-07	214.6	-	214.6
2007-08	97.6	-	97.6
2008-09	16.6	243.4	260.0
2009-10	113.1	132.9	246.0
2010-11	¹ 36.9	200.0	236.9
2011-12	² 375.0	-	375.0
2012-13	150.9	-	150.9
2013-14	195.9	-	195.9
2014-15	259.2	-	259.2
2015-16	294.3	-	294.3
2016-17	213.7	-	213.7
2017-18	33.5	-	33.5
2018-19	66.7	-	66.7
2019-20	9.6	-	9.6
2020-21	-	-	-
2021-22	80.0	-	80.0
2022-23	200.0	-	200.0
2023-24	150.0	-	150.0
2024-25	220.0	-	220.0
2025-26	225.7	-	225.7
2026-27	231.5	-	231.5
2027-28	236.2	-	236.2
2028-29	240.6	-	240.6
2029-30	245.1	-	245.1
TOTAL	4,318.0	576.3	4,894.3

¹ 2010-11 includes borrowing to fund NICS Equal Pay claim – funded from previously undrawn borrowing

² 2011-12 includes £175 million additional borrowing power in respect of Presbyterian Mutual Society rescue package

³ In any other year total use of borrowing in excess of that agreed by Treasury, is due to Treasury approved access to previously undrawn borrowing, or new borrowing under T:BUC, the Stormont House Agreement

Source: [DoF Draft Budget 2026-2029/30](#) (January 2026)